

Our ref: Local Government reform
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1 August 2023

Ms S Smith
Chair
Future of Local Government Review
LGBoard@dpac.tas.gov.au

Dear Madam

FUTURE OF LOCAL GOVERNMENT REVIEW SUBMISSION

Glenorchy City Council considered its position with respect to the Future of Local Government Review at its meeting on 31 July 2023 and resolved as follows:

That Council:

- 1. MAKE a submission to the Local Government Board in response to the Board's Future of Local Government Review Stage 2 Interim Report, March 2022 in the terms set out under the heading "submission" in the body of this report.*
- 2. NOMINATE the Mayor and General Manager to represent Council in the Public Hearing before the Local Government Board on 31 August 2023.*
- 3. Invite the City of Hobart to join with Glenorchy City Council to investigate collaboration and synergies between the two Councils and any capacity for resource sharing.*

Here is the submission:

Council thanks the Board for the opportunity to make further submission to the Future of Local Government Review.

Positive engagement and openness to reform

Council remains committed to its own continuous improvement and contributing to the improvement of the local government sector to the extent that this is consistent with the best interests of the Glenorchy community. To this end, Council will continue to engage positively with the Future of Local Government Review and the State government on these issues.

Community benefit the ultimate test

Ultimately, though, this Council, is here for the Glenorchy community.

Our purpose is: *We are a welcoming council representing our community and providing services to make Glenorchy a better place every day.*¹

This is the lens through which Council must judge any proposals for local government reform:

- Will they improve the representation of the Glenorchy community?
- Will they assist in providing improved services to our community to make Glenorchy a better place every day?

In order to satisfy the test of consistency with Council’s purpose, evidence would also be required to establish the economic feasibility and environmental sustainability of any proposed reform.

We are also Tasmanians and have a vested interest in “creating a more robust and capable system of local government, for the benefit of all Tasmanians.” However desirable that may be, it must, though, remain a consideration that is secondary to our primary remit.

Our primary remit must be to fulfil our obligations to our community under the *Local Government Act 1993* to maximise the achievement of our purpose.

Insufficient detail to form a concluded view of community benefits

In relation to the structural reform proposals, we have carefully considered the three scenarios developed by the Board and the limited indicative feedback from the various Board, LGAT and LG Pro exercises in engaging with Western Shore Community Catchment elected members, staff and community members.

Overall, while we applaud the Board for the considerable body of work it has carried out to date, we do not consider that the level of information is sufficient yet to enable Council to make an informed judgement against the thresholds set out above, which, as restated, are:

- Will they improve the representation of the Glenorchy community?
- Will they assist in providing improved services to our community to make Glenorchy a better place every day?

In order to satisfy the test of consistency with Council’s purpose, evidence would also be required to establish the economic feasibility and environmental sustainability of any proposed reform.

The indicative feedback is that Scenario 1 (Hobart, Glenorchy and Tarooma) was the preferred scenario (noting significant minority support for other scenarios).

The feedback noted a number of advantages and disadvantages with Scenario 1:

¹ Glenorchy City Council Strategic Plan 2023-2032

Table 1 - Summary advantages and disadvantages of scenario 1

Advantages	Disadvantages
Increased political influence	Potential for rate increases
Critical mass	Loss of local representation
More employment opportunities	Differences in service levels
Buying power	Differences in socio-economic status
Commonality of interest	Increased potential for party politics

It would be fair to say that each of the advantages and disadvantages identified in the feedback can only, at best, be preliminary assumptions in the absence of any comprehensive information upon which to base rational judgements about the scenarios.

There would need to be considerable work undertaken to test each of the identified advantages and identify risk mitigations for each of the disadvantages, in order to establish whether Scenario 1 would be likely to result in a “better off overall” outcome for the Glenorchy community.

To this might be added the critical question, from a junior partner’s perspective, as to whether the process of formation of a new local government entity would be a ‘merger’ or a ‘takeover’. Council and the community would likely have strong objections to a ‘takeover’.

Prerequisites for an informed Council decision

1. *Willing partners*

Council would need to be satisfied that other councils were willing to participate in the exploration of alternative structures.

At this stage, there has been no opportunity to meet with any potential suitors.

However, Hobart City Council has recently resolved as follows:

An invitation be extended to the Elected Members of the Glenorchy City Council to meet with the Elected Members of the City of Hobart. This will be done via a letter from the Lord Mayor.

At the time of writing, this correspondence has not been received.

In addition, it is essential that the State government be supportive of and prepared to adequately resource structural change.

Without these partners, structural reform is not possible.

2. *A business case analysis setting out the potential benefits and disbenefits of structural change*

A business case would be required to identify and set out the potential benefits and disbenefits of structural change. The business case would need to address the threshold questions around representation and improved services, as well as fundamental considerations such as financial sustainability, impacts on rating and other fees and charges levels, service levels, economies and diseconomies of scale and scope, staffing impacts, asset management, risk management, governance and technology.

3. *A well-resourced stakeholder and community engagement strategy*

The process to date has shown the difficulty and effort required to engage with stakeholders and the community on complex subject matter.

However, this would be critical to enable the engagement required so that Council can gauge the appetite of its community and stakeholders, including staff, for a specific structural reform.

Councils cannot undertake the level of community engagement required within current resources.

4. *Clear community support*

A statistically significant indication of community support for exploring reform would also be important at an early stage in the process to “authorise” the considerable effort and resources required to further investigate structural reform options.

5. *A well-designed and resourced transition process*

It is critical that there is a clear and well-designed pathway to a new structure. This is important to minimise uncertainty and to engender the confidence of the community, staff and other key stakeholders in the change.

Need for additional revenue to meet future demands

In previous submissions, Council has highlighted the need for additional revenue streams to achieve a financially sustainable local government model because of challenges from increased community expectations, cost shifting by the State government and the increasing cost of providing services.

The major source of revenue for Councils, rates, are politically constrained; financial assistance grants have not been keeping pace with CPI and competitive grants programs are piecemeal in scope, skewed to popularity and require significant investment in project planning for an uncertain outcome.

While increased scale is assumed to be the saviour, this might not prove to be the case. Furthermore, structural reform might not occur either in whole or in part. It is therefore important for the Board to further investigate the revenue streams question in order to future proof the financial sustainability of the sector.

Support for clearer roles and functions

The “roles and functions” aspect of the Review was prominent in the speech of the (then) Local Government Minister, the Hon. Roger Jaensch to LGAT on 4 November 2021 – with a focus on needing to identify redundant, unsuitable and emerging roles and functions and how these are integrated into the local government model for the future – with checks on their effectiveness, sustainability and value-creation for Tasmania – with the form of local government following function.

We support for governance reforms to strengthen and redefine roles and functions. The Review process presents an opportunity to realign roles and functions between levels of government and the associated resources so we can move beyond cost shifting arguments.

The Review to date, though, has been starkly silent about any return of service responsibilities to the State government, or models for adequately resourcing service responsibilities.

Criticality of effective change management

We thank the Board for its recognition of the criticality of effective change management of local government structural reform. This is consistent with our February 2023 submission, which can be summarised as:

Effective change management will be critical to minimise the transitional cost and trauma of reform. This requires a risk-based approach that incorporates:

- *ongoing identification, assessment and management of risks relating to change management of the reform;*
- *documentation of those risks and treatments in a risk and issues register applicable to the reform, including responsibility and accountability for each risk; and*
- *reporting and escalation protocols in relation to identified risks.*

One major aspect of the change management process which has not been addressed to date relates to how a transition process might be funded.

In order to make an informed decision in the best interests of its community, Council needs a firm and secure commitment that any transition to structural reform will be fully resourced by the State government.

Summary

Council supports local government reform that is based on evidence to demonstrate equity of services and financial sustainability; reform that has demonstrable benefits for ratepayers and communities.

The Board’s proposals for structural change involve important high stakes, multi-decadal, multi-million dollar decisions for councils and their communities.

Council will judge these proposals through the lens of its purpose to provide local representation and service delivery - to determine what is in the best interests of the Glenorchy community, with, of course, financial sustainability as a key enabling consideration.

The process has not yet generated sufficient information to enable Council to make that judgement.

We look forward to continuing to engage with the Board, the State government and the people of Glenorchy, to explore opportunities that are in the best interests of our community.

Yours sincerely



Tony McMullen
General Manager