

# Voluntary Council Amalgamations

## Questions and Answers

### February 2015

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## **1. Why is the Government supporting voluntary amalgamations?**

The Government's central goal is to improve the State's economy by ensuring Tasmania is competitive – locally, nationally and internationally. The Government is also committed to improving our standard of living by:

- enhancing Tasmania as an attractive place to live and work;
- addressing community expectations for improved, appropriate and efficient service delivery; and
- ensuring our environment is managed in a sustainable way.

The Government considers that in the current economic climate, voluntary amalgamations offer councils the opportunity to improve their financial situation through efficiency gains, with the potential to increase service delivery to the broader community, and to improve strategic decision making, particularly at the regional level.

The Government recognises if Tasmania is to have a strong and sustainable local government sector in the face of economic constraints, climate change, and the impact of demographic change, then reform is essential. Council amalgamations are a key element to this.

## **2. What was the outcome of the 1993 amalgamations?**

In 1993, the number of councils in Tasmania was reduced from 46 to 29. Simultaneously, a new Local Government Act introduced significant changes, most importantly giving councils the general competency powers that local government had been seeking for some time.

Local government was extensively involved in the 1993 reforms, being represented on the board of inquiry which made the recommendations, and through making submissions to the board. Further, the transition processes were strongly collaborative and supported by the State Government.

In 1997 the Local Government Board considered the outcomes of the 1993 Tasmanian restructures in five councils and identified a range of positive outcomes including:

- reductions in the level of debt;
- an increase in the level of reserve funds;
- reductions in the level of administrative expenses (despite the broadening of managerial and other professional skills available to councils).

**3. What is the Government’s policy on forced amalgamations?**

The Government made an election promise that there would be no forced amalgamations – the commitment has not changed.

The Government has expressed its support for voluntary amalgamations and its intention to encourage councils to come forward with proposals. A voluntary approach, combined with close consultation with local communities, provides the best opportunity to achieve optimal outcomes for the community.

**4. What criteria does the Government have that underpins any proposed amalgamation?**

The Minister for Planning and Local Government, the Hon Peter Gutwein MP, has identified four criteria which must be met before he will consider an amalgamation proposal.

Amalgamations must:

1. be in the interest of ratepayers;
2. improve the level of service for communities;
3. preserve and maintain local representation; and
4. ensure that the financial status of the entities is strengthened.

**5. What is the timetable and process for voluntary amalgamations?**

PROCESS for VOLUNTARY AMALGAMATIONS	TIMEFRAME
<p style="text-align: center;">STEP 1</p> <p>Minister for Planning and Local Government, the Hon. Peter Gutwein MP, writes to councils to invite mayors to regional meetings to be held in February 2015.</p>	November 2014
<p style="text-align: center;">STEP 2</p> <p>The Minister holds three regional meetings to provide Mayors, Deputy Mayors and General Managers with an opportunity to discuss amalgamation ideas, the process and timeframes. Information pack provided beforehand.</p>	February 2015
<p style="text-align: center;">STEP 3</p> <p>The Minister writes to councils to confirm the process and timeframes, funding support available for feasibility studies and facilitators. Councils will be asked to provide advice regarding their intentions as to whether or not they are prepared to <b>consider</b> a possible amalgamation with other council(s).</p>	March 2015
<p style="text-align: center;">STEP 4</p> <p>Further discussions are held within and between councils in order to develop a merger proposal. The Local Government Division (LGD)</p>	April - May2015

<p>provides basic financial modelling of possible scenarios to councils to test potential amalgamation options. Support for facilitation of discussions between councils provided.</p> <p>Councils advise the Minister if they wish to proceed to a feasibility study and request funding for the study or if they have decided not to proceed with the voluntary amalgamation process.</p>	
<p style="text-align: center;">STEP 5</p> <p>Participating councils undertake a feasibility study and conduct community consultations on the proposed amalgamation scenario. Guidelines for feasibility studies to be developed and distributed by LGD to participating councils.</p> <p>Participating councils consider outcomes and report to ratepayers</p>	<p>June - September 2015</p> <p>October – December 2015</p>
<p style="text-align: center;">STEP 6</p> <p>Participating councils write to the Minister to either request a Local Government Board (the Board) review of the proposed amalgamation or to advise they do not wish to proceed with the amalgamation process.</p>	<p>January – March 2016</p>
<p style="text-align: center;">STEP 7</p> <p>Following receipt of advice from councils, the Minister requests the Board to undertake a review of the amalgamation proposal. The Terms of Reference includes a requirement for the Board to assess potential transition costs.</p> <p>The Board review proceeds as required under the <i>Local Government Act 1993</i>. The Board makes a recommendation on the amalgamation. The Minister consults with councils and accepts or rejects the Board's recommendation(s).</p>	<p>March – September 2016</p>
<p style="text-align: center;">STEP 8</p> <p>The State Government discusses funding options for transition costs with amalgamating councils based on the findings of the Board review.</p>	<p>September - December 2016</p>
<p style="text-align: center;">STEP 9</p> <p>Orders are made to implement any amalgamation changes.</p>	<p>As required</p>

## 6. What support will the Government provide towards an amalgamation proposal?

The Government will provide financial assistance towards the development of feasibility studies. Funding of up to \$25 000 for an amalgamation proposal involving two councils, or up to \$50 000 for a proposal involving three or more councils will be provided. The State

Government funding will only be provided on the basis that it, at least, be matched by participating councils.

Funding of up to \$5 000 may also be provided for professional facilitators, on a case by case basis, to help the free flow of discussion and decision making between councils.

### **7. Why does the Local Government Board need to be involved?**

The *Constitution Act 1934* specifies that any division of Tasmania into municipal areas is not to be altered without the recommendation of the Board. For this to occur, the Board is required to carry out a review of any amalgamation proposal.

### **8. Who is currently on the Local Government Board?**

The current Board structure comprises four positions: nominees from the Local Government Association of Tasmania (LGAT) and Local Government Managers Australia (Tasmania) (LGMA), the Director for Local Government, and an independent chairperson. The current members are:

- Hadley Sides (Chairperson);
- Liz Gillam (LGAT nominee);
- Andrew Wardlaw (LGMA nominee); and
- Phillip Hoysted (Director of Local Government).

Additionally, the Minister can appoint up to two specialist members on a review-by-review basis.

### **9. How much will a Local Government Board review cost the council?**

The Board review will not cost the council anything. The Government funds the Board review as the *Local Government Act 1993* does not allow for any Board review costs to be reclaimed from councils.

### **10. What does the Local Government Board do when it is reviewing a voluntary amalgamation proposal?**

A comprehensive review of the amalgamation proposal is undertaken by the Board.

The review process will consider the feasibility study and other relevant information and data. The review will also provide reasonable opportunity for public consultation and the opportunity for any council affected by the review to make submissions.

The Board can carry out a review in any manner that it thinks appropriate. The Board drafts its own guidelines for the review process. Before carrying out a review the Board must give councils at least 30 days' notice of the date on which the review is to start, unless the councils request otherwise.

***1. How are the communities' views taken into account?***

The Board must provide reasonable opportunity for public consultation and opportunity for any council affected by the review to make submissions.

The Board hearings are open to the public unless the public interest in an open hearing is outweighed by any other consideration including public security, privacy of personal or financial affairs, or the right of a person to a fair hearing.

The Board submits a written report on the review and its recommendations to the Minister.

***2. What is the Minister's role?***

The Minister must forward a copy of the Board's report to the councils involved, and to any other councils affected by the recommendations of the Board, inviting them to make submissions on any matter covered by the report.

The *Local Government Act 1993* requires councils who receive the report to keep all matters contained in the report confidential until the report is published.

The Minister considers the council submissions and then either:

- accepts any or all of the Board's recommendations;
- rejects any or all of the Board's recommendations;
- refers to the Board any alterations to its report requested by a council; or
- requests the Board to reconsider any or all of its recommendations.

The Minister arranges for publication of the report of the Board.

The Minister may then make a recommendation to the Governor, although he cannot make a recommendation to the Governor relating to a recommendation of the Board that he has rejected in respect of that review.

The Governor may, by order and acting on the recommendation of the Minister, do any of the following:

- create or abolish a municipal area;
- alter and define the boundaries of a municipal area;
- combine two or more municipal areas or parts of such areas to form one municipal area;
- name or change the name of a municipal area; or
- create or abolish a council.

**11. If two (or more) councils amalgamate, how can appropriate representation be assured?**

Elected local government members in Tasmania are expected to make decisions in respect of and represent the whole municipal area and not just the particular locality from which they were elected. This has been the case since the commencement of the *Local Government Act 1993* which replaced the previous structure where municipal areas were divided into electoral districts or 'wards'.

The role of councillors has changed significantly since introduction of the Act in 1993. Councillors are now required to have a stronger focus on policy development and strategic planning for the whole council area rather than advocacy for a specific part of a council area.

There are a number of mechanisms that allow for representation of council areas, including community consultative committees, a ward system, and a variation of total councillor numbers.

***Electoral Districts/Wards***

There are currently no electoral districts established in Tasmania. Electoral districts can still be created under the *Local Government Act 1993* but only after a Board review supporting such a measure, and a decision by the Minister responsible for local government to proceed.

Since 1993, the Board has undertaken two specific reviews on this matter for the Northern Midlands Council (1995) and the Launceston City Council (1999). Neither review resulted in the introduction of wards. A ward system will only be considered where the ward representation approximates one vote – one value for the whole municipality.

**12. How many councillors would be in a newly merged council?**

The number of councillors for a newly merged council would be a matter for the Board to consider in its review.

**13. If a decision to amalgamate councils is agreed, what transitional arrangements will be put in place?**

The *Local Government Act 1993* does not provide for any transitional body or other arrangements.

The Board can, as part of its review, make recommendations regarding the transitional arrangements for a voluntary amalgamation.

**14. How much will an amalgamation cost the council?**

If the Minister responsible for local government determined to proceed with a voluntary amalgamation proposal, the costs for establishing the new council would normally be incurred by the newly created council. Section 214H of the *Local Government Act 1993* sets out the costs which include the costs and expenses of an order to create a new council, and any transfer or vesting costs.



The Government is prepared to provide support towards establishing any new council. The amount of support would depend on the amalgamation proposal and would be on a case by case basis and be informed by the findings of a Board review.

### **15. How will an amalgamation affect our Financial Assistance Grants**

In recommending Financial Assistance Grant allocations to councils, the State Grants Commission is required to make its recommendations in line with National Principles formulated under the *Local Government (Financial Assistance) Act 1995* (Cth). Amalgamations are dealt with in Principle 6 which states:

*Where two or more local governing bodies are amalgamated into a single body, the general purpose grant provided to the new body for each of the four years following amalgamation should be the total of the amounts that would have been provided to the former bodies in each of those years if they had remained separate entities.*

### **16. What will happen to the staff of the councils if two councils amalgamate?**

#### **Will there be major job losses?**

One of the major anticipated benefits of voluntary amalgamations is efficiencies, together with increased capability. Ideally a voluntary amalgamation proposal would enable the newly created council to attract and retain the most qualified staff.

Determining areas for efficiencies for amalgamating councils would be considered in the Board review. This could potentially include recommendations in relation to managing staffing arrangements such as natural attrition or vacancy control.

Ultimately the newly created council will determine its staffing arrangements.

