

Towards improved local government in southern Tasmania - A review of structural reform options



This project is funded by the Australian Government and the Southern Tasmanian Councils Authority

Foreword

We have been asked as an Independent Panel with experience in economics, planning and local government to review the structure, and develop options for improving the performance, of local government in Southern Tasmania.

We have approached this review with an open mind. We have called for public submissions. The Southern Tasmanian Councils Authority has commissioned two surveys, one of the general public, the other of local Councillors and senior management in Councils in Southern Tasmania. The Panel has spoken directly with Mayors and General Managers as well as the major political parties and several peak organisations about their views.

Whilst we recognise the patchy history of local government reform in Tasmania, everyone we have directly spoken to has been enthusiastic about the need for improvement. The results of a statistically robust community survey of 1200 people in Southern Tasmania has strongly endorsed that same view.

This project has been funded by the Federal Government, and initiated by the Southern Tasmanian Councils Authority. It is supported by the State Government and the Opposition. To their credit the 12 Councils in Southern Tasmania have launched this Review, on the basis that local government itself should seek to lead a process of reform.

Southern Tasmania has its strong points and potential, but nonetheless faces challenges to achieve this potential. Southern Tasmania's future is closely connected to that of metropolitan Hobart, and its relationship to the rest of the region. Fixing issues in greater Hobart's governance will be crucial to the future success of Southern Tasmania, and even Tasmania as a whole. Reform of local governance is an essential basis to this potential future success.

We have explored options for reform and now invite your comments to assist us in formulating our final report and recommendations.

Jude Munro AO
Saul Eslake
Stephen Hains



Goals

Every organization and sphere of government should regularly review itself to ensure that it is achieving its aims, and the overall goal of this Review is to improve local government in Southern Tasmania. The objectives as they appear to the Independent Panel are:

- A more resilient and productive Tasmanian economy
- Improved advocacy and representation of the Region
- A simple and clear system of governance
- Improving efficiency
- Eliminating duplication
- Saving money
- Improved community engagement

The Panel's consultations with Councils, community and business organizations and individuals lead it to believe that each of these objectives is widely shared. While the Panel is not suggesting that local government reform, on its own, is sufficient to achieve any of these objectives, it does believe that local government reform can contribute, in most cases significantly, to achieving them. The Options for Structural Reform should be judged against this goal and its objectives.

Criteria for Continuing Improvement

Whatever option is followed in relation to the structure of local government in Southern Tasmania, the Panel believes that there are a number of areas that require a continuing focus on improving performance. In all of these areas, there is evidence of efforts by all councils, and of some strong performances by a number of them. Nonetheless, the Panel wishes to emphasise the importance of a real focus on continuous improvement that will be critical to the long term performance of local governance in the Region.

In its final report, the Panel will therefore make recommendations in relation to:

- Opportunities to strengthen the governance processes of councils and to provide stronger advocacy for Hobart and the Region;
- Means to continue to improve the efficiency and effectiveness of council service delivery;
- Opportunities to better engage citizens in the processes of local government and to enable the expression of local identity in the many parts of the Region;
- Techniques for developing more integrated and streamlined customer service across the spheres of government;
- The potential for regional structures to contribute to the objectives set for this Review

The Case for Change

In discussions with a range of stakeholders, in direct submissions to the Review, and through the surveys that have been undertaken, it has been made clear to the Panel that there is a compelling case for change. Lethargy or inaction on the issue of local government reform will sell the potential of the Southern Tasmanian region short. Indeed, the Panel has not heard from anyone who advocates the maintenance of the status quo in relation to the structures and role of local government in Southern Tasmania.

The case for change is not based on widespread suggestions of local government mismanagement or serious failures of governance, but rather on the opportunities to realise the real potential of Southern Tasmania through changes and improvements to the existing forms of governance. Nonetheless, although not a focus of this Review, the Panel notes that a feature of previous local government reviews was a level of concern about inadequate financial management and asset management practices.

One of the real strengths of the Region is the Southern Tasmanian Councils Authority itself, and the genuine commitments to collaboration and effective local government that are shared by its champions – of which this Review is an example.

Tasmania has a relatively small economy – one which is weighted towards sectors such as forestry, tourism, agriculture and retailing that for various reasons are no longer performing as strongly as they have in the past. The Tasmanian economy has long been vulnerable to external shocks, and constrained by low levels of participation in employment and of productivity. Yet there are potentially significant advantages in this region that, carefully nurtured and promoted, will provide a strong and competitive future for the area.

Cities need to be competitive in a national and global sense. If Hobart is to achieve its potential and to be competitive within Australia, in the Asia-Pacific Region and the world, it must have a unified view of the future of Hobart and how to maximise its potential. Its local government must achieve improved capacity, governance clarity and coordination. It must develop its competitive advantage and clear themes for its marketing and economic development. The Federal Government is clearly looking to deal directly with major cities that have a clear and unified vision and which are capable of delivering on agreed strategies. Now is an excellent time for Hobart to realise some of these opportunities, in the same way that other capital cities of similar States around the world have done.

At the same time, we recognise the importance of ensuring that whatever model is adopted recognises the importance of a “sense of place”, and of guaranteeing local communities a degree of self-determination on local issues. Such an objective is not necessarily compromised by a discussion of larger local government units, but does require specific strategies to recognise local needs in the processes of local government.

The structures of local government (and indeed some aspects of State Government) in Southern Tasmania are a cumbersome mixture of local authority sizes and quasi-government bodies. They appear to represent a series of “lean-tos” that have been added and changed over the years without there ever having been a comprehensive perspective of the type of government model that the region requires. A recent, statistically robust,

community survey undertaken by the STCA makes it clear that there is strong public support – especially in metropolitan Hobart – for significant reform. A number of submissions have also indicated a level of community concern about the costs of government, and the contribution of local government towards that burden.

Finally, with such a variety of local government sizes and capacity, there are clearly opportunities for improved efficiencies and greater effectiveness in service delivery through greater collaboration and joint effort across the Region. These efficiencies will be mostly found in the urban areas of Hobart. If the experience in other States were to hold true in Tasmania then the efficiencies from reform of local governments in the capital cities and major regional centres have assisted the adjacent hinterland Councils.

In conclusion, the Panel believes that there is an opportunity to build stronger local government that exhibits the leadership better to cope with the challenges that lie ahead.

For these reasons, the Panel congratulates the STCA and the Commonwealth for bringing about this Review. The case for change is compelling, and it is extremely timely that the community now explore and discuss some of the models that may provide the basis for that change.

STRUCTURAL OPTIONS TO IMPROVE LOCAL GOVERNMENT IN SOUTHERN TASMANIA

OPTION 1 STATUS QUO WITH SHARED SERVICES

Option One maintains the status quo in relation to the present structure of councils, but envisages greater formal regional co-operation among them. The Panel has considered how this option could look and what some of the implications may be over time.

The 12 Local Councils could establish a holding entity with the Mayors of the Councils as its members. A number of regional service authorities might come under its control, such as:

- procurement,
- shared services,
- customer service
- co-ordination with “Service Tasmania” Centres,
- customer contact,
- asset management and maintenance,
- a Regional Planning Authority and
- Regional Water/Service Authority (Southern Water board could even report to the holding entity).

These would have boards with membership based, not on only representation through councillors, but also on appropriate commercial governance skills. The regional holding entity would tend to become a substantial organisation and attract a range of current regional bodies to come under its umbrella.

There are a number of governance implications of this option, including how representation would be managed. The Chair of the holding entity Board would be a sought-after Chair position and its length of occupancy would be crucial to its success.

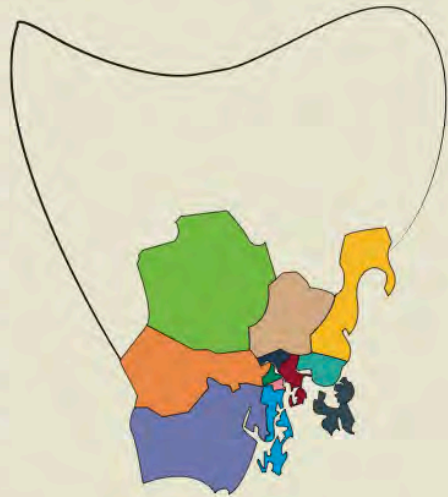
Under this option, Councils could continue to have a 4-year election cycle, with the directly-elected Mayors having a 2 or 4 year period. The Council terms could be based on the Council elections of 4 years with all in, all out or half in, half out as is currently the case.

Status Quo with Shared Services

The 12 Councils stay as they are and sign up to a joint body, which takes over an agreed range of regional activities, such as planning, procurement, looking after roads. It becomes the main point of contact for residents.

The joint body would be a substantial organisation, sitting between State and local government. It would bring together various regional authorities and could produce significant savings by coordinating services. These would be managed centrally and delivered locally. There would be very little change to the local government structure but there could be tension between Councils and the governing board of the regional body. While shared services as a means of achieving economies of scale from small local government units may be an attractive theory, there are few examples in Australia where robust and long term shared services have been achieved.

The greatest benefits would come from better advocacy for the region, improved efficiency, cost savings and minimal disruption.



Some functions might be shared with the State Government over a period of time. It is possible to envisage, a further review of whether it would continue to be controlled by local Government or be subsumed under the State Government apparatus. This would be influenced by the performance of the holding entity company.

Advantages

Under this option, the regional model could produce savings through the regionalization of some services. Regional advocacy and the regional reputation would be strengthened. It would involve minimal change to local Government in the initial stages although it is predicted this would change over time.

The current proliferation of regional government bodies is confusing, and this option offers some opportunities to streamline and make more visible the service authorities that exist.

Disadvantages

The major disadvantage of this model is that there is a lack of direct democratic accountability. There may be greater tensions between democratically elected councils and the regional body than is currently the case. The growth of regional bureaucracies under this Option would also tend to inhibit local government accountability and advocacy.

While the theory of shared services as a means of achieving economies of scale from otherwise small local government units may be attractive, there are few examples in Australia where a robust, sustainable, long term model of shared services across a wide range of functions has been achieved.

Community engagement models would need to be removed from local government under this model for those services where service delivery shifted from Local Councils to the holding entity.

There is the potential for the State Government's relationship with, and respect for, local government to be compromised as the regional body grows in power and influence, and it may raise longer-term questions about the continuing role of local government itself. The blurring of the relationship between this regional service model and the State's own management arrangements for regional services may also raise questions about the potential for rationalization of both sectors in the provision of services.

There may be increased costs of governance under this option and certainly no savings in governance.

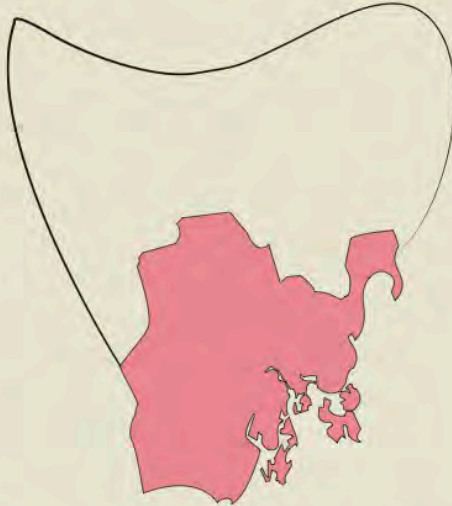
OPTION 2 A SINGLE SOUTHERN TASMANIAN COUNCIL

A Single Southern Tasmanian Regional Council

The 12 Councils are merged to create a Southern Tasmanian Regional Council (STRC). This Council would serve 260,000 people – 50% of the population of Tasmania – making it the seventh largest Council in Australia.

The STRC would be a powerful force in Australian government, advocating for the region, and there would be considerable savings for ratepayers. However, it would cover such a vast area that some communities would be more than two hours' travelling time from the seat of power. Big might be too big. A recent survey found that only 35% of people living in the region supported this option.

The greatest benefits would come from better advocacy for the region, a simpler local government structure, improved efficiency, less duplication and cost savings.



Under this option a Southern Tasmanian Regional Council would be created. It would serve a population of 260,000 and be the seventh biggest Council in Australia. It would represent approximately 50% of the Tasmanian population and cover 38% of its geographical area. This would become a powerful authority and may be inordinately large given Tasmania's population size.

There would need to be delegated authority to localised community committees for specific and limited responsibilities, such as minor public works, determining how best to manage local parks and running of local events, such as community festivals.

Under this model there would be ward-based representation and the Council would have between 21 and 27 Councillors, plus the Mayor. This might be 15 Councillors from the Hobart

metropolitan area, 2 Councillors from the former larger rural Councils and 1 each from the former smaller rural Councils.

If this model is adopted, the Panel will make recommendations regarding appropriate transitional governance arrangements over the next two years to ensure that local representation, capital works funding, sense of place and employee arrangements are planned and managed appropriately.

Advantages

The Southern Tasmanian Regional Council would have significant gravitas. It would achieve considerable savings through regional service delivery and costs of governance and management savings. It would enable strong advocacy for the Southern Tasmanian region, including Hobart. It would potentially attract direct Federal Government funding, and would achieve better co-ordination of services.

Disadvantages

One of the biggest disadvantages of this option is the potential disempowerment of local communities, especially smaller rural communities. In some cases the distance to the centre of power from some locations would be over two hours travelling time. Councillors closest to the centre would have easier access and more capacity to influence the Council as an organisation. Areas such as the Hobart CBD would potentially also have less influence.

The transitional process could be personally disruptive for some elected officials and appointed officials, and could be of concern to a number of local communities.

Over a period of time, the Northern and the North Western Tasmanian Councils, and their local business communities may wish to form similar sized Councils in their respective Regions. The creation of three Regional Councils could be seen as a threat to the State Government. The recent STCA Community Survey indicated that only some 35% of the community of the Region supported this option.

A Southern Tasmanian Regional Council might be so big, with so many diverse influences and interests, that it could become dysfunctional in its governance and operations.

OPTION 3 GREATER HOBART

This model would propose a new Greater Hobart City Council, comprising the current cities of Hobart, Glenorchy, Brighton, urban Clarence (with Richmond and surrounds moving into the Sorell Council area), and the urban part of Kingborough, excluding the Channel and Bruny Island (which would most logically be incorporated into Huon Valley).

Other Councils would remain as they are at present. While this is a significant change in terms of the current position in Tasmania, this new City would have a population in the order of 165,000 people, which would rank it as only the 26th largest local government in Australia. In this sense, it would be of a scale consistent with regional and capital city councils in the rest of Australia. The creation of Greater Hobart Council would also be consistent with the way other cities of its size are governed around the world.

The balance of the Region, including the non-urban part of Kingborough would remain under present government structures.

The governance of the new Greater Hobart Council to be fully effective could involve:

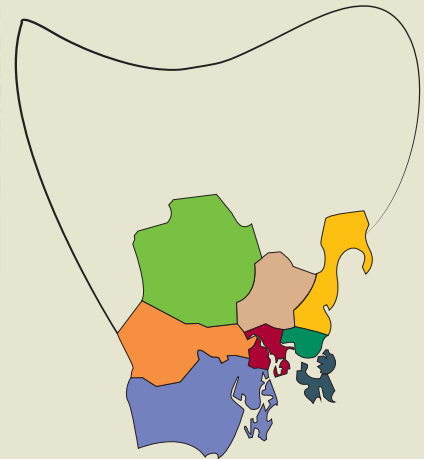
- A directly elected Mayor, for a four-year term
- Around 15 elected councillors, based on a representation of around 1:11,000
- A Ward structure, at least for an initial period to ensure local representation
- A Precinct or locality-based community advisory structure

If this model is adopted, the Panel will make recommendations regarding appropriate transitional governance arrangements over the next two years to ensure that local representation, capital works funding, sense of place and employee arrangements are planned and managed appropriately.

Greater Hobart

A new Greater Hobart City Council is created from Hobart, Glenorchy, Brighton, most of Clarence and the urban part of Kingborough.

A new Council would comprise Richmond and its surrounds and the Sorell area. The Channel and Bruny Islands and Huon Valley would merge to form a new Council. The other Councils remain the same.



This option would maximise the potential of Hobart to provide a powerful voice for the metropolitan area and for the whole of Southern Tasmania. Significant savings would be made, and the City of Greater Hobart would be of a size that would command respect both nationally and internationally. It would be of a scale consistent with regional and capital city Councils in the rest of Australia, but rural communities would retain their local identity and local control. On the flip side, some areas within the new metropolitan boundaries could feel the loss of their independent identity.

The greatest benefits would come from a stronger Hobart and Southern Tasmanian economy, better advocacy for the region, a simpler local government structure, improved efficiency, less duplication and cost savings.

This model would require appropriate measures to ensure that the new Greater Hobart City Council continues to be an active supporter of an STCA to provide appropriate support of the hinterland and satisfactory connections between the two. It is assumed that the application of the formula for the distribution of Financial Assistance Grants to local government would ensure some improvement in the financial assistance to rural councils.

Advantages

A number of possible advantages might be considered to arise from this model in terms of the issues raised earlier in this report:

This model would result in the creation of a powerful, democratically elected Council and its leader who could provide a significant voice in State and national political discussions. It would particularly enable the Hobart community and elected representatives to foster integration, to “think big” and to develop a strong role on the national and international stages

A number of the advantages identified in Option 2 above may be considered to apply to this option, including:

- Gravitas
- Savings
- Advocacy
- Access to Federal funding
- Coordinated services, without a confusion as to its primary goal inherent in Option 2

The costs of governance in terms of elected officials may also be expected to fall from almost \$1.5 million per annum at present to less than \$0.5 million

It is clear from the community survey that there is a substantial body of support from the Hobart community for amalgamations of councils in the Hobart area.

It would enable service rationalisation, coordination, and greater economies of scale over time

Importantly, it would provide Hobart with a real opportunity to think and act strategically and to attract the best political and professional talent.

Disadvantages

A large and strong urban centre in Hobart could potentially swamp the needs of the rural hinterland, and a cooperative and symbiotic relationship would need to be fostered for mutual benefit

The transitional process could be personally disruptive for some elected and appointed officials, and could be of concern to a number of local communities

Local communities, and the eastern and western shores in particular, may feel that their local identity could be lost. There would need to be a clear position that guaranteed some form of local self-determination.

OPTION 4

SEPARATE EASTERN & WESTERN SHORE COUNCILS & RURAL MERGERS

Separate Eastern & Western Shores for Hobart & Regional Amalgamations

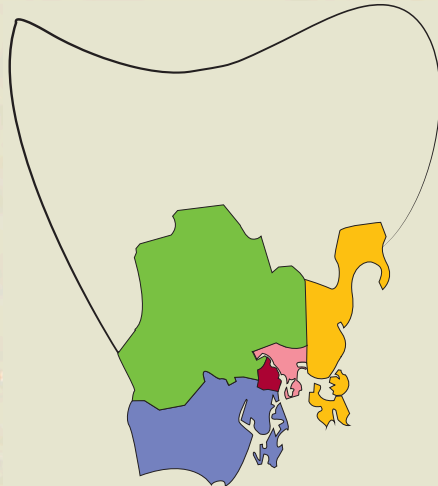
The creation of new local government areas, reducing 12 Councils to, say, five – Eastern Shore, Western Shore, South Eastern Coast or Tasman, D’Entrecasteaux, Central Lakes.

The Eastern Shore would comprise Clarence, Brighton and the urban part of Sorell. The Western Shore would comprise Hobart, Glenorchy and urban Kingborough. South East Coast or Tasman

would comprise the eastern part of Southern Midlands, Sorell, Tasman and Glamorgan/Spring Bay. D’Entrecasteaux from a merger of Huon Valley and the rural part of Kingborough. Central Lakes from Central Highlands, Derwent Valley and the western part of Southern Midlands.

This would mean a more equal balance of power between Councils in the region, as well as a more efficient way of working. It also recognises the claims by some that the eastern and western shores of Hobart are different communities. However, it would fail to capitalise on the potential of a single political voice and administration for the whole metropolitan area of Hobart. There would be a significant amount of upheaval for limited cost savings. The region could also lose out in advocacy.

The greatest benefits would come from a simpler local government structure, improved efficiency and less duplication.



This model is advanced in recognition of some of the apparent sensitivities between the eastern and western shores of Hobart, and in an attempt to introduce greater equality in size between the councils of the Region.

It might involve the following new councils:

- Eastern Shore – comprising Clarence, Brighton and the urban part of Sorell (approximately 80,000 people)
- Western Shore – comprising Hobart, Glenorchy and urban Kingborough (approximately 125,000 people)
- South East Coast or Tasman – comprising the rural part of Sorell, Tasman, Glamorgan/Spring Bay and the eastern part of Southern Midlands (approximately 11,000 people)
- D’Entrecasteaux – comprising Huon Valley, and the rural part of Kingborough (approximately 18,000 people)

- Central Lakes – comprising Central Highlands, Derwent Valley, and the western part of Southern Midlands (approximately 15,000 people)

The Panel is concerned about the distances within some of these centres to the centre of governance, and believes that such an option would need to consider a developing role for local township committees to assist in local self-determination in these communities. The STCA would also need to continue to have a strong and developing role in bringing together the strategic agenda for the Region.

If this model is adopted, the Panel will make recommendations regarding appropriate transitional governance arrangements over the next two years to ensure that local

representation, capital works funding, sense of place and employee arrangements are planned and managed appropriately.

Advantages

The following advantages may be seen to arise from this model:

- A more equitable balance of power among councils in the region
- An understandable structure
- Some improvement would be possible in the capacity for collective decision making, with a reduced number of councils
- Potential improvements in efficiency and effectiveness through larger local government units

Disadvantages

- This model does not seem to respond to the needs of the Hobart metropolitan area as outlined earlier in this report.
- It can be argued that the joining of councils on the eastern shore will effectively achieve very little.
- A smaller number of councils could accentuate divisions between them
- The model does not do enough for a strategic approach to a number of issues, such as economic development, responding to metropolitan transport needs, or for the replication of community infrastructure between the councils
- Distances to local government centres would increase for some local communities
- The smallest cost savings and efficiencies of the four models with moderate governance, management and service delivery savings.

Conclusion

The STCA is to be commended for taking the initiative to undertake this review, and it is an important time for local government and the communities of Southern Tasmania to reflect on the potential for changes in the status quo to achieve the goals set out for this Study.

The Panel has not reached a final conclusion as to what it will recommend to the STCA, but has in this document highlighted some of the key options that the Region may consider.

We look forward to the discussion around these and the many other potential options, and hope that we can jointly develop a model that achieves the full potential of this wonderful region.

Your feedback

Please consider the four options. Discuss them with others. Tell us which one you think is the best and why.

Write to GPO Box 503 Hobart 7001

or

Email independentpanel@netspace.net.au