



Clarence... a brighter place

Local Government Board Review

Future of Local Government Review Stage Two Interim Report

Submission from Clarence City Council

Introduction

We wish to thank the Future of Local Government Review Board for the opportunity to make a submission to this second stage of the Review.

Council's submission does not provide a definitive position on possible or preferred outcomes of the Review. We look forward to reviewing the Stage 3 report, including any recommendations, at which time we anticipate being able to engage on the merits of any recommendations, subject to there being a clear understanding of the goals and objectives of the overall review.

By way of preamble to our submission below, it is important to note that our views are firmly influenced by the fact that our Council is undeniably one of the most sustainable and well-managed councils in Tasmania. We are well positioned to deal with the joint challenges and opportunities of growth and sustainability in our city and municipality. Should any amalgamation or other change be recommended by the Board, in our view, the recommendation(s) must demonstrably enhance our current circumstances as they relate to sustainability, service delivery and local representation and, consequently, not diminish it.

We are concerned the information, data and scenarios provided as part of the Stage 2 materials lack real detail and analysis. There appears to be an absence of clear goals and objectives with the current scenario process, this means we cannot reasonably deploy the data to measure or assess the merit of each scenario or other options. Our concern is that without clear goals, objectives and methodology, analysis cannot be conducted in a consistent, refined manner by all councils and others, furthermore any recommendations put forward by the Board or by councils themselves as part of this process will lack intellectual rigour. If we cannot test specific reform proposals in a robust and transparent way, we cannot be sure that any changes within the sector will deliver sustainable outcomes into the future for our communities.

Within the context of the above comments, we wish to draw the Board's attention to the 2015 – 2017 voluntary amalgamation process. Through that process, SGS produced a report titled *SGS Final Feasibility Report 'Greater Hobart: Local Government Reform'*. South-East

Region councils then commissioned the *KPMG South East Councils Feasibility Study*. Clarence City Council undertook community consultation on a range of options, culminating in a report to council on 18 December 2017 that determined not to pursue voluntary amalgamation ([Council-Meeting-Agenda-18-December-2017.pdf \(ccc.tas.gov.au\)](#) – see item 11.7.5).

The process undertaken in the 2017 review provided detailed analysis of issues and options, enabling councils to undertake targeted and refined consultation with its community in respect to options. It is inciteful to reflect on the level of community engagement and the views expressed at that time. While we are now six or so years down the track, the current review process seems to lack the detailed analysis of the previous process. We are happy to share relevant documentation from that earlier review with the Board, should that be of assistance.

Council's current position

Council's primary concern is the long-term sustainability of any amalgamation scenario above all else. We believe that Tasmanian councils must be sustainable, within the context of the following key considerations:

- **sufficient population** – any current or amalgamated council must have sufficient population to ensure it can respond effectively and efficiently to the needs of its community in both the short and long-term. There is an inherent efficiency and economy in size and scale. Additionally and more broadly, a growing population, when well-managed, enhances communities, drives economic development and growth, creates greater diversity and cultural richness beyond basic infrastructure development and service provision.
- **diverse rates base** – allied to the first point, any current or amalgamated council must have a sufficient rates base to meet the growth and service demands of its community. As far as possible, a balanced mix of urban population, commercial/industrial activity centres and/or rural/agricultural areas is important. A diverse rate base provides a council with the ability to balance the impost of its rate burden across its community (via an effective rate strategy) while also creating opportunities to deliver the diverse range of services required by a modern community, as well as growing economic capacity.
- **growing asset base** – any current or amalgamated council must have a sufficient and well-maintained asset base upon which to invest and borrow against. Small councils will naturally struggle to deliver larger or more costly projects than larger councils with a well-managed asset portfolio.

Within the three key sustainability considerations above (noting that there are arguably other factors influencing sustainability), we have assessed five scenarios against our current situation:

- Status quo – no change to Clarence City Council boundaries.
- Scenario 1 – Establishing a single council encompassing Clarence, the urban areas from Sorell to Primrose Sands, plus Forcett and Richmond.
- Scenario 2 – Establishing a single council combining the existing Clarence and Brighton LGAs.
- Scenario 3 – Establishing a single council area encompassing the current council areas of Clarence, Sorell and Tasman.
- Scenario 4 – Clarence, Brighton, Sorell LGAs, with some possible minor boundary adjustments.
- Scenario 5 – Scenario 4 plus Tasman LGA.

Noting our introductory concerns regarding the perceived lack of process and analysis throughout Stage 2, we have nonetheless conducted a rudimentary assessment of each scenario against the catchment data provided, as well as a status quo position. An analysis of population, rate and asset valuation data makes it clear that the ‘no change’ scenario remains valid even at this cursory level.

That is, Clarence City Council can remain unchanged in terms of its municipal boundaries on the basis that it is financially sustainable in its current form, is providing services to its community within its financial means and capacity and is managing its asset portfolio (valued in excess of \$1 billion) well.

Our basic analysis confirms that scenarios 1 to 5 demonstrate that there is a balance to be struck between population, land area and assets. However, without qualified assistance to undertake a proper assessment it is impossible to determine a preferred scenario that is conclusively sustainable and beneficial to the communities captured by the relevant scenario.

Within the context of the assessment provided above, Council notes Minister Street's comments that some councils are not currently meeting their statutory obligations – this is not the case for Clarence, in fact we consider that our service delivery standards are well above that mandate. This reinforces our view that we are sustainable and well managed, and that the status quo option is not just a valid option but should be seriously considered.

Notwithstanding our comments regarding data, it is clear that a long-term sustainable council must have well-managed growth – whether that be via its population centres, a diversity of commercial/industrial activity centres, active rural areas or a combination thereof. While the current Clarence municipality has these features, so does the wider region (Clarence, Brighton, Sorell). Tasman has a slightly different mix, having a smaller more dispersed population and a high reliance on one key activity – tourism. These differing features demonstrate the complexity of any assessment and the need for a clear methodology to be applied to any recommendations the Board may make.

Our analysis has also focused on potential amalgamations that would create the opportunity to live and work within a larger municipality. It is clear that many people currently travel from the Eastern Shore to the Hobart CBD for work. A focus on municipalities that are sustainable and growing across their urban and commercial activity areas has the potential to reduce the need to travel into the Hobart CBD over time. That said, it is also not necessary to amalgamate councils to achieve that outcome – effective and coordinated regional strategies can achieve the same result. The work undertaken by the Greater Hobart councils via the Hobart City Deal and Greater Hobart Committee is evidence of this. But it also highlights a broader point – there is sustainability in size and well-coordinated development of assets and activity centres that benefit the population in each region, and that amalgamation is not a necessary element for success in all cases.

While the financial position of each council is broadly outlined in the Interim Report, caution is needed when relying on this detail to determine sustainability. Data across councils is not universally comparable given the diversity of service delivery models, rating practices, strategic focus and approach to long-term financial provisioning between various councils within each region. For example, there is a fundamental difference in rating practices, strategic focus and service delivery models between Clarence City Council and Brighton Council. We do not say that one is better than the other, rather that the fundamental basis of operation is different and that in turn has an impact on data that might be relied upon for comparison and decision-making purposes.

As a further point related to boundary adjustments, we are concerned that some councils may recommend opportunistic boundary adjustments that serve no strategic purpose other than to benefit one municipal area at the expense of another. From that perspective, our firm view is that boundary adjustments (as opposed to mergers of whole council municipal areas) should only occur where there is a clear, rational reason for doing so. For example, where a boundary adjustment would address a geographic anomaly or other logical feature or circumstance. Cherry-picking preferred outcomes should be avoided at all costs.

In conclusion, based on council's growing population, strong asset base and sound performance, we consider that maintaining the status quo represents the best outcome for our community at this time. Council is evidently sustainable in the short and long-term without any need for change. Specifically, council has no substantive debt, is in a strong financial position, has adopted and delivered on strong financial strategies, provides sufficient funding for asset renewal and generation, and has not in our memory returned a deficit budget. If the Board were to prefer an amalgamated scenario, we would like to see analysis of the potential benefits of amalgamation assessed, based on available data, focussed on the key areas of population, rate base and asset base as a minimum; and in accordance with a properly developed assessment methodology focussed on clearly articulated goals and objectives. The previously mentioned SGS and/or KPMG reports may provide methodology upon which the Board can base its current analysis and assessment.

Response to Shared Service Models

We have reviewed the supporting discussion paper addressing the issue of shared service models.

The key drivers for shared services are usually skill shortages, capacity to increase organisational capacity, achievement of efficiencies and risk mitigation. There is an argument to support a shared service model where the functions, scale, governance and funding achieve the drivers outlined.

The need for shared services will vary depending on the location of councils which can impact a council's ability to attract and retain qualified and experienced staff, noting the following points:

- Officers working in areas of reduced supply are often working to full capacity and simply do not have the ability to provide support to other councils.
- Attracting officers to regional areas requires a regional or state-wide approach to workforce development, engagement and retention strategies.

Councils all over Tasmania have, or are looking at, major investments in IT systems. There may be opportunities to consolidate these investments – there are only three or so major suppliers for council systems; major efficiencies including compatibility across councils and ‘virtual’ shared services may be achieved by aligning these programs strategically.

Importantly, any consolidation of IT systems will necessitate standardisation of supporting policies and processes across councils to begin with. While councils already share a vast range of policy and procedure information, standardisation will become a community wide issue as many of our policies and procedures impact the daily lives and decisions of our residents. This would need to be followed by Council IT departments collaborating on IT governance, IT architecture, business process and data management while working towards aligning procurement timelines.

There is an important case in point to highlight here. The Tasmanian Government’s PlanBuild project, on face value, represents an initiative to consolidate building and planning services into a state-wide online portal platform. While the initiative has merit at a principles level, its conception and execution has fallen well short of what would be regarded as ‘good practice’. The project highlighted the need for genuine engagement with councils when designing such a platform (what occurred is best described as paternalistic), realistic project management goals and critical assessment of ‘off the shelf’ options rather than a bespoke product - while some shared service portals may look simple at the front end, they can be incredibly complex in the back end. There was also a failure to recognise that different councils undertook their planning and building services within substantially different operating contexts. Had this project been developed as a shared service model rather than the approach adopted by

Tasmanian Government, it is likely that its pathway to successful delivery would have been easier and more efficient.

A move toward consolidation of services across several councils may reflect good practice and support economies of scale in some cases, but this will not be universal. Promotion of mechanisms that allow councils to work together to deliver services on a regional or sub-regional basis may be a more useful pathway forward (that is, establish the environment in which shared service models can be explored, resourced and adopted, rather than nominating specific outcomes). The aim should be to support councils by providing a framework that encourages outcomes that can demonstrate and achieve high-level function or service delivery to communities.

Response to State and Local Government Partnership Opportunities

Increased demand on Local Government to deliver broader functions and services has in some circumstances stripped the capacity of councils to deliver those services cost effectively and efficiently. In several cases councils have been required to deliver functions and services they cannot reasonably afford to deliver.

There are undeniably structural sustainability challenges within some councils. Notwithstanding, service consolidation and partnership models, if broadly implemented, run the risk of undermining councils by making them lack meaning within their communities.

Furthermore, state government offerings for partnership are not providing value for money for councils. NetTas is a clear example of a service originally adopted by many councils, and now being replaced as councils can procure up to ten times the value (including far greater bandwidth, throughput, resilience and diversity) for the same investment on the open market.

Within the context of the Review, it is important to recognise that there is clearly a core business for councils within their community. There are services and activities that are clearly associated with councils and an inherent risk that any partnership model may confuse that service delivery. What is to be avoided is a situation where community members don't know who to contact or hold accountable for certain services in their community.

Notwithstanding, there are examples where a state and local government partnership may work. These opportunities are likely to centre around co-location of service centres and staff. A good example is the partnership between Service Tasmania and Devonport City Council within the Paranapple Centre in Devonport.

A further enhancement worth exploring with respect to this in the long term, is an integrated Customer Relationship Management System that particularly upholds a tell-us-once mantra for all government customers. Such an initiative would need to take into consideration realistic local government investment capacity and take on board the learnings with respect to PlanBuild and NetTas examples referred to above.

We would also like to draw your attention to the use of single and joint authorities by councils. Within that context, we refer to the submission by the Copping Refuse Disposal Site Joint Authority (Copping JA), which we support. The Copping JA is a prime example of councils working together to provide a long-term, well-managed waste disposal solution for councils in the southern region of Tasmania. It exemplifies best-practice management of waste with a focus on risk mitigation and cost.

Response to Supporting Strong and Empowered Local Communities

Preserve and enhance local voice

Undoubtedly there will be arguments that larger councils have an impact on local voice and representation. This view should be challenged. Councils have had good success engaging with their communities through structured engagement and consultation. While it is clear that communities value the opportunity to speak directly with their elected members on key issues and concerns, the focus of broader information and consultation campaigns as well as community updates and forums has had a positive impact.

Over recent years our council has made significant effort and investment to better resource engagement practices, utilising modern, accessible and relevant information sharing and engagement platforms.

There is a clear concern that amalgamation of councils will lead to less representation within our communities. In that context, there has been discussion related to creation of wards or similar representation mechanisms. Our experience at Clarence suggests that wards are not necessary. Our councillors have a history of being elected from areas such as Richmond, South Arm, Sandford, etc – all areas that are rural with smaller populations than the main urban areas of our city. This is demonstrably a reflection on how those councillors interact within the community, their accessibility and willingness to engage with all parts of the city, not just their local area. Our predominant view is that a move back to a ward-based system would be retrograde.

Retention of jobs and services locally

Retention of jobs and services locally is particularly important in areas across our community where there are reduced workforce participation rates.

Our experience is that moving jobs outside of immediate communities can further disenfranchise people, particularly in areas where disadvantage is significant. Jobs and services assist people to engage within their communities, build relationships and opportunities as a consequence.

While the COVID pandemic has demonstrated the effectiveness of remote work, which can reduce some barriers to participation, in reality this rarely applies to those in our community who are seeking labour-based roles or come from a lower socio-economic background.

Councils play a vital role in providing local, labour-based roles as well as professional opportunities. In nearly all of our municipalities, the local council is a major employer within the community and therefore central to community wellbeing and employment.

Within our own city, the top five local employment industries within Clarence (construction, retail trade, public administration and safety, education, and health care and social assistance) do not generally provide the capacity to work remotely.

Keeping jobs local is important in maintaining the sustainability of local communities. Once access to local jobs is removed, communities become disenfranchised from access to essential social, economic and environmental resources.

Additional responses

[Any change must be supported by economic modelling for the long-term sustainable outcomes of councils and their communities](#)

Councils must have the necessary financial resources to plan for, provide, and maintain - on a sustainable basis - infrastructure and services to an agreed level which meets the current and projected future needs of our communities. Funding models that support councils must be equitable, transparent, consistent, and efficient.

There are significant differences in service levels and standards across municipal boundaries. Any change must address how we harmonise these differences in an equitable manner.

Any change must also be realistic about the financial costs of implementation, and the impact should we get it wrong.

[Retain momentum for key strategic projects](#)

Council has invested to date in a number of projects that are staged to deliver significant social and economic benefits to our community. Any reform process must consider the potential to derail or delay these projects – the aim must be to avoid disruption to these critical infrastructure projects.

In addition to the comment above, many projects have been arrived at through a strong democratic process that leads our communities to feel invested in outcomes and to hold a reasonable expectation of delivery. It is essential that we do not lose capacity to deliver and leverage these outcomes as a result of any proposed amalgamation. A particular focus on ensuring our communities do not become disenfranchised because of change, delay or uncertainty will be critical.

[Consultation feedback process](#)

Council would like to see feedback from stakeholders made available broadly to councils and our communities. Feedback could be de-identified then grouped into the key themes

identified by the Board. It is also particularly important that the Board respond to feedback received, either by theme areas, or individually.

This is one of the most significant review projects undertaken and will impact communities in both the short and long term. It is appropriate and reasonable for anyone who takes the time to provide a response to the review, to also have the opportunity to consider other stakeholder perspectives and the Board's response.

Models of government structure

There are many different models of government structure, including those that focus on delivering outcomes at a local level.

One of the challenges of spreading the role of a council over a greater geographical area or increasing the diversity of an area is gaining support across the region from residents willing to pay for increasing equity in service delivery.

Building a local government catchment area to achieve economies of scale, equity, local responsiveness, access and accountability is simply not possible and resolution of some criteria will likely lead to challenges against other criteria.

Conclusion

We thank the Review Board for the opportunity to comment on the Stage 2 Report. We look forward to discussing our submission with the Board on 4 August 2023.



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MAYOR



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CHIEF EXECUTIVE OFFICER