



31<sup>st</sup> July 2023

The Hon. Sue Smith AM  
Chair – Local Government Review Board  
Via Email: [lgboard@dpac.tas.gov.au](mailto:lgboard@dpac.tas.gov.au)

Dear Chair

**Re: Local Government Board – ‘The Future of Local Government Review’  
Response to Stage 2 and the Community Catchment Information Packs**

The Southern Midlands Council has considered the Board’s Stage 2 Report and the supporting ‘*Central and Midlands Community Catchment Information Pack*’.

This submission reflects the outcomes of numerous internal discussions through Council workshop processes and other internal conversations; consultation with neighbouring Councils that form part of the ‘Central and Midlands Community Catchment’; and more importantly, the conduct of three (3) Public Consultation meetings held across the municipality through July 2023.

At the outset, in regard to the Southern Midlands, Council maintains its position of retaining the status quo, primarily for the following reasons:

1. The Local Government Board has not demonstrated (or substantiated) the need for structural reform;
2. There has been no evidence the ratepayer will be better off under each of the scenarios identified, or other alternatives considered by Council; (i.e. particularly in the absence of any robust Business Case);
3. There will be a dramatic reduction in the level of representation of the community by elected members; and
4. This position accords with the direction provided by the community following the conduct of public consultation meeting(s) and the fact every attendee voted to retain the status quo, with the exception of one person who was of the opinion that there would be benefits associated with structural reform.

At these public meetings, it was confirmed for Council the Southern Midlands is a vibrant and growing area, and the Council has readily responded to the community's needs and expectations. Examples and evidence cited include:

- Recent construction of the Oatlands Aquatic Centre – an all year round indoor facility that is fit-for-purpose (replaced the existing Pool constructed in the early 1950's that only operated four months of the year) – with approximately 60% being funded by Council
- Significant support for the Oatlands Heritage and Bullock Festival and the Kempton Festival, both of which has attracted thousands of local and international visitors to the townships
- Significant investment in the construction of 2 Dwelling Units to accommodate locum General Practitioners and other visiting medical specialists operating out of the Midlands Multi-Purpose Health Centre. The ongoing management and servicing of these 2 Units is in partnership with the Tasmanian Health Service (\$200,000 cash contributions from community based organisations)
- Capital financing and construction of a new Building (adjacent to the existing Child Care Centre at Bagdad) to accommodate an additional 20 child care placements. A major issue in this growing community that is attracting a large number of younger families. Local community members have committed both cash and in-kind contributions to assist with its construction and fit-out.
- Support and operational assistance for the Southern Midlands Community Radio Station
- Council having appointed a preferred proponent for the construction of a new boutique Hotel and Conference facility (43 Rooms) at Oatlands (i.e. to capitalise and expand on the visitor growth in the midlands region)
- Council's extremely active role in managing and protecting significant heritage Assets within the municipal area, including the 1837 Callington Mill; Oatlands Gaol Precinct; Oatlands Commissariat; Kempton Police Watch-house etc.
- Major investment in sport and recreation infrastructure across the municipal area (including \$500K Destination Playground at Oatlands)
- Substantial spending on the management (and eradication) of weeds in conjunction with primary production property owners and voluntary organisations. Weed management being a high priority for the primary production sector.
- Substantial investment in expert resources; infrastructure and activities to address and manage 'climate change' initiatives; and
- Ready access to both elected members and Council officers and the real likelihood this would be lost under any expanded local government structure.

Whilst Council has expressed its opposition to structural reform, it is certainly receptive to any 'resource sharing' proposal where there are proven benefits; efficiencies and/or cost savings. Council has a number of existing shared service arrangements (refer

following), and further opportunities will continue to be assessed by Council as the need arises.

Examples include:

- Animal Control Services – SMC provide services to Central Highlands
- Development Engineering Services – SMC engage Brighton Council
- Heritage Project Management – SMC provides services to Central Highlands and Derwent Valley Councils
- Land Use Planning - Statutory – SMC provides planning services to the Central Highlands Council
- Land Use Planning – Strategic - SMC provides services to Central Highlands and Tasman Councils
- Natural Values Assessments – SMC provides services to Brighton Council
- Plumbing Surveying / Permit Authority – SMC and Brighton have regular relief / exchange arrangements
- Regional Climate Change Adaptation Planning – SMC provide services to Southern TAS Councils Authority

The above arrangements ensure a high level of service is provided to the ratepayer; has achieved a number of positive outcomes for our respective communities; and assists with the recruitment and retention of a highly skilled workforce.

The South-Central Sub Region, consisting of representative(s) from the Brighton, Central Highlands, Derwent Valley and Southern Midlands Councils' should also be acknowledged. This organisation has achieved a number of things, including:

- The engagement of KPMG to prepare a 'Strategic Infrastructure Report'. This report highlights the critical infrastructure priorities for the next 5-10 years in a region that has some very high growth areas. The report was jointly funded as a collaboration between the four Councils.
- Establishment of the Jobs Hub at Pontville. The Jobs Hub is a service that connects local jobs to local people which has been very successful over the last three years. This is one of the most successful jobs hubs that exists.

At the time of drafting this submission, the Southern Midlands Council acknowledges the State Government has confirmed that there will be no forced amalgamations as an outcome of the Board's review process.

Based on Council's stated position above, it is unnecessary to provide further feedback in response to the identified scenarios.

Having said that, Council does encourage the Board to revisit some of the earlier reform initiatives and desired outcomes that were reported in Stage 1. These potential reforms include:

1. Defining the role of local government in 21<sup>st</sup> century and in particular, the proposal to develop a 'Local Government Charter' which would clarify the relationship, roles, and responsibilities of local government in relation to, and in collaboration with, other spheres of government, particularly around funding.

This is particularly important in the areas of climate change; disaster management and recovery; and community services (e.g. health and well-being programs; youth; aged services).

The Fire Service Levy, under the new emergency management structure between the Tasmania Fire Service and the State Emergency Service is a key issue for local government that needs to be addressed.

2. Review of the rating provisions within the *Local Government Act 1993*. The Board has previously stated that the aim is to ensure the revenue and rating system efficiently and effectively funds council's services.

As mentioned by Council in an earlier submission, in terms of achieving an equitable distribution of the rates liability, there is an urgent need to review the existing 'Exemption from rates' provision within the *Local Government Act 1993* to ensure that all entities contribute equitably to the funding of services (e.g. charitable organisations).

3. Planning Reform(s) – in response to recent announcements.

Seek (or provide) clarity and structure as to how councils will interface with the new planning body and what funding arrangements will be expected of council.

4. Regional Waste Strategy – reform had the ability to achieve a more strategic, cohesive and coordinated outcome across a larger area as opposed to individual Council's undertaking their own solutions.

It appears these have been 'shelved' with the focus shifting to structural reform.



Prior to concluding this submission, Council also thought it would be appropriate to provide some comment in relation to the Analysis Data reported for the Southern Midlands Council which formed part of the Community Catchment Information Packs.

Whilst Council's long-term viability and sustainability is evidenced through its Long-Term Financial Management Strategy and Financial Management Plan, the following comments are provided in relation to the data:

<b>Detail</b>	<b>SMC</b>	<b>Benchmark</b>	<b>Comment</b>
Population	6,662	N/A	Experiencing substantial growth in population (in excess of 9% growth since previous census) 2021 Census: 6,602 2016 Census: 6,043
No of employees	42.1 FTE	N/A	The number of employees is irrelevant as it is totally dependent on the method of service delivery (e.g. contracting in/out; resource sharing).
Average Residential Rates & Annual Charges per Residential Property	\$918.34	N/A	The Southern Midlands is the second lowest of the five Councils that reported. Any attempt to average the rates would result in substantial percentage increases for SMC ratepayers.
Current ratio (10 year average)	5.35	>1	Clearly indicates that Council is in a position to meet its current liabilities.

<b>Detail</b>	<b>SMC</b>	<b>Benchmark</b>	<b>Comment</b>
Cash Expense Cover Ratio	20	3 – 6 months	Three times the benchmark indicating that Council has substantial cash assets in the event of an unforeseen event or emergency situation.
Own source revenue coverage ratio (10 year average) – 64%	64%	40 % – 60 % Basic standard 60% - 90% Intermediate standard 90% Advanced standard	In terms of the benchmark, Council's ratio is within the Intermediate standard.  The percentage of own source revenue is obviously directly influenced by the amount of Financial Assistance Grant received from the Australian Government. A large portion of this untied funding is based on the length of roads & bridges within a municipal area. It goes without saying that the larger municipal areas (i.e. geographical areas with substantial road lengths and bridges) will always be entitled to a large percentage of the grant funding and this will continue.

<b>Detail</b>	<b>SMC</b>	<b>Benchmark</b>	<b>Comment</b>
Underlying surplus ratio (10 year average)	- 3%	> 0	<p>This ratio is consistent with Council's Long-Term Financial Management Plan. In dollar terms, the underlying surplus or deficit for the past four years was:</p> <p>2021/22 – (\$90K) or a ratio of -0.8%</p> <p>2020/21 – (\$35K) or a ratio of -0.3%</p> <p>2019/20 - \$125K or a ratio of 1.1%</p> <p>2018/19 – (\$258K) or a ratio of -2.30%.</p> <p>Note: An underlying deficit excludes the Australian Government's Roads to Recovery Grant (R2R) which for the Southern Midlands Council is an annual grant amount of \$666K.</p> <p>The R2R Grant is ongoing funding but must be recognised as Capital Income and excluded when calculating the underlying surplus/(deficit). If this grant, similar to the Financial Assistance Grant is included as recurrent income, then a substantial surplus would be reported in all years.</p>
Debt service cover ratio (8 year average)	28.8	>2 Basic standard >5 Advanced standard	With a ratio almost six times the benchmark, it clearly indicates Council's ability to repay its debt.

<b>Detail</b>	<b>SMC</b>	<b>Benchmark</b>	<b>Comment</b>
Asset sustainability ratio (7 year average)	86%	100%	<p>Whilst Council is marginally below the benchmark, as indicated by the Board, this can be influenced by a range of factors – particularly over a seven-year timeframe.</p> <p>From a practical perspective, and noting that roads and bridges represents approximately 60% of Council's total assets, Council in February 2022 completed an independent assessment of its road network (undertaken by Moloneys Asset Management Systems). The following is an extract from its major findings:</p> <p>“The road assets within Southern Midlands Council were found to be in "Excellent" overall condition when benchmarked against all 72 councils assessed by Moloney Asset Management Systems.”</p>
Asset renewal funding ratio (7 year average)	92%	90%-100%	Compliant with benchmark
Asset consumption ratio (7 year average)	70%	>60%	Compliant with benchmark
Cash and investments Held (\$'000)	\$14.636 million		
Net Financial Liabilities Ratio (%)	91%	0 – (50%)	The ratio is well in excess of benchmark and indicates a strong liquidity position.



<b>Detail</b>	<b>SMC</b>	<b>Benchmark</b>	<b>Comment</b>
Interest bearing liabilities (\$'000)	\$4.415 million		More than offset with 'Cash and investments' held.
No. of discretionary development applications received	124		It should be noted that the reported number does not include 'No Permit Required' applications and may be in inaccurate reflection of the level of development that is occurring.
Value of all development approvals (\$)	\$38,781,622		Refer comment above.  This value is an indication of the extent of residential/commercial development that is taking place within the SMC area. It is also important to acknowledge that this is all rateable development as opposed to some reported values which relate to non-rateable development (e.g. wind farms).  Note: The value of subdivision works is also not recorded in the amount reported.
No. of councillors	7		Council decision to reduce the number of elected members (from 9 to 7) as a cost saving measure.



## **Conclusion**

The Southern Midlands Council appreciates the opportunity to provide feedback in response to the Board's Stage 2 Report and the supporting 'Central and Midlands Community Catchment Information Pack'.

In terms of structural reform, it is Council's strong view there is no evidence the ratepayer will be better off under each of the scenarios identified, nor has the need for change been demonstrated. Hence Council has adopted the option of retaining the status quo.

Council certainly welcomes the State Government's recent confirmation there will be no forced amalgamations.

The Southern Midlands Council has demonstrated it can advocate for and support many towns and villages (no mean feat having 20 or so towns and villages). It has secured significant grant funding (and other external contributions) to achieve and implement major projects. Recent examples being \$5.346 million from the Australian Government under the 'Remote Roads Upgrade Pilot Program' to reconstruct and seal Interlaken Road at Oatlands; \$1.55 million under the 'Summer Bushfire Recovery Grants Program' for redevelopment of the Broadmarsh Community Hall; \$2 million from each of the State and Federal Governments for the construction of the Oatlands Aquatic Centre; \$250,000 to upgrade change rooms / toilet & shower facilities at the Mt Pleasant Recreation Ground; Grants for Road Safety projects totalling in excess of \$285,000; and a range of other smaller grants.

Further, these examples do not recognise the major funding that has been received over the last twenty years which has enabled reconstruction of the 1837 Callington Mill; purchase and restoration of the 1828 Commissariat property (Oatlands); upgrade of the Oatlands Gaol Precinct; and the refurbishment of other Council owned heritage buildings within the municipality. All of these activities have been focussed on providing a catalyst for other economic activity and developing a local visitor economy.

Retention of the status quo enables Council to comply with the direction provided by the community, and more importantly, enable it to move forward and focus on the provision of infrastructure and services that the community needs and deserves.

A handwritten signature in black ink, appearing to read "E C Batt", with a long, sweeping underline that extends to the left.

E C Batt

**Mayor**