



## **CLARENCE CITY COUNCIL SUBMISSION TO THE LOCAL GOVERNMENT BOARD REVIEW – SORELL AND TASMAN COUNCILS – VOLUNTARY AMALGAMATION & SHARED SERVICES OPTIONS**

### **INTRODUCTION**

In February 2018 the Local Government Board issued a Consultation Paper which articulated the basis of its Ministerial direction to undertake a Review of the Sorell and Tasman Councils Voluntary Amalgamation & Shared Services Options.

Following the issue of the Consultation Paper there has been communication between the Council and the Local Government Board to clarify the scope of the review and the context of how Section 3.4 of the Consultation Paper is to be dealt with insofar as this having a bearing on the City of Clarence.

The Council notes that any consideration of boundary adjustments (that could include areas of Clarence) would only be considered in the context of it being necessary for the long-term viability of Sorell and Tasman Councils and that any such proposal would necessitate the conduct of a further review in order to assess the impact.

Notwithstanding the clarification provided, Council considers that a submission to the Board is warranted and appropriate at this stage of the current review process to ensure the interests of the Clarence community are appropriately conveyed. This submission outlines reasons why any change to Clarence's municipal boundary should not be considered.

### **SCOPE OF REVIEW**

The Consultation Paper states that the Scope of Review would focus on three options:

**1. NO CHANGE TO SORELL AND TASMAN COUNCILS**

*Current and future viability (10 and 20 year outlook) of the Sorell and Tasman Councils.*

## 2. FURTHER RESOURCE-SHARING OPTIONS

*Potential to improve viability through further shared service arrangements between the two Councils.*

## 3. MERGER OF SORELL AND TASMAN COUNCILS

*Merger of Sorell and Tasman Councils into one local council.*

The full terms of reference (November 2017) for the Review emphasise the voluntary nature of the process and that the Board should make provision for the potential extension of the scope to include Clarence City and/or Glamorgan Spring Bay Councils.

It is Council's understanding that following preliminary Review discussions and confirmed in a letter from the Chairperson of the Local Government Board dated 7 March 2018, the possibility of including an area from the Clarence Municipality as part of the Review outcomes was flagged. While the extent of boundary change has not been defined it is understood that the areas of Richmond, Coal River Valley and Cambridge (including the Hobart Airport and Cambridge Industrial area) have been mentioned in discussions.

Subsequently, Council has received a letter from the Chairperson of the Local Government Board advising in part that:

*"...The Board also identified in the consultation paper that it will only consider the matter of a boundary adjustment (as part of the merger option) if, and only if, none of these options presents a long term solution in terms of viability for Sorell and Tasman Councils. The Board has identified in the consultation paper that it will highlight to the Minister if a merger option that included a boundary adjustment would potentially present a viable option.*

*However the Board would not;*

- *Make a recommendation to the Minister on a boundary adjustment option relating to a specific Council area*
- *Make a recommendation that could negatively impact on the viability of any Council affected by a boundary adjustment..."*

To re-iterate, while noting the advice received from the Board, Council has decided to make a submission to the Review.

Council may also wish to make further detailed submissions should specific details of any proposed merger be made known.

## **CLARENCE'S CURRENT POSITION ON MERGERS**

Council previously agreed in March 2015 that it was willing to explore the option of voluntary amalgamations and/or shared services to determine if such arrangements were in the best interests of the Clarence community. Guiding Principles were adopted by Council, with an emphasis on the best interests of the Clarence community, in order to enter into discussions for the establishment of a "Greater Hobart" metropolitan Council and a "Greater South-East" Council, the latter involving Sorell, Tasman and Glamorgan/Spring Bay Councils. The Guiding Principles were that Amalgamations must:

- be in the interest of ratepayers;
- improve the level of service for communities;
- preserve and maintain local representation; and
- ensure that the financial status of the entities is strengthened.'

Council also decided that one of the Guiding Principles would be that Council would not entertain any proposal which would result in the split up of the Clarence Municipality.

As referenced in the Consultation Paper, in September 2016 KPMG delivered the South East Feasibility Study which detailed various amalgamation and resource sharing models involving the four South East Councils. Council received the report in July 2017 and decided to undertake a program of extensive community consultation on all the options contained in the report.

Council decided in December 2017 that, given the results of the community consultation together with its higher levels of service provision, Council did not wish to pursue a voluntary amalgamation option with the South East Councils. Further comments regarding the results of community consultation are provided later in this submission.

It was also decided by Council that it would strongly oppose any proposal by neighbouring Councils or the Local Government Board to involuntarily incorporate or annexe any part of the Clarence Municipality into a potential or future South East Council. This is consistent with its previous decision in March 2015 not to support any amalgamation proposal if it involves the split up of the Clarence Municipality.

## **REGIONAL CONSIDERATIONS AND VIABILITY OF COUNCILS**

There are important broad ranging implications on any proposal to annexe areas of the Clarence Municipality in order to support the viability of a merged Sorell and Tasman Municipality. This "viability" objective must also be weighed against other regional and State-wide strategic considerations.

It is noted that both Sorell and Tasman Councils have received good reports from the Auditor-General and appear to have sound governance practices in place. There would not seem to be any reason why any of the three options under consideration by the Board would not be viable. The 2016 KPMG Report did identify several challenges that each of the participant Councils face but none that could not be overcome with good management.

The logic of forcing the break-up of a large well managed sustainable Council to prop up smaller rural Councils is inconsistent with the apparent objective that the outcome of any amalgamation that the Minister stated should be improvement in the ‘...*strategic capacity, financial sustainability and service delivery*...’ of the relevant Councils<sup>1</sup>. It is Council’s view that, as a matter of principle, the outcome of any amalgamation should not be that a new amalgamated entity be made viable while diminishing the viability of another local government entity.

The 2016 KPMG Report did not entertain any option that involves a boundary change and had no analysis to support them.

In a regional context Clarence has the capacity to participate in programs such as Better Cities, City Deals, Antarctic Gateway, etc and to co-ordinate and manage joint objectives across a range of services and activities within the Cambridge and Richmond areas.

The areas of Cambridge, Coal River Valley and Richmond are of significant economic and tourism importance to the State and region. Consequently, the capacity to support these areas by the presiding local Council in which these areas are located is strategically critical not just regionally but for Tasmania as a whole.

Clarence also has the capacity and expertise to preserve the important historic attributes of Richmond and manage the promotion of tourism in the interests of the region and the State economy. This is demonstrated by Council working closely with regional and local marketing and tourism bodies to undertake projects and by having ready access to expert staff resources in-house including heritage advice.

Hobart International Airport is important infrastructure for the Southern Region and to maximise its opportunities it must remain within the boundaries of a strong metropolitan Council.

## **STRATEGIC OVERVIEW**

Clarence has demonstrated over many years a commitment to its strategic direction for the Richmond, Coal River Valley and Airport corridor by investing heavily in the area to facilitate the growth and development of its commercial, industrial and tourism industry sectors.

Clarence has the strategic strength to continue the implementation of its objective to maximise the economic and social capacity of the region.

The Coal River Valley has been significantly transformed in the years since the 1993 amalgamation of the former Richmond Council South Ward into Clarence. In supporting the emergence over the past 25 years of a diverse intensive agricultural sector in this area, Council’s vision for Richmond and the Coal River Valley has also included the complimentary growth of industrial and commercial developments in the Cambridge/Hobart

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<sup>1</sup> Letter from the Hon. P. Gutwein MP to Mayor Chipman, 26 November 2014.

Airport area as well as supporting an increase in tourism numbers. Well planned investments in infrastructure continue to be made to support the growth in these areas.

Through contemporary land use policy development and active participation in regional planning, Council has worked to realise the potential of the Valley to develop compatible commercial ventures and industries that share similar objectives. An excellent example is the link between primary industry in the Coal Valley; the use of the available distribution transport network by air and road and the use of support facilities at the Cambridge industrial area.

There has also been growth in the Cambridge Township due to the recent completion of a major residential subdivision facilitated by the strategic release of formerly Council owned land. This development would not have occurred if Council did not have the foresight or capacity to build the necessary infrastructure such as the Cambridge Sewage Treatment Plant and extensions to both reticulated sewerage and water to Cambridge Park.

There has been a particular focus by Council on the Richmond Township. The provision of facilities for residents and visitors while maintaining the heritage values of the Township has been a priority. Council has expended significant effort and resources working with the Richmond community to develop infrastructure that supports tourism activities and businesses within the Coal Valley.

There has also been recognition over many years that given the City's largely residential rate base and the demand for Council to provide a wide range of high quality services to its community, there was a need to support the development of an appropriate mix of industry and commercial sectors. The present Cambridge industrial precinct is the product of sound town planning and the provision of strategic infrastructure planning by the Council.

To support its strategic focus for the area the Clarence City Council has in place a number of adopted plans and strategies that will build upon the work already undertaken. Some of these include:

- Strategic Plan 2016 -2026
- 10 Year Financial Management Plan
- Asset Management Strategy 2013
- Tracks and Trails Action Plan 2015-2020
- Bicycle Strategy 2013
- Cambridge Master Plan 2016
- Economic Development Plan 2016-2021
- Community Health and Well-being Plan 2013-2018
- Richmond Townscape Plan
- Coal Valley Destination Action Plan

## **ECONOMIC DEVELOPMENT**

Council has identified as a priority in its Strategic Plan 2016 – 2026 the need to facilitate the growth of the Clarence economy which will then in turn make a significant contribution to the Southern and Tasmanian economies.

Council has an Economic Development Plan 2016-2021 which details how some of the broad strategies outlined in the Strategic Plan are to be achieved. The Plan also provides guidance to Council for the allocation of funds to undertake specific projects in the Annual Plan.

These Plans build on past strategies and infrastructure developments and focus on Council's traditional roles supporting economic development through the provision of infrastructure, land use planning, regulatory roles in relation to building, health and development standards. Importantly, Council is also actively engaged across the City in programs that include a focus on:

- facilitation of development opportunities
- marketing of local areas as places of business and visitor destinations
- active involvement in regional development issues
- urban design and revitalisation projects
- acting as lobbyist or advocate on local industry development issues
- providing a supportive business environment in terms of processes, costs and incentives

The Coal River Valley, including the Richmond and Cambridge area, has been an area of focus for many years. Council has invested significant resources and expertise to provide effective support for those initiatives previously undertaken and is well positioned to ensure the future potential of this area is realised.

The establishment by Council of the Coal Valley Wastewater Recycling Scheme to compliment/support the South East Irrigation Scheme is an example of the significant investment in building the viability of primary production outcomes that have occurred in the Valley. This Scheme has been a significant catalyst for the growth in intensive agriculture in the area. Further, the Council has ensured protection of valuable primary production land through land use planning controls.

Council has facilitated the establishment of the Cambridge Industrial Precinct. Given its strategic location close to Hobart International Airport, direct road links to Hobart and the north of the State, this industrial precinct continues to grow and is an important contributor to not only the local economy but to the State economy. This growth would not have occurred without Councils capacity to invest strategically in the reticulation of water and sewerage and other relevant infrastructure.

The Richmond Township continues to attract high visitor numbers and remains an important tourist destination in Tasmania. There are close relationships between Council and key groups in the Valley including the Richmond and Coal River Promotions Group and the Coal River Products Association which have worked collaboratively to deliver many marketing and promotion projects. Importantly, there are also close links with the local community which are detailed in the Community Consideration section of the submission.

Council has invested in infrastructure in the Richmond Township for the benefit of both visitors and locals. This includes heritage streetscape improvements, road and stormwater works, parks upgrades, provision of tracks and trails and recreation facilities and interpretative signage. Plans are currently underway for major streetscape works in the main street of the Township.

Council believes that the Richmond, Coal River Valley and Cambridge areas will be better served if they remain as part of the Clarence Municipality. Council has demonstrated its capacity both strategically and financially to maximise opportunities for both businesses and residents in the area.

## **COMMUNITY CONSIDERATION**

### **Consultation**

There has been no analysis of any kind on the impacts to Clarence, and more importantly to affected communities, if there was an area of land annexed from its current boundary to an adjoining Council. There was no consideration of this option in the KPMG study. In the absence of such analysis it is not possible for the community, Council or indeed the Board reach an informed conclusion in respect to the possible annexation of the identified area into another municipal district.

Well informed community consultation would need to be undertaken with residents of Clarence if it is proposed to make any boundary change. Such consultation would need to be underpinned by informed analysis of the financial, social and other impacts of any proposal to enable the affected communities to reach a considered understanding. There has been no opportunity to consult the Clarence community regarding any split of the municipality.

However, in this context it is important to note the results of the extensive community consultation undertaken by Council in 2017 regarding the options detailed in the 2016 KPMG Report. A survey of 31 000 residents was undertaken and a return rate of approximately 18% achieved. The majority of responses were not supportive of Clarence amalgamating in the South East. While Council understood that the results were not determinative in their own right, serious consideration should be given to the survey findings. The results together with the view that Council delivers a greater range and higher levels of service than other South East Councils, lead to Council forming its view not to pursue a voluntary amalgamation with South East Councils.

Neither the Sorell nor Tasman Councils' survey of its residents conducted in 2017 included an option which proposed annexation of an area from an adjacent Council area. With this in mind, any proposal to vary municipal boundaries current lacks definitive community support.

### **Previously Held Views**

By way of additional background, it is useful to note that a resident survey, which may be regarded as having some relevance, was conducted by Council in 1997. The Council specifically canvassed the opinion of Cambridge and Richmond residents at that time with the result that 77% of respondents were opposed to a proposal to split the existing Clarence municipal area. A total of 82% of respondents city-wide were opposed to a split. This level of response was considered significant at that time.

### **Community of Interest**

The term 'community' is difficult to define in absolute terms. A community has generally been considered to be based on several factors such as locality, shared values, geographical location, connectivity, culture or common interests.

Council believes that the Coal River Valley area that includes the Richmond and Cambridge Townships share a greater community of interest with the Clarence Municipality rather than any other adjoining Council area. There exists a number of common communities of interest including social, sport, agriculture, physical and social infrastructure, commerce, retail and lifestyle activities. In addition, these residents relate more directly with Clarence due to transport, economic, educational, social and topographical links.

### **Local Engagement and Access to Services**

Council currently provides residents in these areas with access to a wider range of services than those currently available in the Sorell or Tasman Councils. Some of these include services such as youth programs, public events, arts programs, positive ageing activities and heritage advice.

Richmond Township and its surrounding area joined Clarence in 1993. Council recognised at that time the need to ensure that the Richmond community maintained its local voice noting its unique nature and important cultural heritage.

A Special Committee of Council, namely the Richmond Advisory Committee, was established at the outset and this important community link is still operating at the present time. The Committee consists of representatives from local community, business and sporting groups as well as resident representatives from Richmond and the Coal Valley. It provides advice to Council on local issues that impact on the area including roads and traffic, footpaths, stormwater, tourism support, heritage, streetscape improvements, local events and future budget priorities.

This is an example of Council's ongoing commitment to working closely with the local community to ensure local residents have a say in the future direction of their area.

### **FINANCIAL AND RESOURCE CAPACITY**

There has not been any study undertaken to model the financial implications for Clarence should an area of the Municipality be annexed to the Sorell/Tasman Councils. This modelling would need to be undertaken in order to fully reveal the nature and degree of impacts that could arise and to allow the Council and the whole of the Clarence community to consider such impacts on an informed basis.

Notwithstanding this, it is expected that any proposal to adjust the municipal boundary will invariably have a number of significant financial and resource impacts on not just the immediately affected communities but would be more broad ranging on the whole Clarence community. Any removal of these areas via a boundary change would result in the removal of a significant proportion of the City's commercial and industrial rate base; which in turn is likely to place increased reliance on residential ratepayers.



Impacts in areas such as loss of existing economies of scale for service delivery; shifting levels of rating and the possible diminishing in the range and quality of services available to the Clarence community are easily foreseeable.

## **PROCEDURAL FAIRNESS**

It is essential that the Review be conducted in a procedurally fair manner.

Council notes for example that it is difficult for the Clarence community to make an effective response to the Review given that there is no information available on any specific proposal for it to consider.

There has also been no opportunity provided for consultation with affected stakeholders. Council believes that the whole of the Clarence community will need to be afforded the opportunity to have their say on any proposal that involves a change to the current Clarence Municipal boundary.

## **CONCLUSION**

Council's view is that any boundary adjustment to the Clarence Municipality should not be considered. It would not be in the interests of the Clarence community or the South East region and is outside the intent of the Minister to involve only those Councils in mergers which have volunteered to do so.

It appears that both Sorell and Tasman Councils will be viable into the long term and therefore there does not seem to be any reason why any of the three options under consideration by the Board would not be found to be viable.

Should a boundary adjustment be made as suggested, it is considered more likely than not that the adjustment would have an adverse impact upon a majority of Clarence residents, including an adverse financial impact as a consequence of the substantial change in rating mix, and a loss of future opportunity arising from removal of critical infrastructure developed to benefit the city in the long term.

