

Future of Local Government Review

Devonport City Council Submission to Options Paper

Unanimously endorsed by Council at its meeting on 27 February 2023

Introduction

Devonport City Council (DCC) welcomes the opportunity to provide a submission in response to the Future of Local Government Review's Options Paper.

This document follows the two previous submissions made by DCC in response to the Review.

DCC supports the conclusion in the Options Paper that structural reform to achieve greater economies of scale is essential for 21st century local government service delivery. DCC also believes strategic planning and infrastructure decision making can be enhanced through a realignment of council boundaries.

Structural boundary reform is the most important consideration for the future of local government in Tasmania and is therefore the focus of DCC's submission.

DCC maintain that the services and functions currently provided by councils are appropriate and, on this basis, consider they should remain within councils' remit. A year into the Review process, with a heavy focus on the roles and responsibilities of local government, there has been no compelling argument as to any benefit in removing services that could not be achieved should those services remain a council responsibility.

The consolidation of services into separate entities simply erodes the scale of the remaining council, having further negative impact on the exact issue that has been identified as the greatest challenge for local government into the future.

Of the reform options, only Option 2 and Option 3 are considered viable, with Option 2 considered the simplest and by far the most beneficial outcome for local government into the future.

Specific Reform Outcomes

DCC considers all 8 reform outcomes detailed in the Options Paper worthy of pursuing and beneficial for the future of local government in Tasmania. DCC also supports most of the 31 options proposed to achieve the reform outcomes and submit specific comments on each in attachment 1. The Board should be commended for its work in developing these options, they are generally sensible and realistic and once implemented, will undoubtedly result in a more effective local government sector.

In relation to Option 5.1 regarding statutory land use planning, DCC consider the current framework does not require wholesale change. With some amendments to manage major complex projects and those with direct council conflicts, the vast majority of statutory planning assessments should remain with councils.

Whilst the inevitable tension between developers and regulatory bodies will always occur, adequately resourced councils remain the most effective body with the necessary local knowledge

to consider development applications. Elected members with appropriate training and adequate support add an important perspective to the process and generally add value. The often-highlighted cases where sound planning advice is blatantly ignored are isolated events and distract from the many instances where elected member input has ensured the best outcomes, particularly in borderline discretionary decisions.

Retaining planning assessment within councils alongside other associated functions such as infrastructure, environmental health and building control, ensures the most efficient and streamlined method of processing applications, which is always a priority for any applicant.

Structural Reform

DCC agree there are undeniable structural sustainability challenges within local government in Tasmania and supports the Boards conclusion that some form of 'scaling up' through structural reform is essential to deliver on community expectations.

The Options Paper highlights the necessity of structural boundary reform to ensure councils have the requisite scale, resources, capability and capacity to deliver on their critical functions. This is fully supported by DCC as highlighted in previous submissions to the reform process.

It should be noted this scale issue is relevant to virtually all services, as referenced in attachment 1 of DCC's April 2022 submission and evidenced by the Interim Report referencing the potential benefit of greater scale at least once for most council functions.

In addition to greater scale, there are several other beneficial outcomes to structural reform which have potentially not been detailed as clearly in the Options Paper. These benefits, outlined below, are particularly relevant to larger population centres, where scale already exists and have been detailed further in previous submissions by DCC:

- Improved strategic planning including land use and infrastructure considerations
- More strategic long-term infrastructure investment outcomes
- Improved cost equity
- More consistent service delivery standards

The following comments are made regarding each of the three structural reform options outlined in the Paper.

Option 1 – Retain 29 Councils with significant consolidation of services.

It is very difficult to see how this option could be feasible. The stripping away of core functions would further exacerbate scale challenges for what remains of the existing council entities. It would make it even more difficult for the councils to retain a critical mass of suitable staff and resources, whilst lessening the revenue base to fund governance, advocacy and other such overhead or administrative functions. In addition, Option 1 is not compatible with many of the 31 options detailed as specific reform outcomes. These reform options are simply too onerous for smaller councils, and they would be near impossible for new scaled back councils to achieve in a sustainable manner.

Retaining 29 councils, at an even further diminished scale as to what currently exists, is not a viable option for a sustainable and effective local government sector in the decades to come.

If councils are to remain a meaningful level of government, this option must be dismissed.

Option 2 – Fewer, larger Councils

DCC consider Option 2 as the only model which provides the necessary scaling-up whilst protecting the greatest amount of community voice and autonomy. It is the option which would ensure the most responsive form of local government and it is the least complex option to achieve the change necessary. In many ways Option 2 should be the preferred model, simply because it avoids most of the disadvantages associated with the alternatives.

Key factors supporting this position include:

- Option 2 recognises the inter-dependence of council functions, and the important benefit this provides in achieving the best community outcome in the most efficient manner. The examples are endless and happen seamlessly on a daily basis, such as regulatory teams liaising across the office with asset staff, economic development outcomes being supported by assistance or decisions from engineering staff or EHOs working closely with events staff. Maintaining the broad suite of council functions under the one roof, is undoubtedly the most efficient means of processing any form of community or regulatory permit or approval.
- Option 2 would provide the community with the most responsive form of local government given it maintains control over all existing council responsibilities. This ensures council has the authority and autonomy to respond to community concerns and expectations.
- Larger councils, aligned to incorporate logical settlement areas with responsibility for all existing council functions will ensure more effective and holistic strategic planning, with the necessary autonomy to make decisions with the broadest possible perspective. It avoids the ineffectiveness that invariably results from involving third party providers who often have competing or differing priorities.
- Option 2 allows boundary adjustments which incorporate major population centres with remote/rural areas, to build in cross subsidy between populated and less populated areas. This approach avoids government subsidies and reform to revenue and funding models as has been suggested maybe necessary for a hybrid local government model. The current reality demonstrates that councils are much more receptive to subsidising or supporting 'part of their own' compared to any suggestion of subsidies being provided to other municipal areas.
- Achieving scale efficiencies through larger council organisations as opposed to shared service providers ensures any efficiency dividend has a tangible community benefit and not simply used up in the overheads and oversight/accountability structures of new organisations.
- Option 2 should not be taken as excluding consolidated service provision or shared services, but rather they must remain possible on a voluntary basis. The existence of such shared entities, on a voluntary basis, would be driven by mutual benefit, not mandated by legislation. As demonstrated by current examples of voluntary shared arrangements, they are more effective, focusing on delivering the desired outcomes and remaining more

responsive to council (and therefore community) need. Services such as landfill and NRM activities are successfully delivered now through shared entities or authorities simply because it is good business, and councils choose to do so. This must be allowed to continue and Option 2 should not be promoted as a barrier to beneficial shared service provision.

- With fewer councils, regional or state-wide shared service provision and regional planning and collaboration would become simpler, purely due to the reduction in stakeholders. It would occur based on the merits rather than a legislated imperative.
- The Options Paper details four specific challenges relating to Option 2. DCC maintain that of these only the political contentiousness has merit and submit the following comment.
 1. *Communities place a high value on responsive councils and amalgamations can be seen as a threat to the democratic and representative function of local government.* – It is acknowledged there is a political dimension to this challenge, however in reality, utilising contemporary community engagement, embracing technology and mandating protections for smaller communities any challenges can be addressed if not improved.
 2. *Consolidating council boundaries can cause significant transition costs and sometimes job losses.* – Implementation of any local government reform will be disruptive, however slicing up existing councils to create consolidated service entities combined with some council mergers would cause even greater disruption than a simple merger of councils undertaking similar functions. In comparison to Option 3 (the only viable alternative) the transition process of this Option is an advantage rather than a negative.
 3. *Attempts to reduce the number of councils in Tasmania have been politically contentious in the past.* – It is acknowledged there are political challenges with Option 2, however DCC would encourage the Board to clearly identify the optimum model from a purely factual perspective and provide the Government with reason and support to take decisions which are in the best long-term interest of the State.
 4. *If council organisations become too large and complex, they may experience diseconomies of scale, reducing efficiency and increasing the cost of council services.* – Councils generally should be structured no bigger than necessary to achieve a sustainable scale. Even with merging of existing councils in Tasmania's largest population areas, given their city contexts and geographical footprint, it is unlikely these new organisations would become too large or complex that diseconomies of scale would occur.

Option 3 – Hybrid model combining mandated service consolidation and boundary reform

There are a number of significant shortcomings with Option 3 which outweigh any benefits that maybe achieved and ultimately this model will diminish the role and effectiveness of councils.

Option 3 in many ways appears counter-intuitive given boundary reform and service consolidation are incompatible in achieving additional council scale - they effectively work against each other. With councils merged to achieve an optimum size, this is then diminished with the removal of some services, requiring a further merger of remaining council entities to again scale up to reach the optimum size. The Option Paper states that Option 3 would involve less boundary reform than Option 2. Given the issue of insufficient scale is relevant to the vast majority of council services, this is not possible if Option 2 criteria is based on a no bigger than necessary basis, as suggested above.

Accepting that this Option has limited benefit over Option 2 in creating council scale, this Option can then only be justified by identifying benefits that occur by removing selected services from councils for delivery by a separate entity. The Review to date has failed to identify any compelling benefits for the removal of specific services from councils. In fact, experience has demonstrated the many negative outcomes that can occur with the mandating of consolidated service provision which include:

- Establishing new entities to provide services requires additional management, administration and governance overhead, otherwise not required if the function remained within the council.
- Mandated consolidated service provision is not the best community outcome, it results in unaccountable monopoly providers which are unresponsive to community needs and concerns.
- The additional layer of complexity required to oversee and provide accountability of a regional or state service providers creates additional cost and inefficiency.
- Consolidation of back-office functions, whilst good in theory are rarely successful. Duplication invariably creeps into the serviced entities, to address the shortcomings due to support functions being located off-site, and along with the 'overhead' required to manage such services, outweighs any efficiencies.
- The inevitable tension that occurs between a monopoly provider and their owner, and inefficiencies which arise to mitigate or manage such tension.

The flexibility sought through this Option to provide different solutions, in different communities could be achieved in other ways without creating the additional complexity and inconsistency of a hybrid model. Significant local government reform by its very nature is difficult to implement and disruptive to communities, therefore simplicity should be key in any consideration. Whilst in theory a hybrid model might aim to appease more stakeholders, experience with the last major sector reform (2009 Water and Sewerage) highlights the mistake in pursuing unnecessary complexity. After the establishment of 3 new service providers plus a mandated corporate shared services entity, further simplification was necessary within only five years at the additional cost of many millions of dollars and resulting in years of further delay in recognising any tangible reform benefits.

The fundamental question in relation to a hybrid model should be what is the benefit of mandated consolidated service providers? Why create these entities which diminish council size, the exact thing that is agreed necessary for effective local government into the future?

There appears to be little merit to the hybrid model, but rather an option favoured by some purely on the basis that it potentially would mean a merger of fewer councils, however this is a questionable outcome.

If mandatory service consolidation was to occur, DCC are fiercely opposed to any consolidation of Waste Management and the removal of this function from council's control.

DCC currently participates in the Dulverton Regional Waste Management Authority (DWM) along with three neighbouring councils on a voluntary basis. After significant investment and commitment by the member councils, over more than two decades, DWM is now well established and delivers a significant financial dividend to member councils. Council relies on the dividend to support services to the community and a loss of this revenue would require a significant rate increase to replace.

Local Voice & Representation

Local voice and community representation remains at the heart of local governance and is highly valued by Tasmanian communities. It remains a fundamental concern of smaller communities in relation to amalgamation.

Whilst an emotive issue and arguably seen as a greater concern by those within the sector than the broader community, it is no doubt an important consideration of any reform agenda. Any new models should ensure community engagement and consultation is not downgraded, but rather enhanced and initiatives such as those outlined below should be considered:

- Legislation of a ward system to ensure adequate representation from rural and remote areas.
- Elected Town Advisory Boards for all townships over a certain population and a specific distance from the council chambers, and/or alternately appointed Place Managers with appropriate resourcing.
- Legislate council planning obligations to separate community planning from the business and operational planning of councils. This would mandate localised strategic community plans, for all population centres over a certain size, with a centralised corporate plan for the council entity.
- Contemporary and better resourced community engagement practices, increasing reach and expanding digital alternatives.

Councillor representation remains a vital element to the effectiveness of local government and critical in ensuring communities feel they have a voice. Communities are best served by Councillors with the necessary autonomy, authority and knowledge to make the best decisions. For this to occur any structural reform must ensure:

1. That councils retain direct responsibility for all existing services and functions in their area, otherwise they have little ability to influence matters affecting their area.
2. Boundary adjustments outside of large population centres should be no greater than necessary to achieve the required scale. This ensures councillors and General Managers remain accessible and accountable.
3. Councils are of a scale which allows contemporary digital services, leading community engagement methods, necessary resources and professional staff to provide the best advice for councillors to make decisions.

Only Option 2 can achieve these three requirements and provide the greatest level of community voice on a sustainable basis. It would ensure the most responsive form of local government for Tasmanian communities.

The Board would be wise to recommend the Government consider incentives and other favourable transitional arrangements to assist communities in accepting the best long term outcomes which Option 2 provides.

So, what is the optimum council size?

Aside from the State's largest councils, where boundary adjustments would primarily benefit infrastructure investment, strategic planning etc, the rationale for boundary change for the majority of councils is to create an organisation of sustainable size.

On the essential basis that councils continue to deliver all the services they currently do, it is submitted that new redrafted boundaries should align as much as possible with the following principles:

1. minimum population bases in the order of 35,000 residents
2. align boundaries along shared values & geographically alike areas
3. removal of boundaries which divide adjoining urban settlements
4. major population areas, as much as possible, to equally incorporate rural and remote communities
5. the scaling up of less populated areas should be no greater than necessary to achieve a sustainable scale.

These principles should be considered as a whole, with a balanced approach to achieve the greatest level of compliance overall. This may require accepting that in some instances not all the principles will be achieved to the full extent.

Attachment 1

Option	DCC Position	Comment
Option 1.1 Establish a Tasmanian Local Government Charter which summarises councils' role and obligations, and establishes a practical set of decision-making principles for councils	Neutral	DCC does not consider the absence of a charter is of concern yet does not object to one being developed provided it remains simple, broad and not overly prescriptive.
Option 1.2 Embed community wellbeing considerations into key council strategic planning and service delivery processes	Support	DCC has adopted a Health and Well-Being Strategy and already considers it a priority.
Option 1.3 Require councils to undertake Community Impact Assessments (CIA) for significant new services	Support	CIA's should enhance community engagement processes and assist in decision making for new services.
Option 2.1 Develop an improved councillor training framework which will require participation in candidate pre-election sessions and, if elected, ongoing councillor professional development	Support	This option is supported.
Option 2.2 Review the number of councillors representing a council area and the remuneration provided	Support	The implementation of this option should be influenced by the outcome of any structural reform.
Option 2.3 Review statutory sanctions and dismissal powers	Support	Stronger powers are required for the Minister to address obvious instances of poor councillor behaviour. Although not common, these isolated occurrences damage the reputation of local government.
Option 2.4 Establish systems and methods to support equitable and comprehensive representation of communities	Support	As outlined in previous submissions by DCC, there are a number of systems that could be legislated to ensure better engagement across larger municipal areas.
Option 3.1 Require consistent, contemporary community engagement strategies	Support	Community expectations are increasing, and more consistent use of contemporary community engagement strategies would be beneficial.
Option 3.2 Establish a public-facing performance reporting,	Support	Robust and consistent performance reporting would assist the community in understanding the performance of their council.

monitoring, and management framework		
Option 3.3 Establish clear performance-based benchmarks and review 'triggers' based on the public-facing performance reporting, monitoring and management framework	Support	As per 3.2 above.
Option 4.1 Implement a shared State and local government workforce development strategy	Neutral	There remain many differences between the State Public Service and local government which would require such a broad approach to any strategy that it may not be effective. A strategy focused only on local government may be more effective.
Option 4.2 Target key skill shortages, such as planners, in a sector-wide or shared State/local government workforce plan	Support	A planned targets approach in areas of skill shortage is supported.
Option 4.3 Establish 'virtual' regional teams of regulatory staff to provide a shared regulatory capability	Not Supported	These teams would not be necessary under DCC's preference for structural Option 2 (larger councils).
Option 5.1 Deconflict the role of councillors and the role of planning authorities	Not supported	Whilst isolated examples of poor decisions by Councillors can be found, on the whole Councillors more than capably wear a 'planning authority hat' when required. There is nothing more local than considering the merits of a planning application and a popularly elected group of community representatives are best positioned to make these decisions with the advice and guidance of planning professionals.
Option 5.1a Refer complex planning development applications to independent assessment panels appointed by the Tasmanian Government	Support	DCC support this option provided it is used sparingly and with clear, pre-determined criteria.
Option 5.1b Remove councillors' responsibility for determining development applications	Not supported	Refer 5.1.
Option 5.1c Develop guidelines for the consistent delegation of development applications to council staff	Not supported	Ultimately it should be at the discretion of the Planning Authority on what is delegated. The extent of delegation needs to be flexible as it may vary at different times.
Option 5.2 Greater transparency and consistency of councils'	Support	As per Option 3.2.

resourcing and implementation of regulatory functions		
Option 5.3 Increase support for the implementation of regulatory processes, including support provided by the State Government	Support	There is considerable opportunity to increase the support to councils in their implementation of regulatory functions.
Option 5.4 Strengthen connections between councils' strategic planning and strategic land-use planning by working with State and Commonwealth Governments	Support	This option is supported.
Option 6.1 Require Councils to collaborate with others in their region, and with State Government, on regional strategies for specific agreed issues	Support	Regional collaboration should be encouraged and is beneficial, however should not be mandated but rather occur based on beneficial outcomes. The greatest current challenge to such cooperation is the number of councils which makes regional collaboration more difficult.
Option 6.2 Establish stronger, formalised partnerships between State and local government on long-term, regional, place-based wellbeing, and economic development programs	Neutral	Whilst these partnerships may potentially result in better outcomes, it does risk creating another tier of plans and reporting which maybe unnecessary given Tasmania's relatively small size and population. Further information would be required before comment could be made on any benefits.
Option 6.3 Introduce regional collaboration frameworks for planning and designing grant-dependent regional priorities	Not supported	The suggested frameworks would not be necessary if larger councils were created.
Option 6.4 Support increased integration (including co-location) of 'front desk' services between local and State governments at the community level	Support	DCC currently have such arrangements in place, which provide benefit to both the community and to Council. This could extend beyond front desk services with a recent example being the successful secondment of a DCC officer to DPAC for 12 months to work on social recovery whilst remaining based in Devonport.
Option 7.1 Explore how councils are utilising sound taxation principles in the distribution of the overall rating requirement across their communities	Support	The current method of 29 different rating models lacks transparency and is inequitable.
Option 7.2 Enhance public transparency of rating policy changes	Support	Refer 7.1 above.
Option 7.3 Examine opportunities for improving councils' use of cost-	Support	The current issues are exacerbated by 29 different approaches to the application of user charges. Councils are discouraged from applying

based user charges to reduce the incidence of ratepayers subsidising services available to all ratepayers, but not used by them all		a user charge which is more reflective of true cost due to negative comparisons with other councils. This also impacts the effectiveness of the newly introduced waste levy as a mechanism to change behaviour.
Option 7.4 Consider options for increasing awareness and understanding of the methodology and impacts of the State Grants Commission's distribution of Federal Financial Assistance Grants	Support	Not considered a priority issue, however greater awareness and understanding is a positive outcome.
Option 7.5 Investigate possible alternative approaches to current rating models, which might better support councils to respond to Tasmania's changing demographic profile	Not support	As outlined in 7.1 and 7.2 greater consistency and transparency in rating policies would be beneficial, however fundamental reform is not considered necessary.
Option 8.1 Standardise asset-life ranges for major asset classes and increase transparency and oversight of changes to asset lives	Support	This option is supported.
Option 8.2 Introduce requirement for councils to undertake and publish 'full life-cycle' cost estimates of new infrastructure projects	Support	This option is supported.
Option 8.3 Introduce requirement for councils to undertake regular service reviews for existing services	Neutral	Whilst councils should be encouraged to regularly review their services, the benefit in making this a mandatory process is questionable.
Option 8.4 Support councils to standardise core asset management systems, processes, and software	Support	This option is supported, however could be largely addressed through structural reform.