

Local Government Reform Pathways Submission

(Dorset Council)

General comments.

Councils are in general are reasonably efficient and capable of delivering projects from planning to completion in good time and delivering services in a timely and cost effective manner. There are exceptions to this and most of these come from the larger councils where bureaucracy and processes get in the way of getting things done.

Any reform in Local Government must be driven by better outcomes for ratepayers in terms of improved services or lower costs or both. A strategy of reducing the number of councils in Tasmania because “29 is too many for our population” simply does not stack up.

Expected outcomes of any reform process must be clear, measurable and achievable. The community must be on board with any proposed reforms.

One would hope that the State government believes in the importance of councils being the most responsive and connected to their communities and understand that councils are best placed to deliver services. However, the expectations are ever expanding. Councils fill in the gaps in service delivery such as taking on health services and medical centres to ensure the health and wellbeing of their communities is maintained. This is not the role of councils. Councils are expected to take on initiatives on issues such as climate change, again the leadership role is with state government. It therefore appears that the State Government in fact does not have a clear understanding of the role of councils despite their firm belief in the importance of the third tier of government.

Pathway 1

It is difficult to see what services could be combined, mandated and run on a state wide basis.

1. Consolidating services and contracts for infrastructure, IT, waste, finances, regulatory etc. would favour businesses with scale and create further monopolies. While the financial and service outcomes may be favourable in the initial years by combining multiple council procurement tenders into one large tender, and thus achieving scale in price and service outcomes (not necessarily better service outcomes), on retendering in the future a lack of competition may result in higher prices if smaller operators are driven out of the market. The consolidation of Council tenders may aid in the creation of monopolies.

Example 1: a recent example of this is the consolidation of waste collection contracts in Tasmania and the consolidation of waste service providers.

Example 2: a possible outcome for local contractors within the Dorset municipality is that they simply may not be able to compete with the larger players and lose out when contracts are retendered. This may render those local businesses unviable and move out of the municipality in search of employment.

Example 3: there are limited suppliers of infrastructure in the State already and Councils are competing amongst each other and State Growth for road contracts which is pushing up prices. The consolidation of road contracts by Councils is unlikely to decrease prices. This is based on evidence of project costs from State Growth when compared to examples from Council projects, including Dorset Council. Larger organisations have a

third or more in administration, project management and overhead costs that smaller operators / smaller councils do not have.

2. A consolidation of services may result in a higher price for smaller Councils.
Example: Dorset Council operate a lean IT model and a recent quote to join the Northern Councils on a larger IT platform and go to one IT solution for Northern Councils would have resulted in a doubling of IT costs directly for IT supplier payments alone for Dorset, let alone the increase in resourcing requirements going onto a larger Council product that requires more resources to run the various modules. The solution was going to favour the larger Councils as some of their costs would have been diverted to the smaller Councils.

We are however not discounting the prospect of combining some services if any advantage is apparent.

Certainly Dorset would not consider a state wide planning authority, as planning and building approval efficiency and compliance is considered by the construction industry to be one of our strengths.

A state wide planning authority suggests to us approvals given in severely extended time frames with many more hoops to jump through and without the benefit of local knowledge.

Nor would we consider a state wide road model, given we already operate our own civil construction crew which has delivered huge savings on capital builds compared to tendered prices and costs associated with State Government infrastructure builds.

Some rural councils battle with large road and bridge networks and a small rate base with which to find the necessary funds to undertake upgrades and new builds. The reason for this is the road funding model being run by the State Grants Commission. This model is in serious need of review to allow appropriate funding to be directed to especially, rural freight roads given the extra costs required to build roads to handle high freight loads and traffic. These roads also have a severely reduced life span compared to an urban street.

It is this issue that make some small rural Councils look unsustainable.

If Councils are forced to take on a combined service that puts them at a significant financial disadvantage there remains the question of whether the state will provide compensation to ratepayers and residents.

Pathway 2

If significant improvements in service levels can be achieved at a lower cost by having fewer but much larger Councils, the Local Government review board may take into account that local government is a major employer in Tasmania, and even more so in smaller rural municipalities. While the Local Government review may arguably save some money and achieve synergies, it may cause unemployment issues and create problems for other parts of the State Government with the potential loss in talent to smaller rural regions and people moving away from those regional areas to Tasmania's largest cities or the mainland to find employment. While there may be a decrease in cost to the overall Tasmanian local government sector, the rest of the government or private sector in Tasmania may not have adequate employment for these displaced

employees and the impact to regional areas of losing talent and their families within those regions. The potential loss of population has economic impacts on existing businesses, along with impacts on sporting clubs and community groups and their numbers and thus future viability.

While Dorset believes there is some scope to redraw boundary lines and some possible amalgamations, it is our view that the likely number of sustainable councils still needs to be close to twenty. Future Councils need to, where possible have residents who have similar priorities and needs, to avoid smaller rural councils being sucked into large metropolitan councils with the residents of those rural councils losing their identity, representation and ownership of their community. This certainly happened at the last review of Councils in the 1990's and despite the passing of time regret and anger still exists.

Similarly rural areas where residents of a particular area rely on one municipality for their shopping, education, health and freight needs, but reside in a different municipality will need to be considered in any future boundary changes.

Any reform also needs to take into consideration geographical barriers such as mountain ranges and rivers where there is no easily accessible travel pathways or time taken to travel is excessive. Mobile phone communication and internet reception should also be considered given the large number of black spots in Tasmania.

It is widely acknowledged that amalgamations very rarely result in savings for ratepayers or in improved delivery of services. Often the result is more regulation, especially for residents of smaller Councils, severely reduced efficiency and increased bureaucratic stalling and interference.

Simply amalgamating Councils to achieve perceived scale will not work when increased population numbers will be combined with increased infrastructure to manage, so the ratio of costs versus population and rate revenue will not change.

Unlike many Councils in Tasmania Dorset proudly acknowledges that we do not employ staff in areas which we do not see as our core business nor do we consider compliance of minor transgressions of dubious regulations as seriously as some Councils. This attitude has delivered substantial savings to our ratepayers and reduced negative interactions with residents.

Anyone thinking of reducing Council numbers down to single figures or slightly above is kidding themselves by firstly thinking this would be a workable scenario and that a massive reduction in Council numbers would be even remotely acceptable to the Tasmanian public.

I can see the political party that attempts a massive reduction as suggested spending a very long time on the opposition benches and rightfully so.

Pathway 3

This option seems the logical one as it would allow for any benefits from Pathways 1 and 2 to be combined and implemented as neither Pathways 1 or 2 are a solution in their own right.