

16.6 THE FUTURE OF LOCAL GOVERNMENT REVIEW**File Number:** 12.193**Author:** Gary Arnold, General Manager**Authoriser:****Strategic Plan Reference****Key Priority Area:** 1 Encourage and support a safe, healthy and connected community.**Strategic Outcome:** 1.1 A Council that engages with and enables its community.**1. PURPOSE**

- 1.1 The purpose of this report is to enable Council to consider providing a submission to the Future of Local Government Review.

2. BACKGROUND

- 2.1 The Local Government Board (the Board) is undertaking the future of local government review.

3. STATUTORY REQUIREMENTS

- 3.1 The Board, established to undertake the review, has been appointed by the Minister for Local Government under section 210 of the *Local Government Act 1993*.

4. DISCUSSION

- 4.1 The Board commenced the Future of Local Government Review in January 2022.
- 4.2 The Future of Local Government Review Stage 1 Interim report was released in July 2022. The Interim Report clearly captured and articulated the challenges that currently exist within the structures and systems of local government within Tasmania.
- 4.3 The Interim Report identified four challenges and opportunities facing the local government sector:
- 4.3.1. Councils are often required to fund and deliver a broad range of services when they may not be the best level of government to deliver them.
 - 4.3.2. Pressure is often placed on councils to be “provider of last resort” to meet service needs not provided by the private sector or other levels of government.
 - 4.3.3. A range of undeniable structural sustainability challenges which will require bold and innovative solutions.
 - 4.3.4. The high value placed on “local representation” would benefit from greater community confidence and trust in local government through more consistent levels of capability and professionalism of elected representatives, improved community engagement, transparency, and accountability.
- 4.4 The Future of Local Government Review Stage 2 Options Paper was released in December 2022.

- 4.5 On 6 February 2023 the Local Government Board held councillor, staff, and community sessions at the Kingborough Community Hub to discuss the review.
- 4.6 The councillor session was attended by the Mayor, Cr Paula Wriedt, Deputy Mayor, Cr Clare Glade-Wright, Cr Antolli, Cr Bain, Cr Cordover and Cr Fox. They were joined at the session by councillors from Huon Valley and Clarence.
- 4.7 Staff from Kingborough were joined at the staff session by colleagues from Clarence, Huon Valley, and Southern Midlands councils.
- 4.8 Approximately 40 people registered to attend the community information session.
- 4.9 Council considered a report on the Stage 2 Options Paper at the Council meeting held on 20 February 2023 and resolved to put a submission to the Local Government Board on the Stage 2 Options Paper supporting the hybrid model (Minute C50/3-2023 refers).
- 4.10 In March 2023 the Board released the Stage 2 Interim Report.
- 4.11 In this report the Board stated that "structural reform is essential to build local government capability and capacity for the future".
- 4.12 The report also advised that "the Board's considered view on the current structure of the Tasmanian system of local government remains that:
 - 4.12.1. The status quo is not an optimal or sustainable model for the sector, given growing demands, complexity, and sustainability challenges.
 - 4.12.2. Some form of consolidation is necessary to deliver greater economies of scale and scope, at least for some services; and
 - 4.12.3. The scale and extent of the consolidation needed to deliver significantly better services will, unfortunately, not occur on a purely voluntary basis within the current framework. Reform must be designed collaboratively but once settled; implementation must be mandated by the State Government".
- 4.13 The Board has collaborated with the University of Tasmania to develop contemporary Tasmanian community catchment maps.
- 4.14 On 29 May 2023 the Board released detailed information packs for each of the nine Community Catchments they identified in their Stage 2 Interim Report.
- 4.15 The Board wanted the maps to "act as a catalyst for conversations about how we potentially reorganise our local government boundaries at a larger scale to deliver stronger capability, while simultaneously supporting and enhancing community cohesion, voice, and identity".
- 4.16 The Board are seeking feedback by 2 August 2023.
- 4.17 Councillors and staff have attended additional engagement sessions held over the past few months.
- 4.18 Kingborough Council has been identified in scenarios in both the Western Shore and Southern Shore information packs.
- 4.19 For each of the scenarios the Board want Councils and communities to consider four fundamental questions:
 - 4.19.1 What are the strengths?

- 4.19.2 What are the weaknesses or challenges?
- 4.19.3 Are there any adjustments that could be made to maximise the strengths and minimise the weaknesses?
- 4.19.4 Are there any other entirely different scenarios the Board should consider, which would still deliver against the Board's criteria and structural reform principles?

WESTERN SHORE

4.20 The Brighton, Derwent Valley, Glenorchy, Hobart and Kingborough Councils are identified in the Western Shore community catchment area.

4.21 **Western Shore Scenario 1** - Establishing one council reflecting geography, commuting connections to Hobart, and communities of interest, incorporating the current Hobart and Glenorchy Councils, extending south to include Taroona.

Strengths	Weaknesses
<ul style="list-style-type: none"> • This scenario would increase the population and rate base of the capital city Council. • The population would increase to approximately 109,000 residents and the rates revenue in 2021 dollars would be an estimated \$116.6m. 	<ul style="list-style-type: none"> • This scenario would correspondingly reduce Kingborough's population by approximately 3,400 and reduce annual revenue by approximately \$2.9m per annum.

4.22 **Western Shore Scenario 2** - Establishing one council similar to Scenario 1 by merging Hobart and Glenorchy but extending further south to incorporate Taroona, Kingston and Blackmans Bay.

Strengths	Weaknesses
<ul style="list-style-type: none"> • This scenario increases the population of the capital city Council to approximately 132,000 residents and the rates revenue in 2021 dollars would be an estimated \$133.2m. 	<ul style="list-style-type: none"> • This scenario provides a large geographical area with a dispersed population and small urban rate base.

4.23 **Western Shore Scenario 3** – Establishing a single council similar to Scenario 2, but also extending north and north eastwards to incorporate the town of New Norfolk and the current Brighton LGA.

Strengths	Weaknesses
<ul style="list-style-type: none"> • This scenario significantly increases the size of the capital city Council to approximately 160,000 residents or 63% of greater Hobart and 28% of Tasmania's population. • The total rates revenue in 2021 dollars would be an estimated \$147.2m. 	<ul style="list-style-type: none"> • Under this scenario servicing of Bruny Island from Huonville may prove to be problematic. • This scenario provides a large geographical area with a dispersed population and small urban rate base.

SOUTHERN SHORE

4.24 The Hobart, Kingborough and Huon Valley Councils are identified in the Southern Shore community catchment area.

- 4.25 **Southern Shore Scenario 1** – Establishes two council areas, the first consists of the existing Huon Valley Council area and the second comprises the existing Kingborough Council area minus Tarooma (to be moved to Hobart).

Strengths	Weaknesses
<ul style="list-style-type: none"> • Under this scenario there is no change to the existing Huon Valley Council area. • This scenario largely maintains the existing area of Kingborough Council. • This scenario increases the population and rate base of the capital city council with the addition of Tarooma (and Glenorchy). • Existing Council administrative service centres and depots are maintained under this scenario. • This scenario appears easy to implement. 	<ul style="list-style-type: none"> • Retention of the existing Huon Valley Council area appears to contradict the Board statement that “the existing status quo is not an option”. • This scenario erodes Kingborough’s population base by approximately 3,400 residents and reduces annual revenue by approximately \$2.9m. • This scenario reduces capacity for a regional focus to service delivery. • This scenario does not appear to offer opportunity for improved service delivery.

- 4.26 **Southern Shore Scenario 2** – Combines the existing Kingborough and Huon Valley Council areas to create one new council area.

Strengths	Weaknesses
<ul style="list-style-type: none"> • This scenario maximises the opportunities increased scale provides by having one council south of Hobart. • This scenario increases the population base to approximately 59,000 residents and rates revenue in 2021 dollars would be an estimated \$45.1m. • It appears to be a logically defined geographical area. • This scenario would maximise opportunities for a regional approach to service delivery. • Existing Council administrative service centres and depots are maintained under this scenario. • This scenario appears to be easy to implement. 	<ul style="list-style-type: none"> • Could lead to a loss of rural representation in the new council. • May be viewed as a Kingborough takeover of Huon Valley Council. • Creates some service challenges to cover an area from Tarooma to Cockle Creek.

- 4.27 **Southern Shore Scenario 3** – Combines the majority of the existing Kingborough Council area with the existing Huon Valley Council but excludes Tarooma, Kingston, and Blackmans Bay.

Strengths	Weaknesses
<ul style="list-style-type: none"> • This scenario increases the size and scale of the capital city council. • Creates a new council to the south of Blackmans Bay with a strong rural 	<ul style="list-style-type: none"> • Creates a council with a large geographical area with a dispersed population and small urban rate base.

focus.	<ul style="list-style-type: none"> • Servicing of Bruny Island from Huonville may prove challenging.
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ALTERNATIVE SCENARIO – ESTABLISHMENT OF A BRUNY ISLAND BOARD

- 4.28 The Board have advised that during their Stage 2 community workshops on King and Flinders Island they heard suggestions from participants that supporting models of governance are needed for the islands.
- 4.29 The Board were made aware of several alternative governance models which are a feature of islands in other mainland jurisdictions, which could better support the councils in supporting their communities and providing efficient services and infrastructure.
- 4.30 During workshop discussion on the Future of Local Government Review Kingborough councillors have indicated a desire to ask the Board to further investigate alternative governance arrangements for Bruny Island.
- 4.31 In particular, the existing Lord Howe Island Board, established under the provisions of the Lord Howe Island Act 1953 is viewed as the preferred model upon which to investigate establishment of a Bruny Island Board.
- 4.32 The Lord Howe Island Board is a statutory authority responsible to the NSW Minister for the Environment and comprises four Islanders elected by the local community and three members appointed by the Minister.
- 4.33 It is charged with the care, control and management of the Island and the affairs and trade of the Island. It is also responsible for the care, improvement, and welfare of the Island residents.
- 4.34 The staff of the Lord Howe Island Board are employed by the NSW Government
- 4.35 Funding for a Bruny Island Board could, for example, occur in part via a State Government introduced tourist levy and the model should also be investigated with a view to applicability to King and Flinders Islands.

Strengths	Weaknesses
<ul style="list-style-type: none"> • This scenario could involve election of Islanders by the community. • A State Government introduced tourist levy could provide a source of funding. 	<ul style="list-style-type: none"> • This scenario would reduce annual revenue to Kingborough Council by approximately \$1.8m per annum.

SUMMARY

- 4.36 Council has previously considered structural reform on many occasions and has always demonstrated an openness to reform and a desire to collaborate with our neighbours to achieve improved outcomes.
- 4.37 At the 24 August 2015 Council meeting, Council resolved to approve the terms of reference for a feasibility study into voluntary amalgamations (Minute C285/11-15 refers).
- 4.38 As a result of that decision, Council joined with Hobart, Clarence, and Glenorchy councils to commission SGS to undertake the study.

- 4.39 At the Council meeting held on 24 April 2017 Council resolved to seek urgent intervention from the Minister for Local Government to allow the then Huon Valley Council Commissioner to hold discussions with Kingborough Council on all available options for local government reform, including amalgamation (Minute C182/8-17 refers).
- 4.40 Those discussions were never held.
- 4.41 Six years since that Council decision the Board have reached the conclusion that some form of scaling up is critical for the local government sector in Tasmania.
- 4.42 The findings of the Board as outlined in the Stage 2 Options Paper clearly suggest that boundary consolidation and the hybrid model that introduces mandated resource sharing are the most likely pathway to deliver what Tasmanian communities increasingly need from local government.
- 4.43 There are undeniable structural sustainability challenges facing local government in Tasmania and there are many reasons for this.
- 4.44 Council's need core capabilities to service existing functions but also need the flexibility to develop new capabilities to service new or evolving functions.
- 4.45 Increasingly communities are seeking greater support and service delivery from councils while financial pressures continue to grow.
- 4.46 It has long been recognised local government is the tier of government closest to the community. As a result, the sector has become a target for cost shifting from other levels of government which contributes to this sustainability challenge.
- 4.47 It is acknowledged that a "one size fits all" approach is not appropriate in any structural reform. Different areas of the state have different needs and priorities.
- 4.48 The opportunities and challenges local government face are many and varied as are individual circumstances.
- 4.49 However, the optimum model should be capable of addressing a plethora of challenges including the following:
- climate change
 - digital transformation and cyber security
 - community engagement and social media
 - reducing reliance on Federal Assistance Grant funding
 - reducing reliance on the TasWater dividend
 - housing and homelessness
 - population growth and infrastructure provision
 - equality and inclusion
- 4.50 The Board have identified the challenge will be to develop a model where consolidation and partnerships enhance the long-term capability of councils and the sustainability of services while strengthening local representation, governance, and democracy.

- 4.51 At a recent workshop Kingborough councillors have again discussed and considered the Future of Local Government Review.
- 4.52 The Southern Shore Scenario 2 that combines the existing Kingborough and Huon Valley Council areas to create one new council area south of Hobart appears to be the most suitable to investigate further.
- 4.53 This scenario addresses the Board's structural reform principles and would maximise opportunities for a regional approach to service delivery.
- 4.54 In addition, Kingborough Council has for many years had informal resource sharing arrangements in place with Huon Valley Council.
- 4.55 It is also suggested that further investigation of this scenario should involve consideration of the potential addition of Tarooma to our capital city council, and the Bruny Island Board alternative scenario.

5. FINANCE

- 5.1 The estimated loss of annual revenue (raw data) is provided for selected scenarios addressed in this report.
- 5.2 The compressed timeframe for councils to digest/discuss/consider community catchment scenarios identified in the Stage 2 Information Packs did not allow time for detailed financial analysis and modelling to occur.
- 5.3 All Tasmanian councils have just completed the annual budget process and are now finalising end of financial year accounts thus limiting resources to undertake additional financial analysis and modelling on scenarios.
- 5.4 Once the Board's final recommendations are known financial analysis and modelling can be undertaken.

6. ENVIRONMENT

- 6.1 There are no environmental considerations associated with this report.

7. COMMUNICATION AND CONSULTATION

- 7.1 The future of local government review has already involved an extensive community consultation process, and as outlined on the website, and in this report, this is planned to continue.

8. RISK

- 8.1 Any position taken by Council that supports reform is likely to risk criticism from other Councils that do not support reform.

9. CONCLUSION

- 9.1 The Future of Local Government Review provides a unique opportunity to reshape the Tasmanian local government sector to deliver a more capable and sustainable system of local government.
- 9.2 It is disappointing to note that recent media regarding the Future of Local Government Review has focussed on existing municipal boundaries and appears to ignore resource sharing opportunities that enhance the long term capacity of Councils and the sustainability of services for the communities we serve.

- 9.3 Council's submission should express a desire to collaborate with Huon Valley Council to further investigate Southern Shore Scenario 2 that combines the existing Kingborough and Huon Valley Council areas to create one new council south of Hobart.
- 9.4 Finally, investigation of this scenario should involve consideration of the potential addition of Taroona to our capital city council, and the Bruny Island Board alternative scenario.

5. RECOMMENDATION

That Council resolve to provide a submission to the Local Government Board that:

- (a) Reiterates Council's continued openness to reform that seeks to deliver a more capable and sustainable system of local government; and
- (b) Expresses Council's openness to collaborate with Huon Valley Council to further investigate Southern Shore Scenario 2.

ATTACHMENTS

Nil