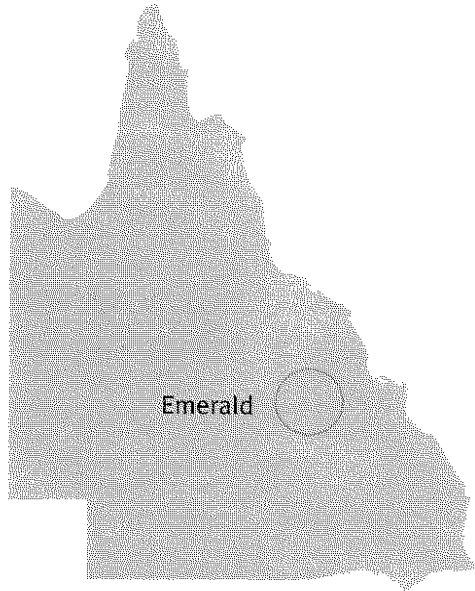


Tabled document
Peak Downs Shire
Emerald, 31 August 2007

Emerald Regional Council



1. Recommendation

The Commission recommends:

- (i) the existing local governments of Emerald Shire, Bauhinia Shire, Duaranga Shire and Peak Downs 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 Emerald Regional Council;
- (iii) the new local government be undivided with eight 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

Name	PREVIOUS LOCAL GOVERNMENTS				
	Emerald Regional Council	Emerald Shire Council	Bauhinia Shire Council	Duaranga Shire Council	Peak Downs Shire Council
Class	Regional	Shire	Shire	Shire	Shire
Size	59,884 sq km	10,364 sq km	23,641 sq km	17,752 sq km	8,127 sq km
Population 2006	26,824	14,173	2,275	6,917	3,459
Population 2026	37,574	21,440	2,756	8,423	4,955
Electors 2007	15,103	8,165	1,474	3,712	1,752
Electoral arrangements	Undivided 8 councillors plus mayor	Undivided 8 councillors plus mayor	Undivided 8 councillors plus mayor	Divided 10 councillors plus mayor	Undivided 8 councillors plus mayor
Electors per councillor excluding mayor	1,888	1,020	184	371	219
Total operating revenue financial year 2006	\$66 million	\$21 million	\$15 million	\$13 million	\$17 million
Annual capital expenditure financial year 2007 - 2015	\$27 million	\$12 million	\$4 million	\$4 million	\$7 million
Total assets at 30 June 2006	\$475 million	\$169 million	\$86 million	\$105 million	\$115 million
Debt at 30 June 2006	\$5 million	\$3 million	\$minor	\$1 million	\$1 million
Community equity at 30 June 2006	\$461 million	\$162 million	\$84 million	\$102 million	\$113 million

3. Rationale for the new local government area

3.1 Service delivery, operations and management

- Service delivery improved through economies of scale around;
 - developing a regional strategy and plan for managing the impact of the significant economic development which the region will continue to experience over the next 20 years particularly around the coal mining industry and the investment in associated infrastructure;
 - managing water, waste and sewerage;
 - managing and maintaining road networks;
 - utilising plant; and
 - undertaking core corporate functions including executive and administrative functions, finance, procurement and information technology.
- Consolidating the planning and standardising the approval process for the region's major projects which would, if present arrangements were retained, occur across several local government boundaries each with a different approach to dealing with such projects. These projects could include developing the coal and coal seam gas reserves.
- Increasing capacity through a larger asset and revenue base will enhance the prospects of the council attracting, retaining and better developing the skills base required to undertake activities of local government in this important economic region both from a State and national perspective.
- Amalgamating the four local governments offers the potential to improve the quality of governance and will result in improved decision making around the region's natural resources, in particular coal, gas and water.
- Strengthening the ability of local government to engage with industry and State and Federal Governments in relation to 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. (In this regard, social issues arising from the mining boom, including unmet housing demand and housing affordability could be a particular focus of the council's interactions with State and Federal Government).

3.2 Communities of interest

- The town of Emerald is the regional centre for the central highlands and central western Queensland where major educational, health, commercial, government, and retail services are located. Other towns have some of these facilities however to the extent they are not available in these towns residents generally travel to Emerald or to Rockhampton.
- Rural economic activities in the region and the servicing functions of Emerald are intrinsically linked.
- A shared community of interest based on strong social and economic linkages including coal mining, gem mining, cotton growing, beef cattle grazing and citrus growing.
- There is some tourism within the region with all local governments having a common focus in attracting visitors. The lakes/ dams in Emerald are popular destinations as well as Carnarvon Gorge which is a popular recreational destination located in Bauhinia Shire. Tourists also come for gemstone prospecting.
- The rail network links Blackwater, Emerald and Springsure through to Rockhampton and importantly, Gladstone Port. The service on this line mainly carries freight with coal being predominant.
- The region is a unique geographic area with no natural barriers between the various communities.
- There is a regional airport in Emerald with two to four flights daily to and from Brisbane.

3.3 Other

Not applicable.

4. Financial sustainability

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

- Emerald Shire Council – strong (developing);
- Bauhinia Shire Council – moderate (developing);
- Duaringa Shire Council – weak (developing); and
- Peak Downs Shire Council – strong (neutral).

The combined council is likely to be rated as strong with a developing outlook or moderate with a positive outlook. In the medium to long-term it is highly likely that the local government will be rated as strong if the amalgamation is well-managed. This is on account of the amalgamated local government having greater capacity to:

- improve economies of scale;
- attract, retain and develop skilled staff as well as build capacity of systems;
- undertake regional planning and infrastructure delivery; and
- manage development of the region.

5. Implementation issues

The Commission recommends the Emerald-Peak Downs Saleyards Board, which is a separate legal entity under the *Local Government Act 1993*, be abolished and its functions assumed by the amalgamated local government.

6. Boundary issues

The Commission did not identify any boundary issues within this region.

7. Suggestions

The Commission gave consideration to the 102 suggestions it received in relation to this region and noted receipt of 390 anti-amalgamation postcards.

7.1 Details of suggestions

The Commission considered:

- Emerald Shire Council's suggestion is for individual local governments in the Central Highlands area to stand alone and continue with joint arrangements and resource sharing. All local governments are financially sustainable (i.e. the Shires of Bauhinia, Duaringa, Emerald, and Peak Downs) and offer a local government structure that gives its communities local democracy yet delivers regional benefit.

Amalgamation was seen to have the following negative effects:

- fracture the well-being of the individual communities;
- impact on the communities and business they serve;
- undermine democracy through lack of local representation;
- result in instability for all existing, planned and proposed development arrangements and opportunities within Queensland's economic engine room;
- stress an already strained local government workforce in the midst of the biggest resources boom in history; and
- result in untold financial damage due to the cost of amalgamation.

In addition Emerald Shire Council's suggestion stated that it is committed to accelerating regional governance through resource sharing and cooperative initiatives already being embarked on as this will offer true reform of a sustainable nature.

- Peak Downs Shire Council's suggestion supports the retention of the existing shire boundaries for all area local governments with the reasons being:
 - assessed as a strong local government;
 - committed to further developing and formalising current resource sharing and collaborative arrangements and therefore unlikely to be additional benefits from economies of scale;
 - changes in local government boundaries

will have an impact on employment in communities that are crucial to the ongoing development of the coal mining industry;

- the impact on small business, community, social and emergency services would far outweigh any benefits; and
 - local representation will be severely diminished.
- Duaranga Shire Council's suggestion is that no changes be made to local government boundaries as it is sustainable and provides a full range of services to its residents.
 - Bauhinia Shire Council's suggestion is to stand-alone with no changes to its structure or configuration. This is on the basis that council is sustainable, provides or supports a number of non-core local government services and is committed to collaborative arrangements and resource sharing. In addition, it is concerned with the loss of representation arising from amalgamation of local governments.

7.2 Commission's comments on suggestions

The Commission considered Emerald, Peak Downs, Duaranga and Bauhinia Shire Council's suggestions to remain as individual local governments. However, the Commission is of the view that such a recommendation would not position these local governments to meet the future economic and social challenges of the region. In particular, the region is likely to continue to be one the areas experiencing significant economic growth over 20 years and beyond through the ongoing development of its coal and gas reserves in addition to its important agricultural output. It is essential that the local government is of a scale and size which gives it the advocacy capability to engage and negotiate effectively with State and Federal Governments and the private sector if residents of the region are to obtain the optimal outcomes from the investment in projects and infrastructure and environmental impacts are to be properly managed. The Commission considers this is best achieved through the amalgamation of these four local governments.

In addition, the Commission noted the strong communities of interest and recognised the value in undertaking natural resource planning and management on a regional basis.

While shared services arrangements may add value, the Commission is of the view that:

- they introduce another level of administration thereby adding to the cost base;
- they are only implemented when each local government agrees to their introduction; and
- a local government that is not comfortable with the introduction and/or operation of shared services arrangements can opt out, diminishing the benefit for the remaining councils.

The Commission's more detailed assessment of the shared services model can be found at part 4.5.2 of its report.

8. Other Commission considerations

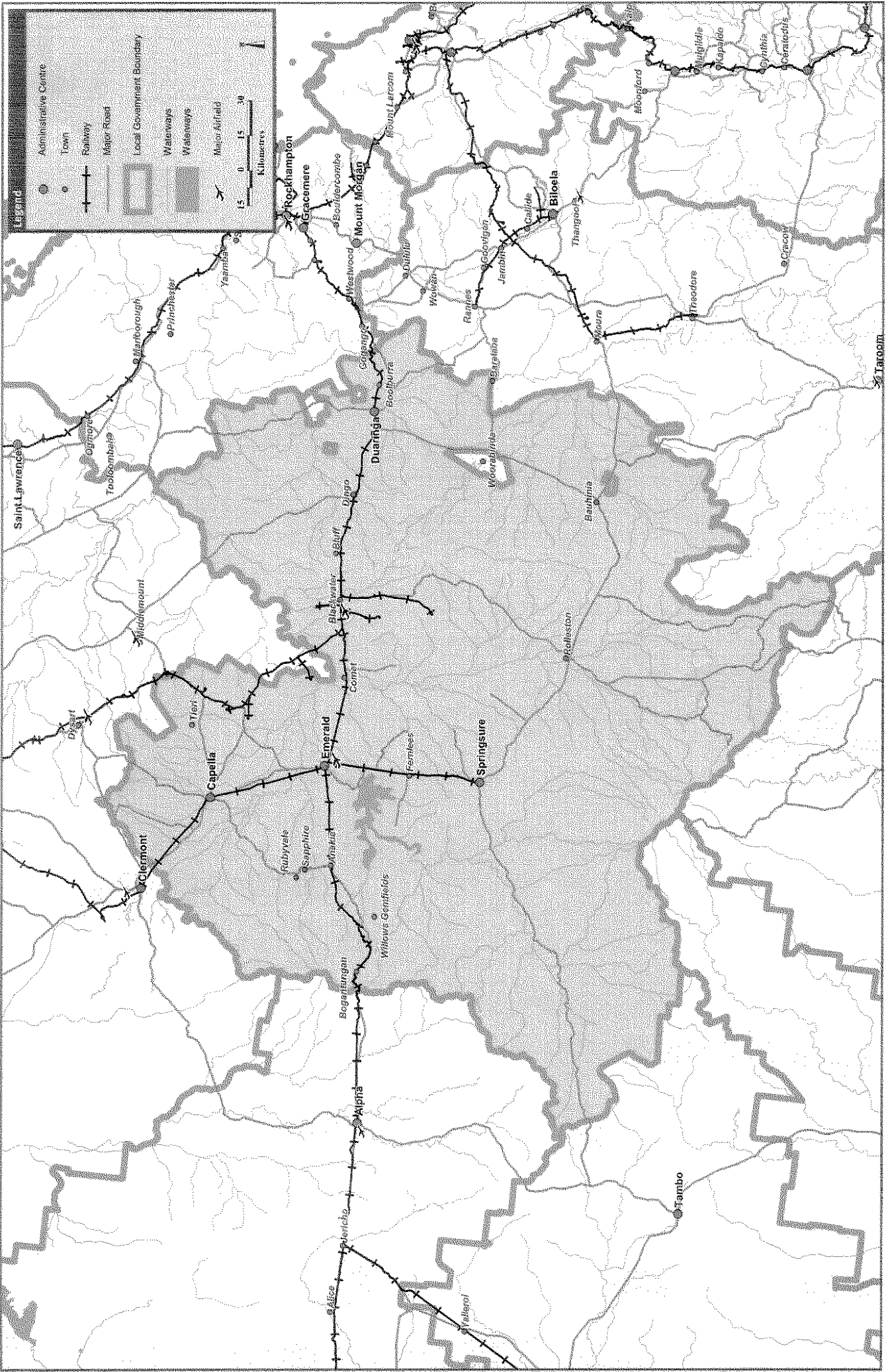
The Commission also considered the following:

- Including Jericho Shire in the Emerald Regional Council. The Commission's view is that Jericho Shire, as a whole, has a greater community of interest with Barcaldine Regional Council.
- Splitting Jericho Shire between Barcaldine Regional Council and Emerald Regional Council but considered it was best included in the Barcaldine Regional Council as a whole.
- Allocating the southern half of Duaranga Shire Council to Banana Shire Council. The Commission decided against recommending this split on the basis that this allocation may have a significant negative impact on Banana Shire Council.

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.

EMERALD REGIONAL COUNCIL



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Local government areas in Queensland

(from 15 March 2008)

