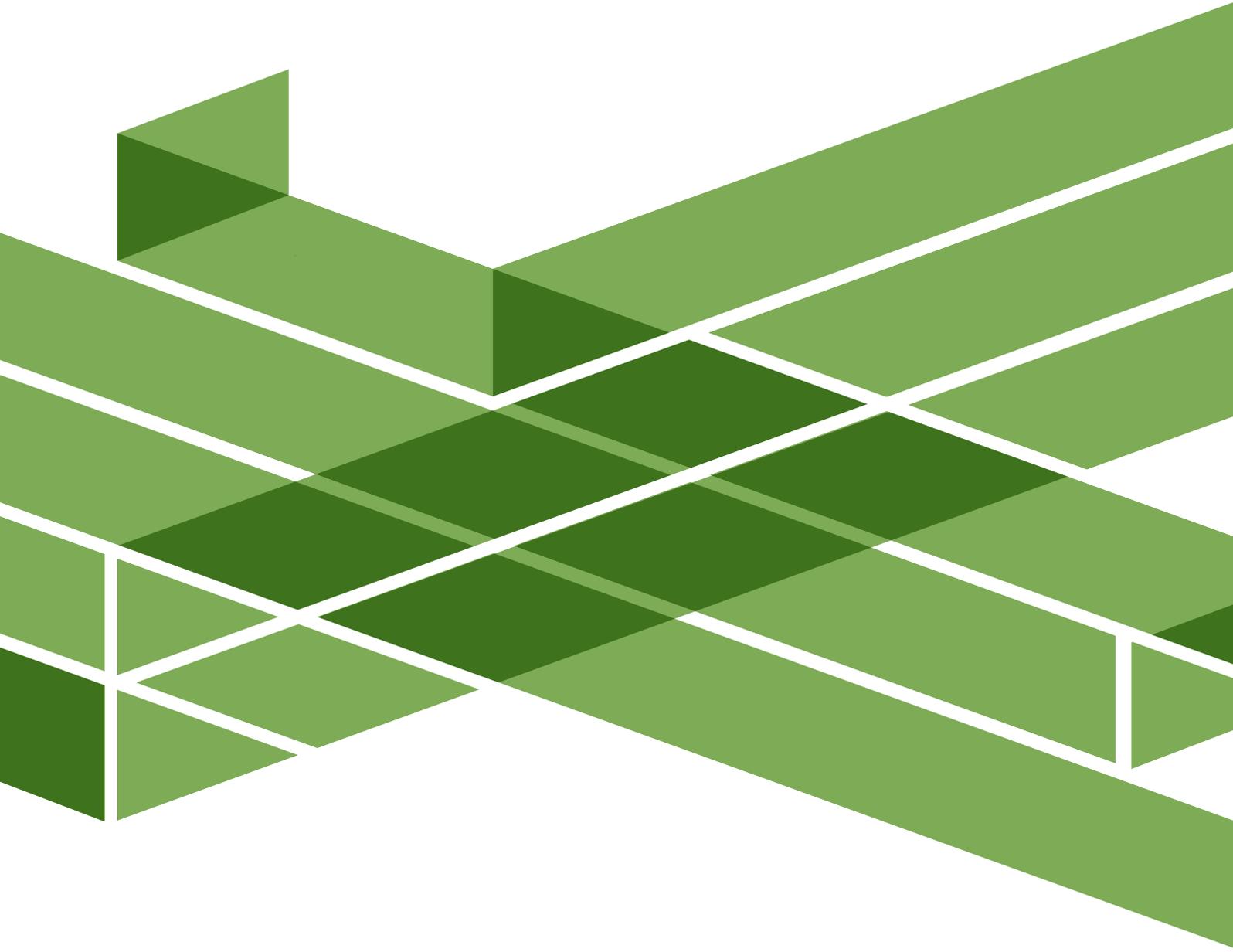
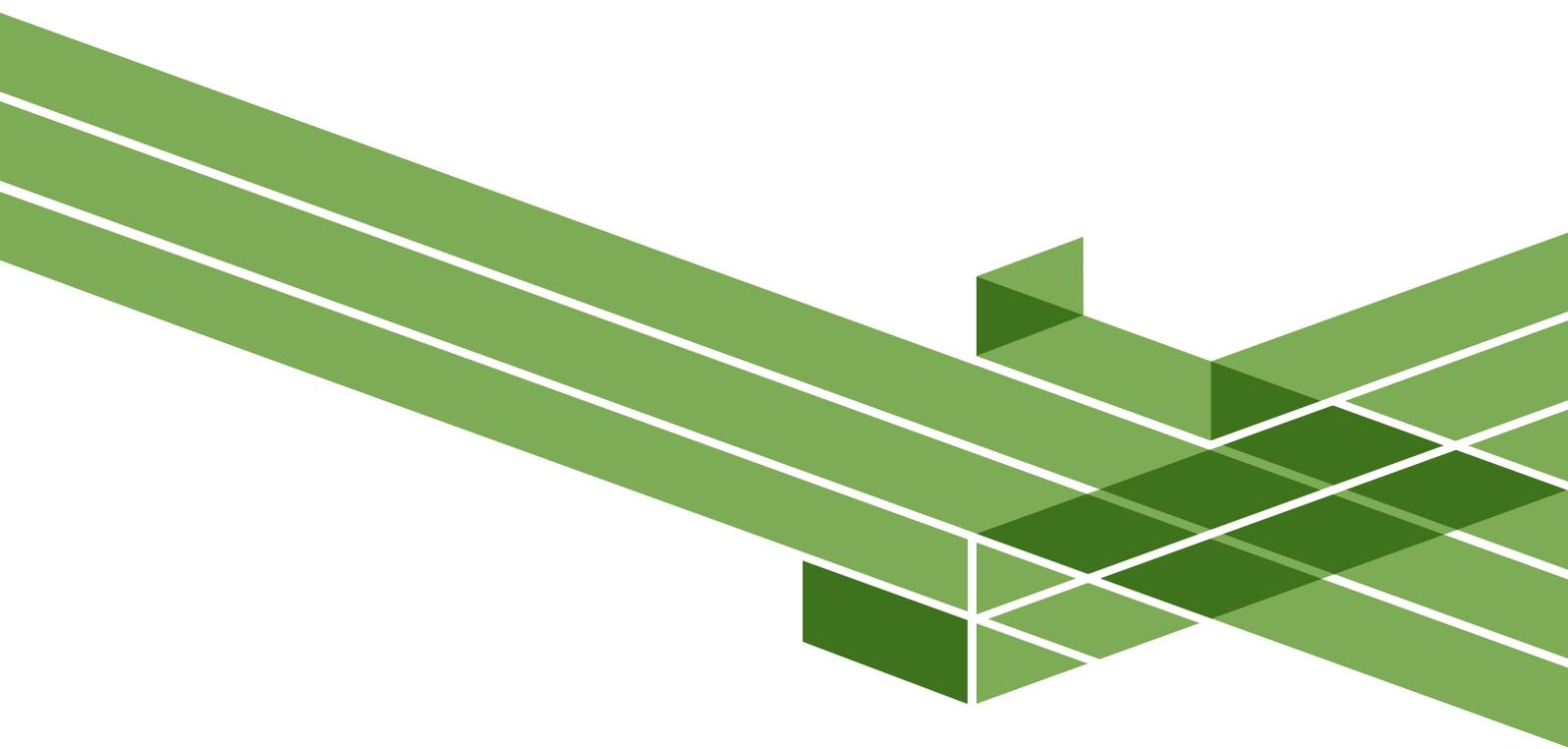


# Local Government **Board Review**

CONSULTATION PAPER



SORELL AND  
TASMAN COUNCILS  
Voluntary Amalgamation &  
Shared Services Options  
February 2018



## LOCAL GOVERNMENT BOARD REVIEW

**Sorell and Tasman Councils:**

Voluntary Amalgamation &  
Shared Services Options

**Local Government Board**

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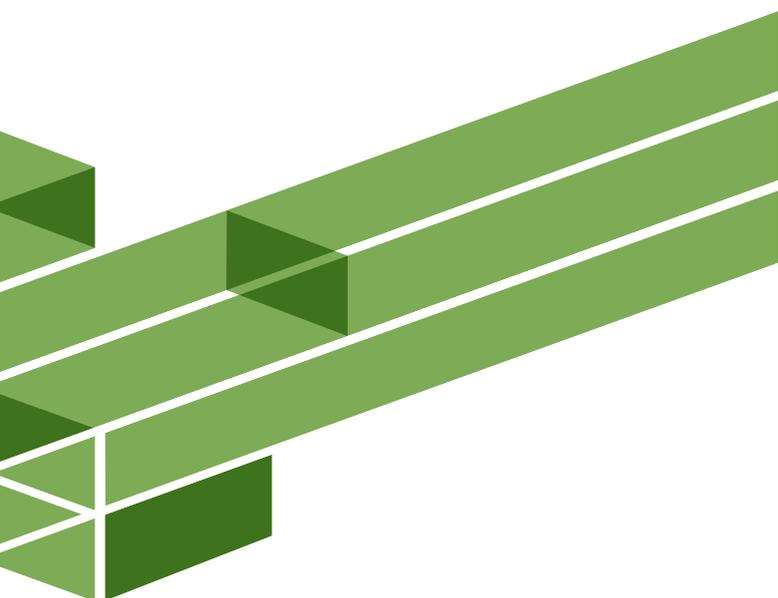
**Date**

February 2018

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# 1. EXECUTIVE SUMMARY

## Background

In September 2016, KPMG delivered the *South East Feasibility Study* (the Feasibility Study) which contained modelling for amalgamation and further resource-sharing options involving four South East Councils: Sorell, Tasman, Clarence City, and Glamorgan-Spring Bay Councils.

At the formal request of Sorell and Tasman Councils, the Hon. Peter Gutwein MP, the Minister for Planning and Local Government, authorised the Local Government Board to undertake a review into potential voluntary amalgamation and resource-sharing options for Sorell and Tasman Councils (the Review). The Review formally commenced in December 2017. Clarence City and Glamorgan-Spring Bay Councils opted not to participate in the Review.

## Scope of the Review

The scope of the Review will focus on three options:

### 1. No change to Sorell and Tasman Councils

Current and Future Viability (10 and 20 year outlook) of the Sorell and Tasman Councils



### 2. Further resource-sharing options

Potential to improve viability through further shared service arrangements



### 3. Merger of Sorell and Tasman Councils

Merger of Sorell and Tasman Councils into one local council



The guiding principles for considering voluntary amalgamations and shared services as set out in the Terms of Reference include that any reform must:

- Be in the interests of ratepayers;
- Improve the level of service for communities;
- Preserve and maintain local representation; and
- Ensure that the financial status of the entities is strengthened.

The full Terms of Reference for the Board's review is available from the Board's pages of the Local Government Division website [www.dpac.tas.gov.au/lgboard](http://www.dpac.tas.gov.au/lgboard).

The Terms of Reference can also be obtained from the Local Government Division via 6232 7022 or [lgd@dpac.tas.gov.au](mailto:lgd@dpac.tas.gov.au).

## Review Process and Public Consultation

The Review will include carrying out due diligence and public consultation as required by the *Local Government Act 1993* and as directed by the Terms of Reference. The Board has been requested to provide its report to the Minister by 30 May 2018.

The Board is committed to providing an opportunity for community input and comment into the Review and we are seeking your input on the three potential options under consideration.

You can make a submission **in writing** and/or **by verbal submission** at a public hearing. The Board will consider all submissions within the scope of the Review to inform the report.

The Board's preferred form is written submissions. Written submissions close **5pm, 6 April 2018**.

The Board will hold three public hearings to provide an opportunity to make a verbal submission to the Board. A verbal submission may take the place of a written submission or a person may speak to a written submission. The public hearings will be as follows:

- 
- 1. Hobart** – at RACV/RACT Apartment Hotel on Mon 26 March 2018 from 3pm;
  - 2. Tasman** – at Tasman Council Chambers on Tues 27 March 2018 from 3pm; and
  - 3. Sorell** – at Sorell Council Chambers on Wed 28 March 2018 from 3pm.

Please contact the Local Government Board Secretariat to make an appointment by email at [lgboard@dpac.tas.gov.au](mailto:lgboard@dpac.tas.gov.au) or call (03) 6232 7022 **by 5pm, Monday 19 March 2018**. Further information and guidelines about how to make a written or verbal submission is provided below at 4.1: *How to make a submission*.

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# 2. BACKGROUND TO THE REVIEW

## 2.1 SOUTH EAST COUNCILS FEASIBILITY STUDY

On 30 September 2016, KPMG delivered the *South East Feasibility Study*<sup>1</sup> (the Feasibility Study) which contained modelling for amalgamation and further resource-sharing options involving four South East Councils: Sorell, Tasman, Clarence City, and Glamorgan-Spring Bay Councils. The Study was jointly funded by the State Government and the participating councils.

The Feasibility Study assessed the viability of the following four different merger options and a resource-sharing option involving the South East Councils:

- **Option 0** – Ongoing and incremental shared services
- **Option 1** – Merger of Clarence City, Sorell, Tasman, and Glamorgan-Spring Bay Councils
- **Option 2** – Merger of Clarence City, Sorell, and Tasman Councils
- **Option 3** – Merger of Sorell, Tasman, and Glamorgan-Spring Bay Councils
- **Option 4** – Merger of Sorell and Tasman Councils

The Feasibility Study indicated that all modelled amalgamation and resource-sharing options involving the councils would provide a positive financial return.

### Decision by Councils to Participate in the Review

Sorell and Tasman Councils undertook consultation with their residents and ratepayers to determine the degree of support for the amalgamation and resource-sharing options. The results of the surveys from both Sorell and Tasman Councils showed a clear majority (74 per cent in Tasman and 85 per cent in Sorell) of respondents supported voluntary amalgamations. The number of respondents, 681 respondents in Sorell and 301 in Tasman, is sufficient for the Board to have confidence that the results are indicative of the respective populations' views on this matter. The results of this consultation are set out below in Appendix 3.

Both Sorell and Tasman Councils decided to write to the Minister the Hon Peter Gutwein MP, Minister for Planning and Local Government, to participate in a Local Government Board review. At the formal request of Sorell and Tasman Councils, the Minister authorised the Local Government Board to undertake a review into potential voluntary amalgamation and resource-sharing options for Sorell and Tasman Councils (the Review). The Review formally commenced in December 2017.

Clarence City and Glamorgan-Spring Bay Councils also consulted with their communities but opted not to participate in the Review. For this reason Feasibility Study Options 1-3, set out above, are not within the scope of the Review.

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<sup>1</sup> KPMG Tasmania, South East Councils Feasibility Study: Final Report, 30 September 2016, Tasmania; [www.dpac.tas.gov.au/\\_data/assets/pdf\\_file/0008/319490/KPMG\\_South\\_East\\_CouncilsFeasibility\\_Study\\_-\\_Final\\_Report\\_30\\_September\\_2016.pdf](http://www.dpac.tas.gov.au/_data/assets/pdf_file/0008/319490/KPMG_South_East_CouncilsFeasibility_Study_-_Final_Report_30_September_2016.pdf)

## 2.2 SCOPE OF THE REVIEW

The Minister for Planning and Local Government has directed the Local Government Board to deliver a report providing analysis, findings, and recommendations regarding further resource-sharing between the Councils as well as an amalgamation of the two Councils.

To enable the Minister to make a comparative assessment between the status quo and the potential options the Board proposes to assess and analyse the options as an alternative to the current and future viability of the Councils continuing as stand-alone councils.

The scope of the Review will focus on three options:

**1. No change to Sorell and Tasman Councils**

Current and Future Viability (10 and 20 year outlook) of the Sorell and Tasman Councils



**2. Further resource-sharing options**

Potential to improve viability through further shared service arrangements



**3. Merger of Sorell and Tasman Councils**

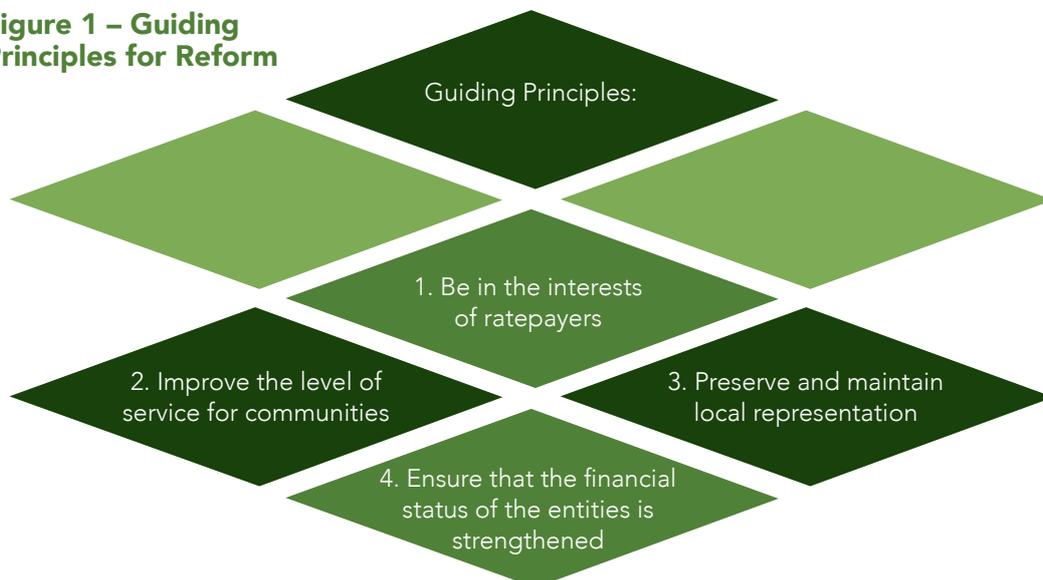
Merger of Sorell and Tasman Councils into one local council



When carrying out the Review, the Board must consider the assumptions, analysis, and findings contained within the Feasibility Study. As the Feasibility Study was completed in September 2016 the Board will be required to take into account any significant developments or changed circumstances in its analysis, findings, and recommendations.

The guiding principles for considering voluntary amalgamations as set out in the Terms of Reference are in Figure 1.:

**Figure 1 – Guiding Principles for Reform**



The Terms of Reference also provide that 'only those councils which agree to participate in the Review will be considered for voluntary amalgamation. Any council affected by any proposal or option considered by the Board within the scope of the Review will be consulted, consistent with the statutory requirements under Part 12A [of the *Local Government Act 1993*] (the Act).

The Terms of Reference provide further specific requirements about what the Board must consider in the Review. The Board is required to consider and address the following:

1. Financial, economic, social, and strategic benefits and costs for the relevant councils and their communities;
2. Impacts on levels of council accountability, community representation, service delivery and operational performance;
3. Implementation and transition arrangements, including timing, governance, and funding for any options where the Board recommends change; and
4. Any other matter(s) within the Board's statutory remit under section 214A of the Act that the Board considers relevant to the evaluation, optimization and/or implementation of amalgamations or shared services options.

The full Terms of Reference for the Review are available from the Board's pages of the Local Government Division website at:

[www.dpac.tas.gov.au/lgboard](http://www.dpac.tas.gov.au/lgboard).

The Terms of Reference can also be obtained from the Local Government Division by phone on (03) 6232 7022 or by email to [lgd@dpac.tas.gov.au](mailto:lgd@dpac.tas.gov.au).

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## 2.3 PROCESS FOR THE REVIEW

The Local Government Board has a wide remit to undertake the Review. The process for the Review outlined below takes into account the requirements of both the Act and the Terms of Reference. The Review will include undertaking due diligence and public consultation as required by the Act and as directed by the Terms of Reference.



### Have your say...

This consultation paper provides potential discussion points for those people interested in making a submission as part of the Review.

Public submissions need not address *any* or *all* of these discussion points. However submissions can only be considered if they address issues within the scope of the Review.

### Consultation

The Act requires the Board to provide reasonable opportunity for public consultation and for any council affected by the Review to make a submission. The Act also requires the Board to give notice, via publication in a daily newspaper circulated in the relevant municipal area(s), of the existence and specific nature of the Review and to invite public submissions on the Review.

The Board will meet separately with the councillors, staff, and senior managers of the participating Councils as well as other key stakeholders.

Further information and guidelines about how to make a written or verbal submission is provided below at 4.1: *How to Make a Submission*.

### Analysis and report preparation

At the conclusion of the public consultation process, the Board will consider and analyse all submissions as it works towards completing its report. The Board will also conclude its technical analysis and due diligence of all relevant matters outlined in the Terms of Reference and any other matter it considers relevant.

As part of the due diligence assessment, the Board will procure an independent financial analysis of the viability of the two Councils with a particular focus on financial planning and asset management. The analysis will also include testing the findings and assumptions of the Feasibility Study in respect to the merger and resource-sharing options in the context of any significant developments or changes in circumstances since the Feasibility Study was completed in September 2016.

The Board will then finalise its report including making its findings and recommendations and provide the report to the Minister. The Board has been requested to provide its written report to the Minister by 30 May 2018.

### Minister for Local Government's role in the Review

After the Board has provided its report to the Minister for Local Government, section 214D(4) of the Act requires the Minister to invite submissions from the councils subject to the Review (Sorell and Tasman) and any other council the Minister considers may be affected by the recommendations.

After receiving and considering the Councils' (and any other council's) submissions, section 214D(5) of the Act requires the Minister to then:

- (a) Accept any or all of the Board's recommendations; or
- (b) Request the Board to reconsider any or all of its recommendations; or
- (c) Refer to the Board any alterations to its report requested by a council; or
- (d) Reject any or all of the Board's recommendations.

## 2.3 PROCESS FOR THE REVIEW CONT...

### Review Timeline

For further information on the process for the Review, please refer to the timeline below. Note that some timeframes are indicative only and subject to minor change:

Milestone	Timeframe
Terms of Reference released by the Minister	20 November 2017
Board notifies Sorell and Tasman Councils of commencement of Review.	22 December 2017
Board undertakes consultation with Councils, Stakeholders and the Community	24 February 2018 – 6 April 2018
Consultation Analysis	Early to Mid April 2018
Drafting of Final Report including technical analysis	Mid April to Mid May 2018
Finalise Report	End May 2018
Board submits report to Minister (section 214D (1)).	30 May 2018
Minister sends the report to affected Councils inviting submissions under section 214D (4).	June – Mid July 2018
Minister makes a determination on the report (section 214D (5)).	August 2018
<i>Possible referral back to the Board for reconsideration of recommendations (214D (5) (b)) followed by resubmission back to Minister.</i>	
Minister publishes the report and recommendations of the Board (section 214D (8)).	August-September 2018

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# 3. REVIEW OF THREE POTENTIAL OPTIONS

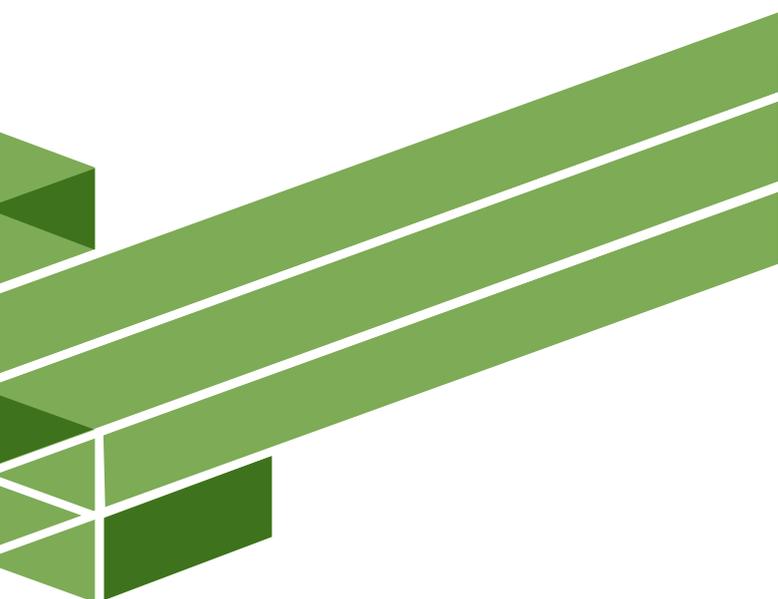
This chapter provides information on the matters that the Board will consider in respect to the three options. It also includes some comparative 'snapshot' data relating to Sorell and Tasman Councils.

The snapshot data in this chapter and in this consultation paper generally (see Appendix 2) is not intended to be a comprehensive representation of the information and evidence which will inform the Review. Instead, the Board's intention is to provide some insight into the two council areas<sup>2</sup> for persons considering making a submission.

As well as comparisons between the Councils, the paper provides some comparative analysis with the average results for the Councils' classification groups based on the Australian Classification of Local Government used by the Local Government Division and the Tasmanian Audit Office. These classifications are based on a national standard<sup>3</sup>:

- Sorell Council is classified as a rural agricultural, very large (**RAVL**) council with a population between 10,000 and 20,000 at a density of fewer than 30 residents per square kilometre.
- Tasman Council is classified as a rural agricultural, small and medium (**RASM**) council with a population of up to 5,000 at a density of fewer than 30 residents per square kilometre.

The Sorell municipality is a multifaceted local government area containing "suburban, beachside, semi-rural, and rural living options and is a 30-minute commute from the Hobart CBD. Sorell is both a hub and a gateway for residents and visitors"<sup>4</sup>. The Tasman municipality is located on Tasmania's southeast coast approximately 90 minutes from Hobart. The peninsula's many tourist attractions result in the small rural and coastal townships experiencing a significant influx of tourists and visitors during the summer months taking the population from 2,400, to between 8,000 and 9,000<sup>5</sup>.



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<sup>2</sup> The data is drawn from the Feasibility Study (see footnote 1) and from information collated by the Local Government Division, Department of Premier and Cabinet from data provided by:

- The Australian Bureau of Statistics;
- The Tasmanian Audit Office; and
- The Department of Treasury and Finance.

<sup>3</sup> p7, Tasmanian Audit Office, Report of the Auditor-General No.8 of 2016-17, Volume 3, Local Government Authorities and Tasmanian Water and Sewerage Corporation 2015-16, Tasmanian Audit Office, [www.audit.tas.gov.au/wp-content/uploads/AGR-Volume-3-Local-Government-Authorities-and-TasWater-2015-16-Web-Book.pdf](http://www.audit.tas.gov.au/wp-content/uploads/AGR-Volume-3-Local-Government-Authorities-and-TasWater-2015-16-Web-Book.pdf)

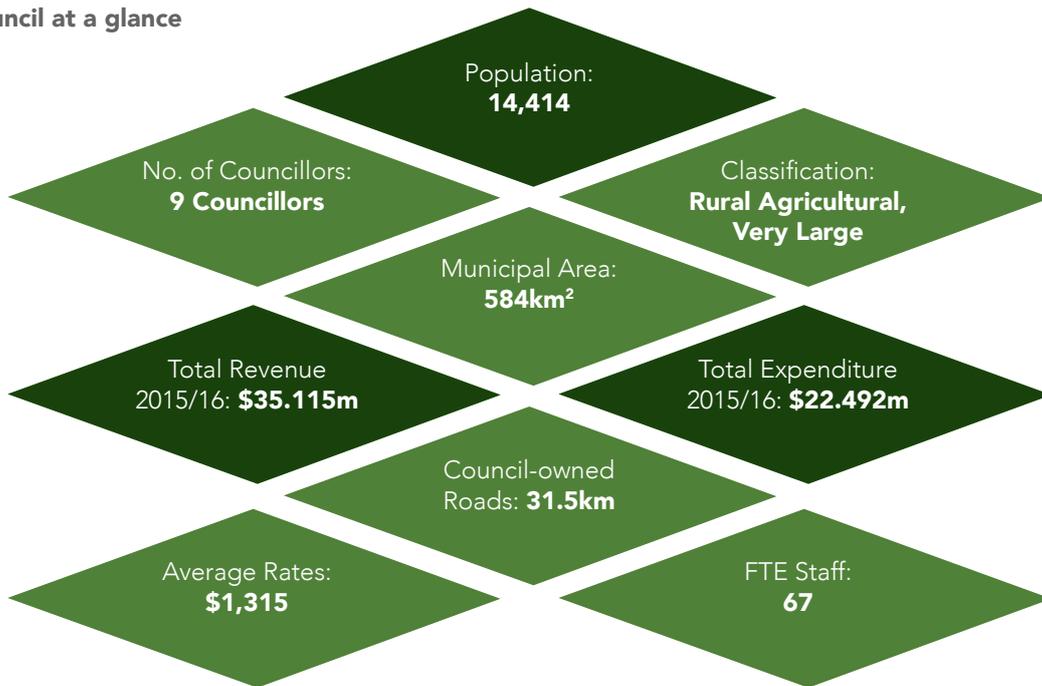
<sup>4</sup> Sorell Council Website, 2018, Tasmania, as at 14 February 2018 [www.sorell.tas.gov.au](http://www.sorell.tas.gov.au)

<sup>5</sup> Tasman Council Website, 2018, Tasmania, as at 14 February 2018 [www.tasman.tas.gov.au](http://www.tasman.tas.gov.au)

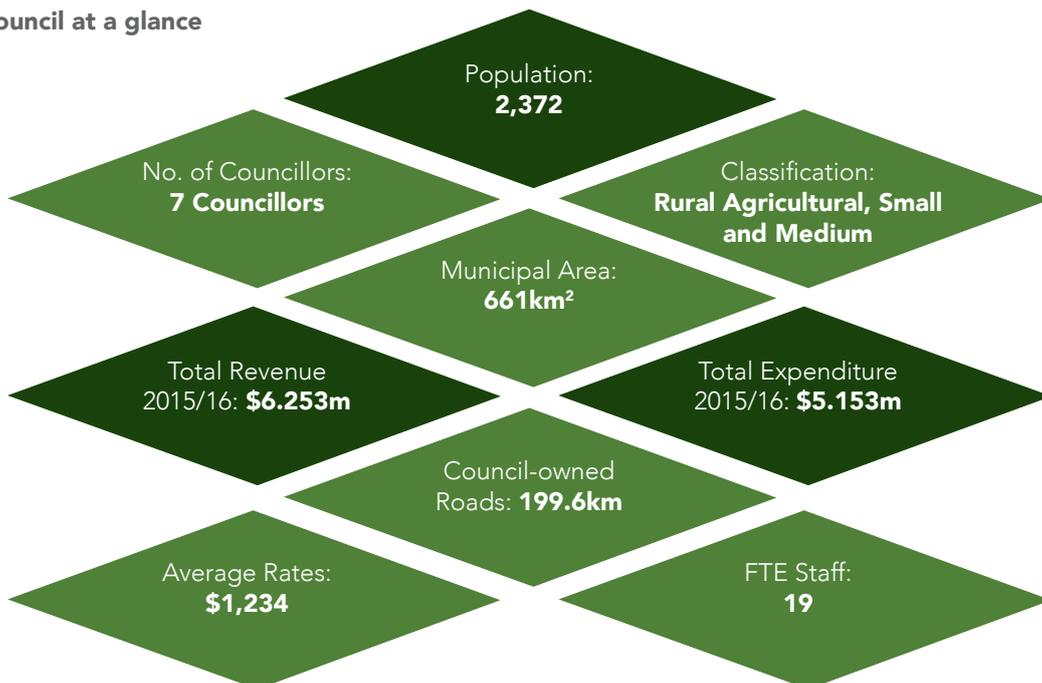
# 3. REVIEW OF THREE POTENTIAL OPTIONS CONT...

Figure 2 – Snapshots of Sorell and Tasman Councils

## Sorell Council at a glance



## Tasman Council at a glance



## 3.1 NO CHANGE TO SORELL AND TASMAN COUNCILS: CURRENT AND FUTURE VIABILITY

The Board, in conducting its review, will consider the current and long-term viability (10 and 20 year projections) of the Tasman and Sorell Councils if they remain stand-alone councils. It will consider the range of short-and long-term pressures on the Councils and how well situated they are to meet these challenges under their current circumstances, as well as any potential opportunities.

### Demographic Size and Population



Sorell is the fastest growth area in Tasmania while Tasman has exhibited a very slight decline in population. The 2016-17 Report of the Auditor-General found that holiday destinations such as Tasman had a large proportion of absentee property owners resulting in high rates per capita<sup>6</sup>. This is evidenced by the Tasman area's 3,480<sup>7</sup> rateable properties yet a residential population of only 2,372.

### Long-term projected growth and demographic trends

Tasman's population projection is expected to grow at a moderate rate and will maintain a relatively high proportion of population aged 65+ years with a median age of 56 years<sup>8</sup>. Sorell is projected to have high population growth of 31.4 per cent from 2016 to 2037 with a median age of 44 years<sup>9</sup>.

The Board will consider the following matters (where relevant) for the three options:



Demographic Size & Population



Financial Performance



Asset Management



Services & Service Levels



Rating Approaches & Rates Levels



Local Representation



Economic & Social



Implementation & Transition



Interests of Ratepayers

Tell us what you think...

WHAT OPPORTUNITIES AND CHALLENGES DO THE PROJECTED POPULATION CHANGES IN THE SORELL AND TASMAN MUNICIPAL AREAS PRESENT FOR THE COUNCILS IF THEY REMAIN SEPARATE?

<sup>6</sup> p85, See footnote 3

<sup>7</sup> p20, See footnote 3

<sup>8</sup> p106, See footnote 1

<sup>9</sup> p106, See footnote 1

## 3.1 NO CHANGE TO SORELL AND TASMAN COUNCILS: CURRENT AND FUTURE VIABILITY CONT...

### Employment, income and government support

Tasman's high rate of unemployment of 6.9<sup>10</sup> per cent is significantly above the Tasmanian unemployment rate of 5.9 per cent (as at December 2017)<sup>11</sup>. Sorell, by comparison, has relatively low unemployment of 5.5 per cent which is below the Tasmanian unemployment rate<sup>12</sup>. The Feasibility Study notes that the average income in Sorell was \$44,062 and in Tasman was \$37,154. In both municipal areas this is below the Tasmanian average of \$48,909<sup>13</sup>. For more information about employment type and industry type in the two municipal areas refer to Table 1 in Appendix 2.

A significantly higher proportion of Tasman's population receive government support (41 per cent) in comparison to the Tasmanian average (29 per cent) and to Sorell (28 per cent)<sup>14</sup>. The pension represents the largest proportion of government support for Tasman residents<sup>15</sup>.



The Board will consider what impact, if any, the projected demographic trends in the areas are likely to have on services and the capacity for ratepayers to pay rates at levels sufficient to fund services.

### Financial performance



The Auditor-General's report of 2015-16 notes:

"Rural councils can face difficulties in providing and maintaining services because they do not have access to the higher ratepayer base of larger councils and in some cases they manage large road networks. This is highlighted in the number of rateable valuations per sq km ratio which reflects the population and area disparity between the [urban and rural] councils ..."<sup>16</sup>

Both Councils' 10-year average operating surplus ratio<sup>17</sup> reflects that they achieved surpluses over this period (with Tasman recording a higher average surplus than Sorell). Both Councils performed better than the majority of other rural councils against this indicator, with Tasman returning the highest average surplus and Sorell returning the third highest<sup>18</sup>.

### Long-term projection (10 and 20 year)

The key observations in the Feasibility Study on Sorell Council's financial forecast to 2025 included:

- A minimal underlying surplus is forecast over the period with operating expenses to be between 93 per cent and 98 per cent of operating revenue.
- Falling cash balance, as a result of capital spending and maintaining a healthy asset sustainability ratio. No new debt has been assumed, and the equity balance is forecast to increase across the period.
- The asset sustainability ratio is expected to remain around 100 per cent, as per the Auditor-General's benchmark.

The Feasibility Study's key observations on Tasman Council's financial forecast to 2025 included:

- Minimal movement in operating revenue and expenses, resulting in a fairly flat operating surplus, after FY16 and FY17 forecast losses.
- Falling asset sustainability ratio from FY20 onwards, well below the Auditor General benchmark of 100 per cent.
- An increasing cash surplus in later years, as a result of limited capital spending over the period.

<sup>10</sup> Australian Government Department of Jobs and Small Business, 2017, LGA Data tables September 2017, Canberra, as at 14 February 2018 <https://docs.employment.gov.au/node/34693>

<sup>11</sup> Tasmanian Government Department of Treasury and Finance, 2017, Labour Force (ABS Cat No 6202.0), Tasmania, as at 14 February 2018 [www.treasury.tas.gov.au/Documents/Labour-Force.pdf](http://www.treasury.tas.gov.au/Documents/Labour-Force.pdf)

<sup>12</sup> See footnote 10

<sup>13</sup> p53, KPMG Tasmania, Estimates of Personal Income for Small Areas, ABS, 2012-13. Feasibility Study Addendum #1: Current State Analysis [www.tasman.tas.gov.au/download/voluntary\\_amalgamations/KPMG-South-East-Councils-Feasibility-Study-Addendum-1-Current-State-Analysis.pdf](http://www.tasman.tas.gov.au/download/voluntary_amalgamations/KPMG-South-East-Councils-Feasibility-Study-Addendum-1-Current-State-Analysis.pdf)

<sup>14</sup> p53, See footnote 13

<sup>15</sup> p53, See footnote 13

<sup>16</sup> p18, See footnote 3

<sup>17</sup> Operating surplus ratio - a positive result indicates a surplus, with the larger the surplus the stronger the assessment of sustainability.

However, too strong a result could disadvantage ratepayers. A negative result indicates a deficit which cannot be sustained in the long-term.

<sup>18</sup> p71, See footnote 3

## 3.1 NO CHANGE TO SORELL AND TASMAN COUNCILS: CURRENT AND FUTURE VIABILITY CONT...

The Feasibility Study noted that Sorell and Tasman Councils have “come a long way” over the past 10 years regarding long term financial (and asset) management<sup>19</sup>. The financial results for Sorell Council show an ongoing underlying surplus which was \$856,000 for 2015-16. Sorell Council depends on grants and contributions for 15.7 per cent of its operating revenue<sup>20</sup>. This is one of the most crucial indicators for measuring the Council’s long-term financial sustainability.

The financial results for Tasman Council show an ongoing underlying surplus which was \$1,002,000 for 2015-16 with the Council depending on grants and contributions for 14.8 per cent of its operating revenue<sup>21</sup>. The Feasibility Study found that amongst the Councils reviewed, generally current assets exceeded current liabilities in the long-term.

The Feasibility Study did not provide a 20-year forecast for the financial viability of the two Councils under the current structure.

The Board will:

- Consider information provided by the Councils in respect to their financial and asset management positions;
- Consider the Feasibility Study findings on the Councils’ projected financial and asset management plans; and
- Consider independent analysis of the Councils’ financial and asset management projections.

### Asset management

The Feasibility Study notes that the 10-year financial modelling indicates that the Councils will maintain the value of their assets over the period, at a rate that is above what is being consumed. The Auditor-General’s benchmark is 60 per cent and while Sorell Council consistently sits on this benchmark level, the Feasibility Study identifies Tasman as sitting closer to 80 per cent but trending downward toward the benchmark in the approach to 2025<sup>22</sup>.

### Rating approaches & rates levels

The 2016-17 Report of the Auditor-General found a general trend for Tasmanian councils that for urban categories, the larger the population, the higher the rates per capita. By comparison on average for rural categories, the larger the population, the lower the rates per capita.

Sorell average rates and charges have increased from \$1,281 in 2014-15 to \$1,315 in 2015-16<sup>23</sup>. Tasman average rates and charges have increased from \$1,162 in 2014-15 to \$1,234 in 2015-16<sup>24</sup>.

Both Councils’ rates sat above their category average per rateable valuation and rates per capita in 2015-16.

**Tell us what you think...**

**HOW DO YOU THINK THE COUNCILS’ RATING LEVELS WILL BE AFFECTED IF THEY REMAIN AS STAND-ALONE COUNCILS?**

<sup>19</sup> p15, See footnote 1

<sup>20</sup> pp57-59, See footnote 3

<sup>21</sup> pp58-60, See footnote 3

<sup>22</sup> The Feasibility Study notes that councils’ escalation of depreciation using an escalation factor rather than a more detailed method considering the asset profiles limits the value of this ration for comparison purposes.

<sup>23</sup> p59, See footnote 3

<sup>24</sup> p60, See footnote 3

## 3.1 NO CHANGE TO SORELL AND TASMAN COUNCILS: CURRENT AND FUTURE VIABILITY CONT...

### Service levels

The Feasibility Study displayed the wide range of services provided by the Councils as well as the differing levels of service<sup>25</sup>. The Feasibility Study noted that neither Council provides childcare services, that Sorell Council does not provide health services, and that Tasman Council does not provide parking.

The current existing resource-sharing arrangements between Sorell and Tasman are significant. Of the two Councils, Sorell provides the majority of the shared services as detailed below:

**Figure 3. Current shared services arrangements between Sorell and Tasman Councils**



Sorell Council also provides building surveying and GIS services to Brighton Council and ICT, GIS, and finance services to Glamorgan-Spring Bay Council. Whereas, Tasman Council also receives civil works capital delivery and planning services from Brighton Council as well as strategic planning from Glamorgan-Spring Bay Council.

### Long-term projection

The Feasibility Study found that current shared services arrangements with Sorell have "shored up [Tasman's] financial position" but its viability is weakened by the "little scope for material improvement" in the future<sup>26</sup>.

### Staffing levels

Sorell Council has 67 Full Time Equivalent (FTE) staff<sup>27</sup>. The number of staff FTEs has decreased over the last four years due to a significant planned reduction in staffing levels in Sorell Council in 2013/14 to deliver a \$1 million reduction in staffing costs. Tasman Council has 19 FTE staff which has remained stable over the last five years.

Tasman's 7.9 FTE staff per 1,000 residents is comparatively higher than Sorell's 4.8 FTE per 1,000 residents. However, Tasman's staff levels are substantially lower than the average FTE per 1,000 residents for the RASM category average of 15.4 and compares favourably to the state average of 8<sup>28</sup>.

### Tell us what you think...

WHAT FUTURE OPPORTUNITIES AND RISKS ARE THERE TO THE SERVICES RATEPAYERS AND RESIDENTS CAN EXPECT TO RECEIVE IF THE COUNCILS REMAIN STAND-ALONE COUNCILS?

<sup>25</sup> pp100 – 104, See footnote 1

<sup>26</sup> p75, See footnote 1

<sup>27</sup> p57, See footnote 3

<sup>28</sup> pp55-56, See footnote 3

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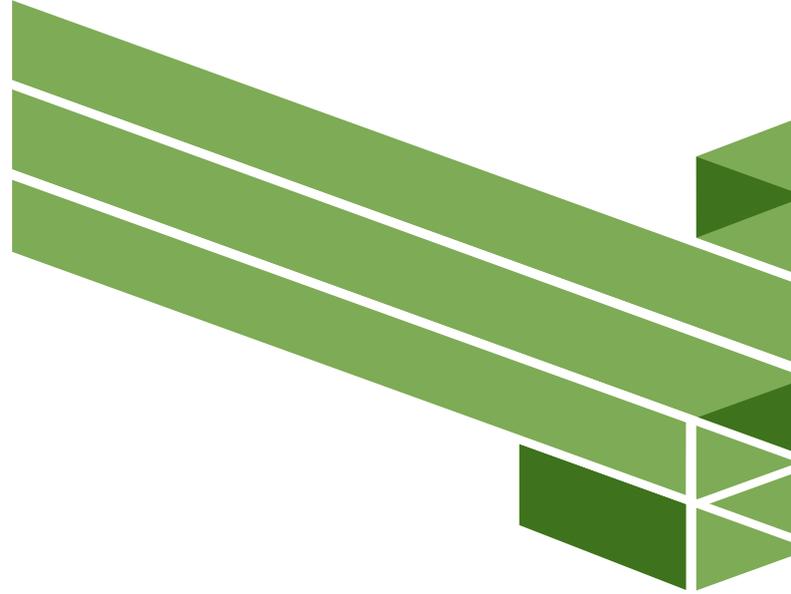
## 3.1 NO CHANGE TO SORELL AND TASMAN COUNCILS: CURRENT AND FUTURE VIABILITY CONT...

### Local Representation



Tasman Council currently has 7 elected members which equates to a representative for every 342 head of population<sup>29</sup> (this measure does not account for non-residential ratepayers receiving representation from their elected members) which is a slightly higher ratio than the RASM category average. By comparison, Sorell's 9 elected members each represent 1,599 residents which is a lower average number per councillor than other Councils in the RAVL category<sup>30</sup>.

Representation of local communities can, and does take many forms and is not necessarily reflected solely through the election of councillors. Both within Tasmania and outside of it, local communities, which are part of a broader council area, are still represented and have their views heard through formal and informal mechanisms. For example, the use of community consultative committees in particular towns or geographic areas is one way in which specific local issues are raised with a council. However, there is no consistent approach.



**Tell us what you think...**

**WHAT DOES 'LOCAL REPRESENTATION' MEAN TO YOU IN THE CONTEXT OF THE QUALITY OF SERVICES YOU EXPECT?**

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<sup>29</sup> Data provided by the Local Government Division, Department of Premier and Cabinet, Tasmania, 2018

<sup>30</sup> Data provided by the Local Government Division, Department of Premier and Cabinet, Tasmania, 2018



## 3.2 FURTHER RESOURCE-SHARING OPTIONS

The Board recognises that Sorell and Tasman Councils currently directly share a considerable number of services and also have extensive arrangements with other councils. Analysis of this option would consider whether there is potential for improvements to financial viability through the extension of shared services between Tasman and Sorell Councils.

### Would the financial positions of the Councils be strengthened?



The Feasibility Study assessed the option of improving viability through further shared services on the basis of incremental extension of current resource-sharing arrangements. The Feasibility Study modelling projected that if a resource-sharing option were adopted it would result in a combined additional surplus of **\$0.9 million** per annum. The estimated transition costs of the resource-sharing option are **\$0.3 million**<sup>31</sup>.

The Board notes that the findings of an annualised savings of \$0.9 million for the resource-sharing option, as well as transitional costs of \$0.3 million, require revaluation as these figures relate to four councils participating in extended shared services and not two councils. Therefore, the Board will analyse the Feasibility Study's assumptions and findings in relation to further resource-sharing between the Councils.

The Feasibility Study highlights the following service areas for potential resource-sharing consideration:

- **Corporate** (finance, ICT, HR, administrative support, risk and asset management, and customer services);
- **Governance** (including governance support);
- **Regulatory** (animal control, planning, environmental and public health, and building/plumbing);
- **Community** (development, tourism, and emergency services);
- **Parks and Recreation** (parks and community/sporting facilities management); and
- **Civil Works** (roads/bridges, storm water/drainage, other infrastructure, and waste management).

The Board will:

- Undertake a review of the underlying assumptions and findings in the Feasibility Study in the context of changes since that time.
- Consider other resource-sharing arrangements locally and inter-jurisdictionally
- Assess the option of further resource-sharing against the four principles and other relevant matters.

It is proposed that consideration of the financial benefits of a resource-sharing option would be undertaken against:

- The forecast financial viability of the stand-alone Councils (short and long-term); and
- The potential for improvements to financial viability through a merger of Sorell and Tasman Councils.

Tell us what you think...

ARE THERE ANY SERVICES NOT PRESENTLY PROVIDED THAT MIGHT BE POSSIBLE IF THEY WERE PROVIDED ON A RESOURCE-SHARING BASIS?

<sup>31</sup> p17, See footnote 1

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## 3.2 FURTHER RESOURCE-SHARING OPTIONS CONT...

### Would the level of services for communities be strengthened?



The full current list of shared services between Sorell and Tasman Councils is set out in section 3.1. The Councils' arrangements include sharing the services of the same General Manager and various other services including Finance, Human Resources, Geographic Information System (GIS), and Information, Communication, and Technology (ICT).

The Board will consider any evidence presented in consultation with the Councils and the community of:

- Economic and social benefits from the existing resource-sharing arrangements; and
- The potential benefits and impacts of further resource-sharing between the two Councils.

### Would the level of local representation be affected?



Under this option there would be no change to the level of representation as a result of increased shared services.

### What would be the implementation and transition considerations?



Under the Terms of Reference, the Board must also assess and provide recommendations regarding implementation and transitional arrangements for any recommendations for change, including timing, governance and funding.

### What would be the economic and social benefits and impacts?



Councils provide important services which support economic and social outcomes in their communities. Councils do this directly such as through the employment of council staff but also indirectly through the competitiveness of their rates to attract and retain business and households as well as through the amenity and infrastructure of the area which may support industry and employment opportunities. Tourism, for example, is a significant industry in Tasman. The Board's consideration of shared services options will include whether there are any implications for these economic and social impacts.

In relation to a resource-sharing option, any recommended changes to shared services arrangements will be highlighted together with a suggested path forward between the two participating Councils. This could include:

- Any integral or recommended governance arrangements;
- Proposed implementation timeframes; and
- Alternatives to the existing shared service arrangements.

### Would this be in the interests of ratepayers?



The Board will consider each of the other matters above in making an assessment of whether this option is in the best interests of ratepayer, including economic and social communities of interest.

**Tell us what you think...**

**ARE THERE ANY OTHER MATTERS THAT THE BOARD SHOULD HAVE REGARD TO IN DETERMINING WHETHER THIS OPTION IS IN THE INTERESTS OF RATEPAYERS?**



## 3.3 MERGER OF TASMAN AND SORELL COUNCILS

This option is a merger of the Tasman and Sorell Councils into one South-East-council. It is proposed that consideration of the financial benefits of a merger option would be undertaken against:

- A base-case of forecast short and long-term financial viability of the stand-alone Councils; and
- the potential for improvements to financial viability through the extension of shared services.



The Board will consider the short-term (4 year) and long-term (10 and 20 year forecast) effects and viability of a merger of the Councils. The Board will analyse specific areas such as:

- **Financial, economic, and strategic benefits and costs;**
- **Service levels and rating systems;**
- **Communities of interest;** and
- **Electoral representation and governance.**

### What would be the demographic issues under a merged council option?



The Feasibility Study notes, under a merger option, the contrast between Sorell, as the fastest growing council in the region, and Tasman, as having "older and more disadvantaged communities [with] comparatively leaner service profiles". However, the Feasibility Study found that the amalgamated council:

"...will experience the largest growth in population out of the four amalgamation options. The population is projected to increase from 15,847 to 21,518 at a growth rate of 28 per cent from 2016 to 2037<sup>35</sup>."

This would place a merged council in the 'Urban Small' council category with comparable size to Brighton, Burnie City, Central Coast, Devonport City, and West Tamar Councils (see Appendix 2).

The Board will analyse the available evidence to assess the impact of demographic issues and assess potential economic outcomes under a merged council option.

### Would the financial positions of the Councils be strengthened?



The Feasibility Study suggests that if a merger option were adopted by the two Councils, it would result in a combined notional financial benefit of **\$1.3 million per annum**<sup>32</sup>. The Feasibility Study estimated that the transitional costs for a merger option are a one off **\$1.1 million**<sup>33</sup>. The Feasibility Study notes that any projected savings identified as arising from a merger may be used to improve service levels, invest in infrastructure, or build cash reserves.

The Board will assess the breakdown of the projected notional financial benefits for the amalgamated council in year 1. The Feasibility Study project that the financial benefit for Sorell in year would be \$913,191 and for Tasman \$370,210<sup>34</sup>.

The Board will seek expert assistance to undertake a financial analysis of the findings of the Feasibility Study regarding the merged council option in the context of changes since the study was completed. The analysis will project the short-term (four-year) and long-term (10 to 20-year) financial sustainability for a Sorell/Tasman merged council. This financial analysis will inform the Board of the short-term and long-term viability of the merged entity.

### Would the level of services for communities be strengthened?



The Board will consider whether the potential benefits of a merger such as financial efficiencies that could be redirected into services, greater strategic capacity or specialist expertise are likely to result from the proposed merger option. The Board will give consideration in its assessment to the existing high level of shared services between the two Councils as set out in Section 3.1 and whether the merged council option would materially improve the outcome relative to increased shared services.

<sup>32</sup>p57, See footnote 1

<sup>33</sup>p17, See footnote 1

<sup>34</sup>pp74-75, See footnote 1

<sup>35</sup>p110, See footnote 1



## 3.3 MERGER OF TASMAN AND SORELL COUNCILS CONT...

### Would the level of local representation be affected?



The Board will consider options for maintaining representation and minimising the loss of representation in any transitional process associated with any potential merger proposal under a merged council option. This will include any potential model for representation in the short-term (transitional) in a merged council and in the long-term (10 to 20 years). Options that the Board would consider would include:

- Election-at-large;
- Election through districts or wards; and
- Appointment of commissioners as a transitional measure.

#### Election-at-large

This option would be comparable to the existing electoral processes for the two municipal areas but involve representation by a smaller combined number of councillors who would represent the entire merged council area.

#### Wards

Wards are the division of the municipal area into sectors, each sector then electing a specified number of councillors to represent it, thus maintaining an element of local representation for individual areas within the merged council area. For example, councillors could represent a ward area in Sorell or a ward area in Tasman. The Feasibility Study notes that "local government legislation in Tasmania and other jurisdictions permits the formation of wards [however] they remain relatively uncommon across Australia and were last seen in Tasmania in 1996"<sup>36</sup>. For example, at the turn of the last century, Sorell had four wards and Tasman had three wards. However, wards could provide an option to maintain local representation, at least as a part of a transitional process towards the adoption of a consolidated local government electorate.

#### Appointment of Commissioners

In other jurisdictions, during the transition to a merged council, Commissioners have been appointed to take the place of elected representatives. Commissioners who are independent to the merged councils have been appointed, but there have also been instances where the mayors of the amalgamated councils have been appointed.

### Tell us what you think...

WHAT WOULD BE THE IDEAL LEVEL OF REPRESENTATION IN A MERGED COUNCIL? WHICH PARTS OF A MERGED COUNCIL AREA SHOULD THE ELECTED MEMBERS BE DRAWN FROM?

<sup>36</sup>p19, See footnote 1



## 3.3 MERGER OF TASMAN AND SORELL COUNCILS CONT...

### Numbers of councillors in a newly merged council

Sorell Council currently has nine councillors and Tasman has seven councillors. The Feasibility Study proposed up to 13 or 15 councillors in a merger involving three or more councils (as a transitional measure). It notes that wards of this size for one electoral cycle may not be unreasonable before moving to the election-at-large model. Given the Board is only reviewing the two Councils, consideration will need to be given to the number of councillors in a merged council.

### Community consultative committees

As referred to in 3.1 above, community consultative committees may be an alternative to a ward structure. This model would allow a merged council to retain its connection with local communities and interests, while retaining a strategic approach to the overall governance of the area.

### Rating approaches & rates levels



Under the merger option, the Board will assess whether a merged council could create a more long-term sustainable rate base that imposes the lowest sustainable rate burden on its ratepayers.

The Board notes that Sorell and Tasman Councils have disparate rating approaches and rate on different valuation bases. Sorell Council calculates rates based on the capital value (CV) of rateable properties while Tasman Council rates on the more traditional valuation base of Assessed Annual Value (AAV) which is comparable to the gross annual rental value of the property (which cannot be less than 4 per cent of the CV of the property).

It may be desirable for a newly merged council to hold rates policies and resolutions stable within each merged part of the municipal area for a transitional period (noting that this may require legislative amendment as the two municipal areas are on differing valuation bases). Ultimately, a newly merged council would need to make rating policy decisions and work to align rating approaches across the municipal area, for example, bring the newly merged councils onto the same valuation base. The Board has requested the Local Government Division to undertake preliminary rates modelling for Tasman and Sorell Councils.

The Board will:

- Consider the scope of any potential rating shifts that a merged council would need to manage in undertaking such an alignment and to identify the potential tools available to manage them.
- Consider the results of this preliminary analysis in making its findings and recommendations in the final report.

Tell us what you think...

WHAT ARE THE OPPORTUNITIES AND CHALLENGES IN TERMS OF RATING LEVELS AND RATE BASE UNDER A MERGED COUNCIL OPTION?

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## 3.3 MERGER OF TASMAN AND SORELL COUNCILS CONT...

### **What would be the economic and social benefits and impacts?**



As stated at 3.2 above, councils provide important services which directly and indirectly support economic and social outcomes in their municipalities. The Board will consider the economic benefits and impacts of a merger option including:

- Impacts on the economic characteristics of the municipal areas;
- Roles of the Councils in stimulating and facilitating the local economy;
- Infrastructure;
- Tourism; and
- Land-use planning.

The Board will consider the social benefits and impacts of the merged council option including:

- Implications for the social characteristics of the municipal areas;
- Communities of Interest and the sense of community between the Council areas; and
- Service delivery and social provision to the South East.

### **Implementation and transition considerations**



Under the Terms of Reference, the Board must also assess and provide recommendations regarding implementation and transitional arrangements for any recommendations for change, including timing, governance, and funding.

The Board considers that this should also include consideration of the potential disruption and transition costs (to the extent that these can be quantified). The Feasibility Study noted that the potential benefits of a merger can be eroded or lost by the following<sup>37</sup>:

- Poor leadership;
- Insufficient oversight of transition;
- Incompatibility of IT and record-keeping systems;
- Delays to implementation and lost productivity;
- Differences in work culture and practices;
- Not managing community expectations; and
- Perceived loss of local identity.

The Board considers that any finding in support of a merger proposal would need to be accompanied by a detailed analysis of transitional arrangements as to how Sorell and Tasman Councils ought to proceed with an amalgamation.

**Tell us what you think...**

**WHAT SPECIFIC TRANSITIONAL ISSUES SHOULD THE BOARD CONSIDER IN RESPECT TO A POTENTIAL MERGER OPTION?**

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<sup>37</sup>p79, See footnote 1



### 3.3 MERGER OF TASMAN AND SORELL COUNCILS CONT...

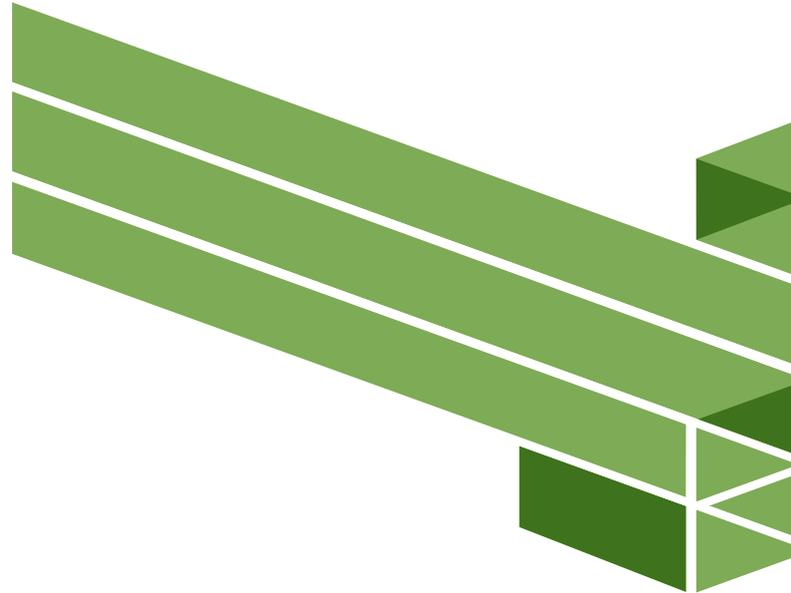
The Board's consideration may include the following transitional issues:

- Organisational and cultural work practices;
- Service rationalisation (if any);
- Location of service centres;
- Potential rating implications and options for rating alignment;
- Legislative obligations and potential consequential amendments;
- Target operating model design;
- Due diligence (financial, infrastructure Technology, human resources, legal);
- Strategic documentation and systems (strategic plan, long-term financial plan, asset management plan); and
- Transitional governance arrangements and support.

#### Would this option be in the interests of ratepayers?



The Board will consider each of the matters above in making an assessment of whether this option is in the best interests of ratepayers including economic and social communities of interest.



#### Tell us what you think...

ARE THERE ANY OTHER MATTERS THAT THE BOARD SHOULD HAVE REGARD TO IN DETERMINING WHETHER THIS OPTION IS IN THE INTERESTS OF RATEPAYERS?

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### 3.4 WHAT IF THE BOARD FINDS THAT NONE OF THE OPTIONS PROVIDE A LONG-TERM SOLUTION?

The merged council option as assessed in the Feasibility Study is a merger based on the existing boundaries of the Sorell and Tasman Councils. The Terms of Reference specifically direct the Board to consider and address any other matters within the Board's statutory remit pursuant to section 214A of the Act that it considers relevant to the evaluation, optimisation, and/or implementation of the options.

Therefore under its statutory powers, the Board may, if it considers them relevant, make findings and/or recommendations incorporating, for example, adjustments to the boundaries of municipal areas to implement, and optimize the viability of, a recommendation under the merged council option.

The Board's view of its remit is that it has been tasked to consider three options for the municipalities of Tasman and Sorell - the status quo, an enhanced shared services scenario, and a merger proposal based on existing Sorell/Tasman municipal boundaries. The Board is then to provide advice to the Minister on which of these options would provide the most demonstrable potential benefits against the four agreed reform principles.

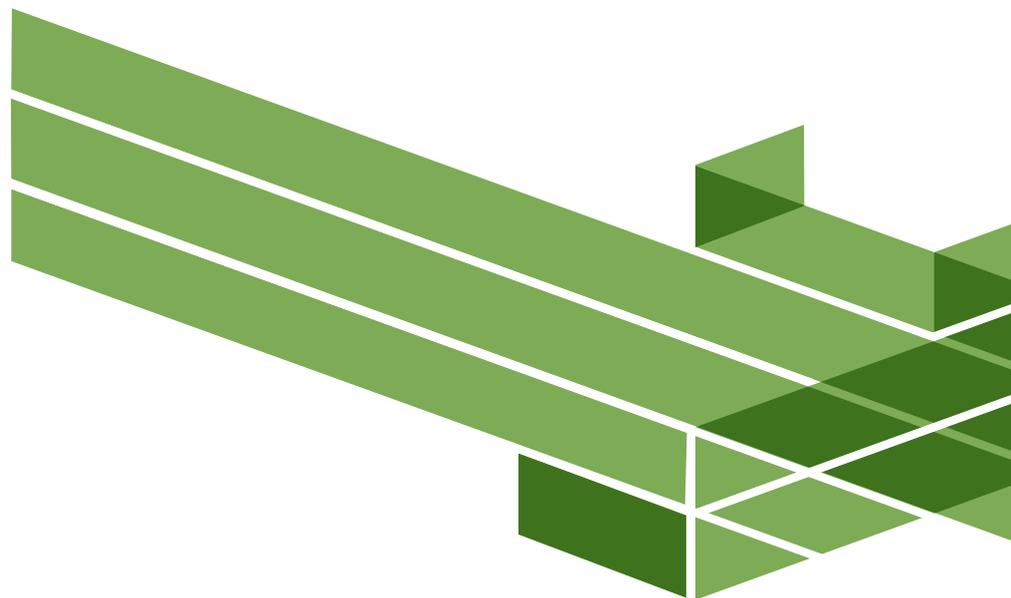
However, the Board considers that, if during its analysis of the proposal it became clear that none of the three options presented a long-term solution in terms of viability for Sorell and Tasman Councils, but that a merger option which included part of another municipal area outside the existing boundary (i.e. through a boundary adjustment) would potentially present a viable option, it should highlight this in its findings and recommendations to the Minister.

The Board considers that this would only be likely in the event that a potential boundary adjustment were to result in the inclusion of, for example:

- **A commercial hub;**
- **A population centre;**
- **Significant infrastructure;** or
- **A major transport route.**

The Board also considers that any such recommendation would be contingent on an assessment of whether the boundary adjustment would impact on the viability of any council affected by a boundary adjustment.

The Terms of Reference require that any council affected by any proposal or option considered by the Board within the scope of the Review will be consulted on, consistent with the statutory requirements under Part 12A of the Act.



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# 4. MAKING A SUBMISSION TO THE REVIEW

## 4.1 HOW TO MAKE A SUBMISSION

The Board will provide opportunities for both written and verbal submissions to be made to it by the public, affected councils and other stakeholders. The Board will consider all submissions to inform the Review.

The Board's preferred form is written submissions. However, verbal submissions will be heard at public hearings, by appointment.

### Written submissions

As advertised in the *three Tasmanian daily newspapers* on 24 February 2018, written submissions close on **6 April 2018**. Any written submissions received by the Board after this date will be considered at the Board's discretion.

Submissions can be forwarded to:

Email: [lgboard@dpac.tas.gov.au](mailto:lgboard@dpac.tas.gov.au)

Mail: Sorell and Tasman Councils Review Submissions  
Local Government Board  
GPO Box 123  
Hobart, TAS, 7001

Other than as indicated below, submissions will be treated as public information and will be published on the Board's webpage at:

[www.dpac.tas.gov.au/lgboard](http://www.dpac.tas.gov.au/lgboard)

The Board will publish submissions once its consideration of submissions has concluded. Submissions will be published on no later than **20 April 2018**.

In writing a submission, you are asked to provide your name, address, telephone number and other contact details. No personal information other than the name of an individual and/or organisation making a submission will be published.

The Board's consideration of written submissions will be restricted to matters within the scope of the Review. Persons interested in providing a submission are requested to restrict their submissions to issues outlined in the 'Scope of the Review'.

For further information, please contact the Board Secretariat by calling (03) 6232 7022 or by email at [lgboard@dpac.tas.gov.au](mailto:lgboard@dpac.tas.gov.au).

### Important information to note

All submissions will be treated as public information and will be published on the Local Government Board's webpage. However, if you wish your submission to be treated as confidential, whether in whole or in part, please note this in writing at the time of making your submission, and clearly identify which parts of your submission are confidential, and advise the reasons as to why. In this case, the Board will reach a determination on whether or not to grant a request for confidentiality before considering whether or not to include the submission for the purposes of the Review.

In the absence of a clear indication that a submission or parts thereof are intended to be treated as confidential, the Board will treat the submission as public.

Copyright in submissions remains with the author(s), not with the Local Government Board.

The Board will not publish, in whole or in part, submissions containing defamatory or offensive material. If your submission includes information that could enable the identification of other individuals then either all or parts of the submission will not be published.

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## 4.1 HOW TO MAKE A SUBMISSION CONT...

### Accessibility of submissions

The Board recognises that not all individuals or groups are equally placed to access and understand information. We are therefore committed to ensuring that information is accessible and easily understood by people with diverse communication needs. Where possible, please consider typing your submission in plain English and providing in a format such as Microsoft Word or equivalent. The Board cannot however take responsibility for the accessibility of documents provided by third parties.

### Verbal submissions

The Board will hold three public hearings to provide an opportunity to make a verbal submission to the Board, by appointment only **before 5pm, Monday 19 March 2018**. A verbal submission may take the place of a written submission or a person may speak to a written submission.

The public hearings will be as follows:

1. **Hobart** – at RACV/RACT Apartment Hotel on Mon 26 March 2018 from 3pm;
2. **Tasman** – at Tasman Council Chambers on Tues 27 March 2018 from 3pm; and
3. **Sorell** – at Sorell Council Chambers on Wed 28 March 2018 from 3pm.

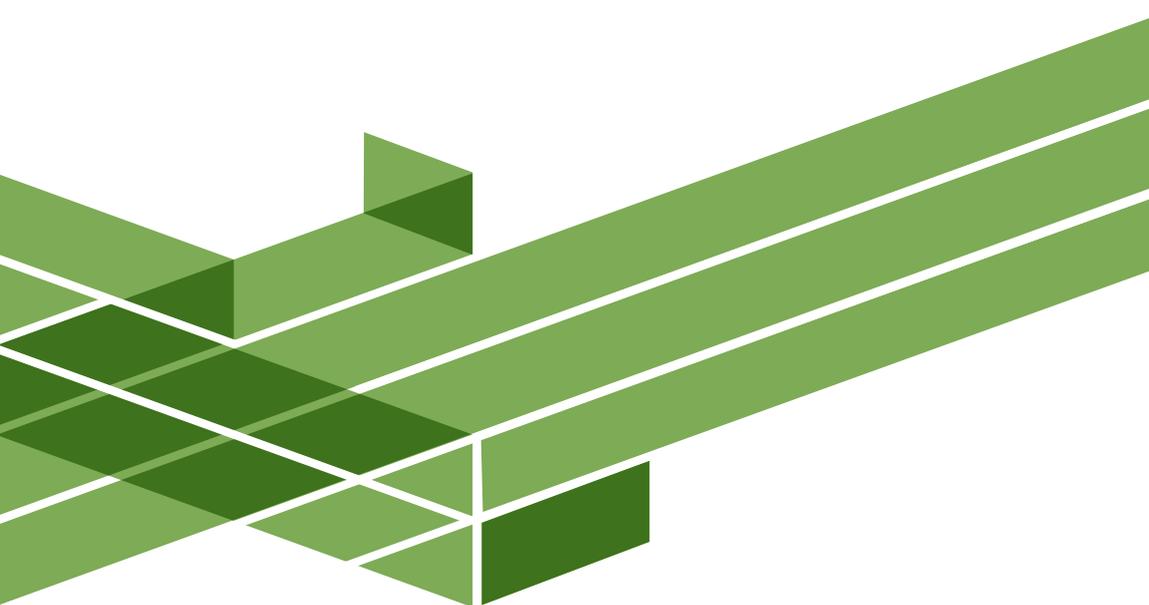
The matters raised at the hearings should relate to the scope of the Review. To assist the Board during the hearing, you are requested to identify the key points you wish to address. The time limit for each verbal submission is 10 minutes. The Board may grant a request for further time at its discretion.

The Board will be recording all verbal submissions at public hearings. You will be requested to provide consent to be recorded. If you choose to withhold your consent to be recorded, the Board will not hear or note your verbal submission.

Stakeholders may request to meet with the Board, privately, to provide information outside of the public hearing process, but this will be at the Board's discretion.

The public hearings are not an avenue for individuals or organisations to complain about specific decisions or actions of a council or individuals. Those who wish to pursue a specific complaint have a number of alternative options available to them. These options can be discussed with the Local Government Association of Tasmania or the Local Government Division, Department of Premier and Cabinet.

An appointment to provide a verbal submission to the Board at one of the public hearings may be made by contacting the Board Secretariat by emailing [lgboard@dpac.tas.gov.au](mailto:lgboard@dpac.tas.gov.au) or by calling (03) 6232 7022.



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# APPENDIX 1: THE LOCAL GOVERNMENT BOARD

## About the Board

The current Board members are:

- **Mr Greg Preece (Chairperson)** – Mr Preece has extensive experience working in the Tasmanian local government sector. He was the general manager at Meander Valley Council between 2005 and 2016 and also the general manager at Dorset Council between 1999 and 2005. Mr Preece was recently appointed to the State Grants Commission (Tas) as a local government representative.
- **Mr Hadley Sides (nominee of LGAT)** – Mr Sides is a Director on the Board of the Macquarie Point Development Corporation and is the former Chief Executive of the Sullivans Cove Waterfront Authority. He worked for 15 years as Chief Executive Officer and Director of Economic Development with Victorian councils. Mr Sides is also a former chairperson of the Local Government Board.
- **Mr Andrew Wardlaw (nominee of LGPA Tas)** – Mr Wardlaw is a Director of the Local Government Professionals Australia (Tasmania). He is currently the general manager at the Burnie City Council. Mr Wardlaw has 20 years' experience in local government, and has held general manager positions in two other Tasmanian councils: King Island and West Coast.
- **Mr Alex Tay** – Mr Tay is the current Director of Local Government in the Department of Premier and Cabinet. As Director of Local Government, Mr Tay or his nominee automatically becomes a member of the Board under the provisions of the Act.

The Local Government Board is a statutory body established under the Act. The Act provides that the role of the Board is:

- To conduct reviews of councils or reviews that concentrate on a specific topic or topics at the request of the Minister for Local Government;
- To carry out reviews of single and joint authorities; and
- To provide general advice to the Minister at his or her request.

Under Section 210(2) of the Act, the Board consists of:

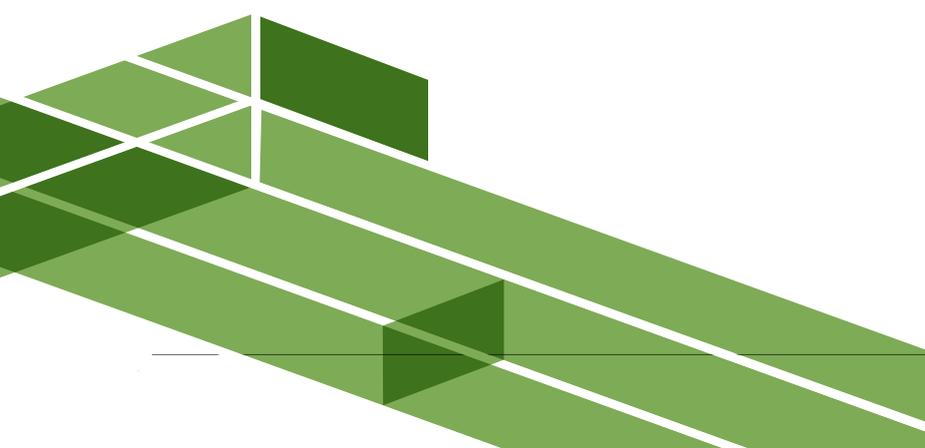
- The chairperson;
- One person nominated by the Local Government Association of Tasmania (LGAT);
- One person nominated by the Local Government Managers Australia (Tasmania) (LGMA) [now named the Local Government Professionals Australia (Tasmania)];
- The Director of Local Government or his or her nominee.

The Minister for Local Government appoints all Board members, with the exception of the Director of Local Government, which is a statutory position.

The Board is supported by a dedicated secretariat for the Review. The secretariat receives administrative support from the Local Government Division, Department of Premier and Cabinet.

The Board's functions and powers are set out in Part 12A of the Act. The Board is an independent body which has a wide discretion as to how it carries out a review. However, the Act, together with the Terms of Reference, provides directions that the Board must consider in this review and generally.

The Act provides that the Board may carry out any review in any manner it thinks appropriate (section 214C(1)) but must provide reasonable opportunity for public consultation and for any affected council to make submissions (section 214C(2)).



# APPENDIX 2: DATA TABLES

<b>Table 1. Demographic and municipal area statistics</b>			
<b>Sorell Council (2016-17)</b>		<b>Tasman Council (2016-17)</b>	
Population (2016 Census)	14,414 <sup>38</sup>	Population (2016 Census)	2,372 <sup>39</sup>
Municipal area (km <sup>2</sup> )	584	Municipal area (km <sup>2</sup> )	661
Population density (per km <sup>2</sup> )	24.7	Population density (per km <sup>2</sup> )	3.6
Major Population Centres	Sorell (2,907) <sup>40</sup> Midway Point (2,859) <sup>41</sup> Dodges Ferry (2,467) <sup>42</sup>	Major Population Centres	Nubeena (481) <sup>43</sup> Port Arthur (251) <sup>44</sup> Koonya (134) <sup>45</sup>
Rateable properties	8,798 <sup>46</sup>	Rateable properties	3,480 <sup>47</sup>
Council owned roads (km)	351.5 <sup>48</sup>	Council owned roads (km)	199.6 <sup>49</sup>
Labour Force	7,223 <sup>50</sup>	Labour Force	1,071 <sup>51</sup>
Unemployment rate (%) September 2017	5.5 (399 people) <sup>52</sup>	Unemployment rate (%) September 2017	6.9 (74 people) <sup>53</sup>
Major industries of employment <sup>54</sup> - Supermarket and Grocery Stores (3.3%) - Aged Care Residential Services (2.9%) - State Government Administration (2.8%) - Hospitals (except Psychiatric Hospitals) (2.5%) - Central Government Administration (2.3%)		Major industries of employment <sup>55</sup> - Museum Operation (10.6%) - Accommodation (9.3%) - Aged Care Residential Services (4.7%) - Primary/Secondary Education (4.2%) - Local Government Administration (3.1%)	
Most common occupations <sup>56</sup> - Technicians and Trades (16.5%) - Clerical and Administrative (15.2%) - Professionals (13.2%) - Community and Personal Services (12.9%) - Labourers (11.6%)		Most common occupations <sup>57</sup> - Managers (18.7%) - Labourers (18.7%) - Community and Personal Services (15.4%) - Professionals (13.4%) - Technicians and Trades (13.2%)	

<sup>38</sup> Australian Bureau of Statistics, 2016, Census – QuickStats Data by geography for Sorell (local government area), Canberra, as at 14 February 2018 [www.censusdata.abs.gov.au/census\\_services/getproduct/census/2016/quickstat/LGA64810?opendocument](http://www.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/LGA64810?opendocument)

<sup>39</sup> Australian Bureau of Statistics, 2016, Census – QuickStats Data by geography for Tasman (local government area), Canberra, as at 14 February 2018 [www.censusdata.abs.gov.au/census\\_services/getproduct/census/2016/quickstat/LGA65210?opendocument](http://www.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/LGA65210?opendocument)

<sup>40</sup> Australian Bureau of Statistics, 2016, Census – QuickStats Data by geography for Sorell (suburb), Canberra, as at 14 February 2018 [www.censusdata.abs.gov.au/census\\_services/getproduct/census/2016/quickstat/SSC60603?opendocument](http://www.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/SSC60603?opendocument)

<sup>41</sup> Australian Bureau of Statistics, 2016, Census – QuickStats Data by geography for Midway Point, Canberra, as at 14 February 2018 [www.censusdata.abs.gov.au/census\\_services/getproduct/census/2016/quickstat/SSC60399?opendocument](http://www.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/SSC60399?opendocument)

<sup>42</sup> Australian Bureau of Statistics, 2016, Census – QuickStats Data by geography for Dodges Ferry, Canberra, as at 14 February 2018 [www.censusdata.abs.gov.au/census\\_services/getproduct/census/2016/quickstat/SSC60159?opendocument](http://www.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/SSC60159?opendocument)

<sup>43</sup> Australian Bureau of Statistics, 2016, Census – QuickStats Data by geography for Nubeena, Canberra, as at 14 February 2018 [www.censusdata.abs.gov.au/census\\_services/getproduct/census/2016/quickstat/SSC60462?opendocument](http://www.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/SSC60462?opendocument)

<sup>44</sup> Australian Bureau of Statistics, 2016, Census – QuickStats Data by geography for Port Arthur, Canberra, as at 14 February 2018 [www.censusdata.abs.gov.au/census\\_services/getproduct/census/2016/quickstat/SSC60508?opendocument](http://www.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/SSC60508?opendocument)

<sup>45</sup> Australian Bureau of Statistics, 2016, Census – QuickStats Data by geography for Koonya, Canberra, as at 14 February 2018 [www.censusdata.abs.gov.au/census\\_services/getproduct/census/2016/quickstat/SSC60306](http://www.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/SSC60306)

<sup>46</sup> p19, See footnote 3

<sup>47</sup> p20, See footnote 3

<sup>48</sup> Tasmanian Government Department of Primary Industries, Parks, Water and Environment, 2017, Open Data – Tasmanian Local Government Consolidated Data Collection, Tasmania, as at 14 February 2018 [http://listdata.thelist.tas.gov.au/opendata/index.html#Tasmanian\\_Local\\_Government\\_Consolidated\\_Data\\_Collection\\_\(CDC\)](http://listdata.thelist.tas.gov.au/opendata/index.html#Tasmanian_Local_Government_Consolidated_Data_Collection_(CDC))

<sup>49</sup> See footnote 48

<sup>50</sup> Australian Government Department of Jobs and Small Business, 2017, LGA Data tables September 2017, Canberra, as at 14 February 2018 <https://docs.employment.gov.au/node/34693>

<sup>51</sup> See footnote 50

<sup>52</sup> See footnote 50

<sup>53</sup> See footnote 50

<sup>54</sup> See footnote 38

<sup>55</sup> See footnote 39

<sup>56</sup> See footnote 38

<sup>57</sup> See footnote 39

# APPENDIX 2: DATA TABLES

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Indicator/Statistic	Sorell	Tasman
Population 2016 (Census)	14,414 <sup>58</sup>	2,372 <sup>59</sup>
Population 2027 (Treasury – medium projection) including age group breakdown <sup>60</sup>	16,799 0 – 17 years: 3,641 18 – 64 years: 9,362 65+ years: 3,796	2,606 0 – 17 years: 382 18 – 64 years: 1,315 65+ years: 909
Population 2037 (Treasury – medium projection) including age group breakdown <sup>61</sup>	18,841 0 – 17 years: 3,901 18 – 64 years: 10,017 65+ years: 4,923	2,677 0 – 17 years: 422 18 – 64 years: 1,244 65+ years: 1,011

Indicator/Statistic (2015-16)	Sorell	Sorell Ave	Tasman	Tasman Ave	Benchmark
Underlying surplus/deficit (\$'000s)	856	956 9 yr Ave	1,002	623 9 yr Ave	> 0
Net financial liabilities ratio (%) <sup>63</sup>	19	11 10 yr Ave	90	30 10 yr Ave	0 - (50) <sup>64</sup>

Indicator/Statistic (2015-16)	Sorell	RAVL Ave	Tasman	RASM Ave
Total revenue (\$'000s)	35,115	27,577	6,253	8,783
Cash reserves (\$'000s)	8,573	11,173	6,150	5,623
Operating Government grants (\$'000s)	2,781	3,646	908	1,792
Operating grants to operating revenue (%)	15.7	21.2	14.8	25.4
Rate revenue (\$'000s)	11,573	10,052	4,294	4,126
Average rates/charges per rateable valuation (\$)	1,315	1,249	1,234	1,207

<sup>58</sup> See footnote 38

<sup>59</sup> See footnote 39

<sup>60</sup> Tasmanian Government Department of Treasury and Finance, 2014, Population Projections for Tasmania and its Local Government Areas, Tasmania, as at 14 February 2018 [www.treasury.tas.gov.au/economy/economic-data/2014-population-projections-for-tasmania-and-its-local-government-areas](http://www.treasury.tas.gov.au/economy/economic-data/2014-population-projections-for-tasmania-and-its-local-government-areas)

<sup>61</sup> See footnote 60

<sup>62</sup> See footnote 3

<sup>63</sup> Net financial liabilities ratio – is the liquid assets less total liabilities divided by the total operating income.

<sup>64</sup> Number inside brackets is a negative value.

<sup>65</sup> See footnote 3

# APPENDIX 2: DATA TABLES

## CONT...

Table 5. Rates escalation rates <sup>66</sup>		
	Sorell	Tasman
Inflation - Revenue	2.5%	2.5%
Rate Growth Factor	0.5%	NA
Inflation - Expenditure	3.0%	0.9%

Table 6. Expenses <sup>67</sup>				
Indicator/Statistic (2015-16)	Sorell	RAVL Ave	Tasman	RASM Ave
Total expenditure (\$'000s)	<b>22,492</b>	18,503	<b>5,153</b>	7,557
Operating cost per rateable valuation (\$)	<b>1,911</b>	2,184	<b>1,481</b>	2,577
Operating expenses per capita (\$)	<b>1,205</b>	1,204	<b>2,143</b>	2,825

Table 7. Asset management <sup>68</sup>				
Indicator/Statistic (2015-16)	Sorell	RAVL Ave	Tasman	RASM Ave
Non-current assets (\$'000s )	<b>233,611</b>	220,068	<b>47,926</b>	81,247
Capital expenditure (\$'000s)	<b>6,294</b>	6,175	<b>1,276</b>	2,212
Depreciation expenses (\$'000s )	<b>4,639</b>	4,611	<b>1,143</b>	1,816
Capital expenditure to depreciation ratio (%)	<b>50</b>	95	<b>68</b>	99

Table 8. Asset management indicators <sup>69</sup>				
Indicator/Statistic (2015-16)	Sorell	Sorell Ave	Tasman	Tasman Ave
Asset sustainability ratio (%) <sup>70</sup>	50	91 10 yr Ave	68	88 10 yr Ave
Asset renewal funding ratio (%) <sup>71</sup>	106	97 3 yr Ave	169	126 5 yr Ave
Asset consumption ratio (roads) (%) <sup>72</sup>	61	73 10 yr Ave	74	56 10 yr Ave

<sup>66</sup> See footnote 1

<sup>67</sup> See footnote 3

<sup>68</sup> See footnote 3

<sup>70</sup> Provides a comparison of the rate of spending on existing infrastructure, property, plant and equipment through renewing, restoring and replacing existing assets, with depreciation. Ratios higher than 100 per cent indicate that spending on existing assets is greater than the depreciation rate. This is a long-term indicator, as capital expenditure can be deferred in the short-term if there are insufficient funds available from operations and borrowing is not an option.

<sup>71</sup> Measures the capacity to fund asset replacement requirements. An inability to fund future requirements will result in revenue, expense or debt consequences, or a reduction in service levels. This is a useful measure relying on the existence of long-term financial and asset management plans.

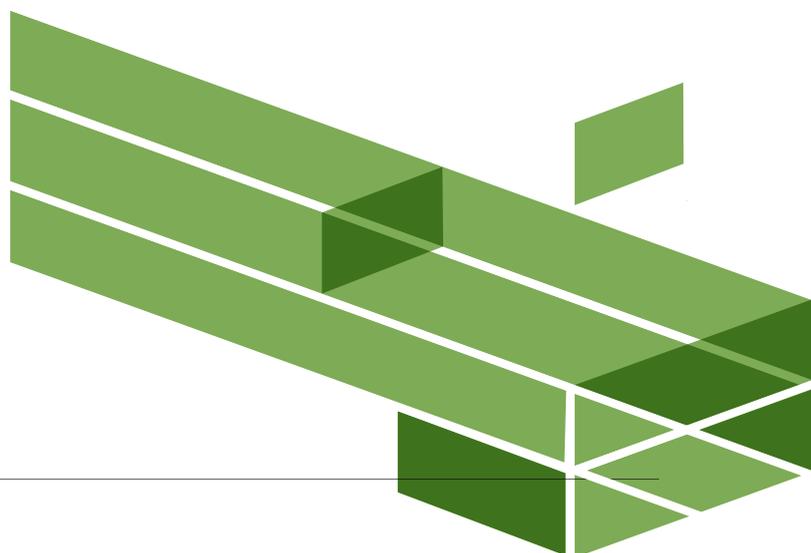
<sup>72</sup> Shows the depreciated replacement cost of an asset (e.g. roads, bridges, and infrastructure) divided by the current replacement cost. It therefore shows the average proportion of new condition left in the depreciable assets.

# APPENDIX 2: DATA TABLES

## CONT...

Table 9. Governance and human resource management <sup>73</sup>				
Indicator/Statistic (2015-16)	Sorell	RAVL Ave	Tasman	RASM Ave
Number of elected members	9	8.7	7	8.2
Population per elected member	1,551	1,674	344	328
Full Time Equivalent (FTE) staff	67	79	19	35
FTE staff per 1,000 population	4.8	5.4	7.9	15.4
Staff costs to operating expense (%)	32.6	34.1	26.9	32.6

Table 10. Australian classification of local governments					
	Rural Agricultural Small and Medium	Rural Agricultural Large	Rural Agricultural Very Large	Urban Small	Urban Medium
Abbreviation	RASM	RAL	RAVL	US	UM
Definition	Population of up to 5,000 at a density of <30 per km <sup>2</sup>	Population of 5,000-10,000 at a density of <30 per km <sup>2</sup>	Population of 10,000-20,000 at a density of <30 per km <sup>2</sup>	Population of up to 30,000	Population of 30,000 – 70,000
Councils	<ul style="list-style-type: none"> <li>- Central Highlands</li> <li>- Flinders</li> <li>- Glamorgan-Spring Bay</li> <li>- King Island</li> <li>- <b>Tasman</b></li> <li>- West Coast</li> </ul>	<ul style="list-style-type: none"> <li>- Break O'Day</li> <li>- Circular Head</li> <li>- Dorset</li> <li>- George Town</li> <li>- Kentish</li> <li>- Latrobe</li> <li>- Southern Midlands</li> </ul>	<ul style="list-style-type: none"> <li>- Derwent Valley</li> <li>- Huon Valley</li> <li>- Meander Valley</li> <li>- Northern Midlands</li> <li>- <b>Sorell</b></li> <li>- Waratah-Wynyard</li> </ul>	<ul style="list-style-type: none"> <li>- Brighton</li> <li>- Burnie</li> <li>- Central Coast</li> <li>- Devonport</li> <li>- West Tamar</li> </ul>	<ul style="list-style-type: none"> <li>- Clarence</li> <li>- Glenorchy</li> <li>- Hobart</li> <li>- Kingborough</li> <li>- Launceston</li> </ul>



<sup>73</sup> See footnote 3

# APPENDIX 3: CONSULTATION RESULTS - TASMAN AND SORELL COUNCILS

Both Sorell and Tasman Councils undertook community surveys to obtain feedback on the options provided by the Feasibility Study between March and May 2017.

The online surveys of both Councils, which were undertaken via Survey Monkey, consisted of three similarly worded questions. The results from both surveys demonstrated that **an overwhelming majority of respondents voted in support of voluntary amalgamations.**

**Table 11. Summary of Sorell and Tasman Councils 2017 Community Survey Results**

Survey Question	Tasman Council Results <sup>74</sup>	Sorell Council Results <sup>75</sup>
<b>Response rate</b>	301 electors	681 electors
<b>1. Do you support voluntary Council Amalgamations? (Yes or No)</b>	Yes 74.25% No 25.75%	Yes 84.86% No 15.14%
<b>2. If a voluntary amalgamation (or other change) is to occur, please rank in order 1-5 your preferred option (with 1 being your most preferred options).</b>	<i>Top overall ranking:</i> Option 4 – Amalgamation of Sorell & Tasman Councils  <i>Highest first preference:</i> Option 0 – Extension of shared services  <i>Highest last preference</i> Option 0 – Extension of shared services was also the least preferred option by a considerable margin	<i>Top overall ranking:</i> Option 2 – Amalgamation of Clarence, Sorell, & Tasman Councils  <i>Highest first preference:</i> Option 1 – Amalgamation of all four councils  <i>Highest last preference</i> Option 0 – Extension of shared services was the least preferred option by a significant margin.
<b>3. Are you:</b> <b>a) a resident;</b> <b>b) a ratepayer;</b> <b>c) a resident/ratepayer;</b> <b>d) other.</b>	- Just over 68% were resident/ratepayers.  - Almost 23% were non-resident ratepayers.	- Just over 69% were resident/ratepayers.  - Over 20% were non-resident ratepayers.

<sup>74</sup> Agenda for Tasman Council meeting on 28 June 2017

<sup>75</sup> Agenda for Sorell Council Meeting on 20 June 2017

SORELL AND  
TASMAN COUNCILS  
Voluntary Amalgamation &  
Shared Services Options  
February 2018

