

# Future of Local Government Review

## Devonport City Council

### Stage 2 Interim Report Submission

As adopted, Monday 24 July 2023.

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#### Introduction

Devonport City Council (DCC) welcomes the opportunity to provide this submission in response to the Future of Local Government Review's Stage 2 Interim Report.

This submission is the fourth provided by DCC in response to the Review and is generally consistent with views provided in earlier submissions. Included below are comments in response to the Interim Report and the catchment scenarios.

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#### **1. Response to key themes or conclusions in the Stage 2 Interim Report that are supported by DCC**

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

DCC supports structural boundary reform to ensure councils have the requisite scale, resources, capability and capacity to deliver on their critical functions.

In addition to greater scale, there are many other beneficial outcomes to boundary reform, as outlined below. These benefits, are particularly relevant to larger population centres, where scale already exists:

- Improved strategic planning outcomes, including land use and infrastructure considerations.
- More strategic long-term infrastructure investment outcomes
- Improved cost equity
- More consistent service delivery standards
- Greater capacity to engage, manage, and optimise outcomes on regional or statewide matters.

Whilst DCC previously favoured fewer larger councils over a hybrid model, the rationale behind the recommended hybrid model is now understood and accepted, given the clarity that most scale benefits should come from boundary consolidation rather than service sharing. DCC supports the view that mandated shared services may not be necessary or beneficial in larger, urban council areas, but rather should be used as a mechanism to assist smaller rural communities, where remoteness makes boundary consolidation difficult.

DCC supports most of the 33 specific reform initiatives previously presented by the Board and considers these generally worthy of pursuing and beneficial for the future of local government in Tasmania. However, DCC also endorses the Board's latest observation that these specific reforms are

secondary to the need for structural reform, and in many cases would not be achievable unless the scale and capacity of councils was increased.

Whilst most accept the status quo is not a sustainable option, evidence over the last 30 years demonstrates that the Board is correct in concluding that the sector will be unable to ever reform itself and the change required to benefit Tasmanian communities will need to be led and mandated by the State Government.

## **2. Response to key themes or conclusions in the Stage 2 Interim Report that are not supported by DCC**

### **Overemphasis on communities of interest**

Throughout the review process there has been an evolving and growing acceptance of the need for structural reform to improve the efficiency, effectiveness, and ongoing sustainability of councils in Tasmania. The work to date has highlighted the existing shortcomings in these areas and consultation has demonstrated that overall, there is general acceptance that change is required. As each stage of the review has progressed, the case for greater sustainability, efficiency and effectiveness has become clearer.

However, the Stage 2 Interim Report then appears to somewhat diminish these priority shortcomings by concluding that whilst important, they should be considered secondary to the matter of aligning boundaries based on communities of interest. Communities of interest are important, however as well documented in the Board's earlier reports, misaligned communities are not the reason the status quo must change - rather it is other fundamental issues that are impacting on the quality of local government in Tasmania.

For example, one of the critical impediments currently facing the sector is an inability to attract skilled workers to more remote councils. Prioritising the realignment of boundaries primarily on a community of interest basis, as suggested in some of the catchment options, will do nothing to improve an issue such as skill shortage.

Good community-level planning and engagement should enable any 'community of interest' to identify what is important to them. Then Elected Member representation (whether local or not to any particular community) has something tangible to work with in terms of future planning and service delivery.

### **Ensuring sufficient rate bases across as many councils as possible**

In previous submissions, DCC expressed a view that boundary adjustments should incorporate major population centres with remote/rural areas, to share cross subsidy between populated and less populated areas. Whilst this approach can be feared by smaller communities, experience demonstrates that it inevitably leads to increased service delivery and greater funding, beyond what they could otherwise afford. Longer term it also protects smaller communities from the sharp rate increases which can occur when sustainability concerns emerge.

DCC could only be financially disadvantaged by such an approach, yet considers it is a sound fundamental principle that should be considered in any boundary consolidation. The evolving Board position appears to acknowledge the need for cross subsidy but unfortunately dismisses the solution of combining populated, larger rate bases with less populated areas. It appears to support an

approach where smaller councils are favoured through grant mechanisms as a form of subsidy. Once understood, this approach would be contentious, pitching communities against each other. It also assumes additional funding is the sole answer, whereas many of the disadvantages faced by smaller councils are caused by broader issues (such as access to specialist professional staff) which cannot be addressed simply with more money.

### **Unnecessary Shared Services**

DCC is cautious in regard to the Statewide or regional service sharing suggested as 'boundary reform agnostic', particularly if use of these services is mandated. If such arrangements can achieve the suggested criteria of demonstrating clearly defined benefits and involving acceptable transition costs, then they should occur voluntarily. Whilst no doubt these arrangements can produce efficiencies for back-office activities, any gains must firstly offset the additional complexity, overhead and loss of flexibility that inevitability occurs before any net gain can be realised.

### **3. Catchment Scenarios**

DCC consider that the North West & West Coast of Tasmania must be considered holistically and not as two separate community catchment areas as mapped in the Interim Report.

If the North West Coast was to be divided in half, rather than the two catchments proposed, the more logical divide is the two sub-regions which currently cluster around the two cities within the region. Devonport currently exists as the base for the eastern half, and Burnie the main population centre and commercial hub of the western half.

The two north west cities are the commercial and economic centres of the region, each serving their sub-region with active ports, airports, regional retailing, higher education facilities, court facilities and hospitals.

In DCC's response (Feb 2023) to the Options Paper, the following five criteria for any council boundary changes were detailed. It was noted that these criteria should be considered as a whole, with a balanced approach to achieve the greatest level of compliance overall, accepting that not all will be achieved to their full extent.

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. scaling up (of less populated areas) should be no greater than necessary to achieve a sustainable scale.

It is maintained that these criteria remain relevant, and on that basis, council have assessed the catchment options across both the Western and Cradle Coast Catchments against each criteria.

Scenario No.	Detail	Meets Base Criteria Yes/No					Comment
		1	2	3	4	5	
Western 1	Combine Circular Head, King Island, and Waratah-Wynyard. Retain West Coast.	N	Y	N	N	Y	Insufficient population/rate base across councils. Reasonable alignment of alike areas, although fails to recognise connections between Burnie and West Coast. Fails to address Somerset/Burnie urban split. No alignment of population areas with smaller remote communities. Big distances between Wynyard & Smithton.
Western 2	West Coast extending north to incorporate Waratah and Savage River. Combine Circular Head and remaining Waratah-Wynyard. Retain King Island as is.	N	Y	N	N	Y	Similar issues as Western 1
Western 3	Combine West Coast, Circular Head, Waratah-Wynyard and King Island	N	Y	N	N	Y	Improved population/rate base, yet very dispersed with big distances between population centres, will miss benefits from having a concentrated population centre of sufficient scale. Fails to address Somerset/Burnie urban split.
Cradle Coast 1	Combine Burnie and west part of Central Coast (to Dial Range). Remainder of Central Coast with Devonport, Latrobe & Kentish	N	Y	N	Y	Y	Population spread reasonable but below criteria for one Council. Communities of interest reasonably aligned. Healthy mix of urban and rural areas. Fails to address Somerset/Burnie urban split, otherwise would rate the same (4/5) as Cradle Coast Scenario 2.
Cradle Coast 2	Burnie with Somerset. Central Coast expanded to include southern Kentish, south of Gowrie Park.	N	Y	Y	Y	Y	Population/rate base below optimum for 2 out of 3 councils, but otherwise meets criteria.

	Devonport, Latrobe and majority of Kentish.						
Cradle Coast 3	Combine Burnie, Central Coast, Devonport, Latrobe & Kentish	Y	N	N	N	N	Achieves little other than increased population. Risks the loss of local aspect of local government.
Cradle Coast 4	Combine Burnie, Central Coast & Devonport. Kentish & Latrobe	N	N	N	N	N	Meets none of the criteria.

DCC do not consider the criteria suggested should be the only assessment, but rather a guide to provide an initial filter of any proposed scenarios.

The scoring indicates Scenarios 1 and 2 for the Cradle Coast catchment have potential and should be considered further, whilst there is little merit to Scenarios 3 and 4 and therefore these can be eliminated.

The criteria highlights potential concerns with all of the scenarios suggested for the Western catchment. Upon analysis, the only criteria met in the Western scenarios is criteria 2, the retainment of shared values and geography (i.e. communities of interest), albeit debatable, given the exclusion of Burnie, and criteria 5, which only demonstrates the proposed council areas are not larger than is necessary.

Only achieving these 2 criteria does little to address the key issues identified with the status quo of local government in Tasmania, and raises questions in relation to the merits of the Western Catchment as a separate consideration to the broader North West Coast.

#### 4. Preferred Model

Based on the options presented, the Cradle Coast Scenario 1 is DCC's preference, with the existing Devonport area becoming part of Council Area B. This new Area B aligns well with the principles DCC have supported throughout the Review process and should result in a more effective and sustainable local government authority for the communities within the area, whilst still at a small enough scale to remain 'local', maximising accountability and connection with residents.

The Western boundary for Area B could extend either to the east or west of Penguin and in reality, would be immaterial to the potential success of the new Area B council. Retaining Penguin within Area B avoids the need to split the existing Central Coast Council and aligns with a view that Penguin residents travel east for services in Ulverstone and continue onto Devonport when necessary.

Alternately, Penguin is closer geographically to Burnie, the service centre of Area A and travel patterns indicate a far greater percentage of Penguin residents work in Burnie than Devonport.

The weakness of scenario 1 is the relatively small population of Council Area A, the divide in urban area between Somerset/Burnie and to a lesser degree the disconnect between Wynyard and Burnie.

These issues could be addressed, along with a new scenario for the Western catchment. As outlined below this scenario provides an option for the Western catchment which meet 4 out of 5 of the key criteria.

		1	2	3	4	5	Comment
Western - new option, combined with council B from Cradle Catchment Scenario 1.	Wynyard (exc. Waratah & Savage) and King Island combine with Burnie as part of the Cradle Coast options. Retain Circular Head. Expand West Coast to include Waratah and Savage River. Both the smaller Councils to be 'subregional councils' to the larger Burnie based council, with (at minimum) regulatory and corporate functions provided by the larger council (the 'parent' council).	N	Y	Y	Y	Y	While population remains low for the remote councils, scale is addressed through a legislated relationship with the larger council centred around the City of Burnie.

## 5. Not Negotiables

Two of the proposed Cradle Coast catchment scenarios combine the cities of Devonport and Burnie into one new council, an outcome DCC's considers would be detrimental to the region, effectively removing any sense of 'local' from local government for the majority of North West Tasmanians. An entity combining both North West cities would basically be a regional service provider without any connection to place. DCC has always maintained that it is important to ensure appropriately sized councils, with sufficient capacity to deliver meaningful value, yet small and nimble enough to listen, care and understand evolving community expectations.

DCC are fiercely opposed to any consolidation of Waste Management into a regional or statewide model which removes 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.