

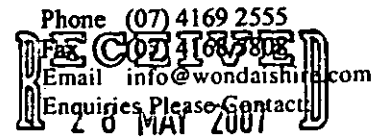


WONDAI SHIRE COUNCIL

CNR. SCOTT AND MACKENZIE STREETS, WONDAI

All Communications to be addressed to
Chief Executive Officer
P.O. Box 42, WONDAI, Qld. 4606

51228



BY: 

Our Ref: PO.sp

24 May 2007

Mr Bob Longland
Chair
Local Government Reform Commission
PO Box 16325
CITY EAST QLD 4002

Dear Mr Longland

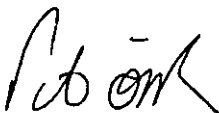
Please accept Wondai Shire Council's submission on the proposed Local Government Reforms.

In preparing this submission Council has addressed the terms of reference as applicable to Wondai Shire.

Your objective consideration of Council's submission is appreciated.

Should you require any further information or assistance do not hesitate to contact me.

Yours sincerely



Peter O'May
A/Chief Executive Officer



Executive Summary

Wondai Shire Council and our residents are absolutely opposed to any **forced** amalgamations. We believe the long-term ramifications of any amalgamation must be thoroughly investigated prior to implementing such a radical change.

Our submission will:

- show that Wondai Shire Council is financially sustainable as our financial position has improved substantially since 2001 and will continue to improve as a stand-alone shire,
- provide evidence that Wondai Shire has a *community of interest* distinct from other surrounding shires,
- show that we *do not rely on local government services* provided by other surrounding shires,
- detail our extreme concern that any amalgamation with Murgon Shire Council, which is in a distressed state, will severely affect Council's financial situation,
- highlight the issue of extreme rate rises which our residents would be expected to face under a forced amalgamation with neighbouring Councils {(Kingaroy & Murgon - current general rates are approx twice the level of Wondai (7th lowest general rates level)},
- highlight the local business services that will be lost if the support of Wondai Shire Council is removed under a forced amalgamation.

We would strongly urge the reform commission to consider the benefits Wondai Shire Council has been able to achieve for our community and will continue to be able to achieve if we remain as a distinct council working collaboratively with other Councils in the South Burnett.

If this process is about sustainable communities then the commission must make the decision to recommend, Wondai Shire remain as a stand alone local government and not be amalgamated.

Introduction

The announcement in April 2007 by Premier Beattie to establish a seven-member commission to determine the future of Local Government in Queensland was met with disappointment by Wondai Shire Council and the wider Wondai Shire community.

Council was extremely optimistic about achieving positive outcomes for the community identified through the SSS process. To have the hard work done by the community and Council dismissed in such a manner has done nothing to instil confidence in the Council or residents that the Queensland Government is acting in the best interest of the community.

The South Burnett Councils had identified a number of issues through the SSS process, which had the potential to improve services to our communities. Wondai Shire Council had been working on the positive and negative impacts of implementing the following:

- Amalgamations – proposed with all Shires in the South Burnett or Wondai, Kilkivan and Murgon.
- Shared services – waste management, joint tendering/purchasing etc.
- Resource sharing – IT support, specialist staff, plant & equipment etc.

The extremely short timeline provided to consider all of the issues and ramifications of the reforms proposed by the State Government, has promoted understandable cynicism within Council and the community as to the real motives of the reform.

Despite this cynicism, Council, following the announcement of the new reform process, conducted public meetings to inform and consult with our residents on the proposed reforms and to gather information and feedback for this submission. The common questions and thoughts that have come from these meetings are as follows:

- *How can our democratic rights (to a referendum) be taken away so easily?*
- *Not against amalgamation if you are broke or if people want it (after a referendum).*
- *What rating did the QTC give the State Government?*
- *We now live in a dictatorship!*
- *What is going to happen to our bank and other businesses if Council business is no longer supporting them locally?*
- *Why fix something when it is not broke?*
- *What happens if we are put with a distressed Council? (Murgon Shire adjoins our Shire)*
- *This is a done deal and a submission won't make any difference!*
- *What will happen to all the community organisations Council supports?*
- *We moved here because of the reputation of this Council – that will be lost!*
- *You won't get better Councillors just because you pay them more.*
- *Is this just being done so they can decrease grants and assistance and pass it on to ratepayers?*
- *Amalgamation didn't work in Victoria so why will it here?*

- *When Albert Shire amalgamated with the Gold Coast, we (Albert Shire residents) became the poor cousins and were forgotten.*
- *We have just lost 300 jobs at the meatworks (Murgon) and 160 jobs at Tarong – if we lose more businesses we will lose more jobs.*

In addition, the mayor, councillors and staff have fielded over 100 telephone enquiries from concerned residents (not able to attend public meetings) reaffirming the above comments.

Some of the additional comments received were:

- *Not in favour of forced amalgamations.*
- *It has not worked in other states that have had forced amalgamation, why do they think it will work here?*
- *Not in favour of full time Councillors. We have been served well by Councillors that are business people, farmers and community minded people. Most of the current Councillors will not be able to stand as full time Councillors because of their other commitments.*
- *Likely to pay a small number of full time Councillors more than the current number of part time Councillors and we won't save any dollars and get less representation.*
- *Our Council is not top heavy (with management staff;) bigger councils will mean more levels of bureaucracy.*
- *Our business only came to Wondai because of the good reputation of the Council. We are concerned that the amalgamations will change the way the Council treats the public and this may affect the number of people that are buying land in Wondai. We are worried that this will cause our business to suffer.*

As a result of feedback from individual residents and the public meetings (which attracted over 300 residents), there was unanimous support that Council inform the reform commission that we are against any form of **forced** amalgamation for our Shire. The reasons will be discussed under the terms of reference headings.

Wondai Shire Profile

Wondai Shire is located in the South Burnett, a substantial industrial and agricultural region in Southeast Queensland. It is approximately 250km northwest of Brisbane. Wondai Shire has an area of 3574 square kilometres made up of approximately 3207 rateable properties and a population of 4655.

The shire consists of several small townships including Durong, Hivesville, Mondure, Proston and Tingoorra with the administration centre located in the town of Wondai (population of approximately 1,800).

The Shire's economy is dominated by agriculture and timber, with a developing tourism sector and a growing light industrial sector. Wondai Shire is well serviced by sporting and recreation facilities including golf courses, tennis courts, rifle range, squash courts, lawn bowling rinks, sporting ovals for cricket, 6 community halls, soccer and rugby league fields and swimming pools.

Over the last 3 years Wondai Shire has seen a boom in building developments (both residential and business), with more than 520 applications approved, equating to an increase of 215% over the previous 3 years.

Organisational

Wondai Shire is an undivided Local Government governed by a Mayor and nine Councillors.

In 2005/06, Wondai Shire Council employed 68 employees throughout the shire, with only 26% being employed in administration and 74% in providing front-line services. This is in contrast with the state average, which is approximately 50/50 inside vs. outside staff.

In recent years Council has worked collaboratively with other councils in the South Burnett on a number of projects including:

- Combined rubbish collection service (Murgon, Kilkivan and Wondai).
- Joint Local Laws review.
- Joint IPA Planning Scheme development process (South Burnett).
- Joint employment of specialist staff including:
 - Sport and Recreation Officer (South Burnett).
 - Workplace Health and Safety Officer (Murgon, Kilkivan and Wondai).
 - Tourism Officer (South Burnett).
 - Economic Development Officer (South Burnett).

Terms of Reference

The terms of reference, which are addressed below, have direct application to Wondai Shire Council. Where a term of reference has not been specifically addressed, Council supports the comments provided in the submission lodged by the Local Government Association of Queensland. To save the reform commission valuable time, we have not duplicated the same comments in our submission.

The reform commission must consider the grouping of like communities of interest to maintain the social fabric and character of communities and areas of the State.

Wondai Shire is different. A drive through the area clearly shows that there is a different focus here than other Shires in the area. This is both visual, in that our towns are presented in a manner that invites people to live or visit, and in our actions, whereby the Council proactively assists businesses and residents to easily establish themselves in our community.

Wondai Council has worked hard to ensure that as a small community we do not meet the same fate of other small rural communities, many of which are in decline. By working with other levels of government, businesses, and in particular community members and volunteers, Council has been able to provide facilities and services which build a particular character for the Wondai Shire that is not the same as those that surround us. Examples of facilities owned and run by Council, with the invaluable and essential assistance of volunteers include:

- Wondai Visitor Information Centre
- Wondai Heritage Museum
- Wondai Shire Art Gallery
- Boondooma Homestead (including the very successful annual heritage weekend)
- Lake Boondooma Camping and Recreation Area
- South Burnett Region Timber Industry Museum

Council's focus is squarely on making Wondai Shire a great place to live, work and play. Comments from residents and visitors such as those shown below show this unique community of interest:

- *I moved here specifically because of the reputation of Council.*
- *Building a house here was a pleasure and not a chore.*
- *Why does this shire look so good when you come here – do you charge heaps more rates?*
- *It's the little things that this Council does and understands that count.*
- *This Council supports community groups like no other Council in the area.*

The community identity of Wondai Shire is clearly evident, given that the series of public meetings called at very short notice attracted over 300 residents of the Shire. These residents expressed an intense desire to retain Wondai Shire as a community of interest. There is understandable concern that as a community with small towns such as Tingoorra, Hivesville, Mondure, Proston and Durong, that service levels will decline as an amalgamated shire would see the focus move to the larger populated areas of Kingaroy, Murgon and Nanango.

Further evidence that the Wondai Shire is distinct from other South Burnett communities is demonstrated in the State and Federal Electoral boundaries with the shires of the South Burnett located in differing State and Federal electorates.

- Wondai Shire is unique to other South Burnett shires in that it will be located in the Federal seat of **Flynn** as opposed to **Wide Bay** for Murgon, Kilkivan and **Maranoa** for Kingaroy and Nanango.
- Wondai is also located in the State electorate of **Callide** with Kilkivan and Murgon, while Kingaroy and Nanango Shires are located in the electorate of **Nanango**.

The fact that Council has a particular focus on the community through their assistance of community groups, pinpoints the uniqueness of our community of interest and builds a social fabric, which is why Wondai Shire continues to grow when some other rural areas continue to decline.

The identified financial assistance Wondai Shire Council provides to the community is evident in our 2005/06 Annual Report, an extract of which is shown below. This information does not include all of the other 'in-kind' assistance Council also provides to community groups.

Grants to Community Organisations

Boondooma Dam Fish Stocking Association	Grant to assist in the supply of fingerlings	\$7,000
Bush Fire Brigades	Grants to assist in general running costs	\$34,922
Proston PA&H Association	Contribution towards installation of lights at Proston Showgrounds	\$2,500
RADF recipients	Grants for regional arts development programs	\$16,579
South Burnett Race Club	Sponsorship of race day	\$2,200
Various Home and Community Care recipients	Assistance for the elderly and disabled to allow them to remain in their home	\$1,231
Various recipients	Donations to community groups less than \$1,000	\$5,480
Wondai District Band	Assistance to cover costs incurred by members	\$1,000
Wondai Kindergarten	Financial assistance grant	\$1,000

Council is also trustee of sporting fields and reserves. None of the community organisations utilising these facilities pays any lease costs on this land, although they do pay for services provided such as water and sewerage. Council's focus on supporting local sporting and community bodies in this way is a deliberate strategy, which adds to the social fabric of our community. This in turn supports the residents of our shire as a whole, as these services would not exist without the community donating their time and effort in building these successful organisations.

We acknowledge that due to the proximity of larger towns in the South Burnett, that our residents use some services such as shopping, schooling and health services in centres such as Kingaroy and Murgon. However, these are business provided services not services provided by other local governments. The use of local government services is predominately retained within our Shire, due to the low cost and quality of the services provided by Wondai Shire Council.

Forcing councils in the South Burnett to amalgamate on the premise that they are close neighbours or work together regionally does not support the principle they are like communities. Councils such as those in the South Burnett, work regionally on many issues, whilst still acknowledging and maintaining community differences.

Wondai Shire Council and our residents consider any **forced** amalgamations would severely damage the social fabric and character of the Wondai Shire community.

The reform commission's recommendations must be directed at consolidating, to the extent practicable, regional natural resource management areas, including for example water catchment areas, and environmental areas, including for example, coastal wetlands and creating local governments with improved financial sustainability.

Wondai Shire Council is financially sustainable. Wondai Shire was assigned a 'weak' rating, albeit it with a 'developing outlook'. If Councils across the state were rated on a number scale from 1-6, there would be a focus on the definitions not on the actual word 'weak'. We assume that the reform commission will be objective and look at the definition of the word 'weak' and not the word itself.

The current media hysteria about the majority of Councils being 'broke' or not sustainable is a result of the misuse and manipulation of people's interpretation of a particular word. The word 'weak' is a deliberately misleading term that has been used to build a case for forced amalgamations.

Council's financial position has improved over the past 4 years as a result of deliberate strategies put in place to plan for the future. This demonstrates an ongoing ability to improve the council's financial sustainability and is further evidenced by council's proactive participation in programs such as LG Asset. Council has purposely implemented strategies that will ensure that the infrastructure needed by the community will be provided for and maintained into the future.

In support of this improving position, QTC's Financial Sustainability Review noted "*Council has responded positively by implementing whatever changes are required to address the issues raised by the Qld Auditor General's Report of 2002-2003*". The developing outlook was assigned "*reflecting an improvement in operations achieved over the historical period and the continued projected improvement, underpinned by corporate and operational plans and Council's management and commitment to achieving desired outcomes*".

Key observations in support of Council's financial viability are evident in QTC's Financial Sustainability Review, including the following comments:

- Forecast adequate liquidity illustrated by a strong current ratio forecast to average 7.6 times from an historical average of 1.9 times and cash holdings improving to a forecast average of 7.2 months of cash expenses from an historical average of 3.2 months.
- Improved capital expenditure ratio from 0.8 times historically to a forecast 1.1 times
- Capacity to take on debt.
- Seventh lowest level of general rates charge for Queensland local governments.
- Implementing full cost pricing for its utility services.
- Processes in place to specifically manage succession planning.

- Adequate capacity in sewerage and water infrastructure to support future population growth.
- Operate with regional approach to service provision and resource sharing.

Wondai Shire Council currently has the 7th lowest rates in Queensland. This in itself gives Council the flexibility to increase our revenue from this source if required. However, Wondai Council is extremely concerned that other shires, in particular those experiencing extreme financial distress, may see our current financial position as an opportunity for them to improve their situation and use us as a 'cash cow to be milked.'

The low rate status currently enjoyed by our ratepayers has been a deliberate trade-off against levels of services. Whilst Council prides itself on providing the same types of services as other Shires, our ratepayers understand that given the lower rates paid that the level of service may not be the same as in other Shires.

During the recent public meetings following the April announcement on forced amalgamations, residents completed a confidential survey in which they were asked if they were happy with the level of service provided by Council. 99% of those who responded were happy with the level of service given the level of rates paid.

We are concerned that any **forced** amalgamation would see substantial rate increases for our residents, with the revenue being used to provide services in other areas. In effect, the years of our residents willingly living with a level of service commensurate with lower rates would be negated if any substantial increase in rates was not matched by a proportional increase in service level to our ratepayers.

In making a recommendation for creating a new local government area from 2 or more existing local government areas, the reform commission must give preference, to the extent practicable, to including all of the existing local government areas in the new area rather than parts of the existing areas.

Wondai Shire Council does not support any ***forced*** amalgamation of our Shire. Wondai Shire is a relatively large shire, which is bonded together by a common community interest and committed Council. If there was to be amalgamations, Council believes that the boundaries of our Shire are aligned appropriately with particular communities of interest.

There may be instances where boundary alignments within other shires would be beneficial. However, we do not have the relevant local knowledge to comment on the boundaries of other shires and will leave this to those individual shires to address in their submissions to the reform commission.

Wondai Shire Council would however, be concerned if forced amalgamations occur and the reform commission did not consider the relative advantages and disadvantages of dividing a council.

The reform commission must identify options for community representation that reflect the diversity of the State's regions and that promote representation of discrete communities.

The residents of Wondai Shire have expressed considerable concern over any ***forced*** amalgamations.

They are concerned that the representation level they currently enjoy will be dramatically reduced following any amalgamation. A flow on effect the residents perceive is a reduction in their ability to influence the outcomes in a bigger council. For instance, the small community of Durong will become an even smaller voice in the context of a larger council where the number of residents could exceed 25,000 as opposed to the current 5,000.

It should be noted that the level of remuneration paid to our Councillors is a small component of Council's operating expenses. Total Councillor remuneration in 2005/2006 was \$126,092 (Av. \$12,610 per member). This is only approximately 1.5% of Council's total operating expenses.

At its February Council meeting, Council resolved to reduce the number of Councillors from 10 to 9 at the next local government elections. However, this decision was taken to remove the risks of tied votes rather than reduce representation. This level of Councillor representation will allow the Wondai Shire to operate effectively in partnership with its constituents into the future.

In making its recommendations for new arrangements, the reform commission must identify any issues requiring further consideration for successfully establishing the new arrangements.

Wondai Shire Council is against any form of **forced** amalgamation. However, in the event of any amalgamation the issues that must be considered for residents of Wondai Shire focus on three (3) areas:

- Potential for large rate increases,
- Loss of community focus, and
- Loss of local businesses.

Rate increase

In recommending any forced amalgamations, the reform commission must ensure that residents of any shire are not disadvantaged by a forced amalgamation with a Council with current financial difficulties. Wondai Shire residents face the prospect of being disadvantaged under any proposed amalgamation with Murgon Shire Council.

Wondai Shire general rates have been identified as the 7th lowest in the State (*Wondai Shire QTC Financial Sustainability Report*). However, Murgon Shire, which is to the east of Wondai Shire, is financially distressed despite their general rates being approximately twice the level of Wondai Shire.

Given the recent public comments by representatives of the Murgon Council (*South Burnett Times, 18 May 2007*), Wondai Council is extremely concerned that Murgon Council representatives are trying to address their financial problems by recommending an amalgamation with Wondai Shire Council. Should Wondai be amalgamated with Murgon Shire along with parts of Kilkivan, Wondai Shire residents, along with those residents in Kilkivan, would face a significant rate increase to subsidise the financial difficulties of Murgon Shire.

Wondai Shire Council acknowledges measures need to be put in place to address the difficulties faced by Murgon. However Council considers a period of consolidation with assistance from the Queensland Treasury Corporation and the Department of Local Government would allow Murgon to reorganise its finances without passing the mismanagement of their finances onto the ratepayers of surrounding shires.

Of significant note here are the findings of the PriceWaterhouseCoopers Report (2006, page 76), which noted that, "simply merging a number of adjoining unviable councils is unlikely to increase financial sustainability and it may decrease effectiveness and result in greater disputes between councillors based on parochial interest."

Loss of community focus

As discussed in the section on 'community of interest', Wondai Shire has a unique focus on the community. In 2005/06, Wondai Shire Council provided over \$70,000 of direct financial assistance to community groups. This does not include full costing of all assistance of an 'in-kind' nature. Any **forced** amalgamation of Wondai Shire Council has the potential to impact negatively on this community focus.

The administrative support offered by Wondai Shire Council to community organisations is essential for the ongoing viability of these organisations. For example, in the case of the Wondai District Homes for the Aged, Council's support in accepting rent payments as well as administrative assistance allows this community organisation to economically manage the aged care units with limit impact on the elderly residents.

This type of support is also provided to other organisations such as the Boondooma Fish Stocking Association, Wondai Race Club, Wondai Show Society and Proston Playgroup, to mention just a few.

Wondai Shire also works in partnership with our community and the Queensland Fire & Rescue Service in providing Rural Fire Brigades throughout the shire. Councils fund these brigades at an average cost of \$35,000 per annum.

Council also provides free financial auditing assistance to local community organisations, which continues to build the relationships between Council and the Community.

These and many more initiatives risk being eroded or lost under an amalgamation of councils, breaking down the important relationship Wondai Shire Council shares with its community.

Potential of loss of business

Wondai Shire Council has been the leader in the community, driving economic development and building the capacity of our communities.

Wondai Shire has worked closely with current and potential businesses to the betterment of Wondai Shire. In 1998 the National Australia Bank announced it was to leave Wondai, which would have left the town without a bank. Council worked with Pioneer Permanent Building Society to establish a banking presence in the town.

This service to the community only exists because Council transactions and investments make it a viable business proposition for the proprietor. The ongoing provision of this service would be in jeopardy should Wondai Shire Council's banking transactions be removed from this institution. This branch has an average of 1,300 over the counter transaction per month, which in turn generates economic activity in the town. If this banking service is lost the flow-on to other business will also be lost.

Similar support is also evident in other local businesses such as the Wondai Plumbing & Hardware store, Wondai & Proston Post Offices and Wondai & Proston newsagents. This support has been instrumental in allowing these businesses to expand their services to the community.

One of the purported benefits of forced amalgamations is financial savings that may be achieved through bulk purchasing arrangements. However, the loss of business and services in small rural communities must be considered and balanced against pure financial gains. The loss of, or reduction in Council business, which would be seen under an amalgamation of Councils, would be a serious blow to the viability of these businesses. In an area with very limited public transport, strong business centres in our small towns are essential.

Wondai Shire has traditionally developed the residential and industrial land within Wondai. Council's latest residential development included 49 allotments, which have all been sold bringing additional residents and economic activity into the town.

Council has also recently developed a further stage in the Wondai Industrial Estate attracting further industry to the town. This has allowed the major expansion of the Parkside sawmill, which now employs over 80 employees. This has also seen the establishment of five new businesses on the estate with a further five allotments sold in the past three months. A major attraction for these new businesses has been the establishment of a relationship with Council and the ability to obtain necessary development approvals for their businesses in conjunction with purchasing the allotments.

Without this development, the opportunities that exist in Wondai would not be available and it is clear the town of Wondai would not have prospered.

The Commission should have regard to the analysis of possible structural reform that was being contemplated under the voluntary reform process known as Size, Shape and Sustainability.

The Queensland Government has identified in the 'Local government reform – A new chapter for local government in Queensland', that there are significant financial and productivity savings to be achieved from reducing the administration costs of running a Council. Wondai Council agrees!

However, these savings can be achieved in a number of different ways. It is disappointing that given the level of experience and expertise we are led to believe is in the Queensland Government that **forced** amalgamations is being promoted as the only solution.

Wondai Shire Council was actively involved in the SSS process with the surrounding shires of the South Burnett. Council saw this process as an opportunity to review operations and consider structural reform to the betterment of the Shire. We had already identified amalgamation as one option to be investigated as having the potential to make savings.

Our concern is that given the impossibly short timeline now in place, that we are unable to adequately implement a cost-benefit analysis on whether this is the best option. Similarly, the reform commission cannot be expected to make this determination given the added complexity of not actually being aware of the needs of the residents in the individual shires.

Other models such as the 'Gilgandra Cooperative Model' have the potential to be applicable to the councils of the South Burnett given our close proximity. The cancellation of the SSS process has removed this option, in addition to a number of other shared services options that had the potential to deliver significant reforms and benefits.

We believe that a one-size-fit all approach should not be recommended by the reform commission. It is acknowledged that some shires may not have been working cooperatively under the SSS process. However, the shires in the South Burnett were proactively working through the issues identified through SSS (including amalgamations). We believe that the process being introduced by the Queensland Government would gain creditability by allowing the South Burnett Councils to work collaboratively to establish an alternative model to forced amalgamation.

Conclusion

In conclusion, Wondai Shire Council and our residents are absolutely opposed to any **forced** amalgamations.

We believe that the long-term effects of any forced amalgamation needs to be thoroughly investigated prior to implementation by the State Government.

Implementing forced amalgamations despite contradictory evidence of the benefits being achieved in other states will, without a doubt, lead to higher rates and fewer or substandard services for residents of the Wondai Shire community.

We believe **Wondai Shire Council** should remain as a **stand alone local government** and be allowed to continue with the reforms identified under the Size, Shape and Sustainability initiative in order to properly assess what is the best possible outcome for the residents of our shire.

ID Carter
Mayor

PJ O'May
A/Chief Executive Officer