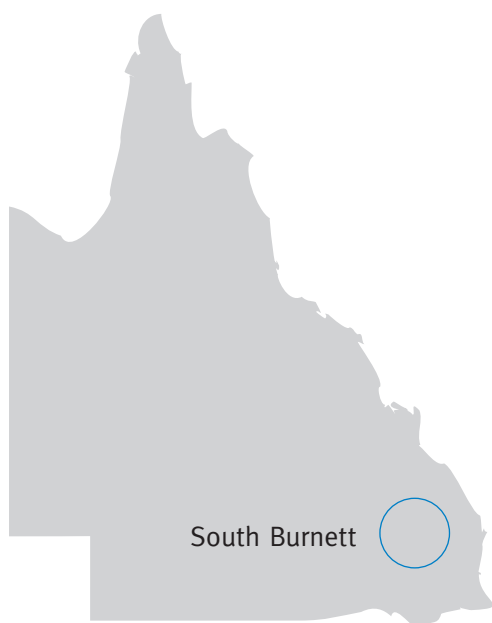


South Burnett Regional Council



1. Recommendation

The Commission recommends:

- (i) the existing local governments of Kingaroy Shire, Murgon Shire, Nanango Shire and Wondai Shire Councils be abolished and a new local government formed based on the combined area of the four existing local governments;
- (ii) the new local government be called South Burnett Regional Council;
- (iii) the new local government be undivided with six councillors and a mayor; and
- (iv) the new local government be classed as a regional local government.

2. Comparison of new and previous local governments

NEW LOCAL GOVERNMENT	PREVIOUS LOCAL GOVERNMENTS				
Name	South Burnett Regional Council	Kingaroy Shire Council	Murgon Shire Council	Nanango Shire Council	Wondai Shire Council
Class	Regional	Shire	Shire	Shire	Shire
Size	8,399 sq km	2,422 sq km	665 sq km	1,735 sq km	3,577 sq km
Population 2006	29,734	12,716	3,774	8,762	4,482
Population 2026	33,008	14,494	4,027	9,637	4,850
Electors 2007	19,770	8,122	2,299	6,224	3,125
Electoral arrangements	Undivided 6 councillors plus mayor	Undivided 10 councillors plus mayor	Undivided 6 councillors plus mayor	Divided 8 councillors plus mayor	Undivided 9 councillors plus mayor
Electors per councillor excluding mayor	3,295	812	383	778	347
Total operating revenue financial year 2006	\$42 million	\$16 million	\$8 million	\$10 million	\$8 million
Annual capital expenditure financial year 2007 - 2015	\$13 million	\$5 million	\$2 million	\$4 million	\$2 million
Total assets at 30 June 2006	\$388 million	\$150 million	\$45 million	\$105 million	\$88 million
Debt at 30 June 2006	\$9 million	\$6 million	minor	\$1 million	\$2 million
Community equity at 30 June 2006	\$373 million	\$142 million	\$44 million	\$102 million	\$85 million

3. Rationale for the new local government

3.1 Service delivery, operations and management

- Service delivery improved by realising economies of scale around:
 - o developing a regional strategy and plan;
 - o managing water, waste and sewerage;
 - o managing and maintaining road networks;
 - o utilising plant; and
 - o combining core corporate functions including executive and administrative functions, finance, procurement and information technology.
- Increasing capacity through a larger asset and revenue base enhances the prospect of attracting, retaining and better developing the skills base required to undertake the activities that will be required of local government in this region.
- Amalgamating the four local governments offers the potential to improve the quality of governance and decision making.
- Improving the capacity to develop a regional strategy and plan to facilitate the economic and social development of its communities, provide for the continued development of the region's agricultural sector, manage the region's environmental attributes and natural resources, and in particular, water on which primary production is dependant.
- Strengthening the ability of the new local government to engage with industry and State and Federal Governments in relation to tourism, environmental issues, economic development, road networks and water, waste and sewerage issues on a regional basis, as opposed to having a number of small local governments competing for State and Federal Government funding.
- Amalgamating the four local governments will strengthen the capacity to coordinate and program the delivery of infrastructure required to support the region's economic development and sustain the important rural sector.

3.2 Communities of interest

- All shires have similar economic interests being mainly agricultural with a heavy dependence on beef cattle, pigs, dairy, and peanuts. The wine and grape industry is also emerging in this region. In addition, the Tarong and Tarong North power stations play an important role in the regional economy.
- Close geographic location of all shires with all towns in the region less than 60 minutes drive from Kingaroy.
- Kingaroy is the major centre for the region providing retail, health (hospitals and nursing homes), commercial, financial and government services.
- Kingaroy has an airport which can be used for commercial flights and is also used for crop dusting.
- The Aboriginal local government Cherbourg plays a significant role in the regional economy.
- There are no significant natural geographic barriers within the region, however the Bunya Mountains to the south divide this region from Dalby Regional Council and the Great Dividing Range to the east divides this region from Somerset Regional Council.

3.3 Other

Not applicable.

4. Financial sustainability

Each local government was rated in the Financial Sustainability Review by Queensland Treasury Corporation as follows:

- Kingaroy Shire Council – moderate (developing);
- Murgon Shire Council – distressed;
- Nanango Shire Council – weak (developing); and
- Wondai Shire Council – weak (developing).

It is likely that the amalgamated local government would be rated as weak with a developing outlook.

The combined local government will have a greater capacity to improve its financial sustainability through its ability to:

- achieve economies of scale;

- attract, retain and develop skilled staff as well as build capacity of systems; and
- undertake regional planning and coordinate the delivery of services and infrastructure;

5. Implementation issues

Murgon Shire Council is rated as financially distressed in the Financial Sustainability Review by Queensland Treasury Corporation. Its inclusion does impact the financial profile of the amalgamated local government. In addition, both Nanango and Wondai Shire Councils are rated as weak. Therefore, the amalgamated local government is likely to require support and access to capacity.

6. Boundary issues

The Commission did not identify any major ongoing boundary issues.

7. Suggestions

The Commission gave consideration to the 44 suggestions received in relation to the area proposed to comprise the South Burnett Regional Council.

7.1 Details of suggestions

- Kingaroy Shire Council's outlines two preferences in its suggestion to the Commission:
 - The formation of a new local government (named either South Burnett Shire Council or Kingaroy Shire Council) comprising the shires of Kingaroy, Nanango, Murgon and Wondai including:
 - that part of Kilkivan Shire west of the Kinbombi Range including Goomeri;
 - that part of Rosalie Shire east of the Cooyar Range including Yarraman; and
 - that part of the Bunya Mountains containing the populated area not already in Nanango Shire, which falls within the Burnett River catchment.

Council suggests that the new local government be undivided with 10 councillors and a mayor. Council's major concern is that the aggregation of small communities could lead to a loss of

representation through the reduction in the number of councillors.

- A legislated shared services model where the individual local governments remain but their workforces are combined into one service provider. Each council would be a shareholder and have representation on the Board of Management of the Service Provider (Corporation). This model is advocated based on the existing high level of co-operation of the local governments and will not result in lost representation.

- Murgon Shire Council's suggestion to the Commission outlined two preferences in relation to the proposed reforms:
 - The formation of two shires within the South Burnett region: one based on the amalgamation of Murgon, Wondai and the western portion of Kilkivan Shires and the other based on the amalgamation of Kingaroy and Nanango Shires. This is council's preferred suggestion based on strong communities of interest, the need to maintain representation and access to council services.
 - An amalgamation of all five South Burnett shires (includes Kilkivan Shire) into a 'super shire'. However, council is concerned about the lack of a strong community of interest and the disharmony that will result.

Council also suggests that Cherbourg Aboriginal Shire Council should remain as an independent local government highlighting the cultural differences between the communities requires careful consideration.

- Nanango Shire Council's suggestion outlines its desire to remain a stand-alone local government with minor changes to existing shire boundaries to incorporate:
 - the northern end of Rosalie Shire and Crow's Nest Shire including the towns of Yarraman and Cooyar; and
 - a part of Esk Shire including the towns of Moore and Linville.

Council expresses concern over the possible amalgamation of all local governments in the South Burnett region due to:

- the task of blending different organisational cultures and community diversities and expectations will impact on service delivery, community spirit, financial sustainability and staff morale;
 - negative social and economic implications;
 - community isolation due to the unavailability of a regional transport infrastructure; and
 - the limited success achieved through the existing shared service arrangements between shires in the South Burnett region.
- Wondai Shire Council's suggestion to the Commission opposes forced amalgamation and proposes that it remains as a stand-alone local government for the following reasons:
 - it is a key element of the community and not merely a provider of services;
 - it provides a number of non-core local government services to the community;
 - although rated weak, council is financially sustainable;
 - it is concerned that amalgamating with neighbouring Murgon Shire Council (rated financially distressed by QTC) would compromise Wondai Shire Council's financial position and disadvantage shire residents;
 - there are shared service and resource arrangements in place with neighbouring shires; and
 - there are concerns with respect to the impact on community through the loss of local employment, reduced population and social capital disintegration as a consequence of amalgamation.
 - Cherbourg Aboriginal Shire Council's suggestion states that any amalgamation of Cherbourg with mainstream local governments will have a detrimental effect on the community and outlines as its reasons:
 - differing cultural values, beliefs and customs;
 - loss of autonomy and loss of title to land;
 - no rate base therefore the shire could be neglected under amalgamation;
 - loss of identity as Aboriginal people;
 - uniqueness of the justice system that deals with problems of the community;
- risk of losing community police employed by council;
 - council is the main employer and provides many other services through State and Federal Government funded programs and there may be a risk of losing many of these welfare/social programs;
 - racism against its community and residents in obtaining and maintaining employment outside the community; and
 - loss of representation.

7.2 Commission's comments on suggestions

The Commission considered:

- Wondai and Nanango Shire Council's suggestion to remain stand-alone local governments; and is of the view that this will not position the local governments to be sustainable in the long-term and therefore ultimately will not be able to provide residents with the required level of local government services.
- Murgon Shire Council's suggestion to form two local governments for the region; and is of the view that while the suggestion has some merit, there is limited potential to enhance capacity and improve financial sustainability.
- Murgon Shire Council's suggestion to amalgamate five local governments including Kilkivan Shire; and while there is merit in this proposal, the Commission is of the view that the communities of interest of Kilkivan Shire are greater with the coastal Cooloola Shire. In addition, Kilkivan Shire's suggestion indicates a strong preference to be amalgamated with Cooloola Shire.
- Kingaroy Shire Council's suggestion to put in place a legislated shared service model. The Commission is of the view that this adds an additional layer of administration, imposing unnecessary costs on ratepayers, and brings ambiguity and complexity to the governance of the respective councils. The Commission's detailed assessment of shared services can be found in Part 4.5.2 of its report.

- Kingaroy and Nanango Shire Council’s suggestion to amend the boundary of the existing Rosalie Shire to include the townships of Yarraman and Cooyar in the proposed regional local government. The Commission considers this suggestion may have merit. However, the Commission feels that this change may introduce complexity in transition to the new regional entities. Therefore, the Commission recommends the retention of the whole of Rosalie Shire in the Toowoomba Regional Council.
- Kingaroy and Murgon Shire Council’s suggestion to amend the boundary to include part of the present Kilkivan Shire. The Commission in recommending the retention of the whole of Kilkivan Shire in the Cooloola Regional Council, took account of Kilkivan Shire’s suggestion that it strongly prefers to remain whole and if amalgamated, its preference is to be amalgamated with Cooloola Shire Council. To include a portion Kilkivan Shire in North Burnett would introduce unnecessary complexity into the process of transitioning to the new Regional Council.
- Kingaroy Shire Council’s suggestion to amend boundaries to include that part of the Bunya Mountains containing the populated area not already in Nanango Shire, which falls within the Burnett River catchment. While this suggestion has merit from a natural resource management perspective, the Commission feels that this change may introduce complexity in transition to the new regional entities.
- Nanango Shire Council’s suggestion to amend boundaries to include a part of Esk Shire including the towns of Moore and Linville. However, the Commission feels that this change may introduce complexity in transition to the new regional entities. Therefore, the Commission recommends the retention of the whole of Esk Shire in the Somerset Regional Council.
- Cherbourg Aboriginal Shire Council’s suggestion to stand alone is accepted by the Commission for reasons detailed in Part 7 of its report.

8. Other Commission considerations

Due to the weak or distressed ratings of three of the local governments in this region, the amalgamated local government is likely to require support and access to capacity.

9. Objectives set for Commission

OBJECTIVES	OBJECTIVES ACHIEVED
Facilitates optimum service delivery to Queensland communities.	Yes.
Ensure local government effectively contributes to and participates in Queensland’s regional economies.	Yes.
Manages economic, environmental and social planning consistently with regional communities of interest.	Yes.
Effectively partners local government with other levels of government to ensure sustainable and viable communities.	Yes.