

RESPONSE TO FUTURE OF LOCAL GOVERNMENT REVIEW BOARD FINAL REPORT.

Before I go on to comment on each of the 37 recommendations I will make some observations about the perceived need for “reform”.

Page 38 under the heading “The case for change” fails to make that case.

It would seem that the two main arguments for reducing the number of LGAs are the extra burden of other recommendations of this report on small councils and the difficulties councils have in attracting and retaining staff.

Irregardless of the number of councils the same amount of work will need to be done by the skilled council staff. Currently some staff work across more than one LGA. Merging of councils will not increase the person hours available in the skill sets required nor reduce the person hours required. I do understand that there is a shortfall of employees with some of the required qualifications and experience, but shuffling council boundaries will do little if anything to remedy this.

What would remedy this is action by the Tasmanian Government to provide opportunities and encouragement for people to embark on these careers. This is appropriate as the State is the tier of government with the primary responsibility for education and training. Skills Tasmania would be the appropriate body to handle this, not LGAT as recommended in this report. Skills Tasmania could set up a trainee program as they have for the building industry.

Page 40 has the statement:

“While views diverge on the exact form that reform should take, there is consensus on three fundamental points:

- The status quo is neither an optimal nor sustainable model for the sector, given growing demands, complexity, and sustainability challenges.
- Some form of consolidation is necessary to deliver greater economies of scale and scope, at least for some services.
- 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.”

This statement has appeared in previous reports by the FLGRB but has never been substantiated. Indeed it was presented to the community engagement that I attended and not accepted by that meeting. It was presented as a fait accompli which may have allowed it to pass unchallenged at some other engagements.

The FLGRB uses the Community Sentiment Report by the University of Newcastle as some justification for its position.

There are two problems with this.

Firstly there is no indication that respondents were making an informed and considered comment. If the last thing they heard about local government was a shock jock on the radio chasing ratings or a newspaper chasing a headline they may well have given a negative response without thinking it through.

Secondly, consider the statement below (also from page 40 of the report:

“Tasmanians’ overall assessment of how well councils serve their local area showed that 30 per cent had a positive view, 50 per cent were neutral, and 20 per cent had a negative view of performance, with more people in rural and remote communities not feeling as though their council were performing well. “

Most politicians in any other tier of government would be very happy with those figures and consider themselves to be on track. 80% of the population happy or ambivalent is pretty good going. By all means investigate the 20% and look for improvements but it is not a signal for wholesale change.

On page 41 we find the following:

“The root problem is not with individual councils but the structure of our local government system itself. Councils – particularly smaller rural councils – face a range of pressures beyond their control and have only limited options available to them to respond within the current system of local

government. These pressures are inherently structural and relate to things like growing demand for more (and more costly) services, shrinking rates bases, input cost increases, labour force and skills shortages, and climate change impacts. The Board believes the only appropriate response to structural constraints is structural reform.”

On careful examination the last sentence of this statement is a non sequitur and should not be accepted.

It's very neat and tidy to describe the pressures as structural and say this means structural reform is required but this is a fallacious argument. The structural pressures (if we can call them that) are a very different structure to the structure of Local Government. It would be more accurate to say that costs are increasing faster than revenue so we need to increase revenue be that from rates, charges or State or Federal Government subsidies. Also we need to get the Tasmanian Government to lift its game in providing the educational and vocational training to alleviate the skills shortages.

There are two significant problems councils face which I do not believe are adequately canvassed in this report.

The first is the rate of growth of the Tasmanian population. We have had a bit of a slowdown in the last year or two, but Tasmania's population was recently growing at 2% PA. This creates significant increased cost for infrastructure with only a slight increase in income from rates.

To illustrate, let us suppose infrastructure has a life of 50 years on average. Let us also suppose that the infrastructure required by a community is directly related to population.

Then 2% of the infrastructure needs to be replaced (on average) each year.

If the community is growing by 2% PA, then a further 2% needs to be built each year.

Hence the annual infrastructure spend is doubled (compared to a no growth scenario) but council income only increases by 2%.

This is a significant impost and will be felt most keenly by urban councils and high growth areas.

The second is the increased visitor numbers from tourism, be it intrastate, interstate or international. This can create significant increased infrastructure (and maintenance) costs without necessarily having a comparable increase in rates income. These pressures are felt most keenly by rural councils.

In both cases the logical solution is to pull back from the “go for growth” mantra. We should stop trying to persuade people to come here either to live or holiday. They won't stop coming (Tasmania is well and truly discovered), but by easing back on the growth we will better be able to manage our infrastructure and maintain our (enviable) Tasmanian lifestyles. There would also be a lot less pressure on Local Government.

On page 50 we find the statement:

“It is critical that small, regional, and other communities with many people experiencing disadvantage can and do receive an adequate and consistent agreed minimum service standard, including around infrastructure. It is more equitable and transparent to do this via deliberate and direct subsidisation (through the grants and transfers system) rather than establishing council boundaries that are intended to create internal cross-subsidisation.”

I agree, but note that of the FLGRB proposed new LGAs, three (North West, Central Northern and Southeast) it is acknowledged that at least part of the boundary choice was in order to create internal cross-subsidisation.

On page 59 we see the suggestion:

“aligning current Tasmanian and Australian Government investment programs with opportunities arising from a larger consolidated council structure;”

Whilst I am all for the Tasmanian Government assisting councils to amalgamate should they wish to do so, the suggestion above looks like a mechanism to reward the councils that choose to amalgamate and punish those who do not. This is not appropriate and would be called out should it be attempted.

Page 55 discusses the mandatory sharing of services and starting with EHOs. It may be down to my ignorance of the role of EHOs, but it is unclear to me why these people are employees of councils. Do councils ever set the standards or make decisions about how these people do their work?

Would it not be better to employ them directly in the Department of Health? This should not interfere with them living and working locally as they do now.

Comment on recommendations

Firstly I should note that many of the recommendations risk creating an extra regulatory burden for councils and would need to be handled very well not to create what most will see as red tape. If this eventuates this may make it harder to pursue the other changes recommended. Recommendations I identify as being in this category are: 3,14,19,24,25,26,32 and 33.

1. The role of Council as Planning Authority should be included.
2. The devil would be in the detail of any Local Government Charter. It would therefore be preferable for the important matters of roles and responsibilities to be in legislation rather than subject to change according to the wishes of the Minister of the day.
3. I'm sure most councils would already have these in place. I would be concerned if they were required to dump their existing systems in favour of a new mandated system. It would be better if they were simply required to have these considerations in place in some form in their management system.
4. My understanding is that neither Hobart nor Glenorchy are enthusiastic about amalgamation. If this is the case and considering that both are big enough already and their different systems would mean high transition costs, the cost of this study on top of the already considerable costs of the FLGR may not be justified. Other areas which have expressed genuine interest should be prioritised.
5. This is probably what ought to have been done from the outset. The current FLGRB has come into this process with fixed ideas along the lines of the PESRAC report and has maintained them in spite as much as in light of the available evidence. The process so far has been a terrible waste of money and energy. The time has come to make concrete proposals with a well researched cost/benefit analysis including transition costs.
6. This would be worthwhile.
7. This is essential before any amalgamation is committed to.
8. This makes sense.
9. I do not support this recommendation. Councils know better than the Minister whether a sharing arrangement is in the best interests of their constituents and so should have the final say in this. If the Minister thinks otherwise then he or she should seek to progress this by convincing the relevant council(s).
10. as for recommendation 10, councils should not be forced to participate in sharing arrangements.
11. Not applicable. Mandatory sharing should not occur.
12. I do not support this recommendation (as per 9 to 11).
13. Not applicable. Mandatory sharing should not occur.
14. Whilst this seems a good idea on the face of it, I know that HCC already does this and expect that many if not all other councils do it also. The problem with the

mandatory nature of this is that it may be implemented in such a way that councils are required to adhere to a Tasmanian Government designed format. If this approach is taken some of the value of the more robust consultations in large councils (such as HCC) could be lost whilst it may be too onerous for smaller councils (such as Dorset). In both cases a system tailored to the individual LGA would be lost to a 'one size fits all' system. This is the sort of measure that can lead to box ticking and cries of 'red tape'.

15. I support this recommendation.
16. I support this recommendation.
17. I support this recommendation. In addition to the businesses mentioned in this report, there should be provision to raise revenue from airports and UTAS.
18. I support this recommendation. It would be a valuable additional source of council income and could go some way to paying for the cost to councils of growth (especially rapid growth).
19. I'm really not sure about this one. Whilst I agree it is a nice to have, as with some of the other reporting recommendations it could result in a one size fits all approach and an onerous burden on councils to fit the chosen rubric.
20. I support this recommendation.
21. I support this recommendation.
22. Whilst I am in general agreement, I would not agree to constrain councils in their ability to charge fees. There are some services which councils provide at less than cost, such as swimming pool use which provides a community health benefit and should be able to continue. Conversely car parking in certain areas may be considered a disbenefit to the community and hence it may be reasonable to charge more than the monetary cost. One area which can cost councils a lot of money is Development Applications which are appealed. There should be provision for councils to recover costs from failed DA appeals.
23. I support this recommendation.
24. This could have merit or it could be yet more red tape. It would all depend on how implemented.
25. Once more this could be the source of considerable red tape. It would need to be implemented with great care.
26. This could be another source of red tape. The most appropriate audit regime would vary from council to council. I don't know what councils do at present, but similar size organisations in industry vary according to size. Something the size of HCC would have a well developed internal audit system, backed up by less frequent external audits with peer to peer auditing at an intermediate frequency.
27. This sounds good on the face of it, but its merits would depend on the detail.
28. I support this recommendation.
29. In the long run this is a good idea. It would make it easier for employees who work for more than one council or who change their employment from one to another. However the costs of changing systems should not be underestimated. There can be very high costs in lost productivity when changing from one system to another. This should therefore be a goal that is not timebound but rather pursued as opportunities arise to progress it efficiently.
30. I support this recommendation.
31. Standardised useful asset life may not be the best policy. Asset life needs to be assessed objectively. The same asset in a different environment will have a different useful life. Environments in Tasmania vary from place to place and now with the acceleration of climate change they also vary over time. Hence asset life should be assessed objectively by qualified engineers possessed of all the relevant available data and will need to be reassessed at regular intervals.

- 32. This looks a lot like recommendation 14. If implemented these two recommendations should be brought together as just one requirement. My comments at 14 apply equally to this recommendation.
- 33. Again refer to recommendation 14 and 32. This could be onerous especially if the legislation is too prescriptive.
- 34. I have no objection to this.
- 35. I have no objection to this.
- 36. (mis-numbered as 35 in the body of the report) Vocational education is a state government responsibility. The Tasmanian Government should ensure that the training pathways exist and liaise with both LGAT and Skills Tasmania to ensure that there is a clear career path. Skills Tasmania is doing a good job with this in the building trades and can be equally effective in this area. As workers with these skills are also employed by industry and state government it is not appropriate to leave their training to LGAT. The role LGAT can play in this is to provide estimates of numbers required in each skill set in coming years.
- 37. I support this recommendation.