

# Local Government Voices

## Series

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## Innovation in Tasmania: A Conversation with Ron Sanderson, General Manager of Brighton Council

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*Abstract: Ron Sanderson has been a local government manager for over 25 years and has been General Manager (GM) of Brighton Council for approximately six years. During this time, Brighton Council has gained a reputation as an exceptionally innovative local government, particularly in the areas of providing commercial services to other municipalities (including billing, payroll, IT and locum managers) and in its implementation of a rates system which has not only enabled it to become one of the most solvent councils in Tasmania, but also keep rate increases at or below CPI. In this interview, Ron discusses these innovations, other features of Brighton Council organisation and culture, as well as more general features of reform in Tasmanian and Australian local government.*

*Keywords: Brighton Council; local government reform; Ron Sanderson; Tasmanian local government*

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## 1. Introduction

*Bligh Grant:* It's 2.30pm Friday, 10 June 2011. I am sitting in the office of Ron Sanderson, General Manager of Brighton Council Tasmania. The office is located approximately 20 kilometres due north of downtown Hobart, across the Derwent in the suburb of Gagebrook. It has been a week of bitter weather in Tasmania, but looking out over the Derwent the sun has finally broken through – perhaps a good omen for this interview!

Under the management of Ron Sanderson, Brighton Council has attracted increasing attention for outstanding innovation in local government, in particular for the provision of a variety of shared services to other councils in Tasmania, mainland Australia and Suva, Fiji, as well as for the introduction of a controversial rates system. It is precisely these kinds of exceptional innovations – as well as the more general experiences of people working in local government -- that the UNE Centre for Local Government *Australian Local Government Voices Series* was introduced.

Ron, thank you for your time and for agreeing to be interviewed for the *Australian Local Government Voices Series*. Professor Brian Dollery has provided you with a suite of questions concerned with Brighton Council and local government reform more generally, which I will seek your reflections on. However, by way of introduction, could you provide us with some information about yourself?

*Ron Sanderson:* I'm originally Canadian; from Winnipeg, Canada In 1972. I graduated with a degree in electrical engineering; however I worked in the oil industry for a period of time. Very interesting in the exciting '70s - the heady days, when oil was great... I worked in the foothills of the Rockies in Alberta on drilling rigs and natural gas plants. I was then a cost-engineer on the Syncrude tar sands plant in Northern Alberta – in 1975. It was a USD1.9 billion job just to give you an idea the size- with 5,000 men in camp when I was there.

Then I got the job in the high Arctic of Canada on offshore drilling rigs for the Canadian Government as a Drilling Inspector. 'Conservation Engineer' was the official title. In the winter I was on ice islands north of the magnetic pole. It was a fascinating time; absolutely fascinating. We landed in 737 jets on the pack ice 100 miles offshore. In the summer I was on drill ships in the Beaufort Sea north east of Alaska. It was really an exciting time.

Then I met this lovely Australian woman and followed her back to Australia in '78. We got married in Melbourne and I got a job in Perth with SECWA – the State Energy Commission of Western Australia. My first job in Australia was an engineer on the Dampier to Perth pipeline project. Part of the job was looking at rock carvings in the Dampier peninsula with a guy called Harry Butler whom I'd never met before. We were wandering around the peninsula, Harry, me and the curator of rock carvings from the Western Australian Museum looking at Aboriginal rock carvings. This was my first job in Australia, quite amazing...

I had to move back to Melbourne for family reasons and worked with BHP Oil and Gas. Miners had been killed in accidents in underground coal mines near Wollongong and Blackwater. They gave me a project to use oilfield techniques to drill into the underground coal seams to de-gasify the coal, to reduce the possibility of explosions when the miners mined the coal.

Then I moved back to Canada to manage a company's interest in developing a heavy oil refinery. In the meantime my wife's parents moved from Melbourne to Tasmania. In 1986 we decided to move to Circular Head, North-West coast of Tasmania. No oil and gas, so I got a job as the sales engineer for a mining supply company. Then the Circular Head Council at Smithton advertised for a civil engineer. My wife convinced me I should apply, even though I said that they wanted a civil engineer not a petroleum engineer. But I was appointed. That got me into local government – totally by default...

We moved to Brighton, an outer suburb of Hobart, in 1993. My first position was as Manager of Engineering and then Deputy General Manager. In 2005, when the general manager retired after being in the position for thirty three years I was appointed to the position. They've renewed my contract so I'll be here until at least mid 2015.

So my background is basically a mix of large industry, large government, small business and small government. My wife and I also have a personal business as well. We make wooden products that we wholesale around Australia to gift shops.

*Bligh Grant:* Many thanks, Ron. What a story!

*Ron Sanderson:* I didn't go to school in Hobart, go to university in Hobart, go to a council in Hobart. I'm coming from a totally different perspective...

*Bligh Grant:* How important do you think that is?

*Ron Sanderson:* Very important; extremely.

*Bligh Grant:* Why is that? Just because of the breadth of your experience?

*Ron Sanderson:* No ... One of the things I'd like to emphasise is the culture of the place. Most of the people in senior positions that have done things, come from elsewhere, or have private industry backgrounds. Virtually all of the people are movers. They make things happen. I'm not saying the doers are not good - I'm not saying that at all. The thing that really makes the work and culture of the place is that we do have a mix of people. For example, the Head of Engineering worked for a private contractor in Ballarat, even though he's from here, then over in London, England...

So he's come with a different work ethic - a different idea. Another example of this is the Planner here. He used to work for a private company - nothing to do with planning. But just understanding the work ethic, the values, those sort of things. Our accountant came from the freight company TNT. I've found that when you bring those sorts of people together, it's a totally different thing than working with bureaucrats who have only worked in local government.

My opinion has been influenced to some extent due to the fact that I've been able to do different jobs in local government. When I first started I wasn't a civil engineer. I didn't have my ticket. I was shunned by other engineers in the state. However, I eventually became respected and even became the President of the IPWEA Tasmania.

When the Premier of the State sacked the council up at Kentish in the Cradle Mountain area, he appointed me as the Administer or Commissioner of the council. So I was the council for a year and a half. I've also acted as General Manager at Tasman and Glamorgan Spring Bay Councils on a temporary basis.

*Bligh Grant:* This is very interesting and quite different from what we might call the 'stereo-typed' picture of entrenched local government managers and employees more generally...You say you've got this culture of 'movers and shakers', as it were -- leaders, I suppose, that have come from the private sector...

*Ron Sanderson:* Not all leaders. It's probably the classic team. One that does this, one that thinks that. It's the classic different types of people that make up a successful working group. So if you take any two of them out, it's trouble. So when we fill a gap we make sure that culture's there when we hire. That's one of the leading things we do when we hire.

It's not about 'engineers and engineers and engineers'. It's more like football. You pick the weakness you have and you gauge how you can best fill your needs. In

saying that that though, culture is number one and the way people relate to that. We tend to head-hunt as well. We don't advertise much. We usually get people phoning as well. People saying: 'I'm back', for example; 'I'd like to come in and talk about working'.

## **2. Observations on reform processes across Australian jurisdictions**

*Bligh Grant:* I guess we have started to talk about the institutional culture of Brighton Council, in particular the workplace environment – very interesting. Taking a step back from your council and your personal experience just for a moment, can I ask your views areas of local government reform more generally? In your view as a GM, how important has structural reform been?

*Ron Sanderson:* It's absolutely critical; absolutely necessary. This doesn't mean that I think there is one answer for all regions or states. Just because one state's doing it doesn't necessarily mean another should. I think each situation is totally unique. Nevertheless, I think there is a need for continued consolidation here, for example. I honestly believe that there should be one city in Hobart and one city in Launceston and leave everybody else alone. Where it's appropriate there must be amalgamation. There must be major structural reform and I think it should be done taking into account communities of interest.

For example, Tasman [Council] has little in common with Sorell [Council]. To put them together would be folly because it would gain nothing. We have a mantra - governance at a local level and service delivery at a regional level. Now that to me is where the reform should be structurally. I really think councils need to think more as a business. When I worked in the oil industry my first job as a baby engineer for a natural gas company - Hudson's Bay Oil and Gas in Calgary was with a joint venture project. We had 35 partners. Those 35 companies were competitors. They

were not in bed with each other, but they realised they could make money on one project by working together.

The trouble with the current situation is that the reform has to be done externally because the councils themselves will not do things together in a major way. They'll do a little bit around the edges. That's why there has to be somebody else dictating that this must happen -- because they won't do it on their own. That's my opinion. There's too much self-interest and no accountability, or a lack of accountability. So that's why structural reform must be driven from above. That's probably enough on that one...

*Bligh Grant:* That's interesting because the standard pro-local government argument has been anti-amalgamation. However, the Australian Local Government Centre for Excellence has just released two reports revisiting the notion of structural reform...

*Ron Sanderson:* They call it consolidation now, don't they?

*Bligh Grant:* Yes...

*Ron Sanderson:* But it won't happen unless it's dictated; which is a shame because I think that there are good enough reasons that everyone could benefit. If the city councils would have got together to help small villages to improve water and sewerage infrastructure they would still have water and sewerage. But because they were disparate and fighting, they wouldn't help the little guy. Our Mayor said that 'unless the "haves" help the "have-nots" we're going to lose it'. I believe that if they would have got together - just got together and helped the have nots - they'd still be in control of water and sewerage.

*Bligh Grant:* I think it's very interesting that you have pointed to the fact that structural reform does not necessarily have to involve amalgamation – that it can

involve shared services across regions alongside the maintenance of political identity – which adds to our understanding of what, until now, has been quite a politicised debate. Perhaps we will have the opportunity to revisit this distinction when discussing your own shared service arrangements...

Moving on from structural reform, what about cost-shifting? Is this something which has affected your operations?

*Ron Sanderson:* This hasn't really affected us over the years. The State Government handed bridges back to us. Other than that there's really not much cost-shifting in Brighton because we have stayed out of things like childcare, family day care.

If these services are not our core business we try and get private industry to deal with it or leave it alone. We have no family day care, no libraries – local government isn't responsible for libraries in Tasmania. We try not to get involved in that sort of delivery, youth workers, that sort of 'services to people' provisioning.

This is despite the fact that we're in a poor area and we're always getting pressure to become engaged in these kinds of activities. But we've just said 'No'. That's the job of the State Government. We do get pressure from politicians. But we try and assist rather than deliver. That's how we deal with cost shifting.

Similarly with education: We're always receiving requests from the Education Department like 'Give us water for the grounds' or 'Give us playgrounds'. We say 'that's your job'. But we're prepared to work together: 'Why would we have a playground here and you have one here. We'll both put one on your land and we'll contribute to it'.

*Bligh Grant:* Do you think that your approach in this council is typical or atypical of councils in Tasmania?

*Ron Sanderson:* Definitely a-typical.

*Bligh Grant:* So you have exercised the discretion to not take on 'human services'...

*Ron Sanderson:* Deliberately. Some councils have taken on these other roles and then complain about their increased responsibilities. I say: 'Well... did you have to take it? Is there another way you could fund it? Is there a way you could do a partnership?' We're keeping the rates down and constituents seem happy with that.

*Bligh Grant:* Next, financial reform and financial sustainability...

*Ron Sanderson:* Okay this is quite interesting, from my perspective, because when we talk about financial sustainability, it's quite ironic because local government is the bottom end of the three tiers of government. Yet I think that that precisely because of this it is forced to have long term plans, strategic plans and actually think about the future.

State governments and federal governments run in three or four year cycles. This is one reason I think we can do things better and more efficiently and have a better chance to be fiscally sustainable, because we're starting from a point of better understanding -- because we're forced to.

*Bligh Grant:* So you're actually saying that it's not due to any sort of adherence to a particular principle – subsidiarity, for example. It's just that local government, bureaucratically, or institutionally, is in a position to think about sustainability more coherently...

*Ron Sanderson:* I'm only talking about the fiscal way you think about sustainability – and how we try and manage it. The ironic part is it's the other levels of government that are forcing the local government to do what they can't do.

*Bligh Grant:* That's very, very interesting – it's also a kind of cost-shifting; but we won't ask you to go over that again...

*Ron Sanderson:* It's also about size. I've said this far too often. But being from an engineering background, I think of momentum that equals mass times velocity. So if you're small you can start quickly, stop quickly, turn, and change direction. Because you're small, your mistakes are small too. That's another reason local government is in a far better place; far, far better. Even bigger cities are still small in relative terms.

So that's why it's inevitable that councils will be able to do a better job more quickly and be more accountable. I think that's why the federal government is trying to get so many of these grants out directly to local government and the local level: Consider the federal grants for the schools;– in Tasmania, there hasn't been any negative reaction about the school roll out. They're doing a wonderful job down here because it was run through the local schools. It was an excellent result for the local school communities.

*Bligh Grant:* This is what happened in New South Wales with respect to private schools, in particular the Catholic schools...

*Ron Sanderson:* They did very well didn't they?

*Bligh Grant:* They certainly focussed on maximum value for money...

*Ron Sanderson:* Yes, that's right. Exactly right. Does this mean that we will get a bigger slice of the pie? I would say in the strict answer 'yes', .for two reasons (1)

efficiency, and (2) money's not wasted at the state level on administration. It isn't creamed off unnecessarily. So I'd say yes because of these two reasons. We can deliver. I think the next point is 'Managerial Reform'...

*Bligh Grant:* This comes back to what we were talking about previously with respect to your experience of people and creating a team...

*Ron Sanderson:* Well the biggest thing - I'd say culture must be there. You could have the best leader in the wrong place and nothing happens. The biggest problem I see in the Australian context – even when I worked for BHP Oil and Gas... I started working the first day. They said 'What are you doing?' I said 'I'm working. I've worked in this area before'. It was about doing economic feasibility calculations for their offshore platforms. They said 'No, no. You're supposed to walk round and meet everybody'. I said 'I already have...'

It was really bizarre. At the time, it was very different from the North American work ethic - It really struck me as unusual. Anyway it's getting a lot, lot better now. The biggest thing I've noticed here is the 'can do' attitude. When I moved here in late 1993, they'd just put in place a Strategic Plan - the first one they did - a five year plan. One of the things in the Plan was to have all the sewage effluent discharge out of the rivers by the year 2000. Being an engineer, I said 'Okay, that's what we have to do'. I actually took it literally. Maybe I wasn't supposed to but I did.

That's an example. People were gobsmacked that we actually did it. But we just used the plan of how to get there. Being trained in the oil industry it was just a 'no-brainer really'. The 'can do' attitude is what I think needs to be increased. What I find here of people who are in local government is that many are so risk-averse. The pendulum swings too much the wrong way in my view. So if it's my job on the line to achieve a benchmark, I'll make sure I reach that benchmark as opposed to anything else... But I'll also make sure that this then forms the basis from which to take calculated risks...

Another thing I'm wary of is trends. There's nothing worse than somebody who's read a book. The latest is 'place shaping'. Give me a break. What's that? If you went up to anybody the street and said we're going to do a lot of 'place shaping' this year. What do you think they'd say?

*Bligh Grant:* It's interesting that you would make that comment. I've just written a PhD thesis suggesting that the idea is basically a way of devolving responsibility for service provision to the local sphere in a context where the British state has gone broke....

*Ron Sanderson:* The State Government tries to push us on it. They want it on our benchmarks. The Local Government Office thinks it's wonderful and that we should be making the "place". I can somewhat understand the theory, but I'm a practitioner. Leave that for someone else to worry about. Would you write your own cheque to do it? I doubt it. That's the other one that bugs me: Don't do what everybody else is doing. The last thing I want to do is to be swept up in a trend.

*Bligh Grant:* I am inclined to agree. When I read institutional rhetoric that comes from the United Kingdom, as a political scientist I'm extremely sceptical... So much effort is dedicated to 'beating up' the local sphere, as it were. We have to be very, very careful of these things because we tend to be a culture of invitation in a lot of ways...

*Ron Sanderson:* I will use bits of that to get what I want. I will, say, pick this little bit of jargon, pick your audience and say 'Okay this will assist in shaping place or whatever....' I remember reading a book many, many years ago - a biography about General MacArthur. He had the least amount of casualties because he bypassed a million Japanese in the islands. Just went around them; didn't fight them. To me it's the same sort of thing. Don't fight it. Go around.

The other one was - this was years ago - don't do what the Japanese *are* doing, do *what they're going to do*. You've got to be smart enough to figure out the next thing. Get there first.

*Bligh Grant:* I found it quite interesting that former ALGA President, Geoff Lake, stated that he made the strategic decision to try and be *behind* the trends at all times. Let other people make mistakes and then we'll have a look at it after it's gone through and we'll critically assess.

*Ron Sanderson:* I'm not talking about all things. When I worked on the heavy oil refinery project I was always told never be first and never be last. I think that's the sort of thing that he thinks. I don't think there's too much 'first' in local government. At the same time, I'm not worried about sticking my neck out in local government because I can't see too many big axes looming overhead.

*Bligh Grant:* You mean it can only go so far?

*Ron Sanderson:* Yes, that's right. So I'm not worried too much about that. I certainly do not think that constitutional recognition can be a silver bullet for solving all of local government's ills. There is money coming straight to us. The Road to Recovery Program, for example... I'm sure that will continue and they'll find new, inventive ways to do it. To us Constitutional recognition is not even on our radar. We've got more things to do than worry about that.

### **3. Brighton Council 'Common Service Model'**

*Bligh Grant:* Moving back now to Brighton Council, we've talked about the specific organisational culture that has allowed you to be innovative. Is there anything else you would like to add to this description of the culture of the Council?

*Ron Sanderson:* Well I think for anything like this you need three things - the classic 'three legs of the stool'. You need somebody with the idea, somebody who allows it to happen, the culture of people to make it happen. We have had those three things and I was just one of those things and people.

We also have an extremely good Mayor – Tony Foster -- who's travelled around the world. He's been to over one hundred countries. He's lived and worked in America and has had many experiences. So he's very open minded; very forward thinking. He has been the mayor since 1993; which has formed the basis of a very stable council. This might sound trite, but I actually believe these things. I've never been in local government like this before. We just gathered like-minded people over time and we got there. I would say that's why we've been able to be innovative.

*Bligh Grant:* One of the most salient ways in which Brighton Council is different has been the provision of services – for a fee – to other local councils. Can you possibly surmise the 'Brighton Common-Service Model'?

*Ron Sanderson:* The Brighton Common Service Model is providing local government services to other councils on a fee for service basis. There's no more than that. It's broken into two different parts. One is software. We own software that we've developed and we sell it to other councils. We then provide service to support that. We wrote software back in the mid-90s and we were able to make sales which got us thinking more broadly about other commercial possibilities...

Then we started getting calls saying 'How do I do this?' We realised that that's not a software problem. That's a *business engineering* problem. So we moved to helping people do their work. Then we decided that we should be charging for those services...

Then it became far more sophisticated in a sense that we would say 'Okay 'I've got enough work for 1.5 people. I can't hire two'. Let's fill that other half with some more work'. How do we do that? Sell the service to others.

So that's basically how it developed. It's become much more sophisticated but that is the genesis - that was the guts of it. Strategically it has the advantage of cushioning us from being amalgamated. We also want to be the ones determining our destiny.

*Bligh Grant:* Besides software, what other sorts of services do you provide?

*Ron Sanderson:* We provide locum general managers, for example. We provide planning services. We do that for about four other councils. We provide financial services. We do payroll for other councils. We do engineering subdivision approvals, plans, inspections, buildings -- plumbing surveying, building surveying; a broad range.

We could do more, but we've just lost three of our best people; two to be General Managers on other councils and one to be a Deputy. One of the councillors said to me 'That's no good - we train them up and lose them'. I said 'It's perfect. We just fill again with like-minded people and we have councils with friendly managers'.

*Bligh Grant:* That's very interesting. What other factors account for your success in terms of offering services to other councils?

*Ron Sanderson:* Two major things. Firstly, we know the business. We're not like a consultant. We actually know how to do rates because that is what we do. When we wrote our software that's what happened - it was user-friendly. Our writer said 'What would you like to do?' There's a big difference between this on the one hand and learning a program designed by external programmers on the other.

Secondly, our software and services are mission-critical to us: They must work. If they don't work for us -- if our guys don't work for us, we're in trouble. So those two things are the main reasons, the key factors of our success.

*Bligh Grant:* What about the driving elements of this sort of innovation?

*Ron Sanderson:* The main driving element for anybody -- for all councils, not just for us -- is future planning in a real sense. I'm thinking here of the future of succession planning for staff, for the council, for the whole area; proper future planning must be in any council's core business.

If I'm sitting here thinking 'Oh I'm just going to cover my ass for the period of my contract', I can easily do that. I suggest that many managers do this sort of thing successfully. I want to set this common service model up for council's relationship with other councils on a long term basis for the benefit of all. It sounds corny, but I believe in it.

The other main element is opportunities, initiatives. It's one thing to have the opportunity; it's another to grab it.

People talk about it but they don't do anything. People say they're innovative, but they don't do anything. Alternatively, a lack of vision is also an impediment. Another one is that 'local government land' is far too comfortable. The state and federal spheres might even be worse. But I'm just saying that compared to private industry the local government is ... anyway. I'd offer an incentive.

For example, our staff receives a loading above their normal salary whenever they do work for somebody else. Two years ago we had a profitable result in providing services.. Accordingly, all staff were given a week's bonus; everybody in the place, because while one person is working out someone has to cover for them. It's hard to do these kinds of direct bonuses on a routine basis. But now and again they

should be considered. So in this case, not unlike in a small business enterprise, every staff member got a week's pay bonus because we had a good year.

When I told some people about this they were shocked. 'How could you do that?' Well we just did. 'Didn't know you could. What did the unions say?' Well we didn't talk to the unions. We just did it. What are they going to say?

*Bligh Grant:* What about trends that you think might shape the future?

*Ron Sanderson:* The biggest trend in my view is the need to cut costs. It drives me mad when people say that their costs are going up so they will inevitably have to raise rates. No you don't. You cut costs. Electricity goes up. 'Oh we've got to put up the price of the rates'. No, not necessarily. We talked about our low rates with the State politicians and they said 'Yeah, but construction indices have risen...'

But the point is if you 'cherry-pick' certain things of course you can construct an argument to suggest that rates necessarily have to go up. But overall, CPI is called CPI for a reason. Then they say 'What happens if your costs go up?' I said we have to cut costs. A neighbouring council allegedly has 400 staff . We have 50. We're 17,000 people, they're 40,000. They have to raise their rates up seven and one half per cent? I suggest that they need to make very hard decisions about the way they do business, the services they provide and the number of staff they employ.

That's my biggest one. That factor is going to shape future revenue generating. I think it cost-saving needs to be considered as opposed to revenue generating. You get the same result and the rate payer is happier. Everyone keeps ignoring that one. I just can't understand it.

Here is another consideration for revenue generating. History has taught us that there are certain decades where particular technologies take the fore. Companies

that excelled were those where technology was supreme, then financial institutions flourished followed by the age of information. I believe that the new revenue opportunities will be in the area of connectivity and communication. That's where we're aiming. Our revenue-generating activities will be based largely around that.

*Bligh Grant:* So broadband is going to be a huge thing?

*Ron Sanderson:* We're heavily into that at the moment. We're seeking RDA grant money. We like to think a project must stand up on its own and that an idea must make common sense. It must make sense and it must be commercially sound in the first instance. Otherwise don't even go there. Because if you're going to rely on a grant to make it work, it shouldn't be done.

Grants are assisting. Granting it up, starting it off, seed funding, no problem. But the basic idea has to be right. So to me communal government initiatives will only work if they make real sense and not just providing a band-aid. They must be enduring.

*Bligh Grant:* Do you think that in this vein the renewed emphasis on strategic financial plans across Australian local government jurisdictions is a worthy exercise? Or is it window-dressing?

*Ron Sanderson:* Well we're trying to get them to do it here too because we think it's a good thing. And that sort of initiative wouldn't cost much.

*Bligh Grant:* What about so-called 'Community Plans'? The New South Wales *Local Government Act 1993* says that every local government has to have a 10 year community plan...

*Ron Sanderson:* We're saying that we don't understand what it is. 'Community Plan' can mean one thing to you and one thing to me. I'm a minimalist. When the

Local Government Board came out to do a review of us many years ago we gave them minimal planning documents. We used to argue that cost us 65 cents a page for copying. They were happy with our reports. On the other hand, other councils were spending \$40,000 on plans like this...

*Bligh Grant:* I think that what's actually happening - or what all of this stuff is about is actually creating a legitimating narrative for state governments so that they can say they're doing their job. I think that that's a very, very dangerous thing...

*Ron Sanderson:* I think it's even worse than that. The thing that's happening here is that these bureaucracies are building and it's expanding to the point of irrelevance and there's no need. Where's the need of community planning? State governments are screaming out 'Give me a plan, give me a plan'. But I don't think that in the vast majority of cases the demand is generated from the community itself.

### **3. ALGA's '10-Point Plan' for the Future**

*Bligh Grant:* Turning now to ALGA's 10 point plan for the future of local government, the first question which naturally arises when talking to a GM whose council is renowned for earning money from outside sources is to ask to what extent this is crucial for strengthening local government finances in the future...

*Ron Sanderson:* How can you strengthen your finances? Well, live within your means is number one. Number two is get back to basics. Just do basic things. Another one that being an engineer I think of function analysis. What are you trying to achieve? Are you building a new playground? For what purpose? What are you trying to achieve? Because if you give an engineer enough money he'll build the best thing, but maybe it's in the wrong spot, for the wrong age group.

So I'd say strengthening your finances is to put more of a discipline into understanding what is needed, why it's needed, whom it's serving; in true engineering terms, function analysis.

*Bligh Grant:* What about state oversight of local government finances?

*Ron Sanderson:* It's not required if everything's going well. This is why I don't think local government is ready for independence, if that's the right word taking into account the different levels of maturity, different cycles of things...

*Bligh Grant:* Different levels of confidence?

*Ron Sanderson:* Exactly. But if everything's going fine, why is there oversight? I mean there must be triggers every now and then. That's why we have Attorney General's Departments that point things out and catch local governments when they fall. But that's what you need, just a general overview; not oversight.

*Bligh Grant:* The conference I've just been to at the University of Tasmania was an ethics conference hosted by the Australasian Journal of Professional and Applied Ethics. The newly appointed CEO of the Tasmanian Integrity Committee, Barbara Etter, delivered a Keynote Address. I was surprised to learn that local government falls within the Integrity Committee's ambit. How do you see that playing out?

*Ron Sanderson:* I think there are some 'code of conduct' issues with councils. If it's something like major graft -- well obviously it's got to be investigated. But these Commissions can be waylaid by trivial issues: One councillor says: 'I don't like you' and 'I'm offended' and you get a code of conduct complaint. I don't think it will mean much at all. But major breaches of integrity...Of course, there should be a channel for investigation...

*Bligh Grant:* Secondly, I think it's important that we briefly discuss guidelines for infrastructure spending and roads in particular, especially with quite a significant amount of money being made available to local government from the federal sphere...

*Ron Sanderson:* I'll say three things, just three comments. One, infrastructure must be fit for purpose. So if it's a goat track it could stay a goat track. Build the road you need for the type. That's one thing, fit for purpose.

Another one is service delivery. What do the people actually want? You need a bus route? That's different - which is fairly standard stuff. Everyone wants the biggest, the best, but it's not necessarily needed. Like when I go through a little town somewhere and I see perfect kerb and channels, well I think 'hang on. That's a waste of money. Is that really needed?' Sure, in the main business sector of course. But you can have open drains. In tiny towns you can still walk in the road in most places.

Another thing is when was the last time anything was closed? Have you seen a bridge closed, a road closed? You usually don't, do you?

Number three: Sustainability. I think this just goes back to that place shaping and that sort of focus. To me it just follows from the community versus financial sustainability. So I think councils can't be all things. Those that try will inevitably fail.

I think these sorts of things are driven by the particular community. If a particular community has a particular issue regarding the natural environment, water quality or bushfires –then natural sustainability is important. Well that's good, but if you're in inner city Sydney that is kind of hard to justify where the community issues will be so very different.

*Bligh Grant:* I think your comments here have addressed the idea of sustainability in ALGA's 10 Point Plan. 'What about enhancing regional equity'?

*Ron Sanderson:* First thing about the RDA what is it? They're handing out money through grants. So if you go and find them you can ask them questions about how do you get the money? They've got a regional plan and when you want to apply for a grant it says you've got to align to the plan. So dutifully we read it and say oh yes, I've ticked that box and that box. Good, I can do it. I don't know anyone who says oh good, I want to be part of that plan. So there's no help if I can say, or assistance, or drive to get us together as a region to do anything together. That's what I know of it.

It was also disappointing when they came and talked to a General Managers' meeting in Hobart. They said they want projects that are 'shovel-ready'. But you have to have your planning approval. I said, 'What? For anyone to have planning approval means that they've already got the project. It means they've already got the funding or they wouldn't have got planning approval. So all you're going to do is pay for something that was going to happen anyway.

*Bligh Grant:* What about 'capacity building in local government'?

*Ron Sanderson:* Some years ago I worked with a woman who ran a local community group. We came up with the expression 'Empowered Partnership' as a way of promoting "capacity building". This expression soon had a life of its own being used frequently to describe the relationship between council and the community.

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We've come up with another idea to build capacity in local government that is directly related to 'connectivity and communication'. We're going to councils and offering to analyse their Communication Infrastructure Strategy (CIS) and then we'll develop a (CID) Communication Infrastructure Development proposal that will

provide the most appropriate ICT solutions to satisfy the needs of the council and its community.

*Bligh Grant:* What is your perspective on other representational organisations in local government -- the Local Government Managers Association, for example?

*Ron Sanderson:* Well for years I didn't join the LGMA and they got annoyed with me because I was the only GM in Tasmania that wasn't in the club. So I joined the club. I was an engineer and a member of IPWEA (Institute of Public Works Engineering Australia). I was very heavily involved in that and I kept doing it...

However, I did eventually join LGMA and do get benefits, largely from networking and fellowship....

I think the higher the level of member associations in the local government section, such as LGMA and the LGAT and ultimately the ALGA, the more irrelevant they are to the actual work on the ground. I think the best work and the best things come out of the Associations that are more of the hands on – by the practitioners closest to the actual work being done.

I have nothing against member associations. I'm just saying that if I had to allocate time in order of gain, I would pick the professional ones as opposed to the local government ones or the LGMA. I find that the LGMA tends to deal in higher level issues. I guess I'm more used to professional bodies as opposed to member bodies.

*Bligh Grant:* To what extent that you effectively engage in national government?

*Ron Sanderson:* You should only where it affects local issues. I mean that literally. For example, coastal policies or general policy that might affect our area. If it's

something that affects northern coastal erosion that doesn't affect us, I don't see why Brighton Council should get involved.

*Bligh Grant:* Finally, what does Brighton Council do to support democratic processes? How important are they?

*Ron Sanderson:* I clearly support democracy. But I don't think a referendum [for Constitutional recognition] is on, personally. Council doesn't have a position on it so I'm not speaking on behalf of Council. We're not ready for it. The maturity of councils as a whole is quite worrisome in this regard, particularly the smaller, middle sized councils where staff come and go. The issues change. Usually one-off local issues are the thing. I don't really think there's a continuity that would give you a more overarching democratic reason to have constitutional recognition....

*Bligh Grant:* Maybe look at it the other way. Do you think that voting should be compulsory for local government?

*Ron Sanderson:* Personally I don't. But that's a decision that's been made here. I don't believe in compulsory voting full stop. I think the right to vote is also the right not to vote. I just find it bizarre. I think there are only about two or three countries in the world that do aren't there?

*Bligh Grant:* Australia is pretty idiosyncratic in that respect.

*Ron Sanderson:* Just to show what I'm saying, if local government was ready for more recognition – if that's the right word – we would genuinely be amalgamating. We would genuinely be doing things together for the benefit of our people without having to be forced. So that example in its own right tells me that we're not quite there yet. I'm sure I won't be liked for this view amongst my peers...

*Bligh Grant:* Well it's a possible sign of the lack of maturity of the sector overall if you think that you'd genuinely be hated for expressing a view like that.

*Ron Sanderson:* Well there you go. You ask some people about Brighton - they'll say 'That Sanderson, who does he think he is?' You ask some people about Brighton – 'Oh they're so full of themselves!' They resent us. Other people will love us. It's a very mixed bag. To be honest we really don't care.

But there are several reasons for us being so pro-active. A lot of things you *have* to be ready for. Opportunities arise that you have no idea are coming. So you must be ready to take whatever appears, I guess. That's one of the things we've been able to do, quite luckily.

We were able by chance to get into Suva - Suva City Council in Fiji. That was by chance. We didn't plan to go to the Pacific Islands by any means. It's just that a company that we were aligned with saw that Suva City Council went out to tender and they had an office there. So we were ready. There wasn't any big plan to do that.

We now - through the NBN - have an opportunity in Tasmania. They're looking for wins. They need applications in the big pipe that's empty at the moment. They've got to fill it up somehow. So we're right there to help them. We're going to do it anyway but if we can get some Commonwealth money to assist and speed up with seed funding, we want to set up a local government cloud.

The concept is clear. We are now just about able to have the type of activity to provide software infrastructure as services or products. We'll do payroll for a council for a set fee per month for example They won't have to buy a licence for software, they just pay for a service.

There are approximately 200 councils in Australia with 5000 people or less. What's going to happen to them? They can't all be amalgamated because of communities of interest and the litany of distance.

*Bligh Grant:* Well in some cases they're 500 kilometres or more apart...

*Ron Sanderson:* That's right. So the idea of being able to - here's where we talked about a virtual office, we use to spruik that all time. It can be real. We right now dial into Suva. We'll dial into Flinders Island to look at their accounts. And we're only at the embryonic stage of operating this way.

So we've seen this coming for a long time. We're just trying to get to the point - we own our software so we can do whatever we want.

It won't all be fibre-optic. It will be combinations of communication technologies. And we want to be ready for that because we know that if we can do it now, imagine what we can do with proper web enabled access...

*Bligh Grant:* How much legal infrastructure would you need to put around the IT services and your services in general? Is that a big concern of yours or not?

*Ron Sanderson:* I'm not sure when you say legal - what do you mean?

*Bligh Grant:* Well in the event of these contractual relationships falling over how much legal protection is needed?

*Ron Sanderson:* It's a service. Keep it simple. Keep it honourable. If the goodwill isn't there - if it's not simple to understand, a contract that makes sense, the relationship won't survive. You need the kind of relationship for the type of service involved. We can sell a service that says 'We will do your payroll' for example. Now that would be a totally different relationship than if you leased our whole software package to do the rates. So are you buying a service or are you buying an

application? Are you buying professional advice? What are you buying? That will determine the level.

We already have agreements in place. Because we're only dealing with council to council, our insurances are well covered. I'm not talking about going into the private sector here. We have agreements. It's a legal agreement. But it's only a few pages. Like most things, it's all about the schedule of works - the issue, not the terms. The terms are just like any contract. You've got to have consideration and you've got a termination clause and you've got to outline what you're doing. That's about it.

*Bligh Grant:* Can you describe what cloud computing means for you?

*Ron Sanderson:* I see us with a cloud-based service - which is based on three big banks of servers situated in different localities-- all on the NBN using web-enabled services for different applications. For example, we have a vaccination product. So we would say -- rather than selling it to you -- we'll just say use the software for an annual fee which would be much more affordable.

*Bligh Grant:* In the same way that a university server is really a cloud anyway. It's just a server that you can access.

*Ron Sanderson:* It's the client -server relationship – the cloud is very nebulous! It means different things to different people. We love using it because you mention things like that and people get very excited. We will go to the software as a service or infrastructure as a service which is a cloud type of usage...

The only difference I see with a cloud is that you don't know where the server's going to be; whereas we will know. Like Google servers ... You only have a couple of real clouds - Google and Amazon obviously. But then the trick is how we market the services. So I see right now that implementation and license fees are the big kickers for small councils for its software. We want to start with software. If we can

knock those down to a rental basis, we've got it. Then we can go to the market and win. That's the future.

*Bligh Grant:* It's interesting that we have come 'full circle', as it were, back to the most recognisably entrepreneurial element of Brighton Council's activities – providing other councils with 'service for fee' products. The other notably innovative part of your operations – and perhaps the one that draws the most controversy – is your rating system. My understanding is that rates in Brighton are based upon a 'user-pays' model. Rather than a 'capacity to pay' model. Can you flesh out the differences for us?

*Ron Sanderson:* This is indeed a controversial issue in government circles in Tasmania. We have challenged the traditional 'wealth tax' methodology of local government rating. At the time of a property revaluation in 2007, Brighton Council established a rating system that is fair and equitable as well as negating volatility through movement in property valuations. We don't employ a wealth tax as income tax is a taxation tool of the federal government not local government.

Our ratepayers are satisfied with this system and we have been using it ever since. It is fair to say that the rating system commonly referred to as the 'Brighton flat rate' is misunderstood by many and should be better described as 'Brighton's Fair Rating System'. In fact the system is much more comprehensive than just being a flat rate. The first principle is that each land use is 'ring-fenced' so that changes in valuations in one sector (such as commercial) don't influence any other sector (such as primary industry).

Council is committed to raising the rate for each usage sector by no more than movements CPI and this can be maintained regardless of changes in valuations in the different sectors as a result of using this differential rating system. In all sectors other than residential, Council charges rates using the Assessed Annual Value (AAV) methodology, which is the usual method of rating in the state.

The second principle of our rating system, and this is where we shake the tree of conventional rating practice, is to charge a flat rate for residential properties. This recognises that council services are equally shared by all properties. Three suburbs, Bridgewater, Gagebrook and Herdsman's Cove, are charged a lesser flat rate to recognise the capacity to pay principle for areas with a lower socio-economic base.

Research shows that most Brighton residents support our system with satisfaction levels more than double those of ratepayers in the greater Hobart region. More than eighty per cent of Brighton residents are satisfied with their current rating system compared with thirty per cent satisfaction for other greater Hobart ratepayers. I would imagine that the main reason for this difference is that we have been able to keep annual increases in the general rate to just approximately \$20 per year for each and every dwelling. No other council in Tasmania has been able to do this. In fact, many other elected officials are annoyed that many of their residents are asking why they can't do the same as us.

What is very interesting is that some practitioners and even state politicians claim that what we are doing is not legal. We naturally have obtained legal advice before proceeding and doubt very much that anyone would take us to court to 'test' our methodology. The state government in parliament has committed that it will amend the local government act by the end of the year to remove any ambiguity that our system is not legal.

There is a real split in governments about supporting our system; some like it and some don't. Our stand is very simple; we don't want to dictate to any council how they set their rates. We just want to be left alone to do what suits our ratepayers best.

*Bligh Grant:* Ron, you have been extraordinarily frank in our discussion here, from describing the importance of organisational culture, the roles of leadership and teamwork, through to the innovation that Brighton Council has developed in both shared services and your ratings system and the larger processes of reform in Australian local government. We cannot thank you enough for your time. Here's looking at the sunshine on the Derwent!!