

Devonport City Council Submission

FINAL REPORT - Future of Local Government Review

Approved by resolution at Council's meeting on 26 February 2024

Introduction

The Devonport City Council (DCC) welcomes the opportunity to provide comment on the Final Report (Report) into the Future of Local Government Review (FofLGR).

DCC has been an active participant in the FofLGR with this being its fifth written submission in respect of the process.

The Board should be commended for the manner in which they have engaged throughout the Review and in particular for the quality and content of the staged reports that have been released. These reports have captured the challenges that exist and progressively advanced to the conclusions outlined in this Final Report.

It is clear to those engaged in the process that the primary conclusion woven through this Final Report is that structural reform must occur if councils in Tasmania are to not only be successful into the future, but for them to simply remain sustainable and continue to serve their communities as they do now.

DCC strongly endorse this position having previously promoted fewer, larger councils as the simplest, most effective, and efficient way to address the broadly recognised challenges that exist.

DCC agrees that given all that has changed since current council boundaries were established over 30 years ago, new boundaries, creating approximately half the current number of councils, is the optimum balance between appropriate scale versus protecting the sense of place and community which is fundamental to local government. As acknowledged in the Report, further detailed assessment of final council boundaries is required and DCC maintain a view that the boundary between the proposed Cradle Coast and North West councils should be east of Burnie, not west as suggested.

The Board should be commended for outlining a new design comprising of 15 council areas as the best solution to position the sector for a successful and sustainable future. DCC considers this the most critical and important element of the Report. It is consistent with views outlined in the 2021 Premier's Economic & Social Recovery Advisory Council (PESRAC) report, prepared by a board of nine highly respected Tasmanians, each leaders within their varied fields.

In addition to detailing optimum structural reform, both the FofLGR and PESRAC reports recognise the political challenges with such reform and acknowledge the Government's voluntary only approach. Noting mandated structural reform as "not a live option", the FofLGR Final Report responds by identifying a set of second-best recommendations. PESRAC remain committed to the optimum solution, calling the political stand-off on reform to end and seeking a bipartisan response from all political parties to unite on the issue given its importance to the future of the State.

Such is the importance of the issue, PESRAC, as quoted below, highlight an urgency to act if Tasmania is to maintain its current quality of life and be prepared for future disruption.

“Some may say that we should wait until more stable times to embark on significant reform. Our strong view is that the Tasmanian community can ill-afford to have this key structural issue left unaddressed over the next two to five years. Continuing to put local government reform in the too-hard basket while the state works through COVID-19 recovery is not tenable. A strong, robust, and well-focussed local government sector is required to play its part in recovery, and to respond to future shocks.” (Ref P78 PESRAC Report.)

Disappointingly, DCC recognises it is unlikely the PESRAC objective of bipartisan support will happen soon, however DCC are not convinced of the merit of the Board’s political solution of second-best recommendations involving voluntary amalgamations and mandated shared services. If beneficial at all, these recommendations are at best, a far compromised approach. They will require significant resourcing and have a massive disruption for the sector, have the potential to weaken the current larger successful councils and are unlikely to bring any meaningful sector wide improvement, whilst potentially further delaying the inevitable structural reform the State so desperately needs.

In considering the Report, DCC would encourage the Government to commit to bold reform ensuring the best long-term outcomes, rather than more incremental change for change’s sake, as the sector has experienced over recent decades. Focus and effort should concentrate only on those recommendations which align and unquestionably move the sector towards a model of 15 sustainable and effective standalone councils. Mandating of shared services is not supported by DCC given it is difficult to see any tangible nett gains, however if pursued, any proposals should be assessed through this lens before being considered further.

Aside from structural reform solutions, DCC broadly agree with the majority of the recommendations in the Final Report. The specific reforms have been well considered and will generally assist in incremental improvements within the sector. Primarily the focus of this submission is on those aspects of concern, with comments outlined below under the following headings.

1. Proposed Cradle Coast boundary
2. Mandated shared services
3. Common ICT systems
4. Centralised asset management body
5. Recommendations generally

1. Proposed Cradle Coast Boundary

DCC has been grouped with Kentish, Latrobe, Central Coast and Burnie Councils as the preferred new “Cradle Coast” Council. However, the Board has made it very clear in its report that further detailed work is required to assess this particular grouping, in particular whether Burnie should be part of the Cradle Coast Council or the North West Council. Burnie was identified as a “grey area” in the Board assessment, recognising that it could have been included in either area.

As outlined in our previous submission, DCC does not agree with including Burnie in the Cradle Coast council area and believes that the most logical scenario is that Burnie forms part of the North West council. This divides the North West Coast based on the two sub-regions which currently cluster around the two cities within the region. The two north west cities are the commercial and economic centres of the region, each serving their sub-region with active ports, airports, regional retailing, higher education facilities, court facilities and hospitals. Devonport currently exists as the base for the eastern half, and Burnie the main population centre and commercial hub of the western half.

Having Burnie in Cradle Coast will create a “2 capitals” scenario with ongoing competition between the two main service areas which is not healthy for the region. Burnie should be the service and administrative centre of the North West region, while Devonport should be the service and administrative centre of the Cradle Coast region.

Research and experience from other states indicates that amalgamations are more likely to succeed when a region has a “centre of gravity” from a major regional centre. Amalgamations in other states which have not worked as well have had disparate and similar sized regional centres competing with each other for resource allocations. For example, in 2008 Queensland went through significant structural reform involving compulsory amalgamations reducing the number of councils from 157 to 73. Some 15 years later, those amalgamations which have gone well are those where there is a central major town/city surrounded by areas that were merged into the main council town (e.g. Townsville City Council). Conversely, newly formed councils without a centre of gravity have struggled, such as North Burnett Regional Council, which was formed from 5 council areas but with 4 similarly sized townships that compete for limited resources.

Combining over 75% of the existing population of northwest Tasmania into one council with the balance split across three additional councils is non-sensical. Including Burnie City Council in Cradle Coast will result in an 87,000/22,000 population split between the two nearby subregions. One of the key Board propositions is that councils need greater scale and capability, and only Burnie can deliver that for the North West council by creating a more balanced 67,000/42,000 population split.

For the Cradle Coast residents, including the cities of Devonport and Burnie into one new council, made up of three quarters of the entire regional population, effectively removes any sense of ‘local’ from local government for the majority of North West Tasmanians. An entity combining both North West cities would basically be a regional service provider without any connection to place. DCC has always maintained that it is important to ensure appropriately sized councils, with sufficient capacity to deliver meaningful value, yet small and nimble enough to listen, care and understand evolving community expectations.

2. Mandated shared services (recommendations 9 to 12)

The Review process has outlined in detail the advantages and disadvantages of shared services, and whilst successful examples were identified, the review process has failed to identify a compelling case that shared services can deliver sector wide net benefits. DCC supports further Government incentivisation and support to encourage councils to explore voluntary sharing where there is genuine benefit, however, are opposed to any attempt to force councils to participate in shared arrangements, particularly when considering the time, resource and focus that will be required.

If shared services are a win/win for all parties, then mandating this should not be necessary. DCC is concerned however that if mandating is required, as suggested, the reality will be that there are winners and losers.

The first shared services principle outlined in the Final Report is to identify and agree on the problem. Taking this principle from a DCC perspective, with the suggested mandated services it is difficult to define a problem, yet the negative outcomes through mandatory participation include loss of scale, progress and performance impacts due to the ‘convoy theory’, loss of autonomy in decision making and additional administration and governance overhead (particularly if a new authority is established). On balance these outcomes would be a net loss for DCC and its community.

Whilst against mandated shared services, DCC is open to greater strategic alignment with neighbouring councils and win/win resource sharing and would encourage the Government to incentivise such approaches. Strategic alignment could involve actions such as the development of shared plans and strategies, joint branding and marketing and shared regional facility ownership.

3. Common ICT systems (recommendation 13)

DCC consider the recommendation of common ICT systems as more a shared, staged procurement process than a sharing of resources, and acknowledge significant benefits could be achieved from such an approach. The Report recommends a common statewide digital business system and ICT infrastructure. While the advantages of this outcome are extensive, the reality of achieving such an outcome is questionably an insurmountable challenge, particularly with the 5-8 year timeframe suggested.

To be successful the Government would need to lead and establish a suite of ICT products and solutions that councils can progressively adopt at the appropriate time. The system capability and purchase cost of such adoption would need to be highly attractive and far better than any alternative to justify and warrant councils investing in the transition to new systems and processes.

Without question, the investment by Government would need to be significant for the initiative to work, however the benefits, if achieved, would likewise be significant and lay a foundation for greater cooperation between councils.

4. Asset Management (recommendation 13, 30 & 31)

Whilst recognising the benefit of standardisation of asset lives, and the simplification of asset planning, DCC does not support the establishment of a centralised asset management authority. Asset officers play a key role within councils engineering and technical teams, assisting with decision making, design and financial planning. Many of the functions are intertwined into the specific council's operations and could not be successfully provided from an external authority. Should it be this simple, then consulting organisations would already be successfully providing one stop asset services to local government. The removal of asset experts would overtime only lead to duplication within councils as the need for staff with council specific asset skills and knowledge becomes evident.

5. Recommendations Generally

The conclusion of 15 councils as the optimum structure for local government in Tasmania should not be dismissed, but rather used as a template to against which to assess any reform recommendations. Whilst DCC does not support the mandating of shared services, if this was to occur, the 15 proposed council areas should generally be the starting point for any consolidation. This provides an additional strategic benefit to justify the resourcing and effort required to undertake the change.

Likewise, any Government incentives provided to facilitate the final recommendations, should target only those initiatives that take steps to move the sector towards a 15 council model.