

4/4/18

## LOCAL GOVERNMENT BOARD REVIEW

SORELL & TASMAN COUNCILS VOLUNTARY AMALGAMATIONS & SHARED SERVICES OPTIONS.

### SUBMISSION Clr Carmel Torenus

There is obviously appetite for change amongst the residents of Sorell and Tasman Councils according to the 2017 community survey but unfortunately the preferred merger options between the two Councils differ.

A similar 2012 survey of Sorell residents resulted in approx. 56% of respondents preferring a Sorell/Clarence merger, which ultimately would have affected Tasman.

For several years I have been an advocate for voluntary mergers and whilst I maintain this viewpoint I do query the long term benefits of a go it alone Tasman/Sorell merger.

The current shared services arrangements between the two Councils has delivered some efficiencies but by all accounts there is little scope for further cost savings unless Clarence or other Councils agree to join the current participants.

I believe that shared services arrangements are merely “tinkering around the edges” and not acceptable long term.

**I ACKNOWLEDGE THE BOARD IS ONLY UNDERTAKING IT’S REVIEW INTO A SORELL AND TASMAN MERGER & SHARED SERVICES OPTIONS AT THIS STAGE.**

**HOWEVER, I DO NOT WISH TO LOSE SIGHT OF CLARENCE AND GLAMORGAN SPRING BAY RE- ENTERING THE MERGER DEBATE.**

**I MAINTAIN THAT A GREATER SOUTH EAST COUNCIL WITH A SUSTAINABLE ECONOMIC BASE, STRATEGIC DIRECTION, AND STRENGTHENED LOBBYING CAPACITY WILL HAVE FAR REACHING BENEFITS FOR RESIDENTS.**

**THIS PROPOSED VIBRANT SOUTH EAST COUNCIL MAY REQUIRE A BOUNDARY ADJUSTMENT UNDERTAKEN BY THE TASMANIAN ELECTORAL COMMISSION. IT MAY ALSO REQUIRE THE WILL POWER AND COURAGE BY GOVERNMENT TO IMPLEMENT CHANGE THROUGH AN OPEN AND TRANSPARENT PROCESS. SOMEONE HAS TO TAKE RESPONSIBILITY AND DO SOMETHING.**

The residents of Sorell and Tasman do have a lot in common. However it can also be said that Clarence also shares social communities of interest with the two Councils. In fact there are many examples of communities of interest across the entire South East region.

In 2011 the Jude Munro Report, commissioned by the Southern Tasmania Council Authority, recommended a greater Hobart Council which included the urban section of Clarence. The report also recommended that Richmond and surrounds should be part of a boundary adjustment with Sorell and Tasman.

I believe the latter still remains a feasible option with part of Glamorgan Spring Bay included in that proposed Council area.

In 2011 the LG Review Board assessed a proposed merger of Glamorgan and Break O'Day Councils. The Board found this union would not be sustainable.

I believe a Sorell and Tasman merger would be on a par and not viable long term.

The 2017 KPMG South East Feasibility Study estimated that transitional costs for a Sorell/Tasman merger would be a one off \$1.1million. This cost would hopefully be subsidised by the State Government.

However, it would be such a waste of taxpayer funds if within a few years a struggling merged Council is forced back to the table for new merger discussions.

The current shared services arrangement between the two Councils is my preferred option in the immediate short term. I would hope that Clarence and Glamorgan Spring Bay would have a change of heart and take part in any future merger or change of boundary discussions.

It is my belief that Sorell Council does not have the financial capacity to take on further responsibilities. In fact it would be unwise.

Sorell Council's current borrowings can be directly attributed to the construction of the new Council Chambers.

The other half of the approx. \$6million construction costs were paid with cash funds.

Ironically the Council in 2013/14 decreased the number of FTE's to deliver a \$1million reduction in staffing costs.

Council's LTFP is predicting a small operating profit in 2018/19 possibly based on a slight rate increase. However this is merely getting the Council over the line.

Sorell Council has a capital based rating system in contrast to Tasman's more conservative (AAV) system.

When first implemented several years ago the capital based rating methodology was lauded by the auditors and became the subject of presentations at Local Government Conferences.

A merger will require the two rating systems to be compatible.

Sorell Council's long term financial plan has identified the need to increase rates to remain sustainable.

Both Council's rates sat above their category average per rateable valuation and rates per capita in 2015/16.

However I believe it would be unwise to cap rates for the proposed merged Council.

I believe rates would need to be increased in both status quo and merger options.

Sorell Council is currently selling Council owned land in an attempt to improve its current financial situation. This can only be a one off financial gain.

I believe the State Government has legislative obligations to reduce the number of unsustainable Councils in Tasmania but not by unsystematic partial measures taken over a period of time.

There is a necessity for a strategically driven economically based plan for the entire South East Region.

75% of Sorell Council residents work in Hobart and surrounds.

The residential areas of Sorell and Tasman support the commercial and industrial precincts of Clarence.

Neither Sorell nor Tasman have a large commercial/industry rate base and rely on residential growth.

Sorell Council is restricted from future development of commercial and industrial land by the Southern Tasmanian Regional Land Use Strategy.

The Cambridge Industrial Estate is only five minutes from Sorell and Eastlands twenty minutes. It can be argued that duplication of such infrastructure, including sporting facilities and other services within such a small radius could have detrimental financial implications for ratepayers.

A small merged Council without a healthy rate base would remain reliant on grants and subsequently need to compete with neighbouring Councils for such.

Sorell Council is currently maintaining it's assets which is applaudable but there is limited financial capacity for "new builds."

This may be acceptable in the short term but eventually ratepayer expectations and value for the rate dollar will bring pressure to bear.

Any Council merger must be able to show clear benefits to residents, business and contribute to the economy of the region.

I believe there would be a lack of capacity to develop strategies on big issues if a merge of Sorell and Tasman alone eventuates.

If the Review Board recommends a merger between Tasman and Sorell Councils in the best interests of residents then I believe a ward system would certainly appease the residents of Tasman.

In my experience consultative committees also work well when there is concern about loss of local representation.

However it is important that those committees have the appropriate status and are taken seriously.

If a merger is recommended I would support the appointment of an independent Commissioner to oversee the transition period.

I believe this would help appease local pressure groups opposing a Sorell/Tasman merger.

My submission may have digressed periodically from the scope of the review but I felt compelled after twenty four years experience in Local Government to argue the case for a sustainable and vibrant South East Council.

I support the current shared services arrangement in the short term as I believe the current General Manager has done his best to maintain assets and deliver efficiencies for both Councils.

However I believe, this arrangement nor a merger between Sorell and Tasman is sustainable or in the best interest of residents long term.

Clr Carmel Torenus