

20<sup>th</sup> December 2013

The Hon. Premier of Tasmania  
Lara Giddings MP  
Office of the Premier  
Level 11 Executive Building  
15 Murray Street  
Hobart  
TAS 7001

Dear Ms Giddings,

**Flinders Council Decision and Submission in response to the Draft Ministerial Orders under Section 70F, 84(2A) and 85B of the Local Government Act 1993**

As you would be aware, on 30<sup>th</sup> October 2013 the *Local Government (Miscellaneous Amendments) Bill 2013* was passed by the Tasmanian State Government and as a result Ministerial Orders have been drafted to maintain the consistency of the implementation with the Act; provide uniform and acceptable standards of long-term planning; and to ensure all plans comply with Australian Accounting Standards.

These Draft Orders were forwarded to all General Manger's by Local Government Association of Tasmania (LGAT) for comment so they can prepare a consolidated submission to the Local Government Division by 20<sup>th</sup> December 2013. Flinders Council has provided a submission to LGAT.

Flinders Council formally considered the Draft Ministerial Orders at its Ordinary meeting on the 20<sup>th</sup> of December and the following decision was ratified:

***DECISION:***

***713.12.2013 Moved: Deputy Mayor D Williams Seconded: Cr M Cobham***

- 1. That Council expresses its grave concern and opposition to the proposed Draft Ministerial Orders under Section 70F, 84(2A) and 85B of the Local Government Act 1993.***
- 2. That the General Manager's summary as tabled at the meeting be included in the submission to LGAT.***
- 3. That Council writes to the Premier, the Minister for Local Government and the relevant opposition parliamentarians expressing our grave concerns. While the Draft Orders may be best practice for larger Councils, the cost of implementation and compliance will be a significant burden on our financial and human resources, detracting from Council's ability to supply services to the community.***
- 4. Council also requests that if the Draft Ministerial Orders are supported extra ongoing funding be provided for the implementation and ongoing compliance.***

**CARRIED UNANIMOUSLY (7-0)**

***For: Mayor Carol Cox, Deputy Mayor David Williams, Cr Marc Cobham, Cr Mary-Anne Roberts, Cr Peter Rhodes, Cr Gerald Willis and Cr Ronald Wise.***

Premier, Flinders Council has in place a Long Term Financial Management Plan, Long Term Asset Management Plan, Transport Infrastructure Strategy and a range of other policies and procedures that assist Council in its decision making processes. At issue is the highly prescriptive nature of the Draft Orders.

The Draft Orders, as presented, are best practice for a large urban Council with the staff capacity and financial resources to comply. For small rural and remote Councils this level of direction, oversight and compliance will be a major impost at a staff and cost level and will need to be funded through decreased on ground services and standards. Put simply, this “gold plated” approach is beyond our community’s needs or capacity to fund without significant and ongoing financial assistance from the State.

As an example, the Audit Panel directive put forward in the Draft Orders is of a high level of concern to Flinders. While access to trained professional panel members may well be a relatively simple matter in urban areas, there are few if any locally based individuals that would have the requisite skills or experience to fill these roles on island nor manage the complexities of the suite of requirements these panels will now be charged with delivering. Flinders will be exposed to flying these experts in quarterly, paying for them and no doubt accommodating and providing meals as the work required will not be possible in the time available to fly in and out in a day. To meet four times per year, an estimate of cost for travel alone would be in the vicinity of some \$6,500. Add travel and sitting fees and the cost of the directive equates to potentially over \$15,000. Staff time and secretarial support would conservatively add a further \$5,000. As the requirement for the Auditor General to continue his role has not been diminished under the Draft Orders, Council can expect a further \$23,000 in audit fees plus staff time which conservatively equates to around some \$20,000. Combined, the audit process proposed under the Draft Orders could conceivably cost around \$63,000 annually. In our case this figure equates to nearly 6.25% of our total rate revenue. Clearly this level of expenditure, when no known risk exists with the current system, is not sustainable.

Small Councils such as Flinders have little if any extra capacity to add further State based requirements to what is already a very onerous workload. Little understanding seems to exist with the State Government of the specific place based challenges we face. That said, many studies and reports from other remote parts of Australia clearly outline that place based approaches ARE required if remote communities are to be sustainable in either the short or long term. Specifically, the Australian Centre for Excellence in Local Government (ACELG) has published two reports specifically referenced to isolated and remote Council entities: *Fixing the hole in Australia’s Heartland – How Government needs to work in remote Australia* and *Role and Expectations of Rural-Remote and Indigenous Local Government*. The reports are part of ACELG’s broader strategy to build the capacity of small rural-remote and Indigenous Councils across Australia through its Rural-Remote and Indigenous Local Government Program.

Prepared by Alan Morton of Morton Consulting Services, the report builds on ACELG’s

work on this area from 2011, *Capacity Building Strategy for Rural-Remote and Indigenous Local Government* which noted that the current demands and expectations placed on rural-remote and Indigenous local government are unsustainable, especially if they are left to grow unchecked.

ACELG's Assistant Director, Melissa Gibbs noted:

*"Rural-remote and Indigenous councils play an important role in local communities. They provide a broader range of services than their urban counterparts as they are required to fill service gaps usually provided by other spheres of government. Yet the councils face tremendous challenges in recruiting and retaining skilled staff, managing assets and their dependency on grants mean they have limited control over revenue sources.*

*"The Centre prepared this report to gain a clearer picture of some of these financial challenges and to assist in developing capacity to provide sustainable local governance for local communities."*

Some of the key observations from the report are:

- Identifying service priorities is a matter for each council to determine, rendering it almost impossible to propose a core set of local government services.
- Councils need to base decisions about the scope and scale of services on a robust community, corporate and strategic planning process that links to long term financial planning.
- The ability for rural-remote and Indigenous councils to choose what services they deliver is limited because of their lack of own source revenue or untied grants.
- The regulatory and administrative burden imposed on local governments and how this constrains Councils from what should be their core focus of delivering services that meet constituents' needs and expectations.

From a researched perspective, the directives proposed under the Draft Orders, while no doubt best practice for our large urban Council entities are simply unsustainable for small isolated Councils such as Flinders. To that end we would implore the Tasmanian State Government to abandon the Draft Orders as presented and engage with the Local Government sector further to design a system that enhances the sustainability of ALL Councils in the State, recognising that small Councils require a very different approach in relation to oversight, compliance and support than our larger counterparts.

This legislative reform process, if implemented, will simply see a large percentage of our small revenue base spent on more plans, reports and office staff rather than delivering essential on ground services to our community. At a time when money is tight and our community continues to be challenged by cost of living pressures, I trust that you as Premier will do your best to ensure that such an outcome does not occur or at the very least that further consultation occurs with the local government sector to design an approach that supports the ongoing sustainability, particularly of small and remote municipalities, as opposed to actively adding risk, complexity and cost.

Yours sincerely

Carol Cox  
Mayor  
Flinders Council

Cc The Hon. Bryan Green Minister for Local Government  
Cc The Hon. Will Hodgman Leader of the Opposition and Member for Franklin  
Cc The Hon. Peter Gutwein Member for Bass  
Cc The Hon. Michael Ferguson Member for Bass  
Cc The Hon. Kim Booth Member for Bass