

Introduction

The Australian Services Union (ASU) is one of Australia's largest unions, representing over 135,000 members across a diverse range of industries. Created in 1993, the ASU brought together three large unions - the Federated Clerks Union, the Municipal Officers Association, and the Municipal Employees Union, as well as several smaller organisations representing social welfare workers, information technology workers and transport employees.

The Victorian and Tasmanian Authorities and Services Branch of the union represents workers in Tasmania's local government sector and counts members at each of Tasmania's 29 councils.

We welcome the opportunity to make a further submission to the Future of Local Government Review, this time in response to the Options Paper released by the Review Board in December 2022. The Australian Services Union also appreciates the informative and productive discussions with Review Board chair The Hon. Sue Smith, Paul West and Michael Mogridge in January 2023 and looks forward to further engagement with the Review Board.

This submission draws on the Australian Services Union's insight into the local government sector and is informed by our long-standing role as the principal advocate and representative body for all workers in the sector across Tasmania and draws on the experience of members of the union across the state. The submission first discusses lessons that can be learnt from the structural reform of local government, both in Tasmania and other Australian states. It then outlines issues important to the work, employment security and future of the local government workforce in Tasmania. Finally, the submission sets out the union's thinking on the three Pathways for Structural Reform and the consultation questions posed in the Options Paper.

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What lessons can we learn from the past?

The Australian Services Union (ASU) agrees with the chair of the reform board, The Hon. Sue Smith, that to "map the best path forward, we must first heed the lessons of the past".¹ The University of Tasmania (UTAS) research prepared for the Future of Local Government Review provides valuable and relevant background on local government, including on previous reform of local government in the state. The lessons that can be drawn from the most recent attempts at council amalgamations in Tasmania, as well as the process and outcome of reforms in other states, should particularly inform the Local Government Review Board's consideration of the future of local government.

Consultation with local government and communities

In considering previous "failed reform efforts", the UTAS research authors commented that "broad-based political support from the local government sector and wider Tasmanian community may be an essential precondition for successful local government reform."²

This broad-based political support requires substantial and genuine engagement from councils, council workers, and communities in any significant change to the role of local government. In our view, the level of genuine engagement required does not yet appear to have occurred despite the reform process now being in its final stages. Indeed, following the release of the interim report, just 18 of the state's 29 councils and two of the 29 mayors made formal submissions to the review. Moreover, only 16 of the state's councils were represented at in-person regional meetings with mayors and general managers.³ The extent to which the wider Tasmanian public has engaged in the work of the review must also be considered. For example, fewer than 500 Tasmanians aged 16-44 participated in a survey, while just 89 submissions were received from the public despite an adult population of well over 430,000 people.

¹ The History of Local Government in Tasmania – Board Reflections, The future of local government review, March 2022

² The History of Local Government In Tasmania, Richard Eccleston, Lachie Johnson & Sarah Hyslop, University of Tasmania, March 2022

³ Options Paper, The future of local government review, December 2022

The ASU supports the idea that councils, workers and communities should be deeply engaged in discussions about the future of local government. Their democratic support, and the support of both houses of the Tasmanian Parliament, should be a precondition to structural reform of the sector.

Previous amalgamations have not delivered claimed benefits

The Options Paper outlined three options for the structural reform of local government, two of which involve council amalgamations. The rationale for both council amalgamations and service consolidation appears to rest on the assumption that bigger is better.

However, research into the impact of council amalgamation in other states has found amalgamations have not delivered the savings claimed prior to amalgamation, are rarely done in consultation with communities, risk service quality and local connections, and often result in increased staff costs due to an increase in middle management.⁴⁵⁶

Bigger isn't necessarily better

The economies of scale that are claimed to come with council amalgamations are often illusory – this is particularly the case when considering purported efficiencies in areas of low population density. While examining economies of scale across 152 local councils in New South Wales, researchers found that professed scale economies do not hold up when analysed on population density.⁷ Indeed, when analysis of councils considered population size (as a correlated proxy for population density), "evidence for economies of scale largely disappears".⁷ This was especially the case for councils with relatively low population density. In a NSW context, the researchers also found that "local government amalgamation is not an effective instrument for improving the operational efficiency of local authorities".⁷ Rather

⁴ Research Reveals True Cost of Amalgamation, Judy Skatsoon, *GovernmentNews.com.au*, November 2020. Available at: <https://www.governmentnews.com.au/research-reveals-true-cost-of-amalgamation/>

⁵ A Cautionary Tale: Council Amalgamation in Tasmania and the Deloitte Access Economics Report, Joseph Drew, Michael A. Kortt & Brian Dollery, *Australian Journal of Public Administration*, March 2013

⁶ Do Municipal Mergers Improve Technical Efficiency? An Empirical Analysis of the 2008 Queensland Municipal Merger Program. Dana McQuestin, Joseph Drew & Brian Dollery, *Australian Journal of Public Administration*, October 2017

⁷ Economies of scale and Local Government expenditure, Joseph Drew, Michael Kortt and Brian Dollery, *Administration & Society*, December 2012.

than providing greater efficiency, council amalgamations in NSW have, by and large, significantly increased staff costs. Increased staff costs came about "because in some cases an extra layer of middle management was needed, as well as extra staff to coordinate systems and processes. Directors' salaries also increased to reflect their increased responsibilities."⁴ Closer to home, the ASU sees the same pattern at larger Tasmanian councils, more middle and executive management personnel are employed, on higher wages, than at smaller councils.

In many cases, forced council amalgamations in NSW have been unsuccessful, and communities are agitating for councils to demerge. A former Mayor of Gosford, Jane Smith, has said in the Coast Community News that council mergers had delivered a poor outcome for affected communities.⁸ The same article goes on, quoting former mayor Smith extensively: "In 2021, Inner West Council conducted a poll where over 62 per cent of voters wanted to demerge ... and is now preparing a business case," she said. "In July, 2022, the largest Council in NSW, Canterbury Bankstown, voted to prepare a business case for a demerger, and in August, 2022, Snowy Rivers Council also voted to prepare a business case for a demerger. "Gosford and Wyong Councils were forced to merge in 2016 by the NSW Government to become Central Coast Council. "Six years later, staff have been sacked, rates are rising, community assets have been sold, services have been cut and local democracy has been taken from our community." Smith said the 20 amalgamated councils around NSW faced losses of \$ 1.03 billion in three years and ratepayers faced hikes in rates and cuts in services."

Community connection to councils is at risk

Over the last twenty years, there have been numerous attempts to amalgamate existing councils voluntarily.¹ All have been rejected. The proposed merger of Burnie City Council and Waratah-Wynyard Council in 2002 was rejected by residents of Waratah-Wynyard and did not proceed. Likewise, the "lukewarm" reception to the proposed amalgamation of Glamorgan Spring Bay and Break O'Day councils resulted in the amalgamation not

⁸ Renewed call for community poll on Demerging Central Coast Council, Terry Colins, *Central Coast News*, 2022. Available at: <https://coastcommunitynews.com.au/central-coast/news/2022/08/renewed-call-for-community-poll-on-demerging-central-coast-council/>

proceeding.² Most recently, ratepayers of Tasman Council resoundingly rejected a proposed amalgamation with Sorell Council.

Considering these failed merger proposals, authors of the UTAS research note smaller jurisdictions were least in favour of proposed amalgamations. They suggested this may indicate a "fear of being subsumed by a larger entity and losing their sense of community identity".¹ The researchers also identified that these communities consistently place a higher value on local representation than on technical efficiencies or economies of scale that are purported to come with council amalgamations. These examples show the value of the connection residents and ratepayers find in their councils as locally representative and relevant bodies that have a role in communities beyond the essential services they deliver.

The fear in smaller communities of being "subsumed" identified in the UTAS research is consistent with empirical research that has found amalgamations to be disruptive and often resulting in unintended outcomes such as the "loss of 'local voice' and 'local democracy'".⁷ These concepts of 'local voice' and 'local democracy' are particularly relevant in smaller communities that rely on the council as their primary advocate.⁷

In the most recent example of a proposed council amalgamation in Tasmania, the proposal was "overwhelmingly rejected" in a ballot of ratepayers of the smaller council.⁹ The response to the proposed amalgamation underlines the importance of a formal poll of ratepayers, rather than an informal survey, to determine public sentiment. In an informal 2017 survey, there was apparent support for the proposed amalgamation. However, this survey had a response rate of just 13 per cent of ratepayers.¹⁰ By contrast, in the formal ballot of all ratepayers, in which 77 per cent of ratepayers voted, the amalgamation proposal was "overwhelmingly rejected".¹⁰ This overwhelming rejection saw almost 69 per cent of voters in the smaller council oppose amalgamation with an adjacent larger council.¹⁰ These

⁹ Tasman Council Community Resoundingly Rejects Proposed Merger with Sorell, Jim Aluoat, *The Mercury*, 9 April 2019. Available at: <https://www.themercury.com.au/news/politics/tasman-council-community-resoundingly-rejects-proposed-merger-with-sorell/news-story/3764bbee447634d84d06fb20552c4690>.

¹⁰ Tasman Council in rethink on merger with Sorell Council, Jack Paynter, *The Mercury*, 28 November 2018. Available at <https://www.themercury.com.au/news/politics/tasman-council-in-rethinkonmerger-with-sorell-council/news-story/f2c5b885db65a56e70363024ebe27073>

circumstances underline the importance of all ratepayers having a say in the future of their council and the risks of relying on voluntary surveys to determine community sentiment.

The degree to which ratepayers have rejected proposed mergers shows how deeply unpopular council mergers can be. Indeed, council amalgamations are so unpopular that proponents have suggested they can only be achieved through forced amalgamations against the wishes of ratepayers.^{11 12}

Research into the impact of council amalgamations on residents of a small NSW town bears out these concerns. In the town of Barraba, whose council was split in two and amalgamated into nearby councils, residents reported a terrible experience of amalgamation. After Barraba became part of Tamworth Regional Council, the number of council staff working in the town almost halved. Residents reported reduced job opportunities and lower participation in political and economic decision-making. Additionally, residents of Barraba did not believe councillors of the larger Tamworth Regional Council were serving their interests.¹³

Council amalgamations mean more than a new letterhead on a rates notice. For smaller communities, they mean the loss of economic activity, employment opportunities and democratic participation.¹⁴ So, it's no wonder council amalgamations are so overwhelmingly unpopular when a smaller council is proposed to merge with a larger one.

¹¹ 'Call for forced council mergers in Tasmania after latest amalgamation voted down,' Lucy MacDonald, *ABC News*, 4 October 2019. Available at: <https://www.abc.net.au/news/2019-04-10/tasmania-council-amalgamation-policy-questioned-merger-failure/10983664>

¹² State Government Should Force Council mergers: Ex-minister, Sean Ford, *The Advocate*, 6 January 2023. Available at: <https://www.theadvocate.com.au/story/8039613/state-government-should-force-council-mergers-ex-minister/>

¹³ Merging big and small: A cautionary tale from Barraba, Andrea Wallace and Brian Dollery, *Australian Journal of Regional Studies*, 2018.

Recommendations

Recommendation 1: Extensive and purposeful engagement with elected representatives, executives, and staff at each of the 29 councils.

Recommendation 2: Public forums and other forms of engagement in all council areas to inform and engage communities in discussion on the future of local government.

Recommendation 3: Before any proposed amalgamation or significant boundary change, the proposal must receive majority support in both houses of the Tasmanian Parliament.

Recommendation 4: Ratepayers of affected councils must approve any proposed amalgamation or significant boundary changes through a binding compulsory vote before any amalgamations or significant boundary changes can occur.

The real elephant in the room – a skilled workforce

The real elephant in the room for the future of local government is skill shortages, with councils struggling to recruit and retain suitably qualified and experienced workers. Residents, ratepayers and businesses feel the effect of council skill shortages in the quality of services they receive as an understaffed workforce does its best to meet community needs without a full complement of workers. Meanwhile, council employees experience increased and often overwhelming workloads as the work of many falls on too few. Indeed, in an ASU survey of Tasmanian local government workers in 2021, 30 per cent of respondents reported unmanageable and unrealistic workloads. Contrary to popular belief, skill shortages do not only affect smaller rural councils but are a feature across local government, including at some of the largest city councils.

Amalgamations or service consolidation would worsen the skill deficit

The ASU is concerned council amalgamations risk exacerbating the current skill shortage in local government. This year, the ASU surveyed local government workers about council amalgamations and service consolidation. The survey elicited 157 responses, at the time of writing, with respondents from 25 of the state's 29 councils. Responses to the survey paint a concerning picture for the retention of skilled local government workers. This picture is

particularly bleak if jobs were to move further from workers' homes due to amalgamations or service consolidation.

The majority of respondents were very experienced local government workers, having worked for councils for more than ten years.

Less than 1 year	8.5%
1 – 2 years	10.2%
2 – 5 years	10.8%
5 – 10 years	14.2%
More than 10 years	56.3%

Key findings from the survey are:

30% of respondents are considering leaving local government to work in another industry.

The major drivers are a wish for better wages and conditions (47 per cent) and wanting a better workplace culture (45 per cent).

Workers are undecided on whether they would work for an amalgamated council if theirs was impacted.

Definitely not work for the amalgamated Council	2.3%
Probably not work for the amalgamated Council	16.5%
Probably work for the amalgamated Council	65.3%
Definitely work for the amalgamated Council	15.9%

Local government workers are concerned with the potential loss of direct employment at councils. 89 per cent of respondents are concerned or very concerned outsourcing or privatisation are being considered. 11 per cent of respondents are indifferent, and just two per cent are unconcerned about outsourcing or privatisation.

Amalgamations or service consolidation could cause a loss of experienced local government workers. Nine per cent would leave their job, and 69 per cent would think about leaving their job, if they had to work further away from home.

The results suggest addressing worker concerns around wages and conditions and the workplace culture at councils is a critical step toward addressing current skill shortages by reducing the number of workers considering leaving the industry. Conversely, any

amalgamation or service consolidation that caused a worker's job to move further from home would see some workers leave local government, and many more consider leaving.

A reduction in the local government workforce in rural parts of the state through amalgamation or service consolidation is risky and would directly and indirectly, lessen the availability of suitably skilled workers needed by smaller councils. Reducing the number of council employees in smaller towns "can set in train powerful negative multiplier effects which induce displaced council workers to leave the area, thereby lowering population, reducing economic activity, and threatening the viability of other public and private services, like local public schools and banking facilities".¹⁵ The departure of non-council employees and their families would further exacerbate local government skill shortages outside major centres as the available pool of skilled workers falls.

Additionally, the positive aspects of council-delivered services are at risk if current local government functions are to be delivered by non-council providers. Any service consolidation outside local government would risk the quality of services received by ratepayers, businesses and other service users. Compared to outsourced services, those delivered by councils are "often more cost effective than outsourcing" and generate "higher quality and more consistent services".¹⁴ This experience is not limited to Australia. UK research has found that council-delivered services, compared to non-council services, exhibit flexibility, efficiency, cost-effectiveness, and service improvement.¹⁵ The ASU is aware of the difficulties that councils across the state face in engaging external labour to undertake many of the activities that would more appropriately be undertaken by directly-employed council workers. Outsourcing and labour-hire are expensive for councils, have poor outcomes for workers, and according to reports received by the ASU, agencies are often unavailable and unreliable. Service continuity is put at risk by choosing to outsource or use labour-hire. For instance, after southern councils outsourced roadside garbage collection, residents were left without a

¹⁴ Outsourcing and Insourcing in Australian Local Government: Productivity Commission's (2014) Public Infrastructure Report and Municipal Road Maintenance and Renewal, Brian Dollery, New England Education and Research Proprietary Limited, 2014.

¹⁵ Insourcing Update: The Value of Returning Local Authority Services In-House in an Era of Budget Constraints, Association for Public Service Excellence, London, 2011.

reliable service for months. This contrasts with the reliable and quality service received when in-house employees provided these services prior to outsourcing.

A comprehensive workforce plan for local government

The ASU supports an overhaul of workforce development with a comprehensive statewide workforce plan for local government. Such a plan would identify current and future demand for employees and skills at individual councils and across the sector. It is not proposed that there would be a statewide workforce disconnected from the needs of individual communities, but that the needs of local government as a whole in Tasmania are considered and skills gaps addressed in a more systemic fashion. The workforce plan should be informed by council-level workforce plans and identify current and future workforce and skill needs in regions and across the state. Such a plan must be developed in conjunction with stakeholders, including the ASU, to deliver sustained, meaningful and effective solutions, with adequate resourcing, data and reasonable timeframes to act on insights from the plan.

Training workers to meet the future needs of local government

The availability of skilled and experienced workers is a serious issue requiring action from state or federal governments.

The loss of traditional avenues for skill development and vocational training through the public sector and councils has reduced the number of skilled workers available to work in local government. Historically a source of secure blue-collar jobs, the increased use of contractors and labour-hire has diminished this important avenue of secure local government employment, skill acquisition, and staff retention.

A partnership between the local government sector, the Tasmanian Government and local education providers, The University of Tasmania and TasTAFE, would be a step toward addressing local government skill shortages. A useful template for state government support to address local government skill shortages is the Victorian Government's Women Building Surveyors Program.¹⁶ This program addresses both skill shortages and the low number of women in building surveying roles at councils. Participation is by application from interested

¹⁶ Women Building Surveyors Program, Local Government Victoria, Victorian Government, 27 May 2022. Available at: <https://www.localgovernment.vic.gov.au/grants/women-building-surveyors-program>

councils, with the Victorian Government providing funding directly to successful councils to support the ongoing employment and training of a candidate building surveyor while they undertake relevant training.

To address the need for skilled workers, the ASU proposes a pilot program offering young workers or job seekers the opportunity to undertake an apprenticeship or traineeship with a participating council. With the state government playing a coordinating role and contributing to the cost of employing the apprentice or trainee, this program would address the skills deficit in local government in the most direct way possible – by training workers in the skills required by local government.

The pilot program should be focused on identified skill shortages in local government. The 2022 Local Government Skills and Capability Survey identified skill shortages in professional roles for engineers and environmental health officers.¹⁷ In operational and trade roles, the most common skill shortages were in waste management and recycling operators, IT and ICT technicians, and supervisors and team leaders. Identifying future skill shortages should occur through a comprehensive workforce plan.

Addressing disparities in local government employment conditions

In addition to a workforce development plan, specific interventions are needed to address the disparity in employment conditions within local government. Councils struggle to attract and retain skilled workers due to lower wages and conditions in local government than are available in other sectors. For example, local government struggles to retain planners and engineers who can enjoy much higher wages and conditions working for the state government than they can for councils.

Some councils also struggle to recruit and retain workers due to significant pay disparities across the Tasmanian local government sector. For instance, a labourer at West Tamar Council is currently paid \$62,876, while a labourer at Devonport City Council with a comparable job description is paid just \$48,130. In addition to the difference in available

¹⁷ 2022 Local Government Workforce Skills and Capability Survey: Tasmania Report, SGS Economica and Planning, Australian Local Government Association, Canberra, ACT, 2022. Available at : <https://alga.com.au/app/uploads/LG-Workforce-Skills-and-Capability-Survey-TAS-Report.pdf>

remuneration, there are also significant differences in the employment conditions available across councils. Employees at Tasman Council are entitled to 20 days of paid family violence leave, while those at neighbouring Sorell Council are entitled to 10 days. Until the recent addition of 10 days of paid domestic family violence leave into the National Employment Standards, workers at Glamorgan Spring Bay Council were entitled to just 5 days of paid family violence leave.

Addressing the twin issues of pay and condition disparities between councils and the lower wages and conditions available to council employees compared to state government and private sector employees needs a sector-wide approach. The objective is to ensure every council can compete for skilled and experienced potential employees to fill vacant roles.

Returning local government to the state-based system of industrial regulation, with wages on par with those offered in state government employment, would be a significant step toward councils becoming competitive again for skilled workers, particularly highly skilled workers like planners and engineers.

Across Australia, it is not unusual for local government to be part of a state-based, rather than national, system of industrial regulation. Most state and local government employers in NSW, Qld, SA and WA are "non-national employers" and, therefore, not covered by the Fair Work Act but by state industrial relations legislation. Importantly, this change would allow wages and conditions to be set for the local government sector as a whole. The idea of local government being covered by a state-based industrial relations system is not a historical anachronism. Last year, the West Australian Government brought local government into the state industrial relations system. When speaking to the legislative reform that returned local government to state industrial regulation, the West Australian Minister for Industrial Relations said, "it is the Government's strong view that local governments, as part of the body politic of the state, should be regulated by state industrial laws rather than federal laws. This is already the case in Queensland, New South Wales and South Australia. It should also be the

case in Western Australia."¹⁸ The ASU shares this view of local government and the appropriate regulation of local government workers' wages and conditions.

A reform to bring local government into the state's industrial relations system would provide a structure in which the wages and conditions of local government workers could be increased to achieve parity with state employees doing the same work. In addition, aligning the employment conditions of local government workers with those employed by the state government would help address the real elephant in the room – the attraction and retention of skilled and experienced workers at councils. Importantly, it would put all councils on the same footing when seeking skilled workers, putting an end to the fruitless and expensive competition within the sector for skilled workers.

When high skilled workers, even higher paid ones, are attracted to work in-house at councils, there are benefits in terms of increased capacity within the organisation, and a reduction in the significant costs associated with engaging consultants and contractors.

Recommendations

Recommendation 5: The Tasmanian Government to develop a statewide workforce plan for local government, informed by council-level plans and sector stakeholders. The plan would identify staffing and skill needs with a particular emphasis on regional communities and areas with limited access to training.

Recommendation 6: The Tasmanian Government to fund a local government skills training pilot program to address the current and future need for skilled workers in local government.

Recommendation 7: The Tasmanian Government to facilitate sector-wide bargaining through the return of local government to the state industrial relations system.

¹⁸ Industrial Relations Legislation Amendment Bill, West Australian Government, Legislative Assembly, 20 October 2021, Parliamentary Debates. Available at [https://www.parliament.wa.gov.au/Hansard/Hansard.nsf/0/2de0131983b855d7482587840027038c/\\$FILE/A41+S1+20211020+p4610b-4612a.pdf](https://www.parliament.wa.gov.au/Hansard/Hansard.nsf/0/2de0131983b855d7482587840027038c/$FILE/A41+S1+20211020+p4610b-4612a.pdf)

Structural reform – three potential pathways

The Options Paper put forward three potential pathways for structural reform:

- Significant (mandated) sharing and consolidation of services
- Significant boundary consolidation to achieve fewer larger councils
- A 'hybrid' model combining both service and boundary consolidation

Each pathway risks breaking the connection between services and local communities. Currently, council services are locally managed and locally delivered, with local priorities and knowledge playing a large part in decision making. The consolidation of services, or the amalgamation of councils, will break this connection. Particularly at risk are the services currently provided to smaller communities, including infrastructure services.

Decentralisation dilutes local decision-making and runs the risk of top-down bureaucracies that are slower in decision-making and disconnected from communities replacing bottom-up action from those who live, work and are personally invested in their communities.

The ASU does not support the creation of further Government Business Enterprises to perform work currently within the remit of councils, or any other model which sees work taken from the local government sector to outside bodies.

The ASU represents workers at TasWater and has seen first-hand the number of redundancies, the extent of outsourcing, and the use of contractors and labour-hire that has reduced secure work in the water industry. TasWater employees are managed more centrally than ever, and work priorities are generally determined in Hobart. Tasmanian communities have also had poor experiences with services being delivered by a statewide joint authority without direct accountability to ratepayers. Communities in the Sorell municipality, for instance, were advised that the creation of regional shareholder corporations for the delivery of water and sewerage services would result in 'priority projects' being delivered in their area, and a decade later, many of these customers are still waiting for the projects to begin. The creation of these corporations, and later, TasWater, has seen costs skyrocket, additional layers of management created, and opportunities for training and development all but disappear. The transfer of water and sewerage services from local government demonstrates

the risks to communities and workers of transferring services to a shareholder corporation model or joint authority.

The services currently provided by councils should continue to be provided by councils, potentially through an auspice or shared service model. The delivery of high-quality and responsive services to residents is contingent on community service remaining the core business of local government.

Recommendations

Recommendation 8: Any direct-service consolidation should be limited, with workers continuing to be directly employed by a council participating in the consolidated service arrangement.

Response to Questions in the Options Paper

The Future Role for Local Government

Which of the core roles (see table 2) of councils needs more emphasis in the future? Why?

All role functions outlined in table 2 contribute to the wellbeing of local communities. The de-emphasis of any of councils' roles— be it as service provider, regulator, facilitator or partner, or advocate— will come at the expense of community wellbeing. Councils are democratically accountable to local communities, and the services they provide are delivered by local residents who are personally invested in the success of these communities. Other service providers cannot replicate these qualities.

Consideration should be given to providing greater support to councils performing regulatory functions. These functions are generally mandated by state government. As such, the Review could consider the direct funding of councils to perform these functions.

Do you agree that there is general community support for councils continuing to deliver their current range of functions and services? Are there any functions and services councils deliver now that they shouldn't? Why?

Yes, the Australian Services Union believes there is community support for councils to deliver their current range of functions and services, including those beyond the 'core services' detailed in table 2. Councils are uniquely placed to identify and deliver on community needs. The local knowledge required for decision-making of this kind is not available to the state government, let alone the commonwealth. These services, beyond the 'core services' detailed in table 2 but are sometimes performed ad-hoc by councils, are exemplified by the services Huon Valley Council provides to its communities. These services include childcare centres, outside school hours care, aged care homes and retirement villages, and the Huonville Health and Wellbeing Centre.

Councils are not on the look-out for services they can provide in competition with others. Rather, they are filling service gaps as a provider of last resort. Without these council-provided services, communities would not have the range of services they require. Their provision should be determined by democratically elected councillors informed by community expectations.

Assuming they have access to the right resources and capability, are there services or functions you think councils could be more involved in? Why?

The success and popularity of early childhood education services, as provided by Glenorchy City Council, highlights community demand for wellbeing services led locally by councils. These wellbeing services are often delivered by councils as a provider of last resort, meaning their funding is precarious and their provision potentially unstable. The unique attributes of local government as a provider, however, encourage their expansion provided additional funding assistance is supplied by the state or federal government. With additional financial assistance, wellbeing services could be appropriately provided across the state. Ultimately, councils have the potential to provide locally required wellbeing services on the basis of community expectations— but the continuation of these services can require state or federal support to ensure councils are not carrying the burden for market or policy failure at other levels.

Councils, for instance, should be more involved in domestic violence and other support services. Around Tasmania, support for women and children experiencing domestic violence is often unavailable close to home. Accessing these services can take real courage, and their convenient availability is integral to supporting victim-survivors. In addition, councils understand the local context and local challenges that can be difficult to grasp from the outside. This knowledge can be fundamental when supporting communities and individuals during and in response to a crisis such as a flood, fire or losing a major local employer. Importantly, when local government steps in as a provider of last resort due to public demand, other levels of government need to step up with appropriate financial support to councils. The Family Services program, delivered by Benalla Rural City Council in Victoria, is a model of how local government can provide relevant local services with funding from another

level of government.¹⁹ The program works to, among other things, strengthen the family unit, connect families with other services including education services, advocate on behalf of families, and provide case coordination services. This free service is provided by Benalla Rural City Council using funding from the Victorian Government. Also in Victoria, Darebin City Council runs a range of parent education groups, operated during school hours, that are free for residents of the Darebin council area to attend.²⁰

Where do councils currently make the biggest contribution to community wellbeing? What wellbeing functions and services should they provide in the future and how can they be supported to do that?

Councils' biggest contribution to wellbeing is as a local provider of locally relevant services that are delivered by local people. Within this role, councils provide basic services and infrastructure which are essential to keeping communities safe and healthy. These functions include (but are not limited to) waste management; road, drainage, and footpath maintenance and construction; recreation and cultural facilities; as well as the ad hoc services described above.

Councils should, with the approval of ratepayers, be able to provide services that communities need. Councils like Glenorchy City Council and Derwent Valley Council only opted to deliver childcare services in response to need in their communities. Similarly, Huon Valley Council and Glamorgan Spring Bay Council only began providing medical services to fill a critical service gap that, if left unfilled, would put residents at risk.

In many cases, councils are the service provider of last resort, providing services that would be unavailable if not for the council. However, that does not mean councils should pick up the cost of delivering services that are the responsibility of state and federal governments. A policy of fully funding these services, where the council has stepped in to fill a service gap,

¹⁹ Family services, Benalla Rural City. Available at: <https://www.benalla.vic.gov.au/Your-Community/Children-Family/Family-Services>.

²⁰ Support for parents, Darebin City Council. Available at: <https://www.darebin.vic.gov.au/Community-and-pets/Children-and-families/Support-for-parents>.

would ensure communities had the range of services required and that councils could focus their resources on their areas of direct responsibility.

Building local government capability and capacity now and for the future

Do you agree with the Board's assessment that Tasmania's current council boundaries do not necessarily reflect how contemporary Tasmanians live, work, and connect?

Most Tasmanians live both within and beyond their local community and council area. Even though jurisdiction boundaries may seem arbitrary, local government bodies develop detailed knowledge of communities within their area of responsibility. At the same time, communities build a connection with their council. That a person can live in Huon Valley Council area while working in the Hobart CBD, or travel from Wynyard to Burnie for a night out with friends or do some shopping, is not reason enough to adjust council boundaries.

Attempting to 'map' the way Tasmanians live and setting council boundaries accordingly risks what is most important about local government, knowledge of and connection to communities. Such an approach also risks the loss of local representation, decision-making, service delivery, and the economic ballast councils provide for smaller communities. When given a chance to vote on major changes to council boundaries, such as when amalgamations were proposed at Waratah-Wynyard and Burnie councils and at Tasman and Sorell councils, Tasmanians have chosen to retain existing boundaries.

We have heard that councils need to be "big enough to be effective and small enough to care". How big is big enough to be effective? How small is small enough to care? What factors determine that? How do we strike the balance between these factors?

The ASU does not support the proposition that any of the current councils are too small to be effective or too large to care. Councils need to have the capacity to deliver services efficiently and respond to their communities.

Amalgamating councils is not the answer. As detailed above, previous amalgamations in New South Wales have not delivered economies of scale when the population density is

considered. Put simply, delivering services to a dispersed population costs more, and this additional cost does not disappear when councils amalgamate. Council amalgamations in NSW have also led to a loss of local advocacy and democratic connection between ratepayers and council.

The ASU agrees with many of the challenges facing the local government sector that have been identified by the Local Government Review Board. However, we do not support the proposed solutions to addressing these challenges, including proposals to amalgamate councils. Instead, we have outlined proposals earlier in this submission that we believe would address current and future challenges to local government without the risks that come with amalgamation or service centralisation.

Thinking about Tasmania now, and how it might change over the next 50 years, what are the most important things to consider if we were to 'redraw' our council boundaries?

If council boundaries are 'redrawn', the most important consideration would be the ongoing delivery of locally responsive infrastructure and human services, and the continued employment security of local government workers.

As a consequence of climate change, we are already experiencing increasingly severe weather events. Unfortunately, we can expect such events to increase in frequency and severity. Responding to these events will be a major challenge for all levels of government, including councils.

All councils will need to prioritise preparedness, response and recovery actions. However, the risk to small communities that are part of an amalgamated larger council is that their needs may not be given the same priority as the needs of larger communities. An adequately skilled, experienced and local workforce will continue to be critical as these challenges emerge, especially in ensuring smaller communities are not forgotten.

Structural reform – three potential pathways

Which of the three broad reform pathways do you think has the best chance of delivering what the community needs from local government? Why?

As noted earlier, the ASU agrees with many of the challenges facing the local government sector that have been identified by the Local Government Review Board. However, we do not support the proposed solutions to addressing these challenges. Instead, we believe the proposals outlined earlier in this submission would address current and future challenges to local government without the risks of amalgamation or service centralisation.

ASU strongly believes the only way to ensure communities across Tasmania get what they need from local government is for services to continue to be delivered by local government. Councils, by virtue of their close connection to the communities in the council area, understand the priorities of these communities. This manifests in the wide range of services provided by councils, often to fill gaps from policy failure at higher levels of government. Any actions that break the connection between community needs and local decision-making will result in communities across Tasmania being worse off.

What would be your biggest concerns about changing the current system? How could these be addressed?

Naturally, given the ASU is the key representative of local government workers, our main concern is for the hard-working, dedicated staff who deliver quality services to residents. The ASU is concerned with the effect changes to the current system may have on employment security and employment conditions for current and future local government workers. If changes to the current system were to impact local government workers, their conditions of employment should, at worst, be maintained and preferably improved. As acknowledged by the Review Board, staffing and skills shortages are key issues for local government. With the vast majority of council services reliant on staff to deliver service, the risk of losing staff would directly impact communities and the services they receive.

Any reduction in this workforce would have widespread economic consequences that would be felt hardest in regional and remote communities. According to research undertaken for

the ASU, "in smaller towns and communities, local government is a crucial source of decent, socially valuable jobs, performed by well-qualified people, earning (and spending) decent incomes in their communities. Local government employment – and the wages paid to local government workers – thus translates into vital income and spending power in local regions and businesses."²¹

The threat to employment security and employment conditions is evident in each of the three pathways outlined.

The risks to council workers can, in part, be mitigated by:

- guaranteeing all local government workers ongoing direct employment on no lesser conditions with a council, even if in a shared services structure;
- supporting local government workers whose job location moves far from their current base of work; and
- financially compensating those who exit the sector due to the dislocation of structural reform.

The Australian Services Union also has concerns for the future of smaller Tasmanian communities and community identity in peri-urban areas if there were to be a major change to the current structure of local government. There are serious risks to local decision-making, service delivery, and democratic representation with each of the options put forward for the structural reform of local government. These risks are particularly evident for Tasmanians living in small communities where the council is often the largest employer and service provider. The loss of employment opportunities, economic activity and services would be a consequence of council amalgamations or service consolidation. The Australian Services Union believes these concerns for the future of small communities and the identity of peri-urban communities cannot be addressed. Finally, any rationalisation of frontline service roles would put additional pressure on workers already struggling with workload pressures. In a survey of Tasmanian local government workers conducted in 2021, 30 per cent of

²¹ Putting a cap on our community, Dan Nahum, The Centre for Future Work at the Australia Institute, December 2021. Available at: https://futurework.org.au/wp-content/uploads/sites/2/2022/11/ASU_Rate_Caps_Report_Final.pdf

respondents reported unmanageable and unrealistic workloads. Any changes that put further pressure on these workers would be unsustainable for the workers and lead to a fall in service quality.

In any structural reform process, how do we manage the very different needs and circumstances of rural and urban communities?

The different needs of rural and urban communities are best managed by maintaining existing council boundaries. The research collated above overwhelmingly indicates that small communities— and therefore rural communities— oppose council mergers, fearing loss of their community identity and local democracy. The UTAS research identified that for these communities, "fear of being subsumed by a larger entity" was so great that they prioritised the maintenance of their existing local representation ahead of improved technical efficiencies or the potential of economies of scale.²²

Amalgamations additionally have an impact on the local economies of small towns. Centralising the workforce to larger regional centres and metropolitan areas removes the council workforce from smaller communities and "can set in train powerful negative multiplier effects which induce displaced council workers to leave the area, thereby lowering population, reducing economic activity, and threatening the viability of other public and private services, like local public schools and banking facilities".²³

Amalgamating councils inevitably means merging the interests of smaller communities with the interests of larger ones— an act that significantly impacts the smaller community. As such, managing and meeting the different needs and circumstances of rural and urban communities starts with disregarding the prospect of council amalgamations.

Service consolidation scenarios provide similar challenges— for any service consolidated, and having to meet the needs of multiple communities, will inevitably favour the larger one. As

²² The History of Local Government In Tasmania, Richard Eccleston, Lachie Johnson & Sarah Hyslop, University of Tasmania, March 2022.

²³ Insourcing Update: The Value of Returning Local Authority Services In-House in an Era of Budget Constraints, Association for Public Service Excellence, London, 2011.

with amalgamations, service consolidation therefore poses the risk of small communities being "subsumed" by larger ones.²⁴ We also note the particular circumstances of where consolidated services are provided by a non-council provider, wherein the provider's motivation will be to meet the terms of the contract. Conversely, a council organisation delivering services across more than one council area will strive to meet the needs of those councils. The culture in local government is one of focusing on the needs of the community and delivering the best services possible. Any effort to retain this local government culture will pay off in the quality of services received by ratepayers and satisfaction among workers.

²⁴ The History of Local Government In Tasmania, Richard Eccleston, Lachie Johnson & Sarah Hyslop, University of Tasmania, March 2022.