



South East Councils Feasibility Study

Addendum #2: Options Analysis

30 September 2016



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Section 1: Potential Impacts of Reform





1.1. Considering Shared Services

Considering Shared Services

Shared Services

Shared services refers to an arrangement where two or more local councils jointly provide:

- External services that councils provide to the local community such as waste management and community services
- Back office functions that support external services such as information technology, finance, legal counsel, payroll and human resources
- Procurement in regards to purchases of goods and services.

Shared services may also include one or more councils partnering with organisations other than local government for the delivery of the specific purposes.

Reasons and Benefits of Share Service Arrangements

A report titled *Collaborating Councils: A Survey of Shared Services (2014)* identified that the main reasons for participating in shared services arrangements from the perspective of Tasmanian municipalities included:

- Cost savings
- Access to skills / expertise
- Take advantage of economies of scale
- Quality improvements
- Building organisational capability

The anticipated benefits of shared service agreements identified by councils in the report included:

- Cost savings
- Access to skills / expertise
- Economies of scale
- Quality improvement

Shared Service Arrangements Governance and Management structures

The table below includes survey results from *Collaborating Councils: A Survey of Shared Services (2014)* which identified that 33% of councils in Australia indicated that there were no formal governance arrangements for share service arrangements whilst 37% indicated that there was a formal joint arrangement for the management structure.

Governance and Management Structures of Share Service Arrangements			
Governance	%	Management	%
No formal governance	33	Formal joint arrangement	37
Lead council or agency	28	Formal arrangement	30
Committee	15	Informal arrangement	21
Not Applicable	12	Memorandum of understanding	9
Board	9	As an incorporated association	2
Some other arrangement	3	Don't know	1
Don't know	1		

Factors of Success and Significant Barriers

The report *Collaborating Councils: A Survey of Shared Services (2014)* indicated that certain underlying factors need to be present to facilitate a shared service arrangement including sharing commitment across partners, support from staff involved, support from senior management and support from the general manager.

Barriers identified by the report included insufficient senior management leadership/support, merging and/or standardising systems, managing cultural change and/or staff resistance and insufficient political leadership/will.



Considering Shared Services

Shared Services

Shared Service Models

There are various models that can be utilised to implement a shared service arrangement including:

- Resource sharing
- Centralisation of services
- Joint venture
- Outsourcing

Other variations of resource sharing include:

- Integrated Local Area Council Model (ILAC)
- Tasmanian Partnership Agreement

Resource Sharing

Resource sharing refers to arrangements between local councils to share financial, human or physical resources to achieve common objectives. The main drivers behind resource sharing are efficiency and reduced costs. One council may own a resource and hire it to another council during normal business hours or off peak periods. Alternatively, two or more councils may jointly own a resource and share it on an agreed basis.

Centralisation of Services

Centralisation of services requires the relocation of multiple delivery sites to one centre (such as a 'centre of excellence') which then serves the whole region. It tends to generate efficiencies from increased specialisation and improved infrastructure. Services where the marginal cost of delivering one task (such as a planning approval) is low but the fixed costs (information systems) are high may also generate economies of scale.

Literature reviews suggest that the back office functions are best suited to centralisation. Most back office or administrative services can be delivered electronically and the volume of digitised data is expected to grow in the future. External services (e.g. community services, maintenance, etc.) are less likely to improve from centralisation as the cost of delivering an additional service may vary significantly and requires significant travel.

Joint Venture

Local councils may overcome revenue constraints through the creation of private companies whose purpose is to undertake critical infrastructure or projects that are judged to be in the best interests of the community. The council is often not a contracted party itself but rather it establishes a company, with potentially other council joint venturers, through which the enterprise is conducted.

Joint ventures have many benefits, including the opportunity to share costs and risk. They have proven to deliver value for money for ratepayers as well as a consistent and responsive private entity to complement council operations. Parties often gain from the different expertise and perspective brought by other parties to the project.

Outsourcing

Key functions may be outsourced typically to organisations from outside the local government sector. A potential weakness of this model is that regional areas may not have sufficient scale to generate benefits, and there may be adverse net employment impacts that often generate community opposition.

Integrated Local Area Council Model (ILAC)

An ILAC model seeks to create an optimal region either within an existing government area or shared between a number of municipalities. In essence the ILAC model considers each local council function and attempts to determine its optimal service region. Whilst some functions must be addressed at a regional and sub-regional level, other services should be locally undertaken. It follows that the optimal area of operation for different services and functions varies according to the characteristics of these services and functions rather than arbitrary council boundary lines.

Tasmanian Partnership Agreements

Tasmanian partnership agreements are considered to be an inter-governmental framework to resource sharing. It utilises a 'whole of government' approach to which municipalities and the state government come together for matters of mutual interest to find a solution. All of the municipalities in Tasmania have had a partnership agreement with the state government bilaterally, regionally and at a whole-of-state level. New agreements are no longer being established.



Considering Shared Services

Shared Services

Shared Service Models

The following table presents a summary of the shared service case studies detailed in Appendix 1.

Case Studies				
Arrangement	Regional Planning	Service Delivery	Back-of-House Functions	Procurement
Brighton Common Service Model		✓	✓	
Hunter Councils	✓	✓	✓	✓
WBC Strategic Alliance	✓	✓	✓	
Cradle Coast Authority	✓	✓		
Tasmanian State Partnerships		✓		
Southern Tasmanian Councils Authority	✓			
Northern Tasmania Development	✓			
Southern Waste Strategy Authority		✓		
Dulverton Regional Waste Management Authority		✓		
The Copping Refuse Disposal Site Joint Authority		✓		
Other council Arrangements		✓	✓	

This illustrates that for each of the case studies, the shared service models have different functions and objectives ranging from high-level regional strategy to lower level service delivery and back office functions between whole-of-region or sub-regional councils.





1.2. Considering Amalgamation Benefits

Considering Amalgamation Benefits

Amalgamation Benefits

Consideration of Amalgamation benefits

In considering the amalgamation options for financial modelling purposes, the following amalgamation benefits have been assumed:

- Reduction in materials and contracts expense
 - It is assumed that savings from materials and contracts have already been partially achieved through the provision of existing shared services. The councils currently purchase and procure nearly all plant, equipment, leasing through shared arrangements or through state or industry aggregated contracts. However, under all the options being considered, it is assumed that further savings arise from having increased purchasing power due to size and the ability to negotiate on key contracts to standardise and realise efficiencies.
- Reduction in councillor expenditure
 - A lower number of councillors is expected to represent the population in any amalgamated model, compared to the current arrangements.
- Reduction in employment costs
 - Efficiency gains are expected to be realised from employee costs, through the reduction of staff performing duplicated activities, as well as from redeploying staff from back-office to front-line positions, which is a theoretical result of economies of scope. However, evidence has shown that these efficiencies are not always consistent across the organisation.
 - Corporate Services, Works and Planning are identified as areas that are fairly consistent across the councils, and therefore amalgamation could provide process efficiencies as well as reduction in FTEs. Community and economic development functions including tourism, childcare, culture and recreation are less able to yield savings through reduction in employment due to the desire to maintain current service levels.

It is noted that in considering the scope for amalgamation costs and benefits, it is assumed that service levels remain at current levels.

The assumptions around these benefits as well as some key benchmarks from relevant case studies are explained on the following slide.

Benchmarks

Summary of Assumptions: Financial Benefits	
Case Study Benchmark	
Materials and Contracts	<ul style="list-style-type: none"> Auckland Regional Council Amalgamation found a 3% efficiency saving on material and contract related expenses from amalgamation. In the Pittwater & Manly case by KPMG, savings on materials and contracts were estimated to be 2%, as a result of scaling back from the Auckland benchmark. In the KPMG Hornsby Shire Council Case Study, savings from other expenses such as bank charges, bad debts, Councillor expenses were assumed to be 3%.
Councillor Expenditure	<p>Given the lack of a consistent benchmark, the number of councillors has been based on discussions with the General Managers, and examination of the number of councillors recommended under the Local Government Board of Inquiry in 2013. The calculation of the savings from councillor allowances has been based on the current councillor expenditure, and the calculated expenditure for each option which is based on the relevant allowances as set by the Local Government Division.</p>
Employment Costs	<ul style="list-style-type: none"> Auckland Regional Council Amalgamation resulted in a 16% reduction in total FTE. Toronto Council amalgamations (1998) found a: <ul style="list-style-type: none"> 14% reduction in corporate support 34% reduction in management positions 60% reduction in executive management positions New South Wales - regional councils were assumed to experience no net staffing reductions, whilst metropolitan councils were assumed to face a 7.4% decrease in staffing costs, which were notably from reduction in the senior management level. Morrison Low assumed a 35% reduction in corporate support, and a reduction in works of 20% in the Feasibility Study into the Holroyd, Parramatta and Auburn Councils merger as part of the NSW Fit for Future reforms. As a result of the Toowoomba Council amalgamation, salaries increased by 6.65% as a result of salary equalisation.
Asset Rationalisation and Consequent Operating Expenditure	<p>In the Rockdale (NSW) Fit for Future merger analysis undertaken by Morrison Low, it was assumed that amalgamation would bring about a:</p> <ul style="list-style-type: none"> 20% reduction in Plant and Fleet, and a 5% reduction in Property Assets.





1.3. Considering Amalgamation Costs

Considering Amalgamation Costs

Amalgamation Costs

Assumed Costs of Amalgamation

The costs of the amalgamation options presented in this Report have been incorporated into the financial modelling presented in Section 2. These costs have been based on assumptions from relevant case studies, and those discussed with the General Managers from each of the councils. The following amalgamation cost categories have been assumed across the options:

- Redundancies - this arises from the reduction in staff who would be performing duplicate activities and functions under an amalgamated model. Details and the rationale for these assumptions have been provided for each option in section 2.
- Financial Assistant Grants reduction - as a result of larger council areas and different financial profiles. This is explained further on the following page.
- ICT integration - including the licensing and implementation of organisational-wide IT systems and applications, which would be a one-off cost.
- Amalgamation costs such as relocation, rebranding. This is anticipated to be a one-off item, incurred in the first phase of implementation (currently the first year).

The assumptions around these costs and some key benchmarks from relevant case studies are discussed in the remainder of this section.



Considering Amalgamation Costs

Amalgamation Costs

Financial Assistant Grants

The principles for determining the distribution of grant funding are set by the Commonwealth Government, and are consequently determined and administered by the State Grants Commission.

The base grants for councils are made up of a per capita component, a relative needs component, as well as a roads component. In considering amalgamation alternatives, it is acknowledged that the per capita and roads components do not change under each scenario. Therefore, the only component of the grants distribution that will likely change as a result of a council amalgamation, is the relative needs component. This is calculated based on the three year average deficit of a council, and the council will receive a share of the relative needs pool according to share of the total statewide deficit. Note that if the council is operating in a surplus, then there is no relative needs component.

In the financial modelling, it is only the relative needs component which has been removed in Options 1 and 2, given that the addition of Clarence puts the new council into surplus. It is also noted that the Grants Commission will not change grant funding for four years following amalgamation. Therefore these changes will be assumed to begin from year five onwards.

Due to the current three-year federal government freeze on the indexation of Financial Assistant Grants, for the purposes of the modelling it has been assumed across the 10 year period that these grants remain flat. It is also assumed that other operating grants escalate by CPI, which is in accordance with the councils' long term financial plans and models.

2015-16 Grant Funding as per State Grants Commission	Clarence	Glamorgan Spring Bay	Sorell	Tasman
Base Grant				
Per Capita	1 087 929	90 433	277 398	48 276
Relative Needs Share	-	1%	3%	1.6%
Relative Needs Grant	-	233 465	725 596	387 108
Total	1 087 929	323,898	1 235 354	428 713
Roads Grant				
Roads Funding	1 422 260	880 253	928 209	475 799
Total	2,510,189	1,263,883	2,163,563	904,512



Considering Amalgamation Costs

Amalgamation Costs

Redundancies

In anticipation of the reduction in employees, redundancies may be expected for senior management in the first year, and for duplicate back-office staff following the end of the transition period.

The methodology for calculating the costs of redundancies has been driven by the current enterprise agreements within each of the four councils. By way of summary, the enterprise agreements contain the following conditions:

Current Enterprise Agreement Comparison for Voluntary Redundancies	
Clarence	<ul style="list-style-type: none"> • \$5,000 payment for taking voluntary redundancy • 3 weeks severance pay for every continuous complete year of service • 4 weeks redundancy pay
Glamorgan Spring Bay	<ul style="list-style-type: none"> • No forced redundancies • \$5,000 payment for taking voluntary redundancy • 3 weeks severance pay for every continuous complete year of service
Sorell	<ul style="list-style-type: none"> • \$5,000 payment for taking voluntary redundancy • 3 weeks severance pay for every continuous complete year of service • 4 weeks redundancy pay
Tasman	<ul style="list-style-type: none"> • Severance pay based on continuous years of service (scales upwards with the number of years completed).

For the purposes of the modelling, it is assumed that redundancy entitlement consists of 4 weeks pay and 3 additional weeks of severance pay per additional year of service, and a \$5,000 payment for voluntary redundancy. This is currently the EBA for Sorell and Clarence.

It is noted that employees are also entitled to long-service leave entitlements. This has been left out of the calculation for consistency.

ICT & Other Transition Costs

ICT investment is critical for a merging entity to be both functional and operational. This includes establishing common email systems, business applications and reporting systems, website development and data migration.

Whilst many of the IT decisions will need to be determined by the new council which will ultimately effect the ongoing costs, there are some core costs that will be incurred in terms of bringing the councils together and operating from day one.

Other transition costs capture the costs of relocating staff, retraining, and re-branding. These are one-off costs, that are typically incurred in the first years of transition.

These costs will largely depend on the operating model and organisational change management that is decided by the new council.



Considering Amalgamation Costs

Benchmarks

Amalgamation Costs	
Case Study Benchmark	
ICT Costs	In the Toronto Council Amalgamations in 1998, approximately 30% of the total costs of amalgamations were due to ICT consolidation. For the purposes of this study, ICT costs expected will be determined on a case-by-case basis, as they will depend on the current state and the available alternatives and the specific compatibilities between the councils. It is also noted that ICT costs will depend on the decisions made by the new council.
Other Transition Costs-including relocation	In the KPMG study into merger options in NSW, it was assumed that transition costs would be 2% of the merged entity's operating expenditure in the first year of operation. Many of these costs will be determined by the decisions of the new councils, and further detailed refinement of the operating models.
Redundancy Costs	The Toronto Council Amalgamations in 1998 found that approximately 30% of the total costs of amalgamations were due to redundancies. Other case studies have calculated redundancies on a case-by-case basis.
Total Transition Costs	Many previous Feasibility Studies around local government reform have estimated total upfront costs as around 4.7% of total annual expenditure, as taken from the Toronto Reforms in 1998 (Pittwater & Manly, KPMG), (Morrison Low, Rockdale), (Hornsby, KPMG). The bulk of these transition costs were estimated to occur in the first three years (Randwick Council, Morrison Low). This is a general benchmark that has been applied in the modelling, however redundancies have been calculated separately based on the employee profiles of the councils, and have been backed out accordingly.



Section 2: Exploring the Options



Introduction

This section provides an overview of the analysis and financial modelling performed for each amalgamation option.

The first phase of the modelling required the base financials of the councils to be normalised. This provided consistency and comparability when consolidating. The second phase then provided a top down layer of savings and costs associated with amalgamation.

Normalisation Modelling

The purpose of the normalisation modelling is to provide a common and comparable set of financial statements for the purposes of modelling the amalgamation options. This allows each of the councils' financial position to be viewed on a comparative basis, using the 2014-15 actual results as a baseline for performance. Whilst the results vary from the long term financial plans, the purpose of the modelling is to form a baseline to analyse the relativities in the second phase of the modelling around the amalgamation options, rather than forecast a quantitative outcome.

The normalisation assumptions includes standardising CPI, using consistent growth forecasts, and standardising the treatment of grants and other operating and non-operating items. Capital expenditure has the largest impact on councils' cash flow, other than operating cash flows. Under all options, it is assumed that the capital expenditure remains at the level specified in the long term financial plans, given that these are derived from the asset management plans and reflect the varying levels of asset consumption and renewal. It is also noted that under all of the options, no new debt has been assumed.

An overview of the normalisation results and assumptions is provided on the following pages.

Amalgamation Modelling

The remainder of this section summarises the second phase of the modelling, which involved applying a set of assumptions relating to each scenario, around the costs and benefits of amalgamation.

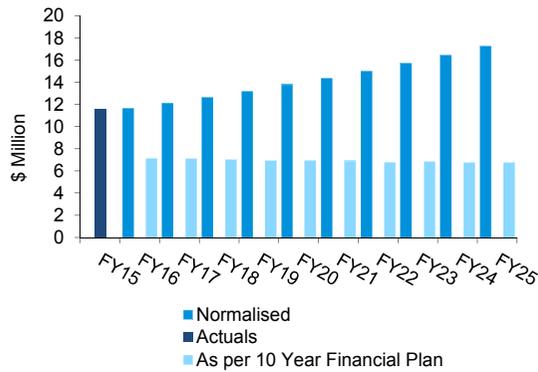
This section presents a chapter of dedicated analysis for of each of the options, which includes:

- Consolidated economic and demographic profiles
- Potential impact on the organisational structure
- The assumptions used for each of the consolidation option- for example redundancies, savings in materials and contracts etc.
- The headline financial results, including impact on operating surplus and other key financial measures.

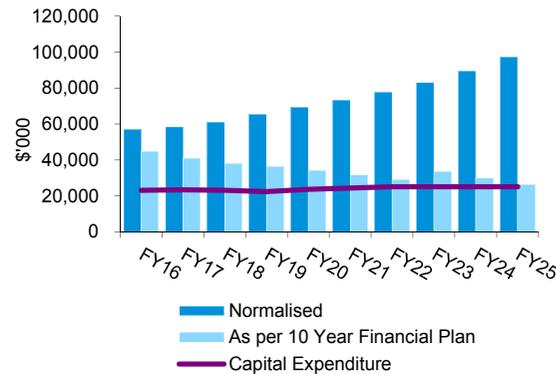
Exploring the Options

Summary of Normalised Results

Clarence Surplus - Comparison



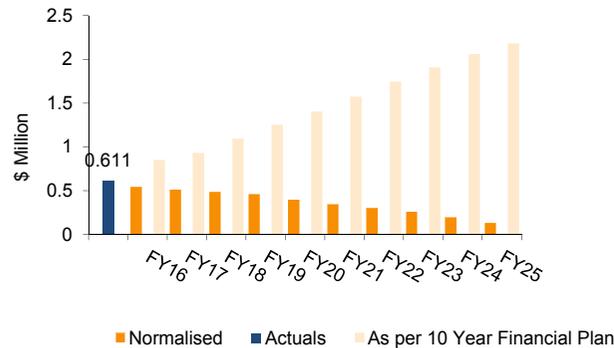
Clarence - Cash Balance Comparison



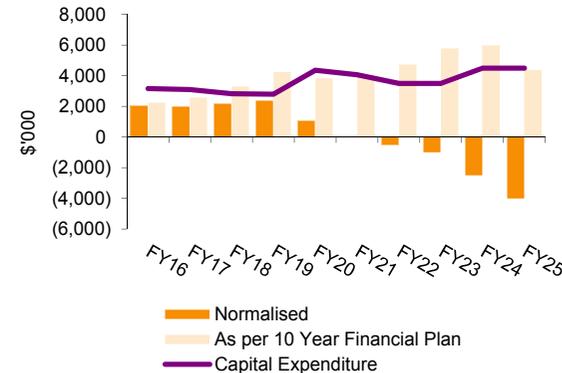
Clarence

- The normalisation has yielded a growing surplus for Clarence, above the surplus as per the 10 Year Financial Plan. It is noted that the most recently approved long term financial plan was in 2013, and therefore the plan does not reflect the last few years of actual results.
- The growing surplus is a result of standardising CPI and the rate growth factor for specific income and expenses. The growing surplus directly translates into a growing cash balance.

Glamorgan Spring Bay - Surplus Comparison



Glamorgan Spring Bay - Cash Balance Comparison



Glamorgan Spring Bay

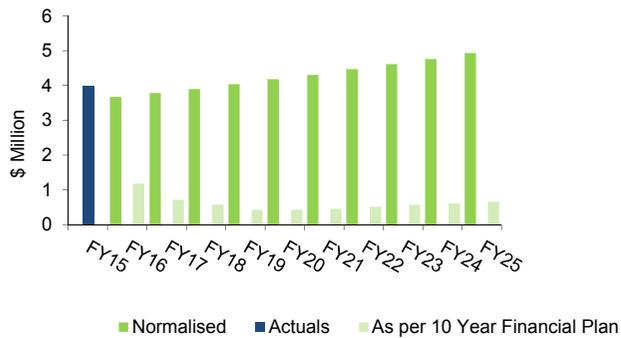
- Glamorgan Spring Bay's lower normalised results are largely due to the reduction in the CPI escalation rate assumed for revenue and the additional escalation factor (rateable property growth) applied to the employment costs and materials and contracts costs.
- These results cause the normalised cash balance to fall into deficit from FY20.



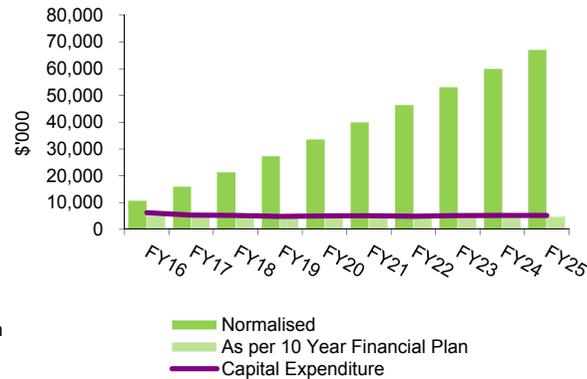
Exploring the Options

Summary of Normalised Results

Sorell Surplus Comparison



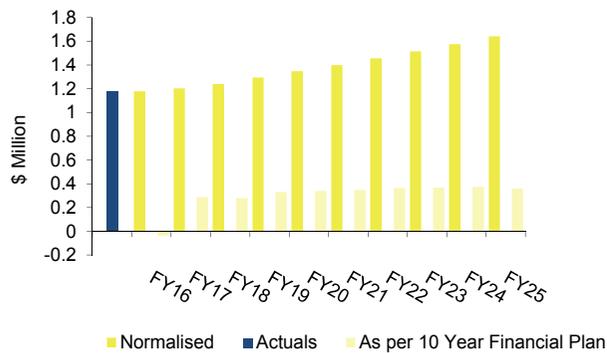
Sorell - Cash Balance Comparison



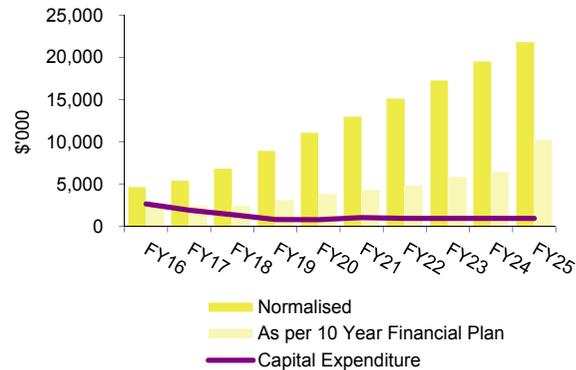
Sorell

- Sorell's long term financial plan escalates materials and contracts expenses using 5% of new asset expenditure. In year 2025 this produces a difference of \$1.5 million that has a direct impact on the operating surplus.
- The operating surplus also has increased as a result of using the 2015 FAG received as a baseline, which are substantially less than the estimates in the long term financial plan. By year 2025 this has a \$2 million impact on net operating surplus.
- Sorell's cash balance increases as a result of the accumulated operating surplus and limited capital expenditure.

Tasman Surplus Comparison



Tasman - Cash Balance Comparison



Tasman:

- Tasman's rate revenue increases as a result of using the historical rate growth average to escalate rate growth. In year 2025 this produces a difference of over \$700,000 in revenue.
- Tasman's long term financial plan increases other operating expenses over five fold from the 2015 results, whereas the normalisation results escalate these expenses at CPI. This also leads to an increase in normalised operating surplus.



Exploring the Options

Financial Modelling Assumptions

Base Assumptions of Financial modelling	
Assumption	Explanation
CPI	2.63%. This is the 10 year historical ABS figure.
Interest Rate	This effects the interest paid on long term and short term borrowings. This is assumed to be 3% over the period.
Discount Rate	For the purposes of discounting to present value terms, a 3% nominal interest rate has been use (reflecting the cost of capital).
Base Year Financials	The base financials used for the modelling are the 2015 actual, audited financial results. The first year of the modelling therefore is FY16. The model spans a 10 year period. Unless otherwise stated, the base financials have been combined for each of the Councils considered under each option, and escalated accordingly.
Rate Revenue	Rate revenue is calculated by taking the 5 year average organic rate growth for each council, in addition to CPI (four year average for Tasman given the fall in properties in 2012). The rate growth factors were utilised: - Clarence: 1.5% - Glamorgan Spring Bay: 0.8% - Sorell: 0.8% - Tasman: 1.8%
User Fees, Charges and Statutory Fees	These are escalated annually at CPI plus the organic rate base growth factor.
Grants and Subsidies	FAG are assumed to be held flat over the period, whilst operating grants are forecast to increase at CPI. Any changes to State Grants Commission payments are not expected to change for 4 years upon amalgamation.
Dividends	Due to the potential freeze on TasWater dividends, it has been assumed for modelling purposes that dividends are held flat over the modelling period.
Depreciation	Depreciation is assumed to reflect the asset base of each option, and given that revaluing assets and changing the useful lives of these assets is beyond the scope of this financial modelling, the depreciation policy will be a decision for the new council. Depreciation under the normalisation is calculated as the average 2014 and 2015 depreciation expenses divided by the total asset base. This is then multiplied by asset base going forward. Depreciation under the consolidated options utilises the average combined 2015 depreciation expense, divided by the total asset base under each option.
Materials and Contracts	Materials and contracts expense are assumed to escalate annually at CPI plus the rate growth factor.
Employee Costs	Employee costs are assumed to escalate at CPI plus the rate growth factor. Employment savings for the consolidation options have been backed out of the 2015 employment costs escalated at CPI plus the rate growth factor. The top 20% average salary for each department has been used as the base amount of the saving, and the number of FTE reductions have been developed with the Working Group. On-costs have also been included as part of the saving, as 23% of employment cost- which to be conservative, is the lowest rate of the four councils. It is noted that on costs vary significantly in theory and application between the four councils, and on-costs going forward will need to be decided by the new council.
Councillor Expenses	The savings calculated as the difference between the historical base expense escalated at CPI, and the new allowances expenses. The new allowances expense is calculated as the number of councillors multiplied by the Local Government Division allowances for each Option as follows, which are in line with comparable councils: Option 1 & 2: \$34,002 per Councillors Option 3: \$20,846 per Councillor Option 4: \$14,169 per Councillor
Other Income and Expenses	All other revenue and expenses are escalated at CPI.
Non-Operating Items and Other Comprehensive Income	Due to the desire to present a consistent and comparable forecast, non-operating items have assumed to be zero across all options for the consolidated modelling.
Debt	No new debt has been assumed across the councils' long term financial plans, and therefore no debt has been assumed in the modelling.
Infrastructure/PPE	No new sale of assets has been assumed. All forecast capital expenditure has been amalgamated using each of the councils' long term financial plans, and has not been normalised or adjusted due to the fact that these amounts reflect the individual asset management plans within each of the councils.





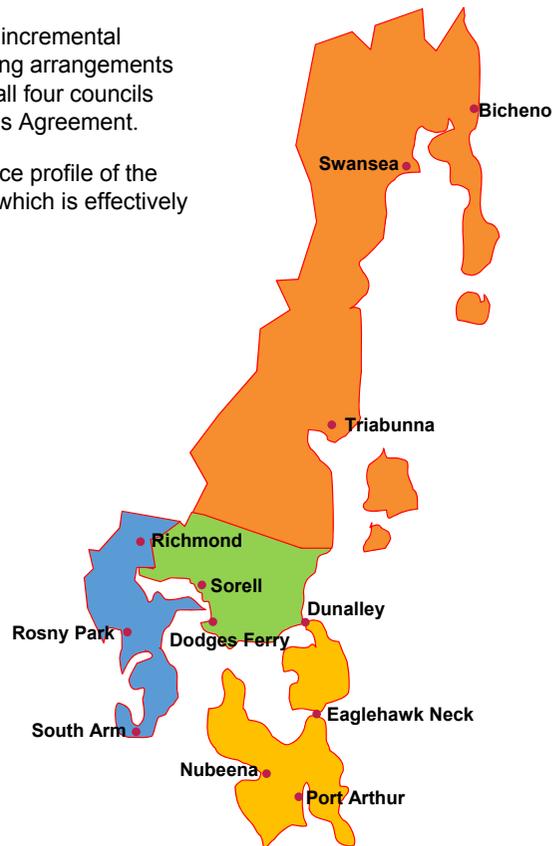
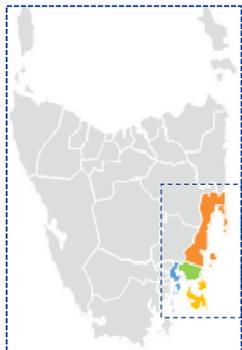
2.1. Incremental Shared Services

Incremental Shared Services

Incremental Shared Services

This option is based on the incremental extension of resource-sharing arrangements currently in place between all four councils under the Common Services Agreement.

The demographic and service profile of the councils are shown below, which is effectively the status-quo.



	Clarence	Glamorgan Spring Bay	Sorell	Tasman
Representation Profile				
Voter Enrolment (2014)	39,902	4,406	10,164	2,340
Councillors	12	8	9	7
Councillor-Voter Ratio	3,325.17	550.75	1,129.33	334.29
Service Profile				
Roads (KM)				
- Managed urban sealed roads	252	78	88	40
- Managed rural sealed roads	160	91	147	31
- Managed urban unsealed roads	3	13	23	18
- Managed rural unsealed roads	54	175	153	107
Total	469	357	411	196
Parks, Gardens and Reserves (Ha)	1,051	245	155	97
Planning Applications				
- Discretionary	492	307	151	54
- Permitted applications	54	25	62	46
- Permit not required		106	37	13
Total	546	438	250	113
Building Applications	738	483	195	86
Demographic Profile				
Population	54,674	4,493	13,955	2,405
Area (Sq Km)	378	2,591	584	661
Population Density (per Sq Km)	144.64	1.73	23.91	3.64
Average Income (\$)	51,893	39,104	44,062	37,154

ABS: 3218.0: Regional Population Growth Australia 2015
 ABS: 6524.0.55.002: Estimates of Personal Income for Small Areas, 2012-13

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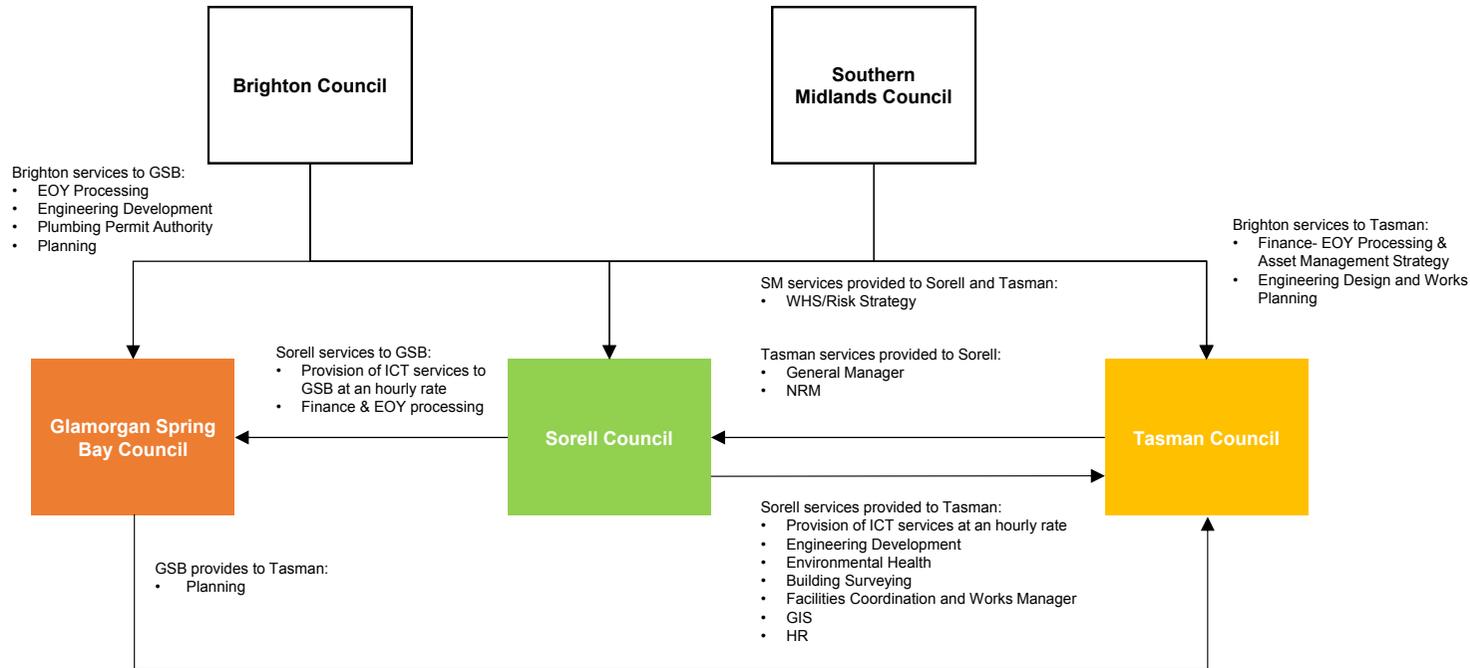


Incremental Shared Services

Incremental Shared Services

On April 1 2015, Sorell Council, Brighton Council, Southern Midlands Council, Huon Council, Glenorchy Council, Central Highlands Council and Tasman Council signed a Common Services Agreement which provided a foundation for the four councils to arrange separate shared services agreements.

A depiction of the current services provided by and to the relevant councils is displayed below, to indicate the extent to which shared services are already utilised between the councils.



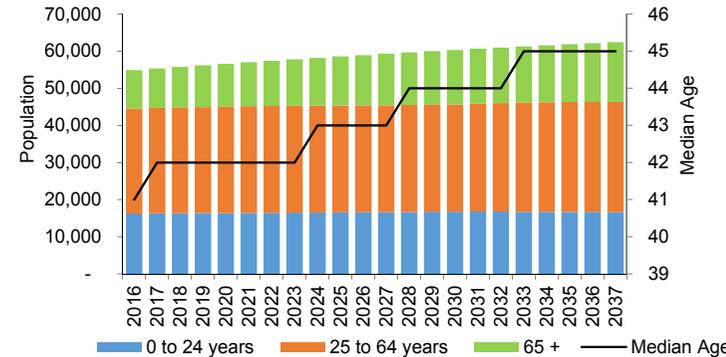
Incremental Shared Services

Key Points

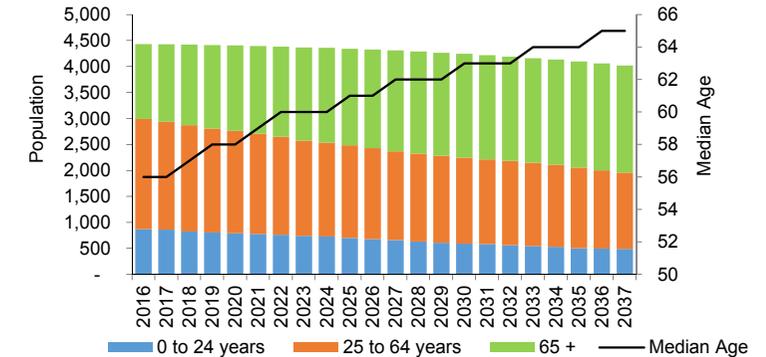
The projected population data produced by the Department of Treasury and Finance have indicated:

- Clarence's population will increase by 13.7% from 2016 to 2037. The median age will increase from 41 to 45 years of age.
- Glamorgan Spring Bay's population will decline by 9% from 2016 to 2037. The median age of the population will increase from 56 to 65 years of age. Out of the four municipalities, the Glamorgan Spring Bay will have the oldest population.
- Sorell will incur the largest growth in population at 31.4% from 2016 to 2037. The median age will increase from 41 to 44 years of age. This indicates that Sorell has the youngest population.
- The Tasman population will also experience growth from 2016 to 2037. Tasman will experience growth of 7.3% and the median will increase from 52 to 56 years of age. The median age will peak to 56 in 2026 and will remain the same through to 2037.
- Overall, all four Councils will experience large growth in the 65+ age bracket. The growth in the 65+ bracket is higher than the other brackets and will result in a higher proportion of the populations being within the 65+ age bracket.

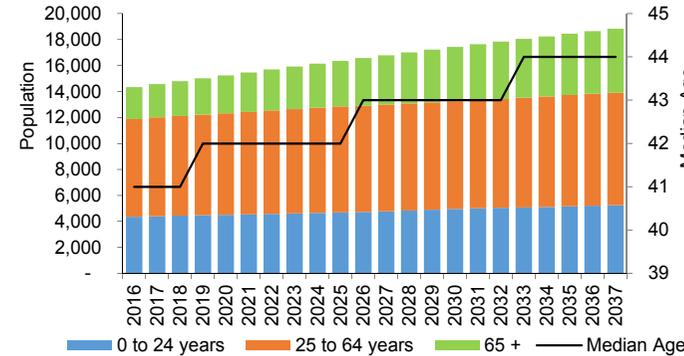
Projected Population by Age: Clarence



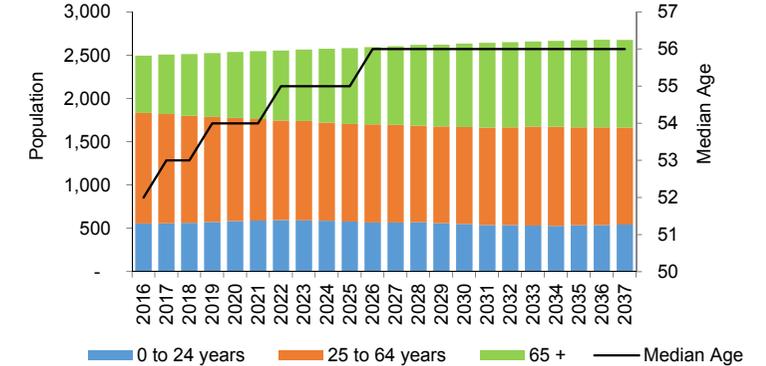
Projected Population by Age: Glamorgan Spring Bay



Projected Population by Age: Sorell



Projected Population by Age: Tasman



Population Projections 2014, Department of Treasury and Finance.



Incremental Shared Services

Assumptions

This option assumes incremental expansion of the current shared services arrangements. This effectively acts as a 'base case' for the analysis.

Under this option, each council would maintain independence in operating their own services and activities, however there would be changes in some services through resource sharing arrangements. Specifically, there is potential to undertake resource sharing arrangements for Corporate Services, Planning and Works.

Due to centralised procurement activities, this model could result in savings for materials and contracts, as well as employment costs from the consolidation of back office and other duplicated functions.

It is noted that there are many opportunities to explore resource sharing arrangements. For the purposes of this analysis however, KPMG have applied the assumptions outlined. It is also worth noting that there are no changes to governance under this scenario.

Assumption		Commentary
Costs of Further Resource Sharing Arrangements		
Costs of establishing shared services arrangements	\$250,000	Based on a third of the costs of the smallest amalgamation option.
Redundancy Costs	-	It is estimated that there are no redundancies under this option, and FTEs are reduced through natural attrition.
Contingency	\$50,000	A 29% contingency has been added to the cost of the amalgamation to be conservative.
Reduction in Grant Funding	-	No change as no amalgamation
Other Assumptions		
Materials & Contracts	1%	Conservative estimate based on scaled back benchmark amalgamation assumptions
Councillor Expenditure	-	No change to representational structure
Reduced Employment Costs	2.5%	Conservative estimate based on scaled back amalgamation assumptions, and the savings from the further centralisation of some activities. This is assumed to be a reduction in 2.5% of staff, through natural attrition.
Asset Rationalisation	-	A conservative approach has been taken and it is assumed zero asset rationalisation.



Incremental Shared Services

Financial Results

Based on the normalisation of the councils' 10 year financial plans along with savings associated with further resource sharing arrangements, the modelling indicates that a potential shared operating model could increase operating surplus' by \$0.9 m per annum. Approximately \$0.675 m of these savings are through employment savings.

The modelling for this base case has been based around the estimated savings that are assumed, rather than the financial projections for a combined, merged entity. Therefore, under this option the savings have been estimated on a stand-alone basis. The metrics have still been prepared in order to act as a base case against the other options.

Summary of Financial Results	Incremental Shared Services Model
Financial results	
Net Present Value of Costs & Benefits	\$9,003,286
Year 1 Savings in Employment Costs	\$675,119
Average savings in employment costs	2.5%
Year 1 Savings in Materials and Contracts	\$244,956
Year 1 Savings in Councillor Expenditure	\$0
Year 1 Costs of Amalgamation	\$300,000
Average Cost to Income Ratio	81.2%
Total savings	\$920,074
Organisational profile	
Total FTEs (between the four councils)	383
FTE per 1000 Rateable Properties	8.84
Service Profile	
Rateable Properties	43,340
Average Rateable Property Growth	1.27%
Operating Costs Per Rateable Property (Year 1)	(\$2,001)
PPE (\$'000) Per Square Kilometre	\$200





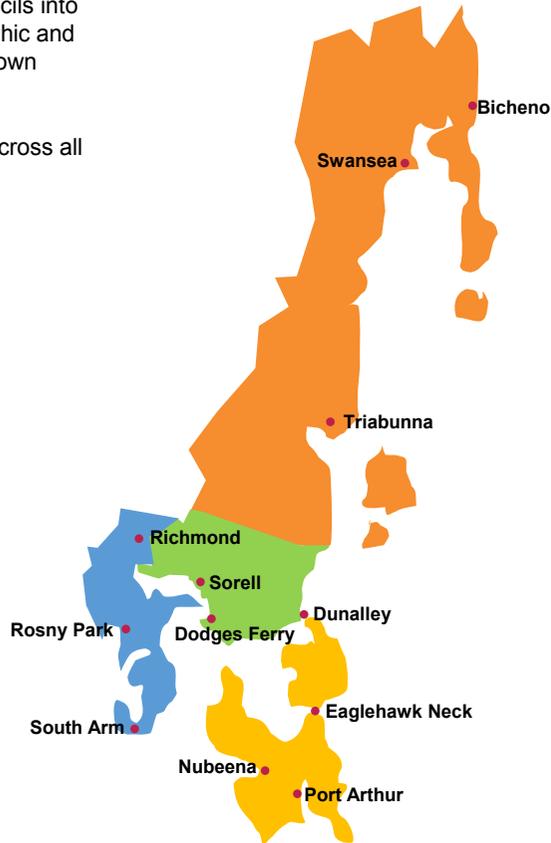
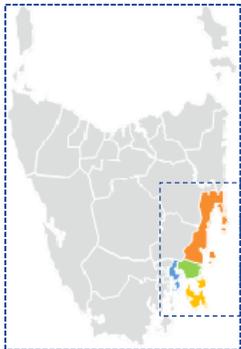
2.2. Option 1

Option 1

Snapshot

Option 1 is amalgamating all four councils into one south-east council. The demographic and service profile of the new council is shown below.

Option 1 involves a reduction in staff across all functional areas.



	Clarence	Glamorgan Spring Bay	Sorell	Tasman	Total
Representation Profile					
Voter Enrolment (2014)	39,902	4,406	10,164	2,340	56,812
Councillors	12	8	9	7	15
Councillor-Voter Ratio	3,325.17	550.75	1,129.33	334.29	5,164.73
Service Profile					
Roads (KM)					
- Managed urban sealed roads	252	78	88	40	458
- Managed rural sealed roads	160	91	147	31	429
- Managed urban unsealed roads	3	13	23	18	57
- Managed rural unsealed roads	54	175	153	107	489
Total	469	357	411	196	1,433
Parks, Gardens and Reserves (Ha)	1,051	245	155	97	1,548
Planning Applications					
- Discretionary	492	307	151	54	1,004
- Permitted applications	54	25	62	46	187
- Permit not required		106	37	13	156
Total	546	438	250	113	1,347
Building Applications	738	483	195	86	1,502
Demographic Profile					
Population	54,674	4,493	13,955	2,405	75,527
Area (Sq KM)	378	2,591	584	661	4,214
Population Density (per Sq KM)	144.64	1.73	23.91	3.64	17.92
Average Income (\$)	51,893	39,104	44,062	37,154	49,347

ABS: 3218.0: Regional Population Growth Australia 2015
 ABS: 6524.0.55.002: Estimates of Personal Income for Small Areas, 2012-13

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Option 1

Demographic Profile

Key Points

The projected population data and the Australian Bureau of Statistics (ABS) data indicate:

- From 2016 to 2037, the population of the potential amalgamated council is forecast to grow by 16%. The Clarence population will make up 71% of the population in 2037, whilst Glamorgan Spring Bay, Sorell and Tasman will make up 5%, 21% and 3% of the population respectively.
- The median age of the population will increase from 43 to 46 years of age. This indicates a broad ageing of the population. The age composition will show a lesser proportion of the population being within the 0 to 24 years and 25 to 64 years age brackets, and the 65+ age bracket will represent a higher proportion of the population, increasing from 20% to 27%.
- The weighted average of the SEIFA Scores for the index of relative socio-economic advantage and disadvantage (IRAD) would place the council within the top 25% of Tasmania, and the around the Australian median.

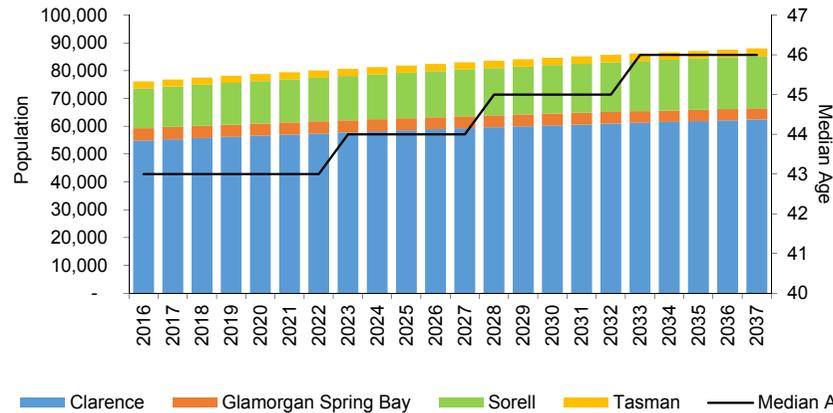
Population Projections 2014, Department of Treasury and Finance.

ABS Census, SEIFA 2011

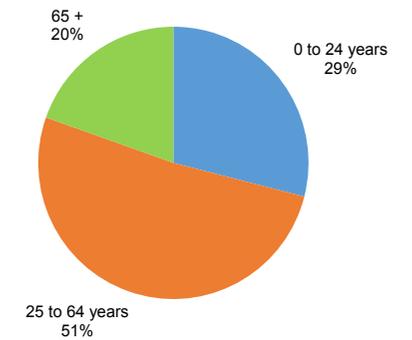


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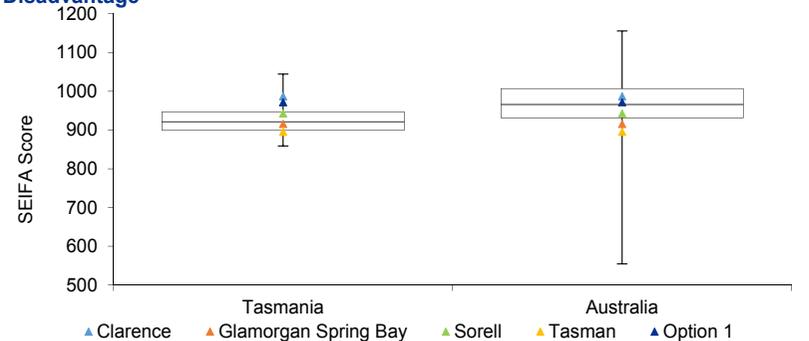
Projected Population



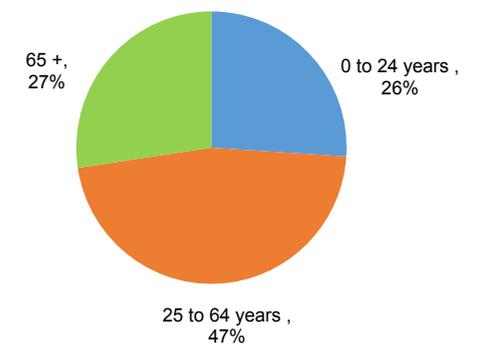
Population Composition 2016



SEIFA Index of Relative Socio-economic Advantage and Disadvantage



Population Composition 2037



Option 1

Assumptions

The assumptions driving the costs and benefits of amalgamation are summarised below.

Costs and Benefits	Assumption Modelled	Commentary
Costs of Amalgamations		
Other Transition Costs- including relocation, rebranding , and ICT	\$2.6 M in Year 1	This is calculated as 4.7% of total operating expenditure in the base year, less redundancy costs. It is assumed that Clarence's IT systems will be able to be deployed across the new council.
Redundancy Costs	Reduction in 55.5 FTE would amount to approximately \$2.7 M in Year 1	Redundancy costs have been calculated from the raw data, using the average salary, average duration of employment, and the assumed reduction in FTE. It is noted that redundancy costs and employee savings cost utilise the top 20% of average salaries, as it is assumed that the reduction of staff will occur at this level.
Contingency	\$1.06 m	A 20% contingency has been applied to the one-off amalgamation costs assumed, in order to be conservative.
Reduction in Grant Funding	\$1.35 M from Year 5	This is the combined relative needs component of the base grant for the councils under this option, escalated at CPI.
Savings from Amalgamation		
Materials & Contracts	1%	Scaled back estimate as per the case study benchmarks.
Councillor Expenditure	Reduction of 21 Councillors (36 Councillors to 15 Councillors)	The savings have been estimated as the difference between the current baseline expenditure going forward, and the new councillor allowances at the comparable Local Government Division set rate.
Reduced Employment Costs	See accompanying table.	Employment savings have been derived from the FTE reduction multiplied by the average salary of each division between the councils being considered under each option.
Asset Rationalisation	Assume zero	It is acknowledged that there is potential for asset sales under this option, however it has been conservatively assumed that there will be zero asset rationalisation for the purposes of the modelling.



Option 1

Representation and Staffing Assumptions

Division	Current FTEs	Proposed FTEs	Rationale
Councillors	36	15	
General Manager	3.0	1.0	<ul style="list-style-type: none"> It is anticipated that the new organisation would require one general manager. A reduction of 2 FTE at the general manager level would therefore be expected. Tasman and Sorell have already successfully implemented a general manager resource sharing arrangement.
Personal Assistant	2.6	1.0	<ul style="list-style-type: none"> As there is assumed to be one general manager in the new organisation, it is assumed that only 1 FTE personal assistant would be required.
Corporate Services	83.9	59.5	<ul style="list-style-type: none"> This is a 29% reduction in FTE as a result of the removal of duplication of activities in finance, HR, and IT. It is noted that there are IT resource sharing arrangements provided by Sorell to Glamorgan Spring Bay and Tasman. Sorell also provides Glamorgan Spring Bay with Finance services. Glamorgan Spring Bay and Tasman have outsourced finance related end-of-year processing to Brighton, which may no longer be necessary if Sorell staff were to perform such services. Clarence could also take over the outsourced services provided by the Southern Midlands Council.
Community Development	13.1	10.9	<ul style="list-style-type: none"> Reduction due to the potential to consolidate community development activities, and eliminating duplicate roles.
Childcare/Health	56.2	56.2	<ul style="list-style-type: none"> No changes to services expected, therefore no reduction in staff for childcare/health services.
Environmental management	34.6	28.3	<ul style="list-style-type: none"> Slight reduction in environmental management staff. It is noted that there is already resource sharing in this division between Sorell and Tasman, and there are also contractors used.
Regulatory Services/Planning	19.2	16.0	<ul style="list-style-type: none"> Slight reduction in regulatory planning staff, through the elimination of duplicate roles. It is noted that there is already resource sharing between Sorell and Tasman, and there are also external contractors used. Consolidation would potentially remove the need for additional contractors, and bring these activities in-house within the councils.
Engineering & Asset Maintenance	31.9	25.0	<ul style="list-style-type: none"> Slight reduction in engineering and asset maintenance staff. It is noted that there is already resource sharing in this division between Sorell and Tasman. Consolidation would potentially remove the need for additional contractors, and bring these activities in-house within the councils. Consolidation would potentially alleviate the need for Brighton outsourced services that are provided to Glamorgan Spring Bay and Tasman.
Infrastructure & Works	142.9	134.0	<ul style="list-style-type: none"> Reduction in works staff due to duplication of roles, particularly at the higher and lower ends of the division. This is only a slight due to the need to have a geographically diverse division across the region.
Visitor Centres	5.5	5.5	<ul style="list-style-type: none"> No changes to current services (aka visitors centres) under these scenarios.
Total	392.9	337.4	<ul style="list-style-type: none"> Overall, this represents a 14% reduction in total staff.



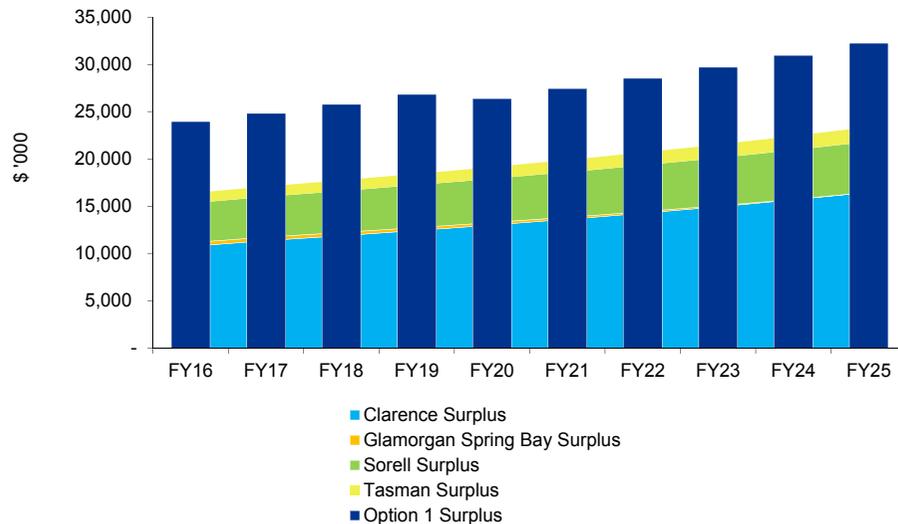
Option 1

Financial Results

In comparing the operating surplus' of each of the councils under Option 1, it is clear that the particular assumptions used has resulted in a comparatively greater operating surplus, mainly from employee cost savings amounting to \$5.7 m in year one or 21%.

The forecasting also results in a steadily increasing operating surplus, largely as a result of using consistent CPI assumptions and other assumptions around revenue and expenditure.

Option 1 Surplus comparison to normalised financial modelling results



Summary of Financial Results	Option 1 - Four Council Merger
Financial results	
Net Present Value of Costs & Benefits*	\$49,815,849
Year 1 Surplus	\$23,952,017
Year 1 Savings in Employment Costs	\$5,678,540
Average savings in Employment Costs	21.0%
Year 1 Savings in Materials and Contracts	\$244,956
Year 1 Savings in Councillor Expenditure	\$417,673
Year 1 Costs of Amalgamation	\$6,343,584
Average Cost to Income Ratio	77.4%
Additional Year 1 Surplus	\$7,578,628
Organisational profile	
Total FTEs	337
FTE per 1000 Rateable Properties	7.79
Service Profile	
Rateable Properties	43,340
Average Rateable Property Growth	1.27%
Operating Costs Per Rateable Property (Year 1)	(\$1,897)
PPE (\$'000) Per Square Kilometre	\$200



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Document Classification: KPMG Confidential



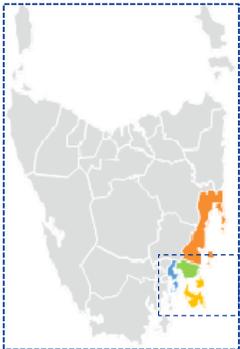
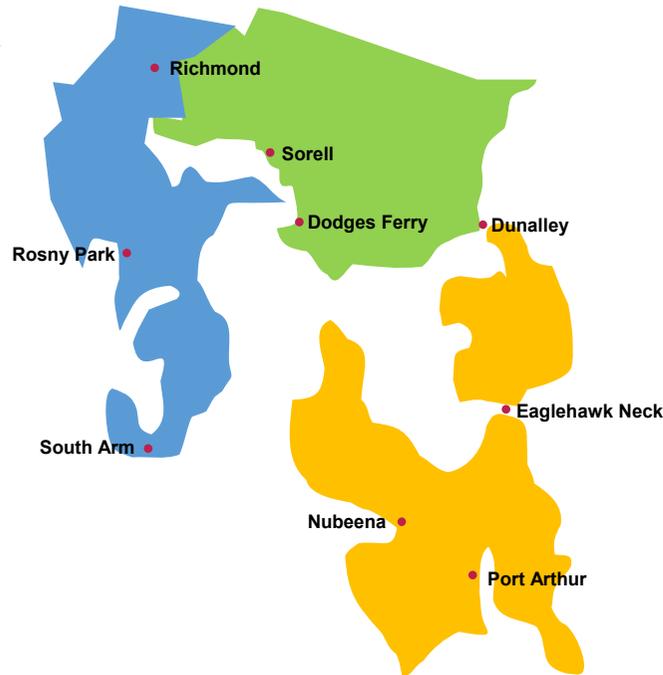
2.3. Option 2

Option 2

Snapshot

Option 2 is amalgamating Clarence, Sorell and Tasman councils into one south-east council.

The demographic and service profile of the new council is shown below.



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	Clarence	Sorell	Tasman	Total
Service Profile				
Voter Enrolment (2014)	39,902	10,164	2,340	52,406
Councillors	12	9	7	15
Councillor-Voter Ratio	3,325.17	1,129.33	334.29	4,764.18
Service Profile				
Roads (KM)				
- Managed urban sealed roads	252	88	40	380
- Managed rural sealed roads	160	147	31	338
- Managed urban unsealed roads	3	23	18	44
- Managed rural unsealed roads	54	153	107	314
Total	469	411	196	1,076
Parks, Gardens and Reserves (Ha)	1,051	155	97	1,303
Planning Applications				
- Discretionary	492	151	54	697
- Permitted applications	54	62	46	162
- Permit not required		37	13	50
Total	546	250	113	909
Building Applications	738	195	86	1,019
Demographic Profile				
Population	54,674	13,955	2,405	71,034
Area (Sq KM)	378	584	661	1,622
Population Density (per Sq KM)	144.64	23.91	3.64	43.79
Average Income (\$)	51,893	44,062	37,154	49,958

ABS: 3218.0: Regional Population Growth Australia 2015

ABS: 6524.0.55.002: Estimates of Personal Income for Small Areas, 2012-13

Option 2

Demographic Profile

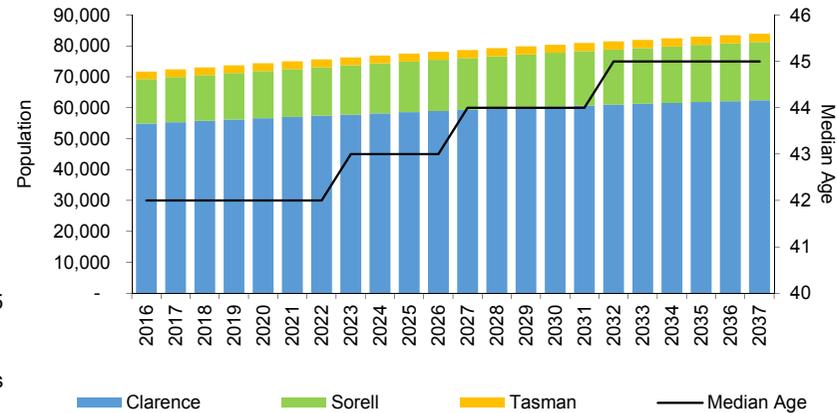
Key Points

The projected population data and the ABS data indicate:

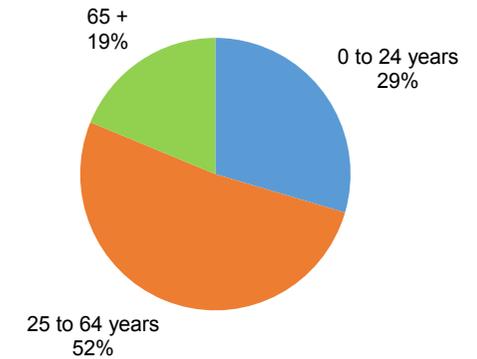
- From 2016 to 2037 the Option 2 amalgamated council would experience growth of 17%. In absolute terms the council population will increase to 83,968 from 68,928.
- Similarly to Option 1, the Clarence population will represent the largest proportion of the amalgamated municipality at 74.4%. The Sorell and Tasman municipalities will makeup 22.4% and 3.2% of the remaining population respectively.
- The median age of the council will increase from 42 to 45 years of age from 2016 to 2037.
- The 0 to 24 years age bracket will be proportionately less as it will decrease from 29% to 27%. The 25 to 64 years bracket will show larger decline as it will decrease from 52% to 47%.
- The 65+ age bracket will experience growth and consume a larger proportion of the population. The proportion will grow from 19% to 26%.
- The SEIFA IRAD data indicates that the Option 2 council amalgamation would rank the council in the top 25% of Tasmania and is slightly above the Australian median scores.

Population Projections 2014, Department of Treasury and Finance.
ABS Census, SEIFA 2011

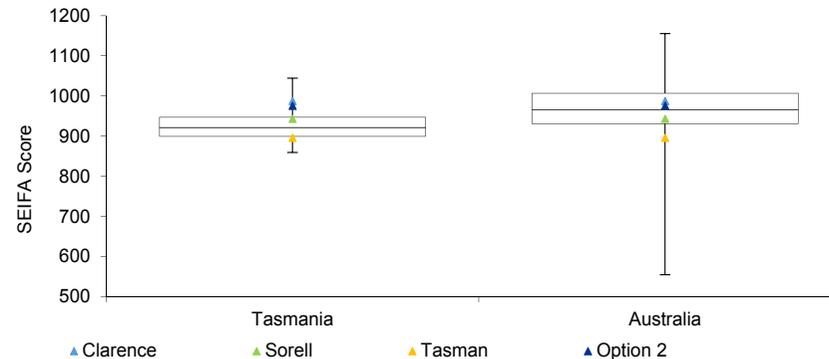
Projected Population



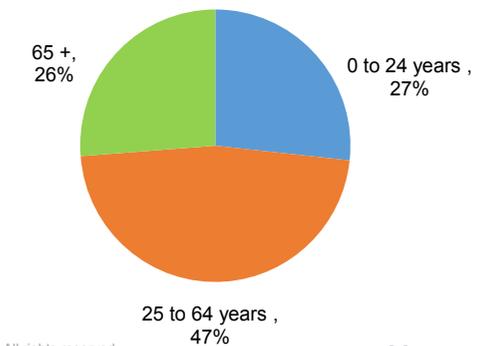
Population Composition 2016



SEIFA Index of Relative Socio-economic Advantage and Disadvantage



Population Composition 2037



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Option 2

Assumptions

The core assumptions driving the results from amalgamation are summarised below.

Costs and Benefits	Assumption Modelled	Commentary
Costs of Amalgamations		
Other transition Costs- including relocation, rebranding , and ICT	\$1.2 M in Year 1	4.7% of total operating expenditure in the base year, less redundancy costs. It is noted that Clarence's IT systems will be able to be deployed across the new council.
Redundancy Costs	Reduction in 45 FTE would result in redundancy costs of \$2.3 m in Year 1	Redundancy costs have been calculated from the raw data, using the average of the highest 20% of salaries per division, average duration of employment, and the reduction in FTE assumed. It is noted that redundancy costs and employee savings cost utilise the top 20% of average salaries, as it is assumed that the reduction of staff will occur at this level.
Contingency	\$0.7 m	A 20% contingency has been applied to the assumed one-off amalgamation costs, in order to be conservative.
Reduction in Grant Funding	\$1.11 m from Year 5	This is the combined relative needs component of the base grant for the councils under this option, escalated at CPI.
Benefits of Amalgamation		
Materials & Contracts	1%	As per the case study benchmarks.
Councillor Expenditure	Reduction of 13 Councillors (28 Councillors to 15 Councillors)	The savings have been estimated as the difference between the current baseline expenditure going forward, and the new councillor allowances at the comparable Local Government Division set rate.
Reduced Employment Costs	See accompanying table.	Employment savings have been derived from the FTE reduction multiplied by the average salary of each division, between the councils being considered under each option.
Asset Rationalisation	Assume zero	It is acknowledged that there is potential for asset sales under option 2, however it has been conservatively assumed that there will be zero asset rationalisation for the purposes of the modelling.



Option 2

Representation and Staffing Assumptions

Division	Current FTEs	Proposed FTEs	Rationale
Councillors	28	15	
General Manager	2.0	1.0	<ul style="list-style-type: none"> It is anticipated that the new organisation would require one general manager. A reduction of 1 FTE at the general manager level would therefore be expected. Tasman and Sorell have already successfully implemented a general manager resource sharing arrangement.
Personal Assistant	1.8	0.8	<ul style="list-style-type: none"> As there is assumed to be one general manager in the new organisation, it is assumed that only 1 FTE personal assistant would be required.
Corporate Services	76.4	52.4	<ul style="list-style-type: none"> This is a 34% reduction in FTE as a result of the removal of duplication of activities in finance, HR, and IT. As Sorell and Clarence have the capabilities, there would no longer be a need for the outsourced (Brighton) finance related services to Tasman. Sorell and Tasman currently have a resource sharing arrangement in regards to IT. Clarence could also take over the outsourced services provided by the Southern Midlands Council.
Community Development	11.0	7.0	<ul style="list-style-type: none"> Reduction due to the potential to consolidate community development activities, and eliminating duplicate roles.
Childcare/Health	53.5	53.5	<ul style="list-style-type: none"> No changes to services expected, therefore no reduction in staff for childcare/health services.
Environmental Management	28.7	26.7	<ul style="list-style-type: none"> Slight reduction in environmental management staff. It is noted that there is already resource sharing in this division between Sorell and Tasman, and there are also contractors used.
Regulatory Services/Planning	15.2	13.2	<ul style="list-style-type: none"> Slight reduction in regulatory planning staff, through the elimination of duplicate roles. It is noted that there is already resource sharing between Sorell and Tasman, and there are also external contractors used. Consolidation would potentially remove the need for additional contractors, and bring these activities in-house within the councils.
Engineering & Asset Maintenance	29.9	26.9	<ul style="list-style-type: none"> Slight reduction in engineering and asset maintenance staff. It is noted that there is already resource sharing in this division between Sorell and Tasman. Consolidation would potentially remove the need for additional contractors, and bring these activities in-house within the councils.
Infrastructure & Works	119.7	111.7	<ul style="list-style-type: none"> Reduction in works staff due to duplication of roles, particularly at the higher and lower ends of the division. This is only slight due to the need to have a geographically diverse division across the region.
Total	338.3	293.3	<ul style="list-style-type: none"> Overall, this represents a 14% reduction in total staff.

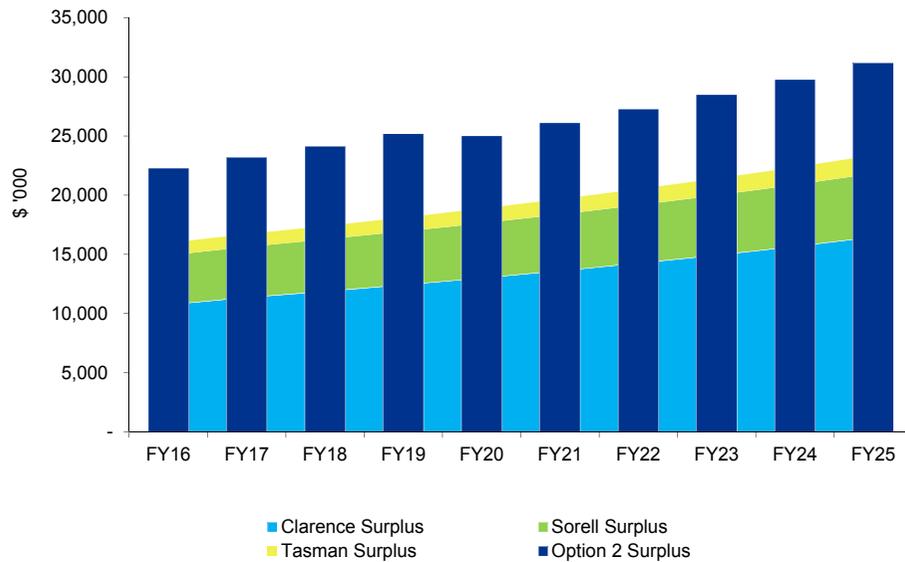


Option 2

Financial Results

In comparing the operating surplus¹ of each of the councils under Option 2, it is clear that the particular assumptions used has resulted in a comparatively greater operating surplus, mainly from employee cost savings, amounting to \$4.76 m in year one

Option 2 Surplus comparison to normalised financial modelling results



Summary of Financial Results	Option 2 - Merger of Clarence, Sorell and Tasman Councils
Financial results	
Net Present Value of Costs & Benefits*	\$42,089,065
Year 1 Surplus	\$22,290,428
Year 1 Savings in Employment Costs	\$4,759,491
Average savings in Employment Costs	20.7%
Year 1 Savings in Materials and Contracts	\$186,000
Year 1 Savings in Councillor Expenditure	\$262,702
Year 1 Costs of Amalgamation	\$4,155,665
Average Cost to Income Ratio	75.7%
Additional Year 1 Surplus	\$6,315,100
Organisational profile	
Total FTEs	293
FTE per 1000 Rateable Properties	7.79
Service Profile	
Rateable Properties	37,671
Average Rateable Property Growth	1.34%
Operating Costs Per Rateable Property (Year 1)	(\$1,887)
PPE (\$'000) Per Square Kilometre	\$464





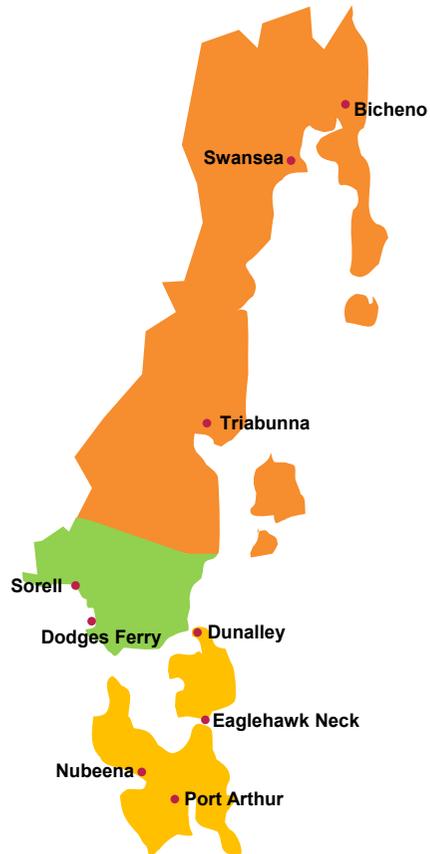
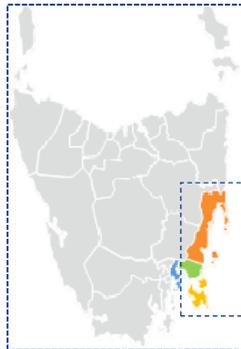
2.4. Option 3

Option 3

Snapshot

Option 3 is amalgamating Glamorgan Spring Bay, Sorell and Tasman Councils into one south-east council.

The demographic and service profile of the new council is shown below.



	Glamorgan Spring Bay	Sorell	Tasman	Total
Representation Profile				
Voter Enrolment (2014)	4,406	10,164	2,340	16,910
Councillors	8	9	7	13
Councillor-Voter Ratio	550.75	1,129.33	334.29	1,300.76
Service Profile				
Roads (KM)				
- Managed urban sealed roads	78	88	40	206
- Managed rural sealed roads	91	147	31	269
- Managed urban unsealed roads	13	23	18	54
- Managed rural unsealed roads	175	153	107	435
Total	357	411	196	964
Parks, Gardens and Reserves (Ha)	245	155	97	497
Planning Applications				
- Discretionary	307	151	54	512
- Permitted applications	25	62	46	133
- Permit not required	106	37	13	156
Total	438	250	113	801
Building Applications	483	195	86	764
Demographic Profile				
Population	4,493	13,955	2,405	20,853
Area (Sq KM)	2,591	584	661	3,836
Population Density (per Sq KM)	1.73	23.91	3.64	5.44
Average Income (\$)	39,104	44,062	37,154	42,261

ABS: 3218.0: Regional Population Growth Australia 2015
 ABS: 6524.0.55.002: Estimates of Personal Income for Small Areas, 2012-13



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Option 3

Demographic Profile

Key Points:

The projected population data and the ABS data indicate:

- The Option 3 amalgamated council will experience the second largest growth in population out of the four options. The population is projected to increase from 20,279 to 25,540 which is at a growth rate of 20%.
- The Sorell region will produce the largest proportion of the population at 74% whilst Glamorgan Spring Bay and Tasman will makeup 16% and 10% of the population.
- The median age of the municipality's population will increase from 46 to 49 years of age from 2016 to 2037. This option will produce the oldest population out of the four options.
- The 0 to 24 years age bracket will show a slight decrease as the proportion of the population will decrease from 27% to 25%.
- The 25 to 64 years bracket will decrease from 51% to 44% over 2016 to 2037.
- The 65+ age bracket will increase to 31% from 22%. The 65+ age bracket for this Option is the highest out of any of the options.
- The weighted average SEIFA IRAD score shows that the amalgamation would be slightly above the Tasmanian median and within the bottom 25% of Australia.

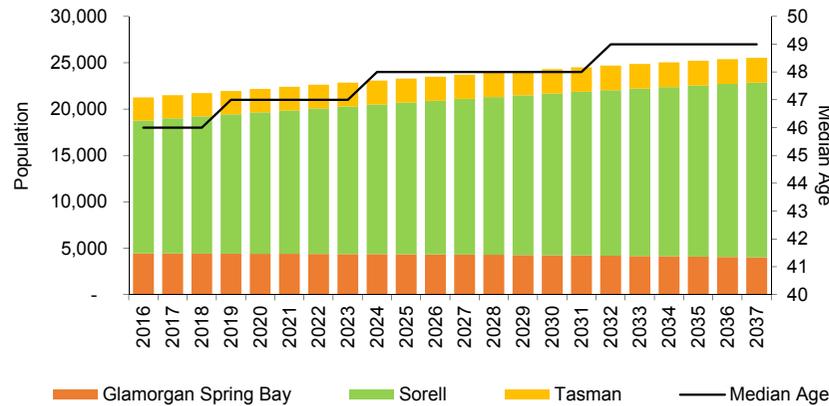
Population Projections 2014, Department of Treasury and Finance.

ABS Census, SEIFA 2011

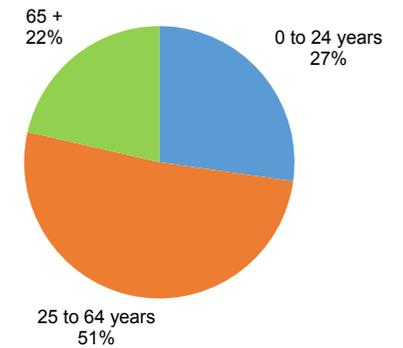


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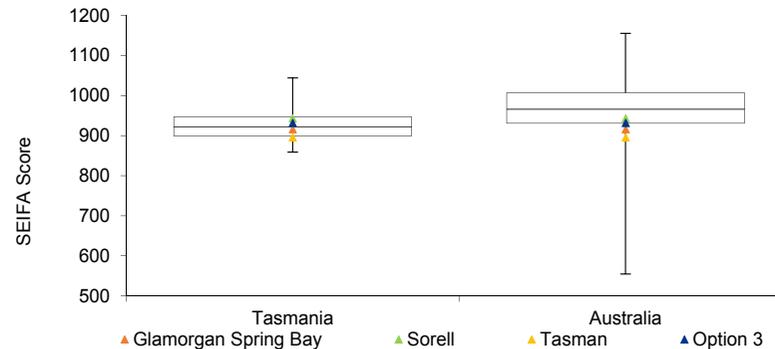
Projected Population



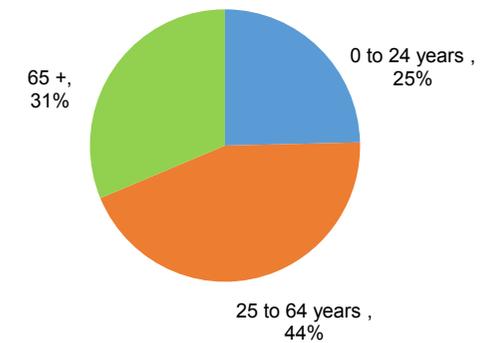
Population Composition 2016



SEIFA Index of Relative Socio-economic Advantage and Disadvantage



Population Composition 2037



Option 3

Assumptions

The core assumptions driving the results from amalgamation are summarised below.

Costs and Benefits	Assumption Modelled	Commentary
Costs of Amalgamations		
Other transition Costs- including relocation, rebranding , and ICT	\$0.5 m in Year 1	4.7% of total operating expenditure in the base year, less redundancy costs.
Redundancy Costs	Reduction in 22.5 FTE would result in redundancy costs of \$0.9 m in Year 1	Redundancy costs have been calculated from the raw data, using the average salary, average duration of employment, and the reduction in FTE assumed. It is noted that redundancy costs and employee savings cost utilise the top 20% of average salaries, as it is assumed that the reduction of staff will occur at this level.
Contingency	\$0.3 m	A 20% contingency has been applied to the one-off amalgamation costs assumed, in order to be conservative.
Reduction in Grant Funding	-	
Benefits of Amalgamation		
Materials & Contracts	1%	As per the case study benchmarks.
Councillor Expenditure	Reduction of 11 Councillors (24 Councillors to 13 Councillors)	The savings have been estimated as the difference between the current baseline expenditure going forward, and the new councillor allowances at the comparable Local Government Division set rate.
Reduced Employment Costs	See accompanying table.	Employment savings have been derived from the FTE reduction multiplied by the average salary of each division, between the councils being considered under each option.
Asset Rationalisation	Assume zero	It is acknowledged that there is potential for asset sales under option, however it has been conservatively assumed that there will be zero asset rationalisation for the purposes of the modelling.



Option 3

Representation and Staffing Assumptions

Division	Current FTEs	Proposed FTEs	Rationale
Councillors	24	13	
General Manager	2.0	1.0	<ul style="list-style-type: none"> It is anticipated that the new organisation would require one general manager. A reduction of 1 FTE at the general manager level would therefore be expected. Tasman and Sorell have already successfully implemented a general manager resource sharing arrangement.
Personal Assistant	1.6	1.0	<ul style="list-style-type: none"> As there is assumed to be one general manager in the new organisation, it is assumed that only 1 FTE personal assistant would be required.
Corporate Services	24.4	16.6	<ul style="list-style-type: none"> This is a 33% reduction in FTE as a result of the removal of duplication of activities in finance, HR, and IT. Sorell could potentially address the needs that the Brighton outsourced services provided to Glamorgan Spring Bay and Tasman.
Community Development	3.7	1.6	<ul style="list-style-type: none"> Reduction due to the potential to consolidate community development activities, which for Glamorgan Spring Bay includes administrative functions which could be reduced through eliminating duplicate roles.
Childcare/Health	14.8	14.8	<ul style="list-style-type: none"> No changes to services expected, therefore no reduction in staff for childcare/health services
Environmental Management	12.2	9	<ul style="list-style-type: none"> Slight reduction in environmental management staff. It is noted that there is already resource sharing in this division between Sorell and Tasman, and there are also contractors used. Glamorgan Spring Bay has a comparatively large NRM division, which provides scope to consolidate with Sorell and Tasman, and maintain current service levels.
Regulatory Services/Planning	12.3	12	<ul style="list-style-type: none"> Slight reduction in regulatory planning staff. It is noted that there is already resource sharing between Sorell and Tasman, and there are also external contractors used. Consolidation would potentially remove the need for additional contractors, and consolidate these activities in-house between the councils.
Engineering/Asset Maintenance	8.7	7.0	<ul style="list-style-type: none"> Slight reduction in engineering/asset maintenance staff. It is noted that there is already resource sharing in this division between the councils and Brighton, and there are also external contractors used. Consolidation would potentially remove the need for additional contractors, and consolidate these activities in-house.
Works	57.2	54	<ul style="list-style-type: none"> Reduction in works staff due to duplication of roles, particularly at the higher and lower ends of the division.
Visitor Centres	5.5	5.5	<ul style="list-style-type: none"> No change.
Total FTE	142.4	119.9	<ul style="list-style-type: none"> Overall, this represents a 16% reduction in total staff.

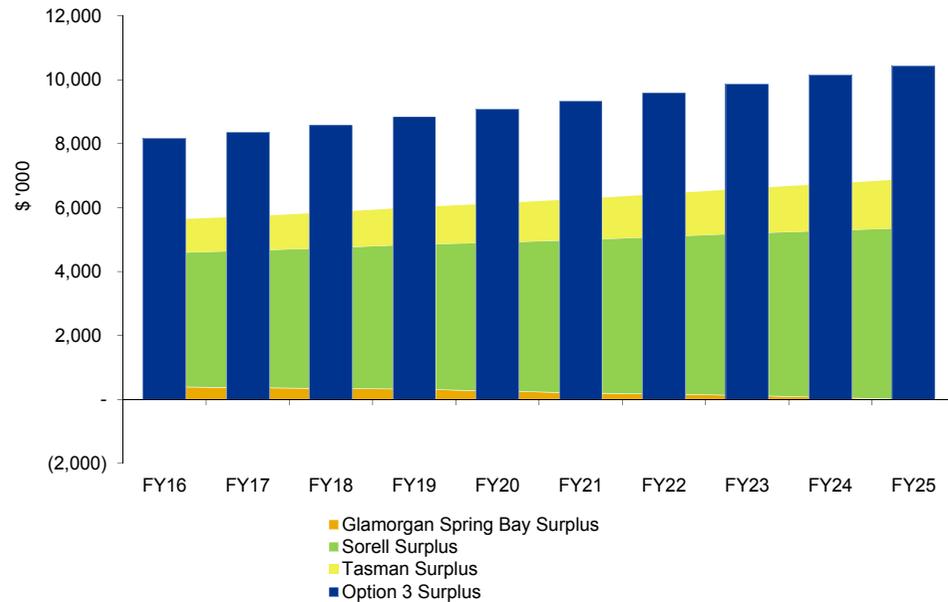


Option 3

Financial Results

In comparing the operating surplus' of each of the councils under Option 3, it is clear that the particular assumptions used has resulted in a comparatively greater operating surplus, mainly from employee cost savings, amounting to \$1.97 m in year one.

Option 3 Surplus comparison to normalised financial modelling results



Summary of Financial Results	Option 3- Merger of Glamorgan Spring Bay, Sorell and Tasman Councils
Financial results	
Net Present Value of Costs & Benefits*	\$21,267,907
Year 1 Surplus	\$8,163,160
Year 1 Savings in Employment Costs	\$1,971,153
Average savings in Employment Costs	18.5%
Year 1 Savings in Materials and Contracts	\$125,925
Year 1 Savings in Councillor Expenditure	\$214,341
Year 1 Costs of Amalgamation	\$1,782,578
Average Cost to Income Ratio	78.9%
Additional Year 1 Surplus	\$2,536,869
Organisational profile	
Total FTEs	120
FTE per 1000 Rateable Properties	6.68
Service Profile	
Rateable Properties	17,954
Average Rateable Property Growth	1.01%
Operating Costs Per Rateable Property (Year 1)	(\$1,686)
PPE (\$'000) Per Square Kilometre	\$88





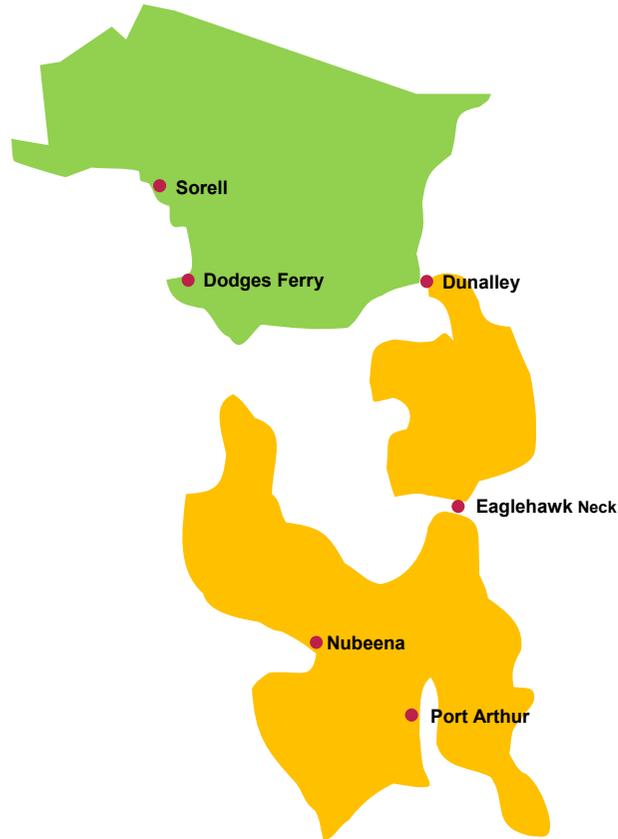
2.5. Option 4

Option 4

Snapshot

Option 4 is amalgamating Sorell and Tasman Councils into one south-east council.

The demographic and service profile of the new council is shown below.



	Sorell	Tasman	Total
Representation Profile			
Voter Enrolment (2014)	10,164	2,340	12,504
Councillors	9	7	9
Councillor-Voter Ratio	1,129.33	334.29	1,389.33
Service Profile			
Roads (KM)			
- Managed urban sealed roads	88	40	128
- Managed rural sealed roads	147	31	178
- Managed urban unsealed roads	23	18	41
- Managed rural unsealed roads	153	107	260
Total	411	196	607
Parks, Gardens and Reserves (Ha)	155	97	252
Planning Applications			
- Discretionary	151	54	205
- Permitted applications	62	46	108
- Permit not required	37	13	50
Total	250	113	363
Building Applications	195	86	281
Demographic Profile			
Population	13,955	2,405	16,360
Area (Sq KM)	584	661	1,244
Population Density (per Sq Km)	23.91	3.64	13.15
Average Income (\$)	44,062	37,154	\$43,116

ABS: 3218.0: Regional Population Growth Australia 2015

ABS: 6524.0.55.002: Estimates of Personal Income for Small Areas, 2012-13



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Option 4

Demographic Profile

Key Points:

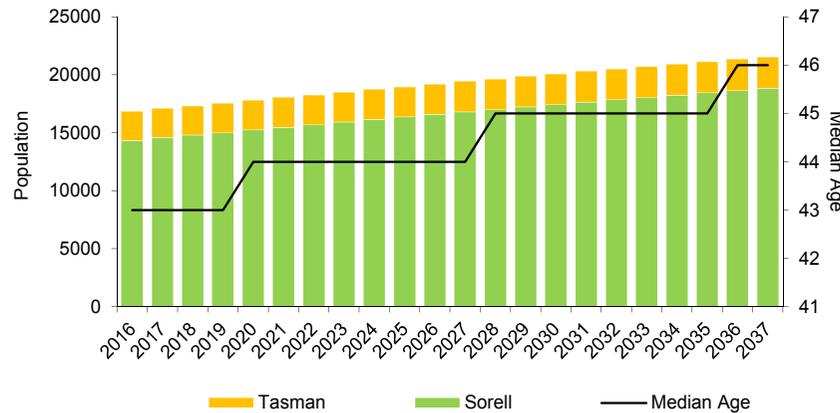
The projected population data and the ABS data indicate:

- The Option 4 amalgamated council will experience the largest growth in population out of the four options. The population is projected to increase from 15,847 to 21,518 at a growth rate of 28% from 2016 to 2037.
- The Sorell region will equate to 88% of the population and Tasman will makeup the remaining 12%.
- The median age of the municipalities population will increase from 43 to 46 years of age from 2016 to 2037.
- The 0 to 24 years age bracket will shows a slight decrease as the proportion of the population from 29% to 27%.
- The 25 to 64 years bracket will decrease from 52% to 45% over 2016 to 2037.
- The 65+ age bracket will increase from 19% to 28%.
- The weighted average SEIFA IRAD score shows that the amalgamated council would be slightly above the Tasmanian median and will be within the lower end of the second quartile.

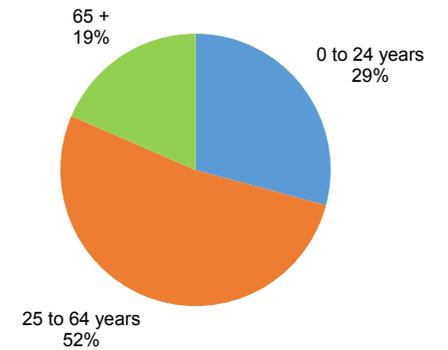
Population Projections 2014, Department of Treasury and Finance.

ABS Census, SEIFA 2011

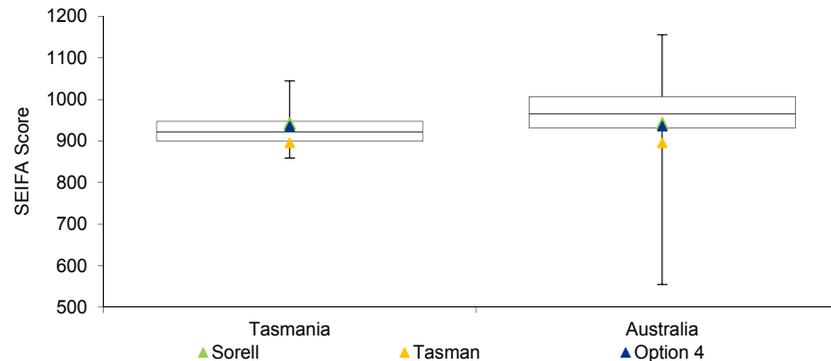
Projected Population



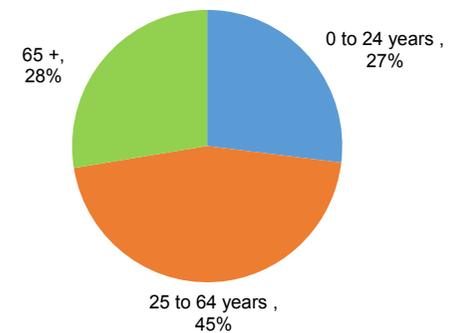
Population Composition 2016



SEIFA Index of Relative Socio-economic Advantage and Disadvantage



Population Composition 2037



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Option 4

Assumptions

The core assumptions driving the results from amalgamation are summarised below.

Costs and Benefits	Assumption Modelled	Commentary
Costs of Amalgamations		
Other transition Costs-including relocation, rebranding , and ICT	\$0.5 m in Year 1	4.7% of total operating expenditure in the base year, less redundancy costs.
Redundancy Costs	Reduction in 10.5 FTE would result in redundancy costs of \$0.4 m in Year 1.	Redundancy costs have been calculated from the raw data, using the average salary, average duration of employment, and the assumed reduction in FTE. It is noted that redundancy costs and employee savings cost utilise the top 20% of average salaries, as it is assumed that the reduction of staff will occur at this level.
Contingency	\$0.19 m	A 20% contingency has been applied to the one-off amalgamation costs assumed, in order to be conservative.
Reduction in Grant Funding	-	
Benefits of Amalgamation		
Materials & Contracts	1% saving	As per the case study benchmarks.
Councillor Expenditure	Reduction of 7 Councillors (from 16 to 9 Councillors).	The savings have been estimated as the difference between the current baseline expenditure going forward, and the new councillor allowances at the comparable Local Government Division set rate.
Reduced Employment Costs	See accompanying table.	Employment savings have been derived from the FTE reduction multiplied by the average salary of each division, between the councils being considered under each option.
Asset Rationalisation	Assume zero	It is acknowledged that there is potential for asset sales under option, however it has been conservatively assumed that there will be zero asset rationalisation for the purposes of the modelling.



Option 4

Representation and Staffing Assumptions

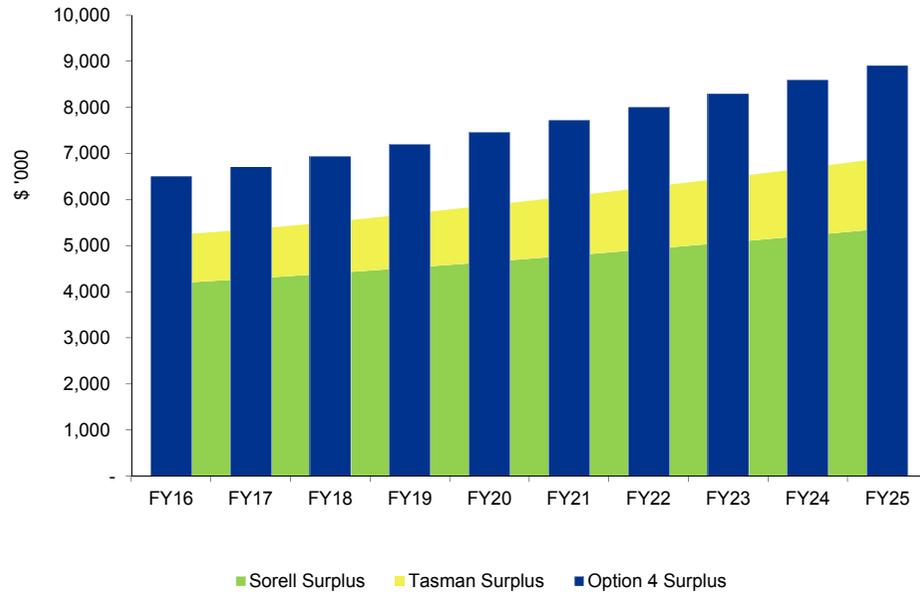
Division	Current FTEs	Proposed FTEs	Rationale
Councillors	15	9	
General manager	1.0	1.0	<ul style="list-style-type: none"> As Sorell and Tasman already share a General Manager, it is anticipated that a merger would not require any changes to this position.
Personal assistant	0.8	0.8	<ul style="list-style-type: none"> No proposed changes from amalgamation
Corporate Services	16.9	10.8	<ul style="list-style-type: none"> This is a 36% reduction in FTE as a result of the removal of duplication of activities in finance. Sorell could perform the finance functions that are provided to Tasman via Brighton. Sorell and Tasman currently have a resource sharing arrangement in regards to IT.
Community Development	1.6	1.3	<ul style="list-style-type: none"> Slight reduction due to the potential to consolidate community development activities.
Childcare/Health	12.0	12.0	<ul style="list-style-type: none"> No changes to services expected, therefore no reduction in staff for childcare/health services
Environmental Management	6.3	6.0	<ul style="list-style-type: none"> Slight reduction in environmental management staff. It is noted that there is already resource sharing in this division between Sorell and Tasman, and there are also contractors used. Consolidation would potentially remove the need for additional contractors.
Regulatory Services/Planning	8.3	7.0	<ul style="list-style-type: none"> Slight reduction in regulatory planning staff, through the removal of duplicate of roles. It is noted that there is already resource sharing in this division between the two councils and Brighton Council, and there are also external contractors used. Consolidation would potentially remove the need for additional contractors, and consolidate these activities in-house.
Engineering/Asset Maintenance	6.6	6.2	<ul style="list-style-type: none"> Slight reduction in engineering/asset maintenance staff. It is noted that there is already resource sharing in this division between the councils and Brighton, and there are also external contractors used. Consolidation would potentially remove the need for additional contractors, and consolidate these activities in-house.
Works	34.1	32.0	<ul style="list-style-type: none"> Reduction in works staff due to duplication of roles.
Visitor Centres	0.0	0.0	<ul style="list-style-type: none"> No changes to current services (aka visitors centres) are assuming to change under these scenarios.
Total	87.8	77.3	<ul style="list-style-type: none"> Overall, this represents a 12% reduction in total staff. This is less than the other options, given that Sorell and Tasman already have undertaken resource sharing arrangements.

Option 4

Financial Results

In comparing the operating surplus' of each of the councils under Option 4, it is clear that the particular assumptions used has resulted in a comparatively greater operating surplus on average, mainly from employee cost savings, amounting to \$0.9 m in year one.

Option 4 Surplus comparison to normalised financial modelling results



Summary of Financial Results	Option 4- Merger of Sorell and Tasman Councils
Financial results	
Net Present Value of Costs & Benefits*	\$10,835,386
Year 1 Surplus	\$6,511,631
Year 1 Savings in Employment Costs	\$944,423
Average savings in Employment Costs	14.3%
Year 1 Savings in Materials and Contracts	\$67,052
Year 1 Savings in Councillor Expenditure	\$185,226
Year 1 Costs of Amalgamation	\$1,112,659
Average Cost to Income Ratio	73.9%
Additional Year 1 Surplus	\$1,283,401
Organisational profile	
Total FTEs	77
FTE per 1000 Rateable Properties	6.29
Service Profile	
Rateable Properties	12,285
Average Rateable Property Growth	1.10%
Operating Costs Per Rateable Property (Year 1)	(\$1,555)
PPE (\$'000) Per Square Kilometre	\$197



Section 3. Community Impacts





3.1. Communities of Interest

Defining Communities of Interest

Background

The concept 'communities of interest' has been widely adopted and formed part of the discourse around local government and local government reform. The definition of communities of interest was most notably developed by Fulcher (1989), and includes the following dimensions:

- Perceptual - a defined sense of belonging to an area or region.
- Functional - the community's physical and human services are met with reasonable economy
- Political - a democratically elected body represents the interests of all its constituents

More recently, Jaensch (2008) described a community of interest as “essentially a group of people with similar traits – social, economic, language, culture, race etc., and a similar set of interests.” Jaensch also states that in nearly every case, there is a potential tension between different sub-communities within a council area.

Whilst there are often clear and quantifiable opportunities to realise efficiencies and economies of scale and scope through local government amalgamation, the more complex challenge can be articulating, defining and managing a sense of local identity. This is a core role of councils, and therefore is an important consideration in amalgamation.

Communities of Interest and Amalgamations

Communities of interest is an important concept in considering structural boundaries of electorates. Communities of interest are therefore an important concept when considering representation, because councillors are more likely to be representative of the population if the electorates are divided into areas which represent common interests. Recent historical experience suggest that maintaining a sense of local representation is critical in any local council amalgamation. However, strong communities of interest is not necessarily a barrier to reform if representative structures remain in place at the local level.

Communities of Interest in Practice

There is no strict methodology for defining which areas are communities of interest. As identified in prior council amalgamation work in Tasmania, communities of interest have been regarded as primarily based around townships and villages, rather than municipal areas. Each municipal area therefore has multiple communities of interest. It has also been acknowledged that the best way to determine these boundaries is to have local constituents vote their preferences.

In considering representation, the VEC provides guidance in how to define communities of interest when considering representational structures for local government. These guidelines are summarised below.

VEC Guidelines	
If a community of interest is...	An appropriate representation structure would be...
Compact geographically	A ward structure, with boundaries reflecting each community of interest
Widespread minority	Multi-councillor wards with proportional representation.
Numerous minority communities within a municipality	Combining the communities of interest, so any elected councillor is responsible for all groups.

Local Representation in Australia: A Review of the legislation and literature, 2013, Australian Centre of Excellence on Local Government

Literature Review of Communities of Interest

Definition

- Helen Fulcher's discussion paper entitled *The Concept of Community of Interest* (1989) prepared for the South Australian Department of Local Government aims to create a working definition of the concept. The discussion paper outlines that the definition of communities of interest is vague and subjective as the meaning may change from person to person.
- Within the discussion paper, Fulcher cited another academic text *Definitions of Community: Areas of Agreement* (Hillery, 1955) which had identified up to 94 definitions for the concept of communities of interest. Using this information, Fulcher (1989) adapted her own definition.

Theoretical Use of the Concept of Communities of Interest

- The conclusion of the discussion paper (Fulcher, 1989) states that the concept of communities of interest should be conceived in broad, operational terms. The conclusion goes on to state that such an approach will enable newly established local government units to provide comprehensive and flexible services to residents whereas a narrow approach may limit and constrain services.
- A working paper entitled *A conversation with former shires association of New South Wales President Mayor Col Sullivan OAM* (Tiley, 2013) led to Col Sullivan stating that communities of interest should always be maintained and councils with similar characteristics should be placed together. Col Sullivan gave an example that suggested that rural councils should be amalgamated with other rural councils and coastal councils with adjoining coastal councils.
- An academic paper *Is bigger local government better? An evaluation of the economic case for Australian Municipal Amalgamation Programs* (Dollery and Crase, 2004) had cited an approach to the demarcation of municipal areas that would move away from the concept of community of interest.
- The approach suggests that the region should capture social capital (the landscape of greatest interest to the region and local residents) and maximise or capture the greatest similarities in environment landscape. Lastly, the jurisdictional boundaries must be able to be scaled (up or down) for integration of other kinds of service delivery or management.

Communities of Interest within Historical Reform

- Ian Tiley and Brian Dollery's working paper entitled *Historical Evolution of Local Government Amalgamation in Victoria, Tasmania, and South Australia* cites discussions on communities of interest during government reform.
 - During the Tasmanian Local Government Review of 1997, the Tasmanian Local Government Board challenged the relationship between community and locality. The Board argued that the concept of communities of interest had changed, particularly in urban areas. The Board argued that the demarcation of communities of interest was ill-defined and more blurred and that people did not relate exclusively or even strongly to the locality they reside. The Board also argued that there was minimal agreement on what the concept of community of interest meant.
 - As a result of the 1993 reform and 1997 reform of Local Government in Tasmania, it found that it was important to maintain a sense of the concept of communities of interest, particularly in the new areas.
 - During the reform in the 1990s in Victoria, the Kennett Government considered the concept of communities of interest as irrelevant. Communities of interest had only become relevant where it could be used to suggest that existing local government boundaries could be divided into strong commercial areas.
- Ian Tiley's *Amalgamation of Clarence Valley, 1998 – 2004* (2010) cited an example of the importance of communities of interest when opposed by amalgamations. In this example the Maclean Shire Council argued that the municipality had a strong internal community of interest that was vastly different to that of neighbouring councils. The Council stated that it had a diverse external community of interest with no proven linkage to any regional centre.
- The working paper entitled *Local Government Amalgamation in New South Wales* (Tiley and Dollery) cited that communities of interest is a fundamental issue that should be considered during structural reform.



3.1 Community Impacts

Communities of Interest Based on Current Boundaries

Clarence

- Clarence is a large sized urban and capital based council.
- The Clarence municipality has the largest population density in comparison to the other municipalities. The Clarence population is project to increase by 14%.
- The Clarence municipality has a larger average income per income earners out of the other municipalities.
- The largest employing industries in Clarence are retail trade, education and training and health care and social assistance.
- Clarence has the second lowest unemployment rate out of the four municipalities at 5.3% (March 2016).
- Richmond attracted 243,403 visitors in 2015

Sorell

- Sorell is a rapidly expanding urban based council, with rural and agricultural elements.
- Sorell has the second highest population density out of the four municipalities. The Sorell population is projected to increase by 31%.
- Sorell incomer earners have the second highest average income of the municipalities.
- The largest industries in Sorell include retail trade, manufacturing and health care and social assistance.
- In March 2016, Sorell had the second highest unemployment rate at 6.2%
- Sorell had the fewest visitors but all pass through Sorell on the way to Glamorgan Spring Bay and Tasman

Community Profile				
	Clarence	Glamorgan Spring Bay	Sorell	Tasman
Population	54,674	4,493	13,955	2,405
Area (Sq KM)	378	2,591	584	661
Population Density (per Sq KM)	144.64	1.73	23.91	3.64
Average Income (\$)	51,893	39,104	44,062	37,154

Glamorgan Spring Bay

- Glamorgan Spring Bay is a medium sized rural and agricultural based council.
- Glamorgan Spring Bay has the smallest population density across the municipalities. The Glamorgan Spring Bay population is projected to decline by 9%.
- The Glamorgan Spring Bay region has the second lowest average income per income earner.
- The largest industries in Glamorgan Spring Bay are accommodation and food services, agriculture, forestry and fishing and retail trade.
- In March 2016, Glamorgan Spring Bay had the lowest unemployment rate at 5.1%.
- Glamorgan Spring Bay had over 600,000 visitors to its tourism features in 2015.

Tasman

- The Tasman region is a small rural and agricultural based council.
- Tasman has the second smallest population density across the councils. The Tasman population is projected to increase by 7%.
- The Tasman region has the lowest average income per income earner in comparison to the other councils.
- The largest industries within Tasman include accommodation and food services, agriculture, forestry and fishing and arts and recreation services.
- In March 2016, Tasman had the highest unemployment rate of 7.2%.
- The Port Arthur and Tasman Peninsula attracted 320,000 visitors in 2015.

ABS: Census 2011
 ABS: 6524.0.55.002: Estimates of Personal Income for Small Areas, 2012-13
 ABS: 3218.0: Regional Population Growth Australia 2015
 Review of Councillor Numbers – Report, Local Government Board, July 2012
 Small Area Labour Markets Publications – March Quarter 2016, Department of Employment
 Tasmanian Visitors Survey and TVS Analyser, Tourism Tasmania Corporate

Community Impacts

Communities of Interest Within Current Boundaries

Clarence

- Bellerive Oval hosts international cricket and Australian Rules Football at the Bellerive Oval. Bellerive is similar to Rosny Park and Lindisfarne in terms of its urban nature.
- Cambridge and Mornington are largely commercial and industrial areas.
- Richmond is a popular tourist location within Clarence due to its settlement history.
- South Arm is located in the south of Clarence and would be considered rural in comparison to Bellerive and other suburbs alike. South Arm is popular for shack owners, and its camping facilities, beaches and bush trails.
- South Arm and Cambridge are ranked within the top 30% of Australia in regards to the SEIFA Index of socio-economic advantage and disadvantage. Risdon Vale, Rokeby and Mornington/Warrane rank in the bottom 5% of Australia.

Sorell

- The township of Sorell is located approximately 10 minutes from the Hobart Airport. Sorell offers many facilities and services to travellers. Areas of historical significance are complemented by local attractions, wineries and accommodation
- Midway Point is located between two unique causeways that create a gateway to destinations such as Sorell and the Tasman Peninsula. Midway Point is close to many activities including water sports, golf courses and tourist sites.
- The Southern Beaches community of Dodges Ferry, Lewisham, Park and Carlton Beaches are popular shack destinations and growing suburbs for commuters to Hobart.

- Communities of Interest
- Highly Ranked SEIFA area
- Poorly Ranked SEIFA area



Glamorgan Spring Bay

- The population in Glamorgan Spring Bay is sparse and a substantial amount of dwellings are unoccupied.
- The region has many popular tourist locations such as Orford, Swansea, Coles Bay and Bichenno, all on the Great Eastern Drive touring route.
- Triabunna is a gateway to Maria Island National Park and is considered a prime fishing area.
- The region has various walks and beaches that also attract tourists.
- Glamorgan Spring contains popular national parks, including the Freycinet National Park and Maria Island National Park.
- Orford is a popular shack destination, attracting a growing number of retirees.

Tasman

- Tasman has the second smallest population density across the councils and similar to Glamorgan Spring Bay in regards to unoccupied dwellings.
- Key tourist locations within the Tasman area include Port Arthur and the Tasman Peninsula which attracts over 320,000 visitors each year.
- Nubeena, located in the west of the Tasman region, is a scenic village which offers fishing and waterside views. Nubeena offers accommodation ranging from campsites to holiday houses and bed and breakfasts.
- Dunalley is a small fishing village which is located on the narrow isthmus which isolates the Tasman region from the rest of Tasmania.
- The Tasman National Park to the south of the region includes the new iconic Three Capes Walk.



Community Impacts

Previous Amalgamation Boundary Considerations

Tasmanian Local Government Review 1997

A review undertaken by the Local Government Board proposed boundary alterations to the councils considered in this feasibility study. The recommendations would have resulted in two councils that would contain the current municipal boundaries. The two councils were referred to as the South East Council and the Greater Hobart Council.

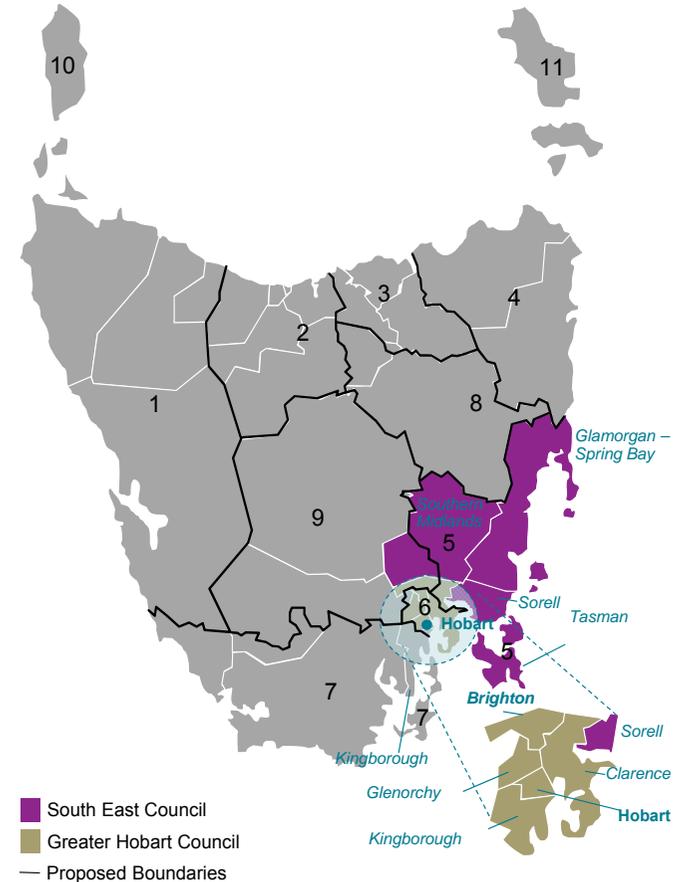
The South East Council would have included:

- The whole municipal area of the Sorell Council
- The whole municipal area of the Tasman Council
- The whole municipal area of the Glamorgan Spring Bay Council
- Parts of the Central Highland Council
- A minimal amount of the Clarence City Council, and
- The majority of the Southern Midland Council.

The Greater Hobart Council would have included:

- The whole municipal area of the Glenorchy City Council, and Hobart City Council
- Parts of the municipal area of the Kingborough Council, Derwent Valley Council, Brighton Council, and
- The majority of the municipal area of Clarence City Council.

Tasmanian Local Government Review 1997, Local Government Board.



Community Impacts

Other Boundary Considerations

Glamorgan Spring Bay Split

There has been some suggestion that Glamorgan Spring Bay could be split into two separate parts to reflect communities of interest.

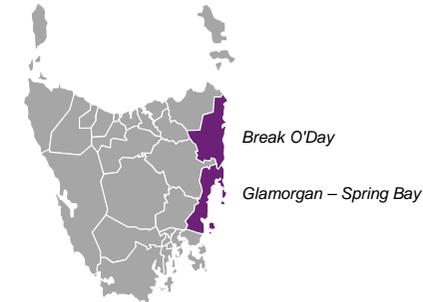
The boundary line which has been suggested is in the vicinity of Cherry Tree Hill, located on the Tasman Highway between Cranbrook and Apslawn. This would transfer the Bicheno/Coles Bay area to Break O'Day with the balance forming part of the South-East Council options.

The reasons cited within the community for this have included the community of interest being more strongly aligned to the northern townships than those to the south, given the range of connections which exist through education, sporting and other service deliveries. The suggested boundary division provides a natural divide in water catchments and from a local government service delivery focus is a logical split on a geographic basis given the limited local government infrastructure responsibilities in this area. This may be the subject of further consideration by the councils.



Break O'Day and Glamorgan Spring Bay

In 2009, the Local Government Board considered a proposal for a voluntary amalgamation of the Break O'Day Council and the Glamorgan Spring Bay Council. The amalgamation did not proceed as the Board felt they had not been provided with any substantial and long-term rationale for the amalgamation of the two entities. The Board had concluded that the costs and impacts of such an event were not justified.



The Local Government Board had reservations in relation to financial sustainability, benefits and impacts for the community and governance leadership. These reservations were:

- The Board did not believe that the new Council would be more sustainable than two stand-alone councils. The Board was not convinced that the new councils would be strong enough to be exempt from considerations of future east coast mergers.
- The Board was not convinced that the potential costs savings identified would be enough to address the issues that were present in the stand-alone councils at the time.
- The Board identified no significant community benefits in relation to economic, social and environmental benefits.
- The Board had no confidence that the two individual councils were committed to a voluntary merger process. It appeared that each council had the view that withdrawing from the process was a viable option at any time.

Section 4: Governance





4.1. Representation Options

Representation

Assessment of options

Our review of the literature in relation to options for representation in the event of a merging of two or more of the south east councils suggests there are a range of options and the ACELG and Jaensch (2008) have provided an assessment of benefits and risks of the various options.

In respect to an election structure based on **wards**, the following key points were noted:

- Key benefit is the potential to emphasise the interests of the 'local'
- Key risk is the potential under-representation of the interests of the whole council population

If a system of wards were to be established, **a single member ward** would possess the following benefits and risks:

- Key benefit is it maximises the identification of who is representing the ward and provides a clear focus for the electorate
- Key risks are that it places a heavy reliance on the single elected official and it may not offer the breadth of coverage of competing interests

On the other hand, **a multi-member ward** would possess the following key risks and benefits:

- Key benefit is the opportunity for representation of different competing interests, coverage in the event of absence on one elected official and potential for sharing of work loads
- Key risks are the potential for groups to form within the council, and as part of a voting ticket

In respect to an election structure based on **election at large**, the following key points were noted

- Key benefits are the potential for council-wide issues to be recognised, as well as providing multiple channels for community views to be expressed and capacity to vote for all vacant positions
- Key risk is for some diminution of voice being given to truly local issues

Having regard to the strengths and risks of the various options, the ACELG and Jaensch are inclined to favour the election at large model.

In addition, we believe that wards, perhaps based on the existing south east council boundaries would tend to preserve alliances to existing council areas and impede broader consideration of the region as a whole.

The concept of communities of interest also plays into the consideration of options in relation to representation. The VEC (2009) as cited by the ACELG matched representative models to various community of interest profiles.

In applying those guidelines, it is apparent that the south east region could be characterised as possessing numerous minority communities of interest within each municipality.

On that basis, the VEC would suggest that fair representation may be best achieved by combining the communities of interest, so that any elected councillor would be responsible to all of these groups.

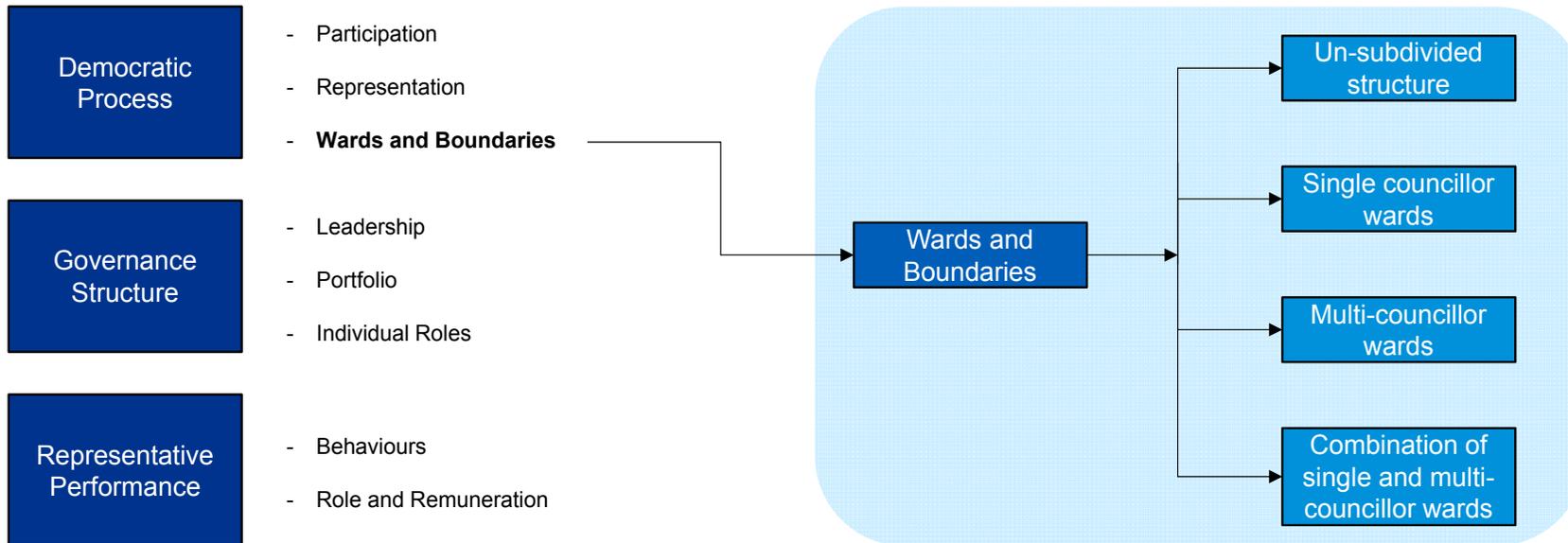
Give the guidance offered by the ACELG and the VEC, the principle of fair representation for any merged council scenario in the south-east region of Tasmania may be best served by an election at large model at least in the long run. That said, this would be a matter for the state and local government to further consider, along with related matters such as the number of councillors.

Representation Options

The ACELG's research report, Local Representation in Australia (2013), provides insight into the jurisdictional approaches and strengths and weaknesses of options available to councils to establish local democratic governance. That research covered a wide range of areas that fall under the banner of local democratic governance, but for the purposes of this review, the focus is on representative structural options, and in particular, the sub-options available in respect to wards and boundaries.

The overall framework and the focus area for this review are depicted in the figure below, in order to highlight the areas that are in and out of scope. In relation to those areas in scope, we have drawn from the literature, strengths and weakness of the options, approaches taken in Australian jurisdictions and legislative considerations.

The strengths and weaknesses of the representative options are described in this section. A summary of the elements of governance are depicted below.



Representative Options: Un-subdivided Structures

Positive features	Less positive features
Promotes the concept of a municipality-wide focus, with councillors being elected by and concerned for the municipality as a whole, rather than parochial interests	May lead to significant communities of interest and points of view being unrepresented May lead to councillors being relatively inaccessible for residents in parts of the municipality
Gives residents and ratepayers a choice of councillors to approach with their concerns	May lead to confusion of responsibilities and duplication of effort on the part of councillors May be difficult for voters to assess the performance of individual councillors
Each voter has the opportunity to express a preference for every candidate for the council election	Large numbers of candidates may be confusing for voters
Removes the need to define internal ward boundaries	
Results in simple, less expensive voters' rolls for elections as compared with voters' rolls for individual wards	

Source ACELG and VLGA: *Local representation in Australia, November 2013*



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Representative Options: Single Councillor Wards

Positive features	Less positive features
Councillors are more likely to be truly local representatives, easily accessible to residents and aware of local issues	Councillors may be elected on minor or parochial issues and lack a perspective of what policies benefit the municipality as a whole
Major geographical communities of interest are likely to be represented	Ward boundaries may divide communities of interest and may be difficult to define
Less likely that one particular point of view or sectional interest will dominate the council	
	Voters may have a restricted choice of candidates in elections for individual wards
	Small populations in each ward may make ward boundaries more susceptible to change caused by demographic shift

Source ACELG and VLGA: *Local representation in Australia*, November 2013



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Representative Options: Multi-Councillor Wards

Positive features	Less positive features
This structure supports the accommodation of a whole community of interest, such as a sizeable town or group of suburbs within a ward	
Focus on issues may be broader than for single councillor wards, though councillors may be more locally focussed than in an un-subdivided municipality	Very local issues may be over ridden Groups may form within the council based on multi-councillor wards, leading to possible division between councillors
Councillors may be more accessible than in an un-subdivided municipality	
Voters have a choice of councillor to approach Councillors may share workloads more effectively	Duplication or gaps may occur if councillors do not communicate or share their workloads effectively
Ward boundaries are likely to be easy to identify and less susceptible to change as a result of population growth or decline than for single councillor wards	
	It may be easier for candidates to be elected as part of a voting ticket than as individuals

Source ACELG and VLGA: *Local representation in Australia*, November 2013



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Governance

Representative Options: Combination of Single and Multi-Councillor Wards

Positive features	Less positive features
<p>A large community of interest can be included in a multi-councillor ward and a smaller community of interest can be included within a single councillor ward. This structure accommodates differences in population across a municipality and allows small communities to be separately represented</p>	<p>Voters in single councillor wards may expect their councillors will be more influential than their numbers suggest</p>
<p>Clear ward boundaries are more likely</p>	

Source ACELG and VLGA: *Local representation in Australia*, November 2013



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4.2. Jurisdictional Review

Governance

Legislation on Subdivision of Local Governments

The table below presents the relevant legislation procedures/requirements for the purposes of subdivision of local governments within states/territories in Australia.

Legislation on subdivision of local governments		
State / Territory	Legislation	Descriptions
New South Wales	Local Government Act 2010	In section 210 of the Act, the Council may divide its area into divisions (wards) and may abolish all wards. The Council cannot divide an area or abolish a ward unless passed through a constitutional referendum. The Council may rename and alter wards boundaries, if the ward boundaries are altered, a by-election must be held before the next ordinary election. The division of a Council area or altering of a ward boundary must not result in a variation of 10% between the number of electors in each ward in the area.
Northern Territory	Local Government Act	The local government area may be divided or undivided.
Queensland	Local Government Act 2009	Section 15 states that each division of a local government area must have a <i>reasonable proportion of electors</i> . A <i>reasonable proportion of electors</i> is considered the number of electors divided by the number of Councillors (other than the mayor), plus or minus 10% for an area with more than 10,000 electors or 20% for other areas. Section 16 states that a review of the division area must be undertaken no later than 1 March in the year prior to quadrennial elections. The review must consider whether each of the divisions have a <i>reasonable proportion of electors</i> and written notice of the results must be given to the electoral commissioner and the Minister.
South Australia	Local Government Act 1999	The Act allows for a Council to be divided into wards and each ward must have an equal number of Councillors. Section 33 outlines that the representation ration should not vary by 10%. The Local Government is required to carry out a review of representation every 8 years.
Tasmania	Local Government Act 1993	Section 17 of the Act allows for a municipal area to be divided into 2 or more electoral districts. Section 17 goes on to state that the Governor, on the recommendation of the minister can under section 214E create, alter or abolish electoral districts.
Victoria	Local Government Act 1989	Section 219J to 219O may lead the Minister to recommend to the Governor in Council under section 220Q, may make an order in Council to create, alter and abolish wards within a municipal district. The Victorian Electoral Commission carries out representation reviews every 12 years and makes recommendations.
Western Australia	Local Government Act 1995	The Governor, on the recommendation of the Minister, may divide local government areas into wards or amend ward boundaries under Part – 2 Division 1 (2.2) of the Act.



Governance

Electoral Districts in Tasmania

Tasmania

In the past, before the large-scale amalgamations of the 1990s, 42 of the 46 councils that existed had wards. On the establishment of the Local Government Act 1993, wards were effectively relabelled electoral districts. Currently, no existing council has electoral districts in Tasmania.

Legislation in Tasmania

Section 17 of the Local Government Act 1993 allows for a municipal area to be divided into two or more electoral districts. Section 214E of the Act states that as a result of any review, the Governor, by order and on the recommendation of the Minister may do any of the following in relation to electoral districts:

- Determine the number of persons to be elected in respect of each electoral district;
- Divide a municipal area into 2 or more electoral districts;
- Abolish the division of a municipal area into electoral districts;
- Alter the boundaries of an electoral district;
- Combine 2 or more electoral districts in a municipal area to form one electoral district; and
- Name or change the name of an electoral district.

Prior to amendments to the Act, the Local Government Board was responsible for making recommendations to the Minister in relation to electoral districts. The recommendations could only be made on the proviso that the Board was satisfied that:

- It is in the best interests of the municipal area concerned; and
- It would lead to a fair representation of the community in the municipal area.

Policy Issues

Whilst the concept of wards would protect particular communities of interest, there are various arguments that have been raised against the concept such as:

- It discourages candidates of like interests from standing against another in an electoral district;
- It reduces the competitiveness of elections, which in turn lowers voter participation;
- Council issues are best decided on upon a municipal-wide basis; and
- An individual living in one electoral district cannot vote in another electoral district.

Historical Case Study

The Kentish Council located in the North West of Tasmania had five wards - Barrington, Railton, Roland, Sheffield and Wilmot. The council had been represented by 15 elected members with 3 members in each ward. The council was 1187 square kilometres and had a population of 5,500. The representation ratio of the council was 550 heads per councillor. In 1996, the electoral districts were abolished and the number of elected members was reduced to 10.



Governance

Electoral districts in other States

New South Wales

The Blacktown City Council is divided into five wards which have 3 councillors each. The councillors elect the mayor and the deputy out of the 15 councillors. Blacktown City Council has a population of 339,328 and a municipal area of 240.1 sq. km. The population density of the council is 1,413 persons per square kilometre and a representation ratio of 22,622 persons per councillor.

The reforms undertaken by the NSW Government aims to amalgamate 19 councils as part of reform. 10 of the 19 amalgamations will result in councils having wards of which 8 of the councils will have 5 wards and 2 councils will have 3 wards. There are 12 merging proposals that are pending, which could leads to additional councils having wards.

Northern Territory

The City of Darwin has a population of 82,912 and an area of 111.5 square kilometres. The population density of the municipal area is 743.5 persons per square kilometres. The council has four wards and they are; the Chan Ward, Lyons Ward, Richardson Ward and the Waters Ward. The representation of the council is 12 councillors (3 per ward) and a mayor. The representation ratio of the council is 6,378 persons per councillor.

Queensland

The City of Brisbane is considered the largest council (by population) in Australia with a population of 1,162,186 and an area of 1,338 square kilometres. The population density of the municipal area is 868.5 persons per square kilometre. There is a total of 26 wards which each has a councillor. In total there are 26 councillors and a mayor, the representation ratio for the Brisbane Council is 43,043 persons per councillor.

South Australia

The City of Salisbury in South Australia has eight wards which are the Central Ward, East Ward, South Ward, Hills Ward, Para Ward, North Ward, Levels Ward and West Ward. The population of Salisbury is 138,535 and has an area of 158 square kilometres. The population density of the areas is 876.6 persons per square kilometre. There are 16 councillors (2 per ward) and a mayor which equates to a representation ratio of 8,149 per councillor.

Victoria

The City of Kingston in Victoria has three wards being the North Ward, Central Ward and the South Ward. Each ward has 3 councillors and there is a total of nine councillors (including the Mayor). The council has a population of 154,477 with an area of 91.4 square kilometres which equates to a population density of 1,690.7 persons per square kilometre. The representation ratio for the area equates to 17,164 per councillor.

Western Australia

The City of Armadale has seven wards being Heron, Lake, Jarrah, Minnowarra, Neerigen, Palomino and River. The council spans over 560 square kilometres and has a population of 80,287. The current ward model has 14 councillors (including the mayor) and there are 2 councillors per ward. The representation ratio for the whole municipal area is 5,735 per councillor and the population density is 143.4 persons per square kilometre.



ABS: 3218.0 Regional Population Growth 2005 – 2015

Barton Deakin Brief: New South Wales Governments' Local Government Amalgamations

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Governance

South East Council Wards Conceptual Design

Professor Dean Jaensch had written a Local Government Periodic Review of Representation Issues Paper in 2008 for the Local Government Association of South Australia. In this paper, it outlined two methods to base ward representation.

Method 1

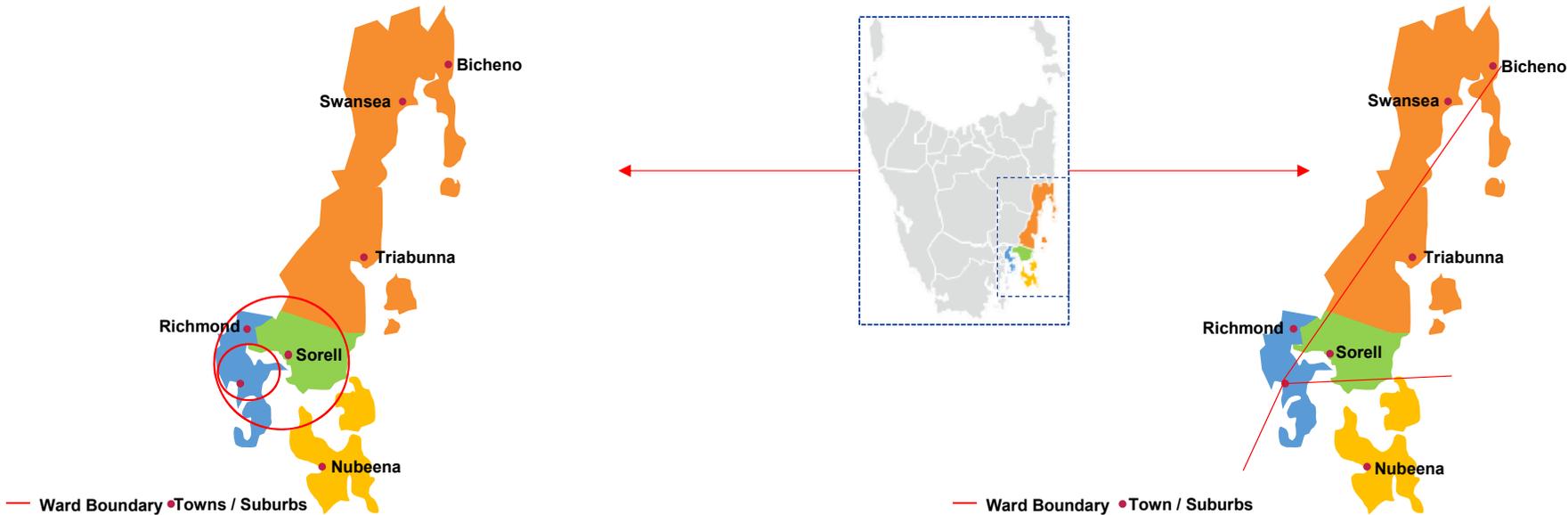
The first method is illustrated below which is to establish ward boundaries to reflect a dominant community of interest. Dominant communities of interests may include:

1. the more urban industrial, commercial and residential groups
2. the satellite major townships
3. the more rural region.

A method such as this may allow wards to represent each community of interest but may reduce focus on from council wide issues.

Method 2

The second method is illustrated below, which deliberately includes a mix of communities of interest within the wards. That is, each ward would comprise a combination of urban, satellite and rural elements. This would encourage representatives from each of the wards to consider council wide issues but may have the potential to overlook narrower, economic and sector interests.



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Appendices





Appendix 1: Resource Sharing Case Studies

Appendix 1

Brighton Common Service Model

Brighton Common Service Model

This model involves a partnership where one council offers services to another on a commercial basis. In this case study, the Brighton Council provides services such as:

- Development and Environment Services
- Strategic and Business Planning
- Finance and Accounting
- Information Technology
- Corporate Governance
- Human Resource Management
- Occupational Health and Safety

The Brighton Council offers services to the Flinders Island Council, Tasman Council, Glamorgan Spring Bay Council, municipalities interstate and Suva City in Fiji. This arrangement is similar to the outsourcing option, however, services are still being provided by a local government authority.

Structure

On its commencement there was no requirement for any formal structure as the services are offered on the basis of agreements struck between the participating councils, however, two pricing models can be adopted:

- A contract for set term and hours using a basic 'cost-plus' methodology, incorporating the actual cost of employment, plus overheads, and plus a margin; or
- The provider council can provide ad hoc or specialist services, where the value of the service provided takes into account opportunity costs, risk and length of engagement.

In 2015, a Common Services Contract was created that seeks to put a more structured legal framework around the service delivery model.

Identify, Categorise and Evaluate Alternative Service Delivery Models, NSW Local Government Managers Australia, May 2013



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Competitive Advantages

Advantages of this model include:

- Provider councils are also users of the same services and therefore have a 'user's understanding' of these services; and
- The services involved are 'mission critical' to the provider council supplying the service as well as to the participating council receiving the service.

Benefits of the Brighton Model:

- It allows councils to provide a higher level of services to their municipalities;
- Improved succession planning;
- The provider council can generate additional income whilst offering savings to recipient councils;
- It builds working relationships between the municipalities involved and both the provider council and recipient councils can learn from one another;
- It can satisfy specific needs of recipient councils;
- It reduces administrative tasks for recipient councils and allows enhanced utilisation of technical and professional staff.
- It can reduce risk levels for recipient councils in service provision as they can utilise experienced staff across a variety of local government disciplines;
- It provides back up for all positions as it would be necessary to have at least two staff trained and available for payroll, rates and other functions which may be an issue for smaller councils in a financial sense; and
- Reduction of administration costs for all parties apart of the agreement. For example there was an overall saving of \$1,638,780 in the 2014 financial year, as follows:
 - Brighton council (provider) had made a saving of \$368,387; and
 - Recipient councils had made a saving of \$1,270,393.

Stimulating council collaboration: A common service model for Tasmanian Local Government, Brian Dollery, December 2014

Identify, Categorise and Evaluate Alternative Service Delivery Models, NSW Local Government Managers Australia, May 2013

Appendix 1

Hunter Councils

The Hunter Regional Organisation of Councils is a body that represents 11 councils in NSW. Its key activities are to engage in regional advocacy and shared services initiatives such as:

- Environmental programs and conservation initiatives: biodiversity, climate change, roadside environments, water, weeds, sustainability, environmental compliance and community arts and education;
- State-wide training and development through the Local Government Training Institute;
- Large-scale procurement on behalf of 50 councils by the Regional Procurement Division;
- Records Management through the services of Hunter Records Storage;
- Film and television attraction through Screen Hunter Central Coast;
- Consultancy services; economic development strategies, tourism, structural reviews, organisation development and councillor training. Provided to member councils for free and other councils commercially;
- Legal services at costs to member firms and on a commercial basis; and
- Engineering and project management services provided to member firms, the public sector and private sector.

Current Structure

Currently the structure of the Hunter Regional Organisation of Councils is segmented into two organisations:

- Hunter Councils Incorporated (formed under the *Associations Incorporation Act 2009*);
 - Managed by a Board which is comprised of the mayors from the member councils and is responsible for policy making, strategy and advocacy functions;
- Hunter Councils Limited (Company limited by guarantee);
 - Managed by the general managers of the member councils and is responsible for remaining business and operational functions and reports formally to the mayors of Hunter Councils Incorporated.

Initiatives

Hunter Councils Incorporated will be wound up and the Hunter Councils of Mayors will be formed under legislation. The new association will have control of the following functions:

- Ten year planning based on each member councils 'community strategic plans';
- Whole of region advocacy and intergovernmental relations;
- Strategic regional and subregional planning;
- Regional and subregional infrastructure and transport planning;
- Regional economic development strategy;
- Regional waste strategy;
- Regional social and cultural strategy; and
- A regional approach to high end corporate services provision.

Hunter Councils Ltd will be responsible for the following functions after the structural change:

- An annual business plan formally endorsed by the Council of Mayors;
- Local Government Training Institute;
- Environment Division operations;
- Local government legal;
- Engineering;
- Asset management and land use planning services;
- Regional Procurement;
- Strategic consultancy services;
- Visitor economy Hunter;
- Hunter Records Storage; and
- Council capacity building and support services.

Identify, Categorise and Evaluate Alternative Service Delivery Models, NSW Local Government Managers Australia, May 2013
Stimulating Council collaboration: A common service model for Tasmanian Local Government, Brian Dollery, December 2014
Hunter Councils Website - <http://strategicservicesaustralia.com.au/>

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Appendix 1

WBC Strategic Alliance

The WBC Strategic Alliance is a voluntary cooperative arrangement that was created in 2003 which has originally included three councils in NSW. In 2005, the WBC Strategic Alliance included a water utilities company. The WBC Strategic Alliance set the following goals within their delivery plan for 2013 to 2016:

- **To establish well run council organisations;**
 - Efficient council organisations and increase the revenue of member councils through collaborative action.
- **To develop capacity and capabilities of councillors, employees and community members;**
 - Develop community skills and capacity, develop councillor skills, develop employee skills.
- **Economic prosperity and employment;**
 - Build a thriving tourism industry and well recognised brand, increase the use of alternative and renewable energy, vibrant local business sectors and support the growth of population in member council areas.
- **To establish well resourced communities**
 - Improve ICT capability and access, healthier communities, engaged young people and disaster planning and management.
- **Care for the natural and built environment**
 - Preserve and value heritage, natural resource management, coordinated waste management and improve physical infrastructure.

Voluntary cooperatives are created for the purposes of pooling resources, removing duplication and to develop a common platform for the purposes of developing new initiatives. A voluntary cooperative is also flexible as decisions do not have to be made unanimously. Member councils may decide whether they would like to be involved on a joint initiative. Voluntary cooperatives are usually formed by neighbouring councils.

Structure

The WBC Strategic Alliance has been established by a constitution and is governed by a Board. The Board consists of the council mayors, deputy mayors, general managers of member councils and the chairmen of the water utilities company. The Board meets on a quarterly basis and is responsible for:

- Setting the strategic direction of the Alliance;
- Identifying opportunities for collaboration through the Alliance;
- Raising public awareness of the Alliance and benefits to local communities; and
- Oversight and reporting on Alliance-led initiatives.

A WBC professional team is responsible for the day-to-day project management of the alliance-led initiatives. The team consists of directors of corporate, technical and engineer services and the general managers of the member councils. The professional team convenes on a quarterly basis to:

- Discuss joint projects and initiatives;
- Share experiences and best practices; and
- Network and enhance the relationships between alliance members.

Initiatives

- IT systems and record keeping;
- Fleet management and asset management;
- Human resources, workforce planning and training;
- Internal audit and business process improvement;
- Integrated planning and reporting;
- Geographic information systems;
- Issue-based regional strategies (such as climate change)
- Procurement of goods and services; and
- General resource sharing (on an ad hoc basis)

Shared Services Analysis, KPMG, May 2016

WBC Strategic Alliance - <<http://www.wbcalliance.nsw.gov.au>>

Identify, Categorise and Evaluate Alternative Service Delivery Models, NSW Local Government Managers Australia, May 2013

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Appendix 1

Cradle Coast Authority

The Cradle Coast Authority is a joint authority created by the nine councils of North West Tasmania. The authority was created to facilitate the sustainable development of the region, resolve regional issues and coordinate regional-scale activities. The main purpose of the authority was to represent the member councils and their communities involved. The member councils within the authority include:

- Burnie City Council
- Central Coast Council
- Circular Head Council
- Devonport City Council
- Kentish Council
- King Island Council
- Latrobe Council
- Waratah / Wynyard Council
- West Coast Council

The regional goals of the authority have been outlined on their website which are:

- An adaptive and diverse economy built on the region's unique advantages and ideas.
- A long term view that helps us protect the region's natural and productive resources, respond to change and prepare for the future.
- An attractive place to live with inclusive communities, healthy people and unlimited access to information, education and employment opportunities.
- A role-model of regional governance that provides advocacy, coordination and leadership for its councils, their communities and their important issues.

Cradle Coast Authority - <<http://www.cradlecoast.com/>>

Structure

The authority is governed by a two tier system which is comprised of two representative from the member councils who are referred to as 'the representatives' and a board of directors. The board of directors comprise of:

- 2 directors nominated by the participating councils;
- 1 director nominated by council general managers;
- 1 director with experience in the tourism industry in the Cradle Coast region;
- 3 directors with experience in agriculture, industry or commerce in the Cradle Coast region; and
- 1 director with experience in education and training in the Cradle Coast region.

The board is responsible for the authority's strategic direction, financial management, appointment of advisory committees and duties set out in a document referred to as the 'Authority's Rules'.

The representatives act as shareholders, which means they vote on importance issues such as governance, policy and budgeting. The representatives are responsible for appointing board members and review of the board. The representatives convene quarterly to provide a forum to discuss the authority's activities.

Initiatives

The authority is currently engaged with regional initiatives in relation to:

- Tourism;
- Natural Resource Management;
- Health and Wellbeing and Healthy Communities Toolkit;
- Education, Training and Workforce Development;
- Industry Development;
- Local Government services;
- Facilitating the regional planning initiative and land use strategy;
- Other issues identified by the Board or councils, and agreed to by the Representatives



Appendix 1

Other Resource Sharing in Tasmania

Circular Head and Waratah-Wynyard Councils:

- The councils implemented a shared resources agreement in December 2008 until 2013. The two councils shared a General Manager during this period.

Sorell and Tasman:

- Both councils currently share a General Manager which equates to 0.4 FTEs in Tasman and 0.6 FTEs in Sorell.

Break O'Day and Glamorgan Spring Bay:

- The councils appointed a joint tourism officer in September 2008.

Kentish and Latrobe:

- The councils formed a joint sub-committee in August 2008 to source opportunities for resource sharing. The councils currently share an environmental health officer and have commissioned a review of road maintenance operations for both councils

Other Councils

- Councils such as Meander Valley and the Northern Midland Councils are engaging in informal talks about possible resource sharing opportunities.

State Government:

- In the 2008/09 budget, the State Government provided \$100,000 to enhance resource sharing in Tasmania through the Share Services Grant Program. These funds were distributed to the following:
 - To develop a regional emergency management plan between Latrobe, Kentish, Central Coast and Devonport Councils;
 - Two feasibility studies for the Northern Midlands, Meander Valley and Launceston City Councils in regards to cross-council networking and joint IT opportunities; and
 - To develop, trial, and evaluate a centralised administration facility between Brighton and Tasman Councils.

Principle for Voluntary Mergers Report, Local Government Board, February 2010



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Southern Tasmanian Councils Authority (STCA):

- Member councils include: Brighton, Central Highlands, Clarence City, Derwent Valley, Glenorchy City, Hobart City, Huon Valley, Kingborough, Sorell, Southern Midlands, Glamorgan Spring Bay, and Tasman Councils;
- Aims to facilitate cooperative working partnerships and improve ability of councils to address regional issues and progress sustainable economic, environmental, and social outcomes.
- Has core focus areas including; physical infrastructure, economic development, social well-being, and inter-regional cooperation.
- The STCA's stated goal is pursuing opportunities for cooperation and resource sharing projects.

Northern Tasmania Development (NTD):

- Member councils include; Break O'Day, Dorset, Flinders, George Town, Launceston City, West Tamar, Meander Valley and Northern Midlands Councils.
- It is owned by member councils and focuses on strategic economic, community, and environmental initiatives.

Waste Authorities:

- The Southern Waste Strategy Authority (SWSA) was established in 2001 by southern councils to implement effective waste management strategy. The strategy focuses on waste avoidance, resource recovery, responsible waste disposal, community awareness and performance monitoring.
- The Dulverton Regional Waste Management Authority (DRWMA) was established for the disposal and management of waste predominantly within the Mersey-Leven region. The DRWMA was established via cooperative agreement between northern councils.

The Copping Refuse Disposal Site Joint Authority (CRDSJA):

- The CRDSJA was established in March 2001 by the Sorell, Tasman and Clarence City Councils for the purpose of developing a landfill refuse disposal facility. The Kingborough Council has also become a member council of the CRDSJA. The CRDSJA has long term contracts with other councils including Glamorgan Spring Bay and the Department of Health and Human Services.

Appendix 1

Optimised Shared Services Model

As an alternative to an incremental change to the shared services model, there is the option to implement an optimised shared services model which would result in the four councils procuring all services through a central body. This would result in minimal staff actually employed by the council, and the central body would provide services itself or coordinate outsourcing to third parties for both internal and external functions.

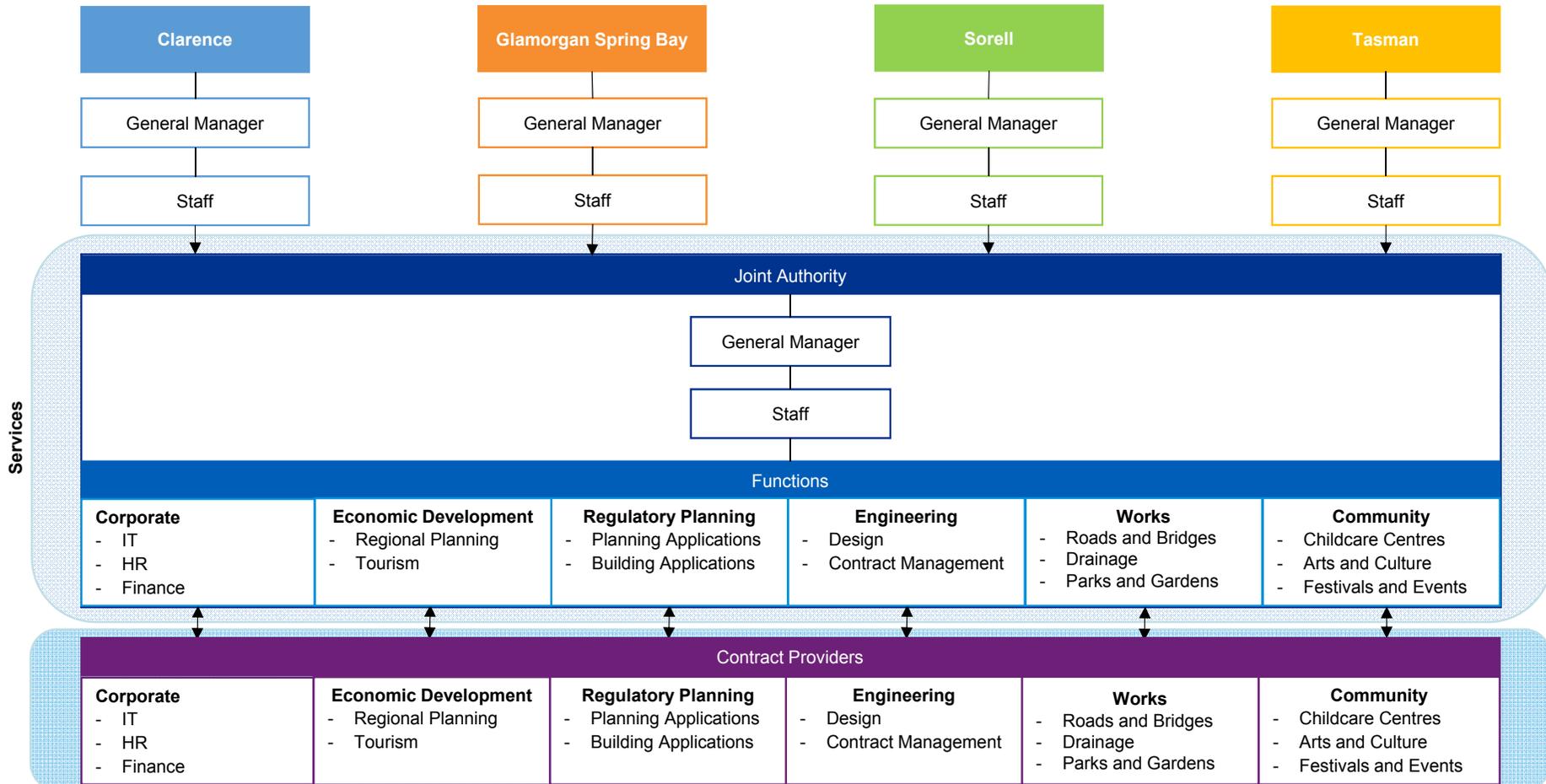
An illustrative blueprint of such an arrangement is depicted on the following slide.

The table below outline the advantages and disadvantages of the optimised shared services model in relation to governance, structure, services and financials.

Advantage and Disadvantages of the Optimised Shared Services Model		
	Advantages	Disadvantages
Governance	<ul style="list-style-type: none"> High levels of local representation. 	<ul style="list-style-type: none"> Direct costs for 36 elected members.
Structure	<ul style="list-style-type: none"> Creates a clear separation between the client councils and the joint service provider; Legal capacity to establish the shared services entity as a Joint Authority or Corporation under the Local Government Act 1993. 	<ul style="list-style-type: none"> Need to determine an equitable basis for ownership; Need to create a general manager and staffing structure in the Joint Authority; Need to retain general managers and staffing in each council; Need to back out of existing resource sharing arrangements including Brighton common services.
Services	<ul style="list-style-type: none"> Ability to retain a combination of in-house – contractor service providers; Ability to move to a 'Contract City' model and fully outsource all services. 	<ul style="list-style-type: none"> Need to determine an equitable basis for prioritisation of services; Need to specify and apply service levels; and Need to develop standard unit costs.
Financials	<ul style="list-style-type: none"> Savings achieved through optimisation of contracts and materials. 	<ul style="list-style-type: none"> High implementation costs; High operating costs due to 'dual' organisational structures.



Optimised Shared Services Model





Appendix 2: Local Government Reform

Appendix 2

Local Government in Australia

Local councils in Australia represent the third tier of government and, arguably, are the most prominent form of government that affect citizens' day-to-day lives. Responsibilities of local government include:

- collecting household and commercial waste, recycling collection services and landfill management;
- enforcing public health and safety orders, including the inspection of food businesses, planning and development approvals and associated land use zoning decisions;
- managing environmental controls, including animal control, vegetation and conservation and noxious plants and weeds;
- managing, funding and maintaining local roads;
- managing local parks and recreation facilities, including public libraries, sporting fields, and community centres;
- encouraging local economic development, including business growth, tourism and visitor centres and providing related infrastructure;
- representing regional and community interests by advocating for State and Commonwealth government investment, support for local community services (including youth and aged care services) and seeking funding for major community projects and infrastructure; and
- supporting the development of vibrant, safe and prosperous communities with appropriate access to key services and infrastructure.

Local councils therefore are highly influential in terms of determining local community living standards and quality of life.

Local Government Reform

The local government sector in Australia has experienced significant change over the past century as advancements in technology and transport, combined with population growth and economic development, alters the role of the local government sector. Over this period, the number of local councils has declined significantly, from more than 1,060 in 1910, to 562 in 2015. In Tasmania, the number of councils has reduced from 149 in 1907, to 29 in 1993.

A driving force behind the acceleration in the decline in the number of local councils in Australia has been merger-led reforms undertaken by a number of state governments.

In 2008, the Productivity Commission identified that local governments are increasingly providing services beyond their traditional role, to include greater involvement in human services, planning and regulatory functions. Local government is therefore under continuing pressure to evolve in order to address financial sustainability, and manage community needs and expectations. Recent experience and evidence has also reinforced the desire to amalgamate local government activities in metropolitan areas in particular.

In considering the lessons learnt from other local government reform attempts around the country and the world, Aulich et al 2011 describe three key themes for local government reform that are critical for reforms in the future.

1. Defining the objective of reform - a search for economies of scale and balancing the need for financial sustainability and strategic capacity
2. Local government mergers are often catalysts/results of broader local government reform. This broader reform drives the key reasons for change, as well as the assumptions around local government's operations and strategy going forward
3. Given the broader structural reform of local government around Australia, a one size fits all approach has been abandoned in favour of the more complex task of considering the various and unique challenges and opportunities faced within each jurisdiction, and each municipal area.

Appendix 2

Drivers for Reform

Local Government Challenges

The Australian Local Government Association maintains that local government are facing the following challenges:

- Emerging and increasing expectations of the community in respect to services and infrastructure
- \$14.5 billion infrastructure renewal backlog across the nation
- The level of cost shifting to local government from other levels of government
- Various constraints placed upon local government by state legislatures that restrict the ability of local government to raise revenue, including rates capping
- The capacity of local government to further increase its own-source revenue-raising efforts (noting that the capacity of ratepayers to pay more rates is a key constraint)
- The uncertainty around the level of general purpose funding grants (FAGs) from the Commonwealth Government.

These factors can be translated into drivers for local government reform, summarised by the table on the right. These include a range of financial, service-delivery, and organisational drivers.

Drivers for Local Government Reform	
Financial Sustainability	Increasing role responsibilities and the maintenance of assets put pressure on the financial sustainability of local government. Reform through amalgamation also includes the redistribution of grant funding to rural areas.
Improved planning for communities of interest, and alignment of traditional values in existing areas	The core principle behind the concept of representation is communities of interest. Reform has been driven by aligning local government boundaries/roles/planning with these local communities of interest, to strengthen community representation.
Effective and improved service delivery	Many reform attempts have been driven by the desire to improve service delivery, as this is a core function of councils as it is the interface to which many people interact with the council. By searching for opportunities to combine/share resources, these services can be delivered smarter and more effectively.
Economies of scale, scope, and specialisation	Whilst economies of scale has been considered extensively in the literature around local government reform, there is little empirical evidence of it in fact working in practice. More common however is realising economies of scope, and the internal efficiencies from removing duplicate activities and functions.
Greater purchasing power, more efficient management and use of assets, and reduced cost of local government more generally	councils are roughly 80% self-funded, with the remaining funding being sourced from operating and capital grants. As councils all deliver similar core functions and services to their constituents, merging councils can potentially reduce the cost of local government through the better allocation of government funding, as well as greater purchasing power for the councils.
Increased specialist professional expertise, and lower costs of representation	A greater organisation provides scope and ability for more specialised skills and functions. It is in some cases also a requirement, in order to deal with increased and complex workloads.
Community cohesion, and the redrawing of logical jurisdictional boundaries	This aligns to the communities of interest principle, and the concept of representation. This does not necessarily mean redrawing larger or smaller municipal areas, rather establishing areas that reflect common or similar communities of interest, or a structure that enhances a sense of local representation.



Appendix 2

History of Reform in Tasmania

History of Local Government Reform in Tasmania

Local Government Reform started as early as 1907, when 149 councils were reduced to 53. Until 1992, the number of councils only reduced to 46. In 1993, an inquiry by the Tasmanian Local Government Advisory Board (LGAB) recommended a further reduction to 29 councils, without effecting Hobart or Launceston.

The 29 councils still stand today. The success of the 1993 amalgamations was largely attributed to the engagement of key stakeholders and the community, and the consultative approach undertaken by the State Government (Vince, 1997).

In 1997, there was a second attempt by the State Government to further amalgamate some councils down to no more than fifteen, however this was largely unpopular as it lacked the community and stakeholder engagement, which the 1993 amalgamations found was so critical to success (Haward & Zwart, 2000). The State Government has since had a policy of no forced amalgamations.

Recent Pressures

In 2007, Local Government Association of Tasmania commissioned Access Economics to conduct a Review of the Strategic Planning in Australian Local Government, particularly looking at the financial sustainability of Local Government in Tasmania. The report found that one in five councils might be financially unsustainable due to operating deficits or annual renewals gaps.

The report recommended that each council develop a rolling ten-year financial plan to rehabilitate and expand infrastructure, develop services in line with population growth, generate additional resources from revenue increases and cost savings, and comply with financial key performance areas to address the renewals gap (Access Economics 2007).

In 2009, the Auditor General released a report that stated almost two-thirds of the councils were economically unsustainable, and there was a low rate of implementation of the recommendations provided by the 2007 Access Economics report. As a result, the Tasmanian Government Minister for Local Government stated that whilst the government remained committed to no forced amalgamations, the Government would consider and examine options to reduce the number of councils in Tasmania. This included a range of voluntary amalgamation and resource sharing options.

In 2015, the Minister for Planning and Local Government, consulted with the mayors and general managers of Tasmanian councils and discussed the way forward in terms of state and local government working together and improving service delivery. Driving this set of reforms are the following principles:

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

Tasmanian Specific Learnings

From reform efforts in the 1990s in Tasmania, it was concluded through the level of resistance that the success of amalgamation and local government reforms were greatly influenced by the degree of involvement of the councils themselves, and their support of the process (Haward & Zwart, 2000). The Tasmanian Government has acknowledged this as an important learning in recent reform work.

In 2002, the Waratah Wynyard and Burnie City council received a Commonwealth grant to consider resource sharing arrangements and the integration of the councils' workforce. In 2007, Glamorgan Spring Bay and Break O'Day also commissioned a study into amalgamation. These case studies are detailed on the following page.

History of Reform in Tasmania

Early History

- Early in Tasmania's history there were 149 local government municipalities within the state. A working paper entitled *Historical Evolution of Local Government Amalgamation in Victoria, Tasmania and South Australia* has provided insight on the process of reform and has described how reform had been implemented. As early as 1907, Tasmania had begun the process of reform to reduce the number of municipalities through the use of a royal commission. These actions resulted in 149 local government units being condensed to 53.
- From 1907 until 1992, the State had only seen the number of municipalities decline to 46. From 1993, State Government reform had been responsible for the reduction in the number of councils to 29. At this time there was little resistance to mergers as there was bipartisan support.
- The key success factor to the state wide reduction of councils in the 1990s was the consultative approach. This approach had effectively engaged local government and communities. The approach had highlighted the crucial importance of participative planning and extensive community consultation. History suggests this approach had not been employed in the attempted reforms in the late 1990s.

Modernisation of Local Government

- The working paper continues by detailing the process of local government amalgamation in 1993. The Tasmanian Local Government Advisory Board (LGAB) had issued an inquiry into the modernisation of local government which has resulted in the recommendation of reducing the number of council from 46 to 29. The LGAB attempted to amalgamate whole councils wherever possible in order to minimise dislocation through splitting staff, assets and finance.
- The State Government had paid for costs of transition, demonstrated commitment to local government, and facilitated vital local ownership and acceptance, which all contributed to the success of the reform process. At this time of amalgamation there was bi-partisan support even though there was resistance from some communities.
- During this time of local government structural reform, the LGAB consulted with each local government in the state to develop recommendations for changes to the Local Government Act. The Act was considered unrepresentative of local government. In 1993 a new Local Government Act was legislated and a formal agreement was reached between the councils and the State Government.

Tasmanian Amalgamation Outcomes

A research and evaluation article named *Local Government in Tasmania: Reform and Restructuring* had outlined some outcomes as a result of the 1993 amalgamations, which included:

- Economies of scale, particular in the manner of administration costs;
- A greater capacity to provide better services to the community, particular in the area of sewerage and water treatment; and
- A greater range of professional staff to be employed.

The article went on to state that the local government amalgamations had provided generally positive outcomes. It also stated that the driving force behind the amalgamation was the attainment of greater efficiency through economies of scale whilst maintaining the community of interest.

Potential Reforms of 1997

In 1997 there was a joint Commonwealth-State government assessment of the Tasmanian Economy which has resulted in the recommendation in further amalgamation. Unlike the 1993 reform, local government involvement was much less and was driven by the Premier's direction statement (*Local Government in Tasmania: Reform and Restructuring*).

The Local Government Board was established by the minority government to carry out further amalgamations. The timeframe set for the Board to make recommendations impeded the ability of the Board to widely consult with local government councils, which limited community acceptance and was at odds with the more consultative approach taken in the 1993 reforms. In addition, the Board challenged the relationship between community and locality and suggested that its meaning was uncertain.

Ultimately, three councils successfully challenged the restructure proposals and a change of state government led the proposed reforms to be shelved.

Potential Future Reforms

Whilst amalgamation had failed to occur in 1997, the working paper *Historical Evolution of Local Government Amalgamation in Victoria, Tasmania and South Australia* has suggested that arguments for amalgamation may continue. An example is a recent report from the Tasmanian Auditor-General which released a report (2009) that found that almost two-thirds of councils were economically unsustainable. The state government acknowledges that changes would need to be made.

Appendix 2

History of Reform in Tasmania

Waratah-Wynyard and Burnie City Council

In 2002 the Waratah-Wynyard and Burnie City Councils received a \$100,000 Commonwealth Government grant to consider the option of resource sharing by the integration of both councils' outdoor workforces. At the conclusion of the study it was recommended that whilst there were potential savings from the integration of the outdoor workforces, the most significant benefits to both communities would be if there were to be a total amalgamation.

In keeping with its commitment to support voluntary mergers, the State Government was prepared to meet half the costs of a plebiscite to determine if the affected communities supported amalgamation. Prior to the conduct of a plebiscite the Burnie City Council conducted its own telephone elector survey in both the Burnie and Waratah-Wynyard municipal areas. The result of this survey indicated majority support for a merger in Burnie and minority support in Waratah-Wynyard.

The negotiations between the Burnie City Council and Waratah-Wynyard Council for a possible amalgamation were abandoned following a decision of the Waratah-Wynyard Council not to proceed.

Glamorgan Spring Bay and Break O'Day Council

In 2009, KPMG conducted a report identifying the financial costs and benefits relating to a potential merger between Glamorgan Spring Bay and Break O'Day Councils.

The report found that there were potential savings up to \$1 million per annum, relating to a reduction in staff and salary costs, overheads, member allowances and asset rationalisation. However there were contrasting views between each of the councils around staffing reductions, and a general lack of interest in the potential merger from local industries. The Local Government Board also noted that there were significant challenges in the greater size and low population density over the new area, as well as significant differences in each of the councils' rating policies and consequent financial impact on ratepayers. Consequently, the Board recommended that the two councils do not merge.

Interestingly, the following conclusions were also drawn by the Local Government Board:

- Communities of interest were found to be centred around towns, rather than municipal areas, and this would not be impacted by a merger of the two councils. There was also a predominant north/south division across the region, and a merger would change the dynamics
- The demographic trends of an ageing population in both regions would be exacerbated in a merged council and the viability of health and social services would not likely improve, given the low population density of the region.
- Reviewing the submissions, it was concluded that whilst there was acknowledgement of the need for change, there was little widespread support for the proposed merger
- Improvements around governance and representation was dependent more on leadership, professional development for staff, and decision-making process.

Appendix 2

History of Reform in Tasmania

From a report conducted in 2009, the Local Government Board found that there were some key themes around voluntary amalgamation in Tasmania. These include the following.

- Councils need to be able to point to a clear impetus for action. There must be a trigger for change to justify imposing the impacts of reform on the community and council staff. Councils indicated that a checklist was needed to provide guidance.
- There should not be a need for council reform if councils are meeting the requisite criteria for sustainability, such as meeting asset indicators, meeting statutory obligations, fully funding depreciation, providing minimum service levels and performing non-core functions.
- Amalgamation has been stigmatised by both spheres of government in Tasmania. A more positive attitude towards change, with media engagement in allaying community concerns, would shift public opinion from viewing reform, including possible mergers, as exceptional or catastrophic.
- Local government is experiencing what it calls "reform fatigue", particularly after the state-wide water and sewerage reform.
- There is general agreement that the minimum standard for any council should be its capacity to deliver services to a standard acceptable to each community and to also fulfil its statutory compliance requirements for issues such as planning, environmental and public health.
- Local representation is important. Councils act as advocates for their communities on a range of issues, not necessarily council issues such as local factory closures. Other models of governance could be considered, such as a merged council supported by local community consultative committees, which would deliver local representation.

- Alternative approaches should be explored: e.g. merged administrative services or back office operations rather than merged boundaries. The community will not object to shared services, a common services provider, or regional service delivery, provided community access is not affected – ratepayers will not object provided local governance is maintained.
- There needs to be a review of local government roles and functions. The impacts of cost shifting can make the difference between a council being sustainable or unsustainable.

These themes still ring true today, and will inform the next phase of the analysis, particularly around the governance model and community consultation.

Roles of Local Government in Tasmania

Roles of Local Government

The key roles of local government are summarised on the image on the right. These include both tangible, measurable functions such as economic development, planning and the administration of legislation/bylaws. However, some of these roles also include roles that are more intangible, and are consequently harder to define and harder to quantify. These include developing a sense of place, community engagement, and the core role of representation.

Whilst the scope of services and corresponding service levels do differ between all councils, these core roles are often fulfilled by local government, in many different ways.





Appendix 3: Local Government Benchmarks

Appendix 3

Local Government Benchmarking

The benchmarking consisted of gathering council information around Australia. Comparable councils were determined via testing population density and population parameters. For each council and option, 38 comparable councils were uncovered with varying results.

For each comparable council, the population, area, rateable properties and the full-time equivalent statistics were compiled.

Data was sourced from state government departments and the annual reports of the councils.

After the data had been collated, the information was used to graph FTEs per population, FTEs per rateable property, FTE per square kilometre, population, population density and the number of rateable properties.

The data collation consisted of the following number of councils from each state; twelve from New South Wales, one from Queensland, ten from South Australia, four from Tasmania, seven from Western Australia and six from Victoria.

The council makeup comprises of; eleven city councils, six area councils, two regional councils, eleven shires, four municipal councils and six district councils.

A map has been included to summarise the locations of the councils and their type.

Tasmanian Benchmarking

- The primary measures for comparison in benchmarking the state of Tasmania were the FTEs per capita and the FTEs per rateable property.
- The benchmarking of the current councils and the Options indicate that the Options are reasonable in comparison to other councils around the state.
- The aforementioned conclusion is made despite the fact that the Options' FTE statistics are below the Tasmanian average. The Tasmanian average has been inflated due to smaller councils such as King Island, Flinders, Central Highlands and the West Coast. These smaller councils appear to have larger number of FTEs per capita.

Option Benchmarking

- Overall the data suggests that in comparison to councils with a similar population numbers, density and number of rateable properties, the Options have less FTEs.
- The comparable councils are made up of councils of varying types from interstate and Tasmania.
- It should be noted that with this comparison come limitations in the sense that interstate councils may have differentiated service lines or more services lines. Due to this, it may be assumed that the provision for more FTEs would be likely. An example would be councils from Queensland and New South Wales which are required to provided water and sewerage services. Another example is that Tasmania is the only state that doesn't require councils to maintain public library services and therefore may have less FTEs as a consequence.

Option 1

- The FTE statistics indicate that Option 1 has less FTEs than the Tasmanian average and the comparable councils. Option 1 has the largest number of rateable properties out of any of the comparable councils and the Tasmanian average.

Option 2:

- The analysis indicates that Option 2 has less FTEs than the Tasmanian average and the comparable councils. In each case, Option 2 falls below the average set by councils that have a similar population and number of rateable properties. FTEs per square kilometres was the only metric that Option 2 was higher in comparison to the Tasmanian average.

Option 3

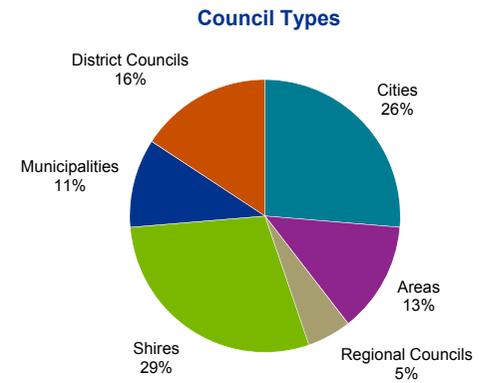
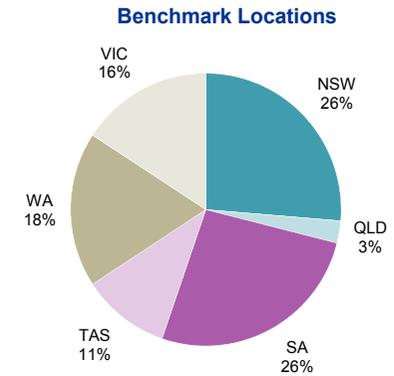
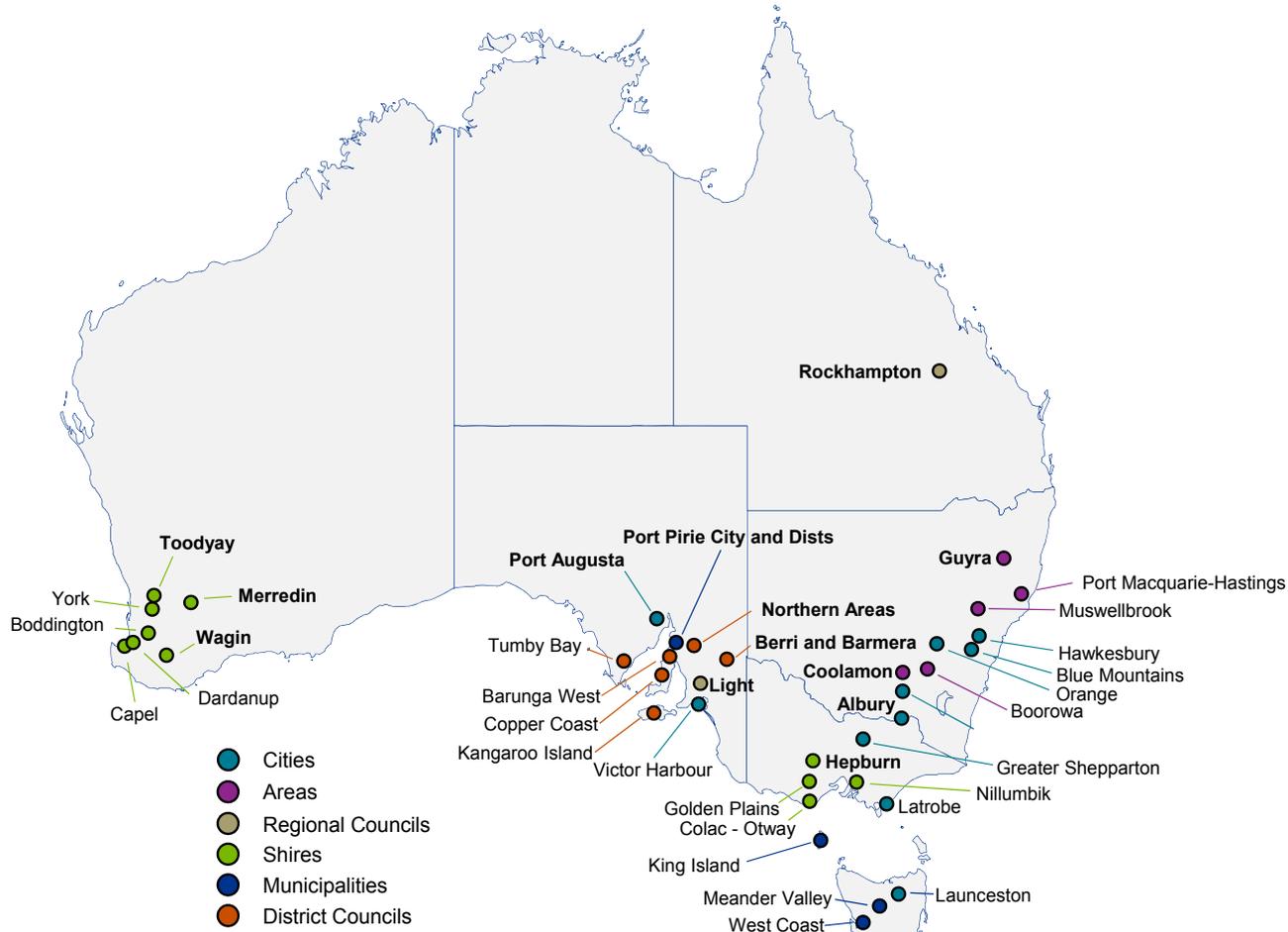
- Option 3 follows the same trends as the previous options as they are below the averages set by comparable councils and the Tasmanian average. Option 3 was also ranked in the bottom end of the FTE statistics which is apparent in the graphics provided further within this report.

Option 4

- Option 4 results are similar to those found in Option 2 which indicates that again, this Option may have less FTEs than the comparable councils. Option 4 is also ranked low in the FTE statistics.



Council Benchmark Locations

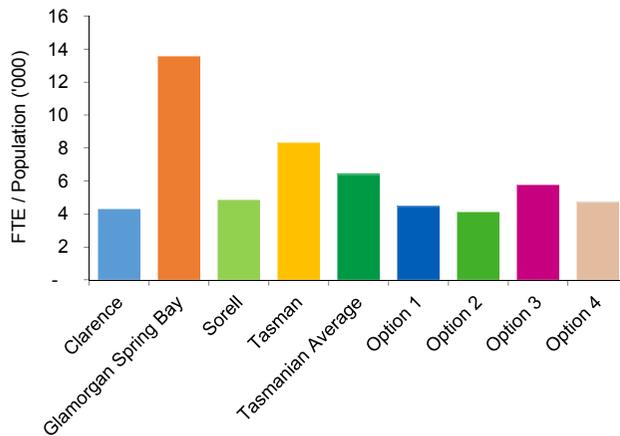


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Appendix 3

Local Government Benchmarking

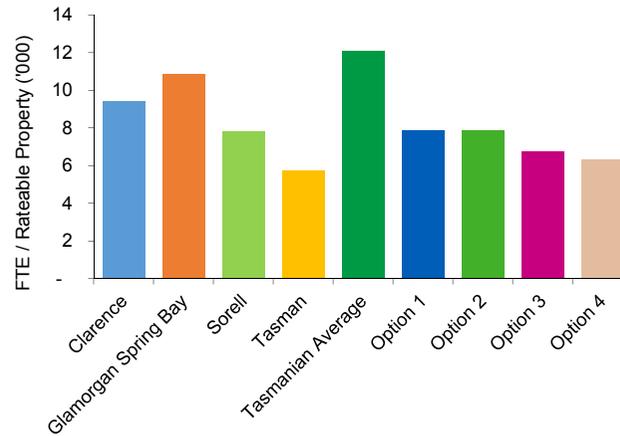
FTE per Population ('000)



FTEs per Population

- The graph above depicts the number of FTEs per thousand of population. The data shows that the smaller councils, Glamorgan Spring Bay and Tasman, have the highest number of FTEs per population. These councils are the only councils above the Tasmanian average.
- Option 3 has the largest number of FTEs per population out of any of the merged options whilst Option 2 has the lowest. The options are all below the Tasmanian average.

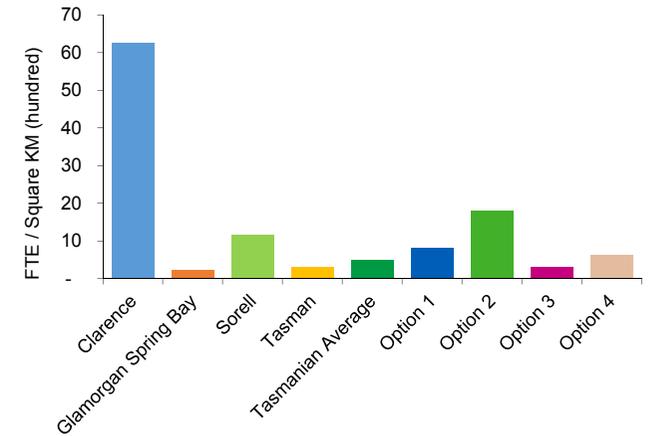
FTE per Rateable Property ('000)



FTEs per Rateable Property

- This metric has the largest variation of results which shows that the current councils and the option are below the Tasmanian average. Glamorgan Spring Bay and Clarence, have the largest number of FTEs per rateable property.
- Options 1 and 2 have the largest number of FTEs per rateable property. The data indicates that the options with more rateable properties will tend to have a larger FTE count than those with less.

FTE per Square Kilometre (hundred)



FTEs per Square Kilometre

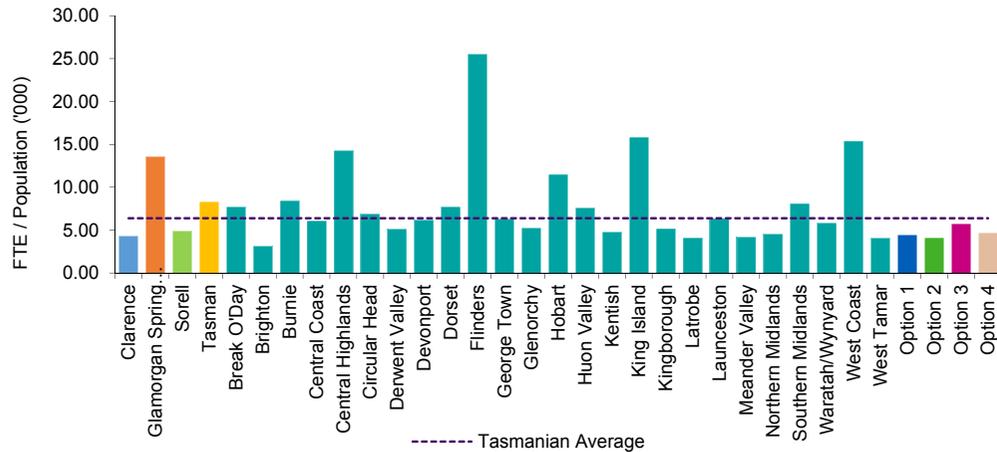
- The data shows that Clarence by far has the largest number of FTEs per square kilometre. Clarence is the only council that is above the Tasmanian average.
- Noticeably, Option 2 has the largest number of FTEs per square kilometre, however all of the options are below the Tasmanian average.



Appendix 3

Local Government Benchmarking Tasmania

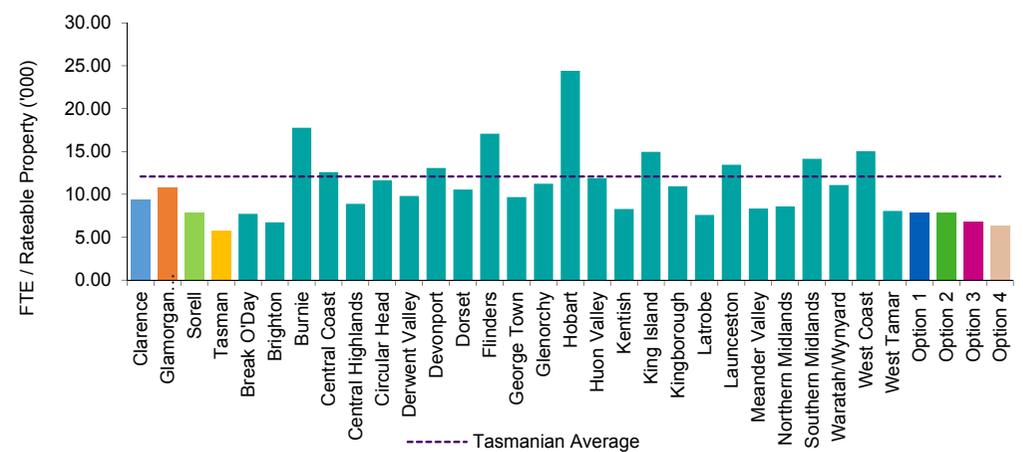
FTE per Population ('000)



FTEs per Population

- The graph above depicts the number of FTEs per thousand of population across the councils of Tasmania. The data shows that smaller councils with the exception of Hobart, have larger number of FTEs per a thousand of the population. It can be seen that Glamorgan Spring Bay falls into this category.
- The Tasmanian weighted average for FTEs per thousand of population is 6.40.
- The data indicates that the Option statistics are in alignment with the councils of Tasmania.

FTE per Rateable Property ('000)



FTEs per Rateable Property

- The graph above depicts the number of FTEs per thousand of rateable properties which indicates that Hobart and Burnie have the largest number of FTEs per rateable property. Again, smaller councils such as Flinders, King Island and the West Coast appear to rank highly in these statistics.
- The Tasmanian weighted average in this statistic is 12.1 FTEs per thousand rateable properties.
- The data again shows that the Options (displayed to the right of the graph) are in alignment with Tasmanian councils.



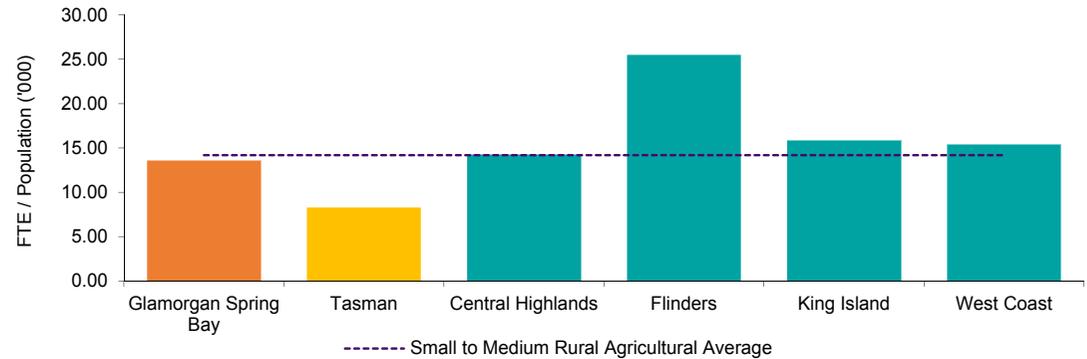
Appendix 3

Local Government Benchmarking: Rural Agricultural

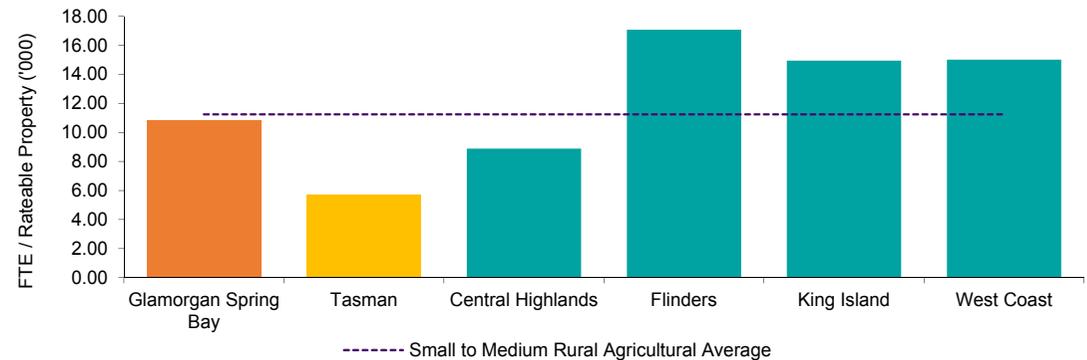
Small to Medium Rural Agricultural Councils

- In Tasmania, Glamorgan Spring Bay, Tasman, Central Highlands, Flinders, King Island and the West Coast municipal areas are considered small to medium sized rural agricultural councils.
- Of these councils, Glamorgan Spring Bay has the highest population (4,493) and Flinders has the lowest (783).
- The Tasman Council has the highest population density (3.64 people per square kilometre) and the Central Highlands has the lowest density (0.29 people per square kilometre).
- The West Coast Council has the largest area (9,590 square kilometres) followed by the Central Highlands (7,982 square kilometres) and then Glamorgan Spring Bay (2,591 square kilometre).
- Glamorgan Spring Bay has the most rateable properties (5,623) and Flinders has the lowest (1,171).
- Tasman has the lowest FTEs per capita ('000) at 8.32 FTEs per head ('000). Flinders has the largest amount of FTEs per capita ('000) at 25.54 per head ('000). The weighted average for these council types is 14.21 per thousand of the population. This data indicates that Tasman is below the average and Glamorgan Spring Bay is slightly under the average with 13.58.
- Tasman also has the lowest number of FTEs per thousand rateable properties at 5.75 and again, Flinders has the largest at 17.08. The average for these council types is 11.26, which Tasman is well below and Glamorgan is slightly under at 13.58.

FTE per Population ('000)



FTE per Rateable Property ('000)

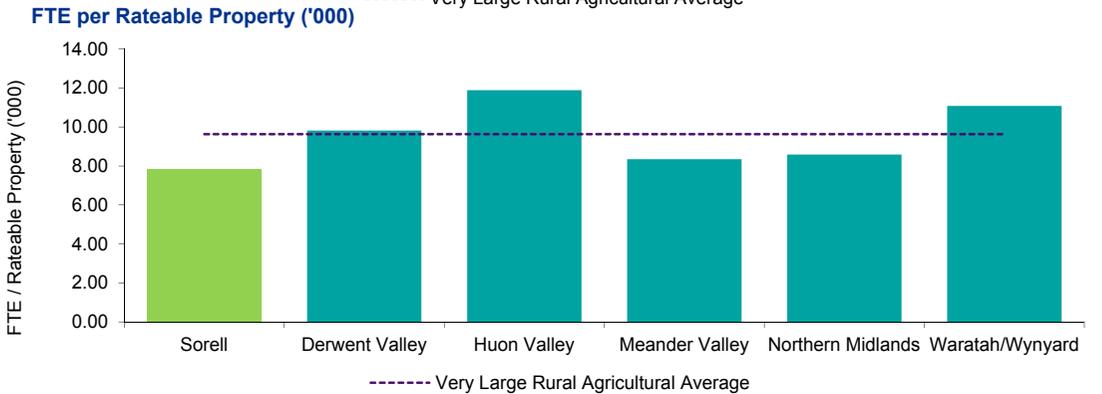


Appendix 3

Local Government Benchmarking: Rural Agricultural

Very Large Rural Agricultural Councils

- In Tasmania, Sorell, Derwent Valley, Huon Valley, Meander Valley, Northern Midlands and Waratah/Wynyard Councils are considered to be very large rural agricultural councils.
- Meander Valley has the highest population (19,686) and Derwent Valley has the lowest (10,026).
- The Sorell Council has the highest population density (23.91 people per square kilometre) within these councils whilst the Derwent Valley Council has the lowest density (2.44 people per square kilometre). It is apparent that Sorell has a much higher density than these councils as the second highest is 5.91 (Meander Valley).
- The Huon Valley Council has the largest area (5,507 square kilometres) whilst Sorell covers least amount of area (584 square kilometres).
- Huon Valley has the most rateable properties (10,426) and Derwent Valley has the lowest (5,193).
- The FTE analysis indicates that the Sorell is below the averages for FTEs per capita ('000) and FTEs per rateable property ('000) which are 5.36 and 9.64 respectively. Sorell has 4.87 FTEs per capita ('000) and 7.84 per thousand rateable properties.
- Other councils below the set weighted averages include Meander Valley and Northern Midlands in both statistics whilst Derwent Valley is below the FTE per capita average. Both Huon Valley and Waratah/Wynyard are above the average for these council types.



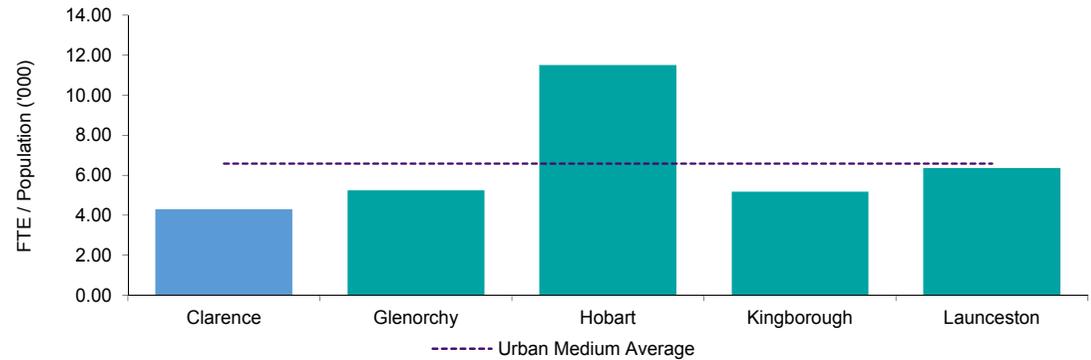
Appendix 3

Local Government Benchmarking: Urban

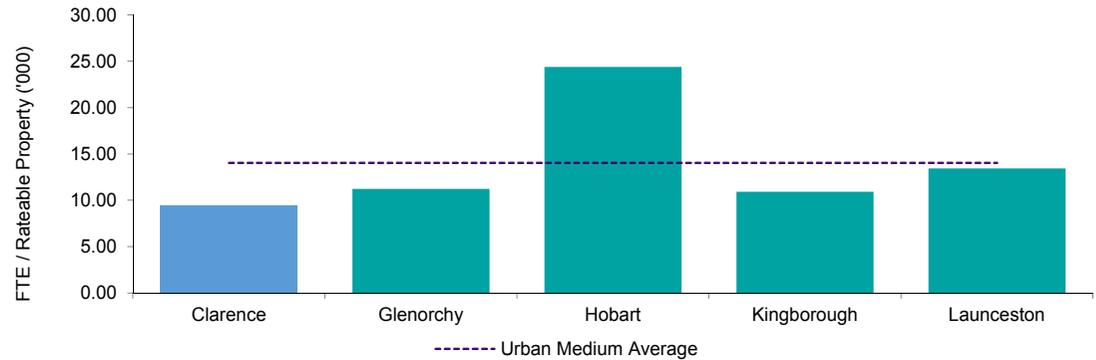
Medium Urban Councils

- In Tasmania, the Clarence, Glenorchy, Hobart, Kingborough and Launceston municipal areas are considered to be a medium sized urban councils.
- Of these councils, Launceston has the highest population (67,078) and Kingborough has the lowest (35,833).
- The Launceston City Council has the largest area (1,414 Square kilometres) whilst Hobart covers the least amount of area (78 square kilometres).
- Launceston has the most rateable properties (31,834) and Kingborough has the least (17,004).
- The FTE analysis indicates that Clarence is below the averages for FTEs per thousand capita and FTEs per thousand rateable properties, which are 6.59 and 14.05 respectively. Clarence has 4.32 FTEs per thousand capita and 9.43 per thousand rateable properties.
- Other councils below the set weighted averages include Glenorchy, Kingborough and Launceston. This may be attributed by Hobart's large population which may be inflating the weighted averages.

FTE per Population ('000)



FTE per Rateable Property ('000)

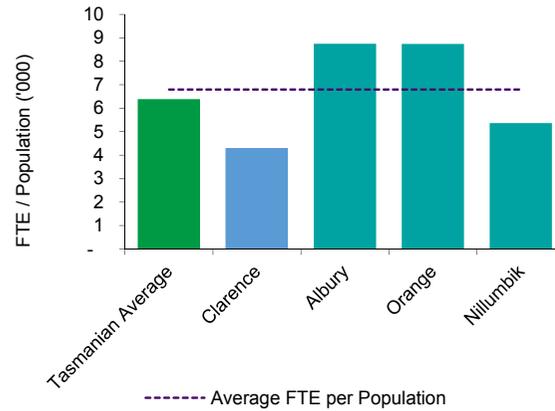


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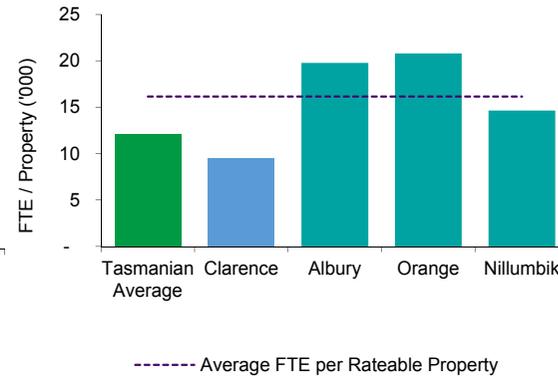
Clarence

- Clarence has been compared to three comparable councils of which two were from New South Wales and one from Victoria. Two of these councils were city councils and one was a shire.
- Clarence was below all of the comparable councils in each measure.
- Clarence has larger population than the Tasmanian average but has lower number FTEs per population.
- Clarence was close to the Tasmanian average in regards to FTEs per rateable property and FTEs per square kilometre.
- Clarence has a higher population, density and higher number of rateable properties in comparison to the Tasmanian averages.
- Clarence has a larger number of rateable properties than the comparable councils.

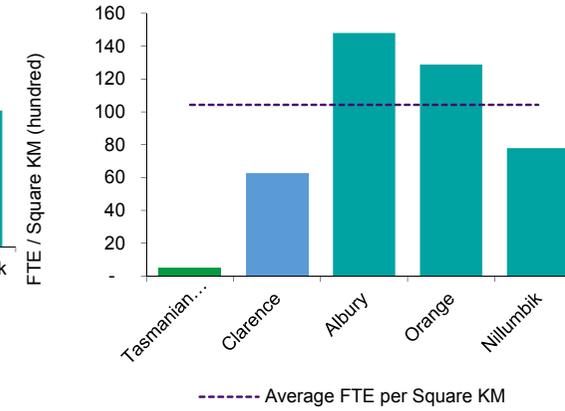
FTE per Capita ('000)



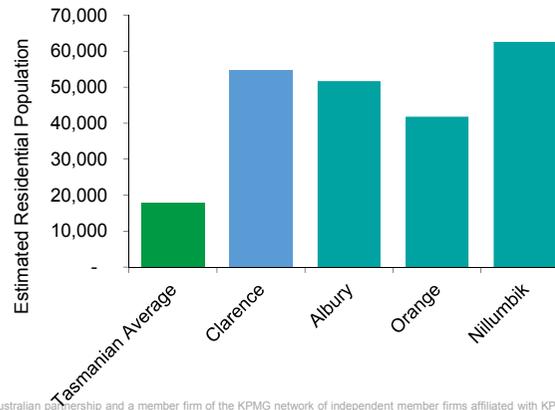
FTE per Rateable Property ('000)



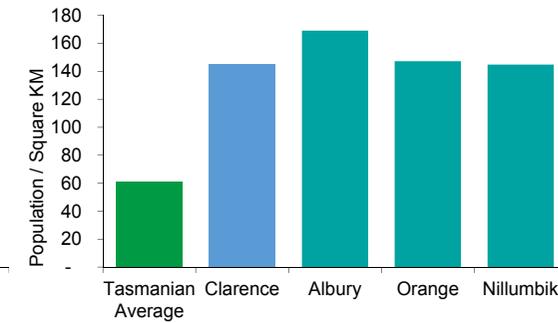
FTE per Square Kilometre (hundred)



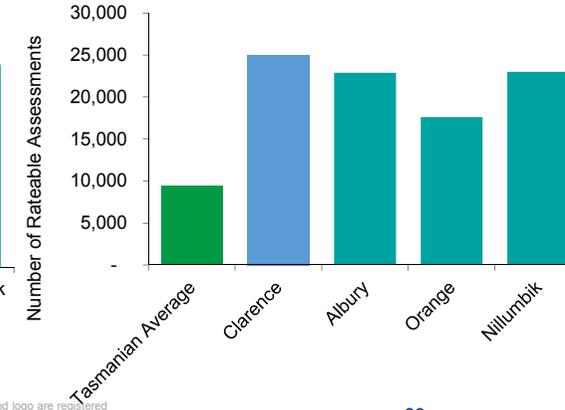
Population



Population per Square Kilometre



Rateable Assessments

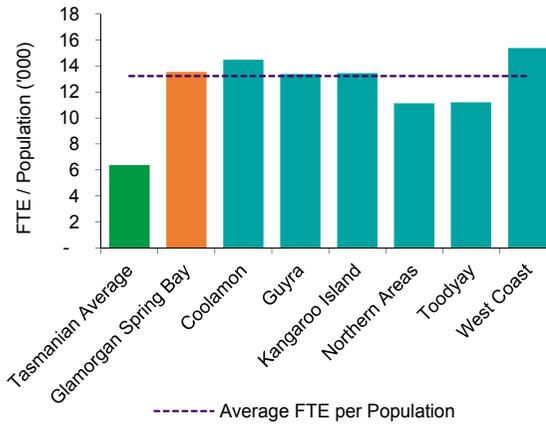


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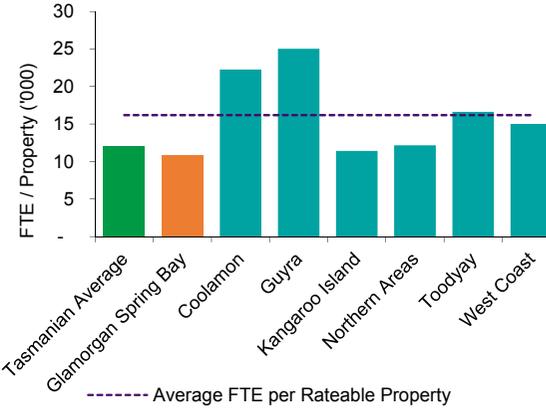
Glamorgan Spring Bay

- Glamorgan Spring Bay has been benchmarked against seven comparable councils. Three located in New South Wales, two in South Australia, one in Western Australian and one in Tasmania. These comparable councils consisted of three area councils, two district councils, one shire and one municipality.
- Glamorgan Spring Bay is on par with the comparable councils other than Gilgandra.
- Glamorgan Spring Bay has a lower population than the Tasmanian average but has a higher number of FTEs per population.
- Noticeably, the Tasmanian average is much higher in FTEs per square kilometre.
- Glamorgan Spring Bay has a population that is much lower than the Tasmanian average and much lower population density. The comparable councils are quite similar when compared to Tasmania.
- Glamorgan Spring Bay has a lower number of rateable properties than the Tasmanian average. However, Glamorgan Spring Bay has a higher number of rateable properties than any of the comparable councils.

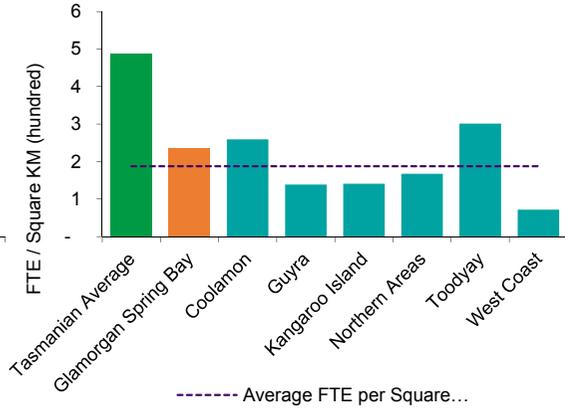
FTE per Capita ('000)



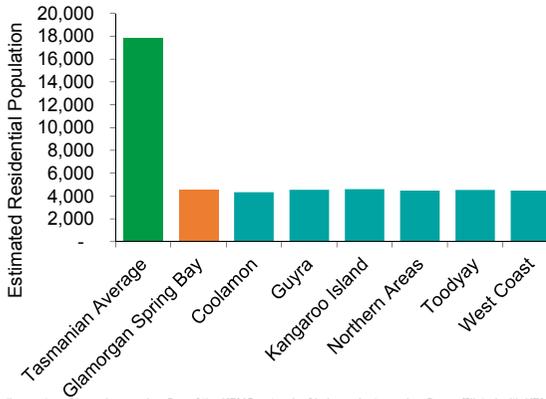
FTE per Rateable Property ('000)



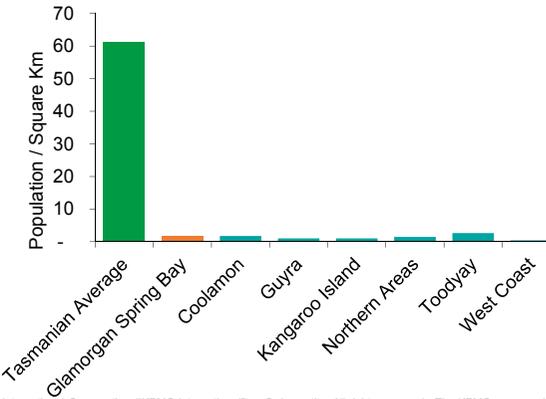
FTE per Square Kilometre (hundred)



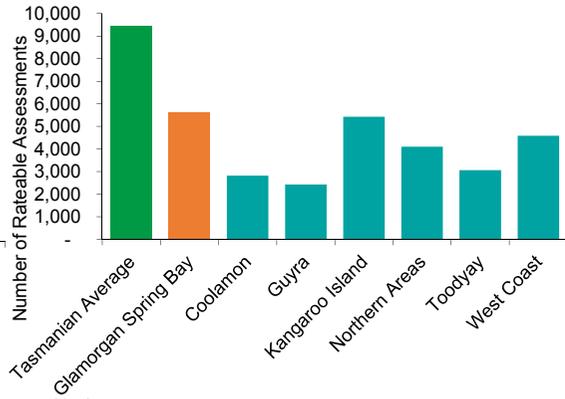
Population



Population per Square Kilometre



Rateable Assessments

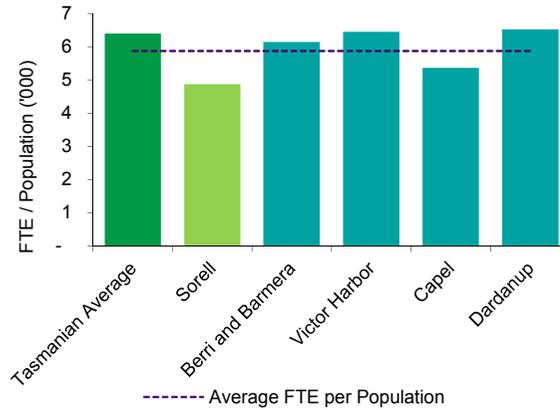


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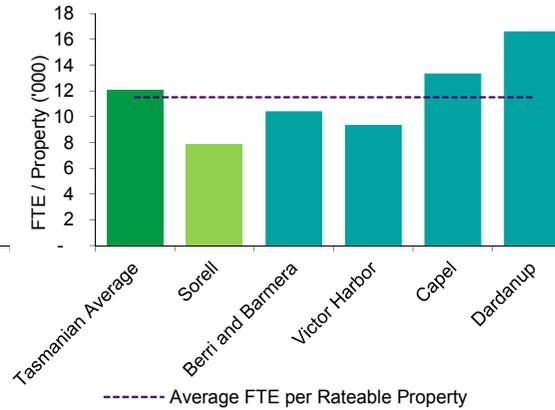
Sorell

- Sorell has four comparable Councils that comprise of two Western Australian councils and two South Australian Councils. The four councils benchmarked consist of a mix of two shires, one city and one district council.
- Sorell is below the comparable councils in regards to the FTE statistics. In each measure, the Sorell Council is below the average set by the comparable councils.
- The Sorell Council has the second highest number of rateable properties but has less than the Tasmanian average.
- In every measure, the Sorell Council is below the Tasmanian average.

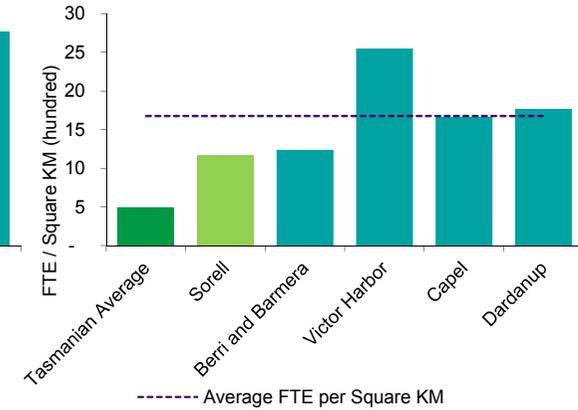
FTE per Capita ('000)



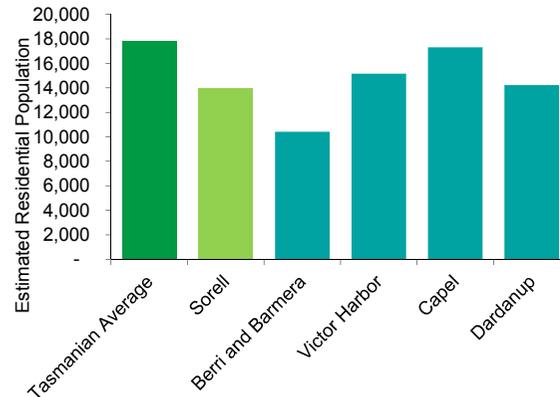
FTE per Rateable Property ('000)



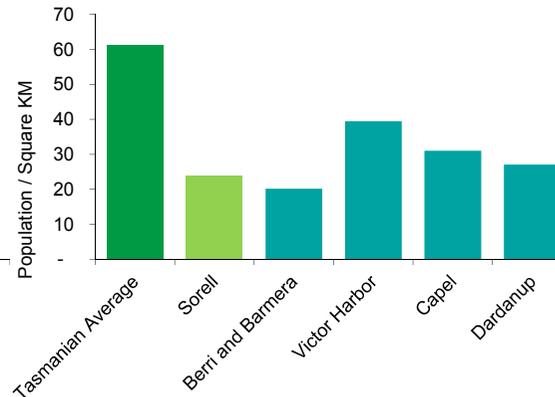
FTE per Square Kilometre (hundred)



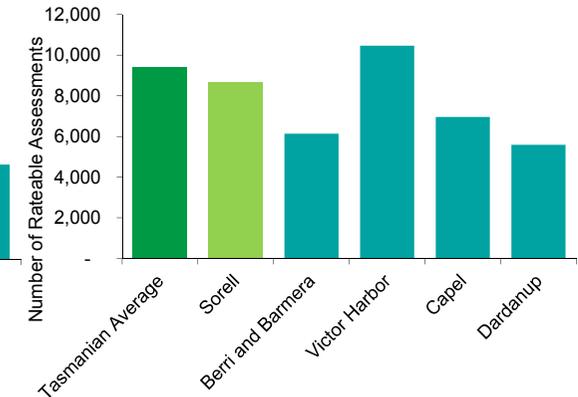
Population



Population per Square Kilometre



Rateable Assessments

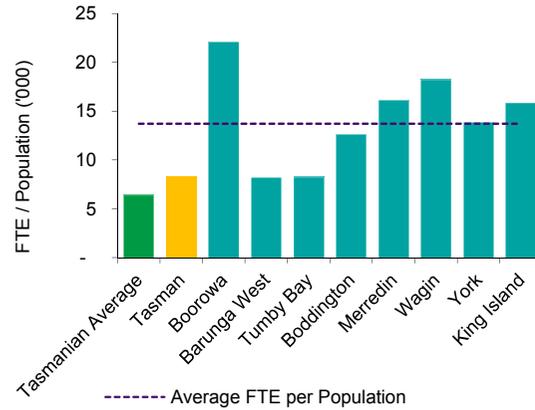


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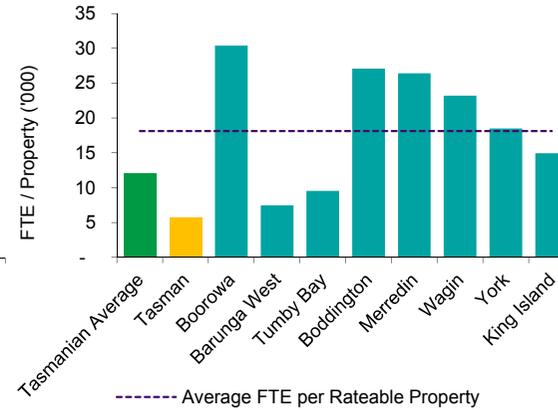
Tasman

- Tasman Council had eight comparable councils which consist of four Western Australian councils, two South Australian councils, one New South Wales councils and one Tasmanian council.
- These benchmarks are from a mix of four shires, two district councils, one area council and one municipal council.
- Tasman Council is quite similar to Barunga West and Tumby Bay in terms of population.
- The FTE per population measure indicates that the Tasman Council is on par with the Tasmanian average.
- Tasman Council is significantly below the Tasmanian averages in regards to population and population density, and rateable assessments.

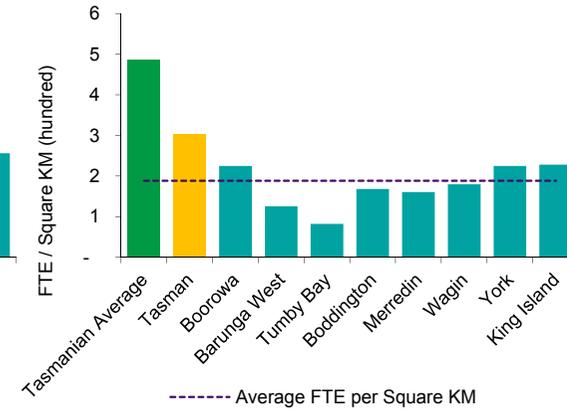
FTE per Capita ('000)



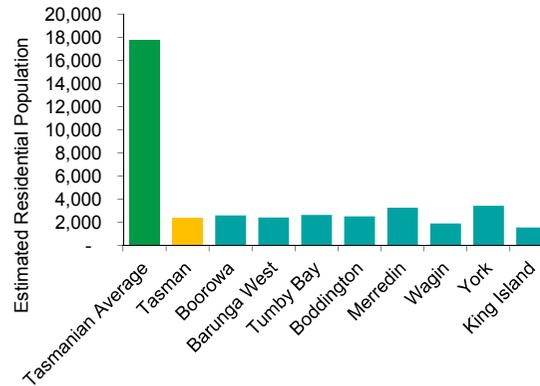
FTE per Rateable Property ('000)



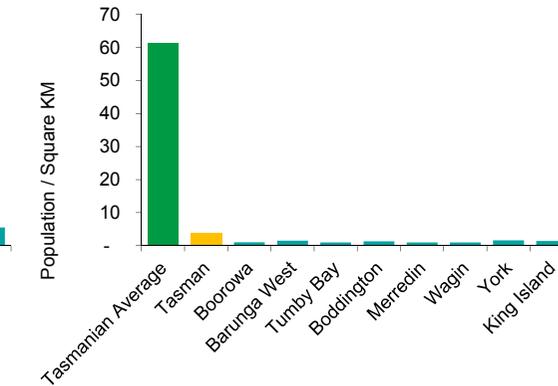
FTE per Square Kilometre (hundred)



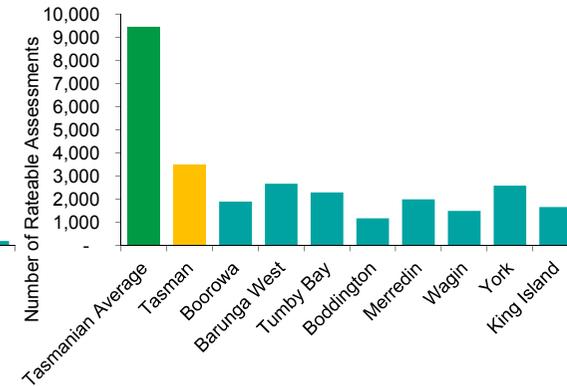
Population



Population per Square Kilometre



Rateable Assessments

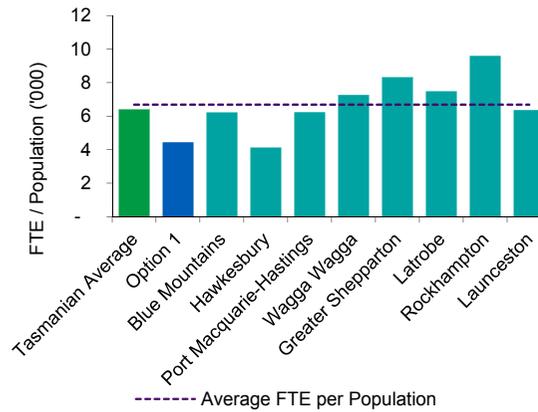


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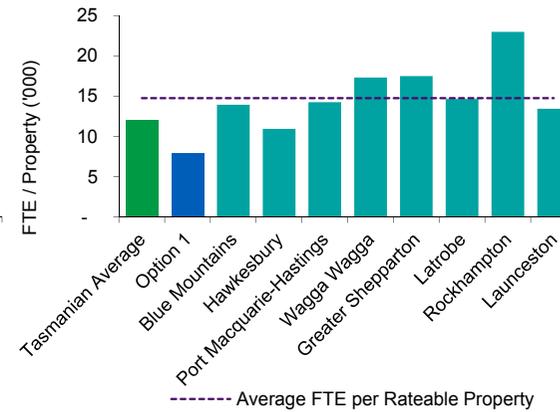
Option 1

- Eight comparable councils were found in relation to Option 1. Four of these councils are found in New South Wales, two in Victoria and one in both Queensland and Tasmania.
- Six of the comparable councils are city councils, one is an area council and another is a regional council.
- The graphs on right shows that Option 1 has less FTEs on a population, rateable property and square kilometre basis.
- Option 1 has roughly the same population and density of the comparable councils.
- Option 1 has the highest number of rateable assessments that any of the comparable councils.
- Option 1 has lower FTE statistics than the Tasmanian average and is lower than the Tasmanian council average population density.
- However, Option 1 has a larger population base and a much larger number of rateable properties than the Tasmanian average.

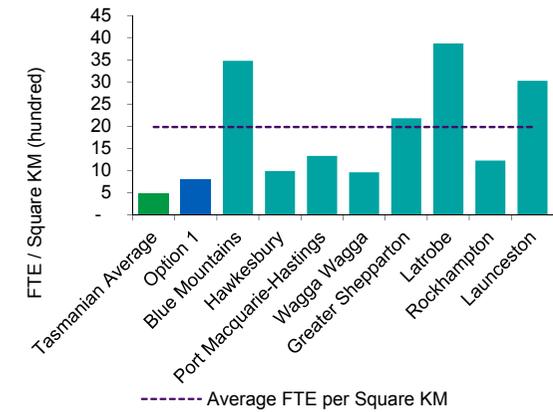
FTE per Capita ('000)



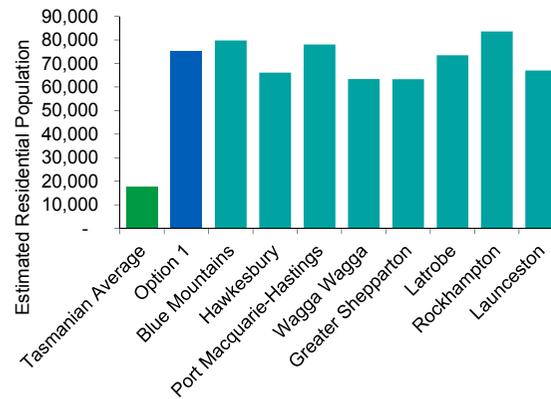
FTE per Rateable Property ('000)



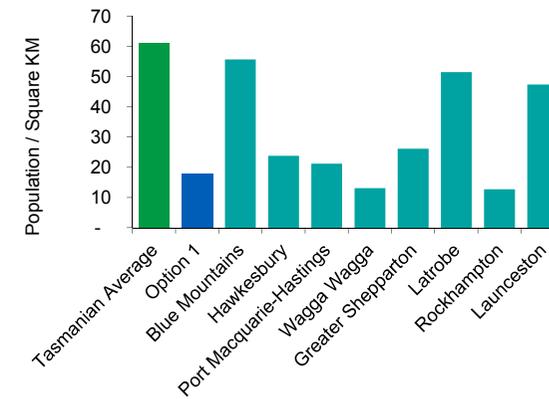
FTE per Square Kilometre (hundred)



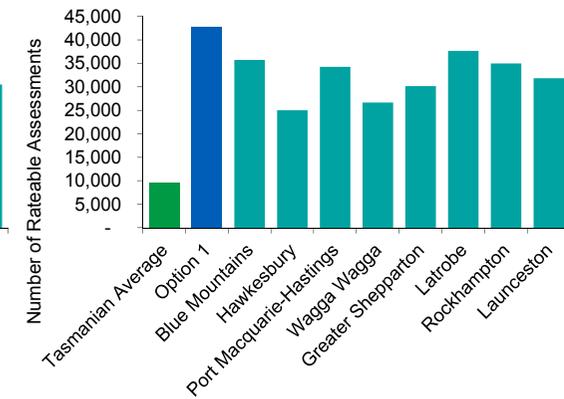
Population



Population per Square Kilometre



Rateable Assessments

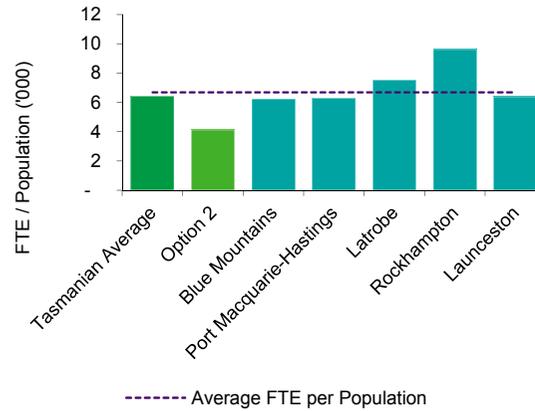


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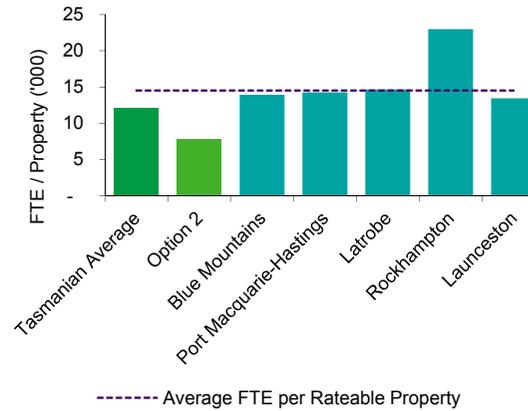
Option 2

- Option 2 has five comparable councils from New South Wales, two from Victoria, and one from both Queensland and Tasmania.
- The comparable councils consist of seven city councils, one area council and a regional council.
- The FTE statistics indicate that Option 2 has lower number of FTEs per population and rateable properties than the comparable councils.
- Whilst under average in FTEs per square kilometres, Option 2 appears to be around the mark with comparable councils.
- Similar to Option 1, Option 2 is under the Tasmanian average in the FTE statistics and population density.
- Option 2 has a larger population and a higher number of rateable properties than the Tasmanian average.

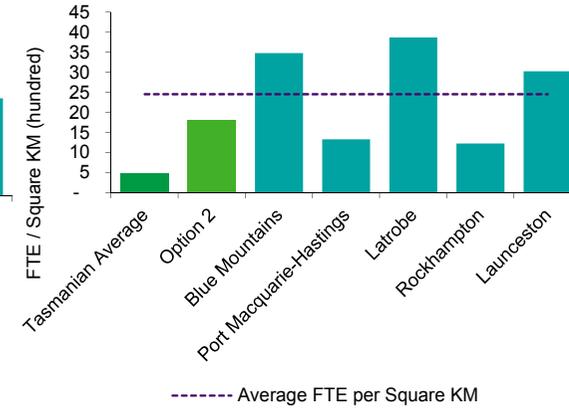
FTE per Population ('000)



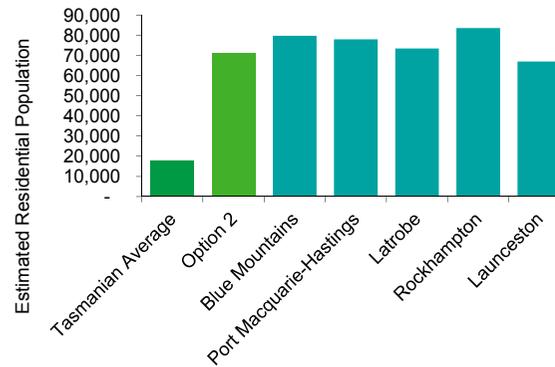
FTE per Rateable Property ('000)



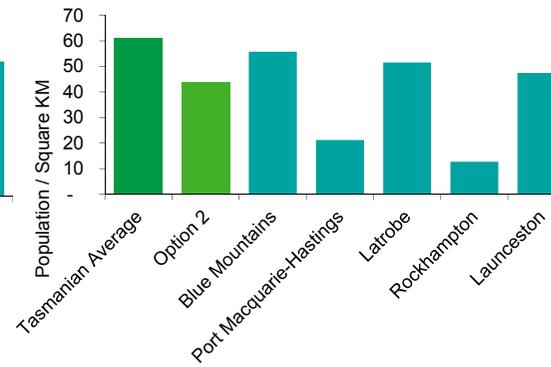
FTE per Square Kilometre (hundred)



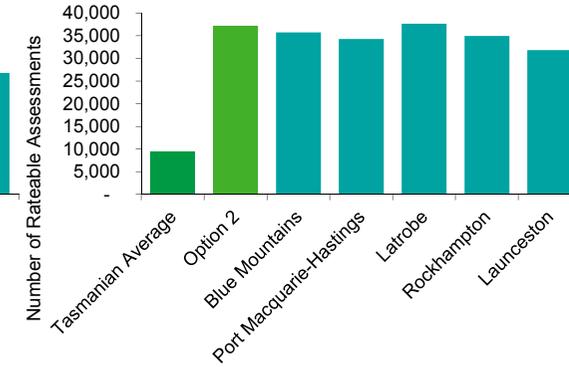
Population



Population per Square Kilometre



Rateable Assessments

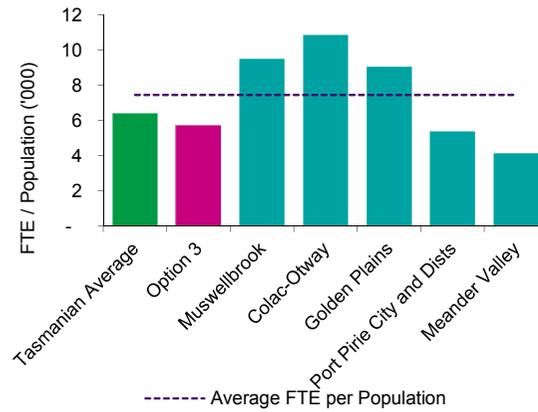


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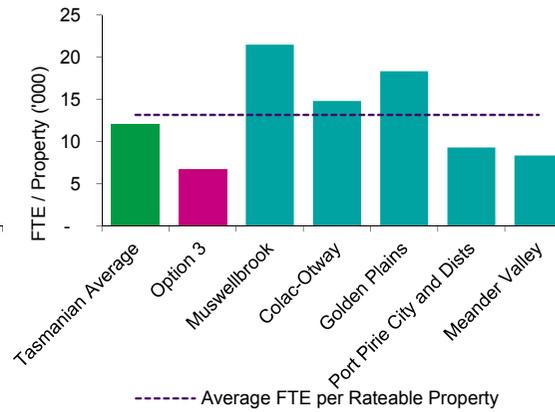
Option 3

- Option 3 has five comparable councils which comprise of two Victorian councils, one South Australian council, one Tasmanian council and one council from New South Wales.
- The Option 3 comparable councils comprise of two shires, two municipalities and one area council.
- Option 3 appears to have similar FTE metrics to Port Pirie City and Dists and Meander Valley. Option 3 is below the average set by the comparable councils.
- Option 3 is below the Tasmanian average in FTE statistics and population density. The data shows that Option 3 has a higher population than the Tasmanian average.
- Option 3 has the largest number of rateable properties in regards to the comparable councils and Tasmanian average.

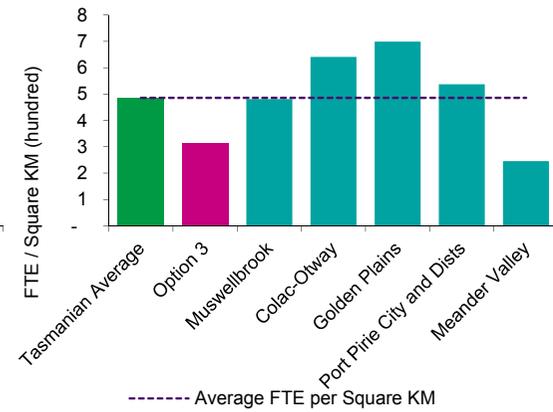
FTE per Population ('000)



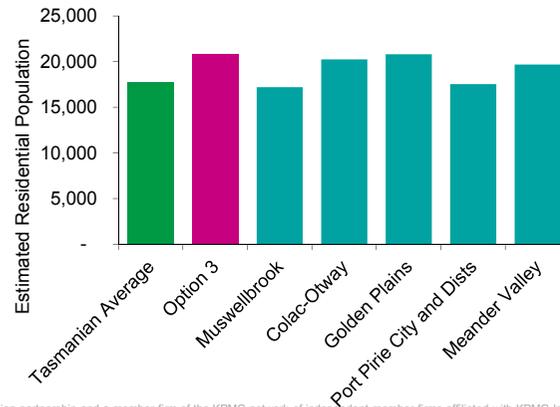
FTE per Rateable Property ('000)



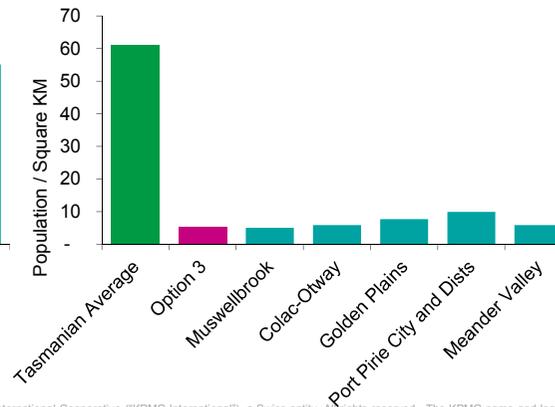
FTE per Square Kilometre (hundred)



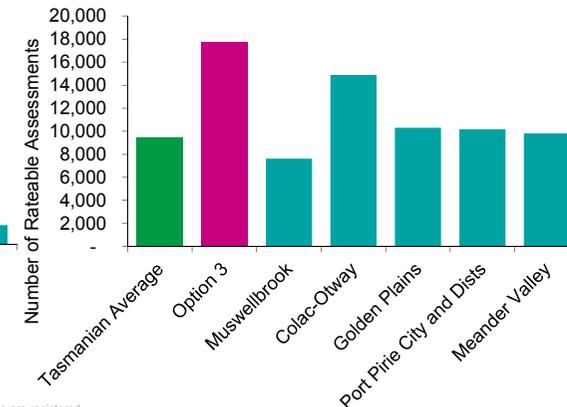
Population



Population per Square Kilometre



Rateable Assessments



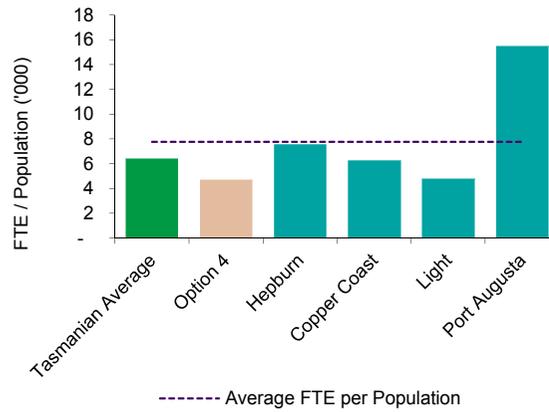
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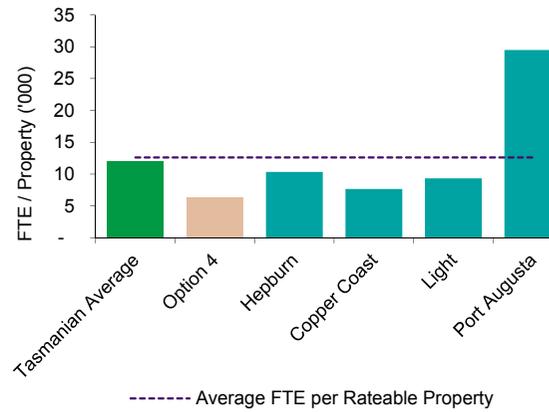
Option 4

- Option 4 has four comparable councils which consist of three South Australian councils and one Victorian.
- The comparable councils comprise of one shire, one district council, one regional council and city.
- Option 4 is consistent with councils such as the Copper Coast and Light. All councils but the Port Augusta Council are below the FTE averages. This suggests that Port Augusta is inflating the average.
- Similar to the other options, Option 4 is less than the Tasmanian average in the FTE statistics and population density.
- Option 4 is slightly lower in population in comparison to the Tasmanian average but higher than the comparable councils.
- Option 4 has the largest amount of rateable properties.

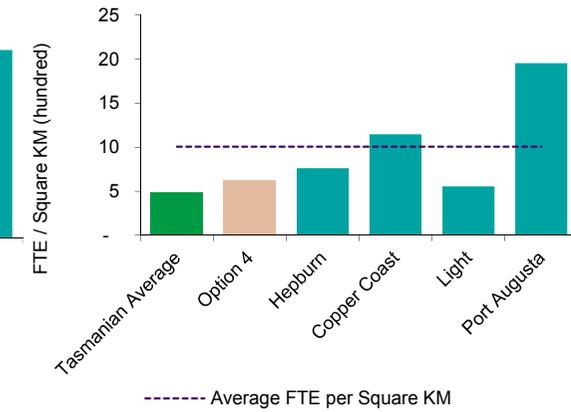
FTE per Population ('000)



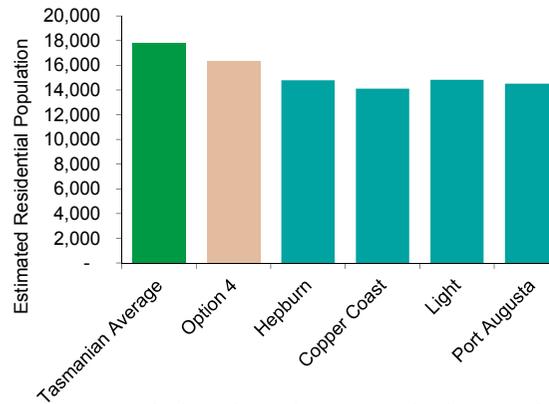
FTE per Rateable Property ('000)



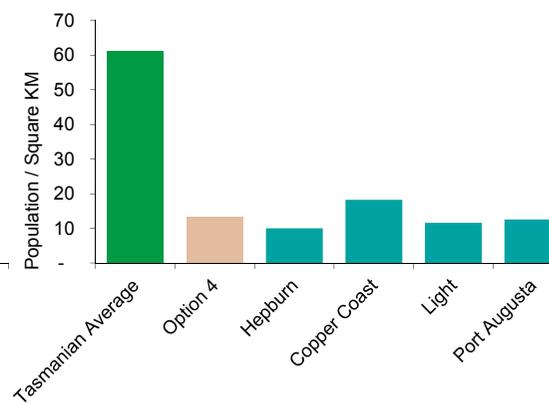
FTE per Square Kilometre (hundred)



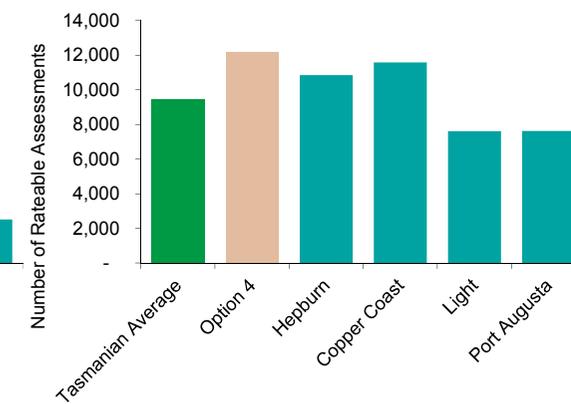
Population



Population per Square Kilometre



Rateable Assessments





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