

# REPORT OF THE LOCAL GOVERNMENT REFORM COMMISSION

Volume 1



## Report of the Local Government Reform Commission - Volume 1

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# Letter of transmission

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Hon Andrew Fraser MP  
Minister for Local Government, Planning and Sport  
PO Box 15031  
CITY EAST QLD 4002

27 July 2007

Dear Minister

The Local Government Reform Commission has concluded its examination of local government area boundaries, classes, names and electoral arrangements as required by section 159C of the *Local Government Act 1993*.

Our recommendations on these matters are included in the enclosed report and we commend them for your further action.

Yours sincerely

Bob Longland  
Chairperson  
Local Government Reform Commission

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# Contents

<b>Preparing Queensland local government for the challenges of the 21st century - A summary of the Commission's views and recommendations.....</b>	<b>4</b>
<b>What's happened to my council? Recommendations for 156 local government areas.....</b>	<b>14</b>
<b>Other recommendations .....</b>	<b>28</b>
<b>1.0 Introduction: the local government reform agenda .....</b>	<b>32</b>
<b>1.1</b> Background .....	32
<b>1.2</b> Objectives set for the Commission ..	32
<b>1.3</b> Functions of the Commission.....	33
<b>1.4</b> About the Commission.....	34
<b>2.0 Terms of reference.....</b>	<b>35</b>
<b>2.1</b> From legislation.....	35
<b>2.2</b> From the Minister .....	35
<b>3.0 Methodology .....</b>	<b>37</b>
<b>3.1</b> Analysis .....	37
<b>3.2</b> Capacity of local government to deliver services, undertake planning and exercise sound governance.....	38
<b>3.2.1</b> Capacity building.....	38
<b>3.2.2</b> Structural inefficiencies .....	38
<b>3.2.3</b> Costs and benefits .....	38
<b>3.3</b> Social, economic and environmental factors .....	40
<b>3.4</b> Community of interest.....	40
<b>3.5</b> Financial sustainability.....	42
<b>3.6</b> Boundaries.....	42
<b>4.0 Suggestions .....</b>	<b>43</b>
<b>4.1</b> Suggestions process .....	43
<b>4.2</b> Suggestions and the Commission's methodology .....	43
<b>4.3</b> Key themes arising from suggestions .....	44
<b>4.4</b> Concerns with reform agenda and Commission process.....	44
<b>4.5</b> Alternative models of structural reform.....	45
<b>4.5.1</b> Multi-purpose Joint Local Governments.....	46
<b>4.5.2</b> Shared services .....	47
<b>4.5.3</b> Alliances (including integrated services).....	48
<b>4.5.4</b> Summary .....	48
<b>4.6</b> Representation .....	49
<b>4.7</b> Community boards .....	49
<b>4.8</b> Transition and implementation issues .....	50
<b>4.9</b> Impact of amalgamation on existing towns and effect on social services .....	51
<b>4.10</b> Benefits of reform .....	51
<i>Note: CD with all details of suggestions received by Commission inserted in the back cover of report</i>	
<b>5.0 Names and classes of local government areas.....</b>	<b>52</b>
<b>5.1</b> Legislative requirement.....	52
<b>5.2</b> Names.....	52
<b>5.3</b> Class of local government areas .....	53
<b>6.0 Electoral arrangements.....</b>	<b>54</b>
<b>6.1</b> Background .....	54
<b>6.2</b> Composition .....	54
<b>6.3</b> Divided or undivided local government areas.....	56
<b>6.4</b> Voting method.....	58

6.5	Postal or attendance voting.....	58	8.2.2	Internal environment.....	69
6.6	Mayoral election.....	58	8.2.3	Output of the process is a rating with an outlook.....	71
<b>7.0</b>	<b>Aboriginal and Torres Strait Island local government.....</b>	<b>59</b>	<b>8.3</b>	Financial sustainability as a factor in the Commission's recommendations.....	<b>73</b>
7.1	Background .....	59	<b>8.4</b>	Size of Queensland's local government sector .....	<b>73</b>
7.2	Scenarios for reform.....	60	<b>8.5</b>	Future outlook.....	<b>74</b>
7.2.1	Local Government in the Torres Strait – The Way Forward .....	60	<b>9.0</b>	<b>Implementation issues .....</b>	<b>75</b>
7.2.2	Regional local government for the Northern Peninsula Area .....	62	9.1	Issues considered by the Commission .....	75
7.2.3	Amalgamation of Aboriginal and Torres Strait Island councils with Cook Shire or other mainstream councils.....	63	9.2	Boundaries .....	75
7.2.4	Establishing one regional local government for all Aboriginal local governments in Cape York and amalgamating Torres Shire Council with all Island councils .....	64	9.3	Aboriginal and Torres Strait Island local governments.....	75
7.2.5	Other amalgamation options involving Aboriginal local governments.....	65	9.4	Capacity building and transition .....	76
7.2.6	Other non-amalgamation options for improving the governance, capacity and sustainability of Aboriginal and Torres Strait Island local government within Queensland .....	65	9.5	Joint Local Governments .....	77
7.3	Electoral arrangements.....	66	9.6	Unincorporated areas .....	79
7.4	Implementation issues .....	66	9.6.1	Sweers Island and the Bountiful Islands .....	79
<b>8.0</b>	<b>Financial sustainability.....</b>	<b>68</b>	9.6.2	Weipa Town.....	79
8.1	Definition.....	68	9.7	Other implementation issues .....	79
8.2	What are the components of financial sustainability?.....	68	9.7.1	Financial Assistance Grants ....	79
8.2.1	External environment .....	69	9.7.2	Impact on planning schemes, ratings, local policies and administrative centres.....	80
			<b>10.0</b>	<b>Suspended reviewable local government matters .....</b>	<b>81</b>
			10.1	Background.....	81
			10.2	Outstanding matters.....	81
			<b>11.0</b>	<b>Conclusion .....</b>	<b>84</b>
			<b>Appendix A Statistical summary of suggestions received.....</b>		<b>85</b>
			<b>Glossary.....</b>		<b>88</b>

# Preparing Queensland local government for the challenges of the 21<sup>st</sup> century

## A summary of the Commission's views and recommendations

### Background

The majority of Queensland's current local government boundaries have been in existence for more than 100 years. They are largely based on the territory that could be covered in a day using transport modes prevalent at the time, but which are now long outdated. These boundaries have served Queensland well throughout the 20th century, but today do not align with the shifts in population, changing community expectations, and developments in communications and transport that have occurred since that time.

Queensland is the fastest growing state in Australia with an economy that has grown faster than the national average for 12 years in a row. That growth and economic expansion is expected to continue into the foreseeable future. It is the product of:

- continued migration of people to the State, due to sunbelt factors and the sea-change and tree-change phenomena;
- relocation of business and expansion of enterprises already domiciled in the State;
- development of the State's coal, gas and mineral resources;
- development of industry, in particular the processing, refining, research and development, information technology and aeronautics related sectors;
- expansion of the nation's defence facilities in Queensland;
- agricultural diversification; and
- its unique tourism attributes.

Such economic and population growth brings not only prosperity, but also challenges. These relate to how the impacts of growth can be managed and

its benefits harnessed for all Queenslanders. But the effects of change are unlikely to be uniform. Indeed, in some parts of the State they are more to do with the impacts of population decline, the ageing population and the servicing of remote communities.

The challenges facing local governments will therefore be quite different, depending on their location, and the attributes of the areas covered by their jurisdictions.

Variouly, local governments are going to have to respond to the challenges of:

- Sustaining the social fabric and viability of communities located in the vast expanses of western Queensland and the Gulf country.
- Rural economies in transition from those based on traditional agricultural practices, to a robust, diverse and sustainable activity around new and innovative pursuits, including forestry, gas extraction and outback tourism sometimes conducted in combination with farming. Specialist or niche, high value farming and horticulture pursuits are also part of the transformation.
- The explosion of economic activity generated from exploration of the coal, gas, petroleum and mineral deposits that form a spine from the Darling Downs up through central Queensland to Bowen. Billions of dollars of infrastructure is programmed in this corridor to accommodate these resource based projects.
- Managing the growth in regional cities stimulated by the service industries which are supporting the exploration, extraction, processing and transporting of the State's mineral wealth and agricultural enterprises.
- Managing the growth in coastal regions stimulated by tourism and the sea-change and tree-change phenomena.

- Managing the growth in South East Queensland which is forecast to remain one of the fastest growing regions in Australia over the next 20 to 30 years.
- Coping with the unpredictable and potentially costly impacts of climate change.
- Responding to community expectations for sustainable and environmentally responsible development, whilst dealing with the costs of meeting ever increasing demands for essential infrastructure and services.

Much of this future economic activity will be dispersed around Queensland, since it is driven by the natural resources, environmental attributes and/or infrastructure capacities specific to particular regions. These influences will define, and in many cases transform, regions over coming decades.

Without the ability to effectively manage this change, the consequences will be less than optimum. These can include:

- areas unable to attract sufficient investment while other areas suffer the negative effects of fast-paced development including lag in the provision of essential services, congestion, delays in planning approvals and increasing infrastructure costs;
- poor management of the natural environment including water resources; and
- communities which are under serviced or experience poor amenity.

The challenges confronting Queensland in the coming decades require governments of all levels to be high capacity organisations with the requisite knowledge, creativity and innovation to enable them to manage complex change. Local governments in particular must be capable of playing their part in managing the development of these regions in a way that achieves prudent use of mineral resources and sustainable use of natural resources as well as retaining the inherent social and cultural values of local communities.

Local governments which are small in size and under-resourced will struggle to develop and retain the skills and experience needed to discharge the financial management, reporting, risk profiling and other accountabilities associated with the governance of contemporary public sector institutions. Similarly, councils struggling to maintain their financial sustainability are less likely to be able to attract and retain in-demand professional and technical expertise (engineers, planners and environmental scientists) that enable local governments to manage their affairs with self-assurance and confidence.

At the core of the objectives for local government reform set out in the *Local Government Act 1993*, and the Local Government Reform Commission's Terms of Reference, is the imperative to create a stronger and more regionally-based structure. This will enable local governments to manage their affairs in a way that delivers benefits to their communities, whether that be in the provision of social facilities, services or infrastructure, leveraging investment to support the economic development of their area, or providing better management of natural resources.

This requires a local government structure which responds to the particular characteristics of the regional economies emerging over the coming decades, recognising communities of interest are developing rapidly and differently across the regions due to improved transportation, telecommunications and economic interdependencies. This structure needs to give rise to local governments capable of responding to the sometimes quite diverse demands by these communities and be of a sufficient size and scale to generate cost efficient and effective services.

Having said that, the Commission rejects the notion of a "one size fits all" response to its Terms of Reference. In circumstances where amalgamation of councils is not feasible due to the vast areas already covered by some local governments,

## Preparing Queensland local government for the challenges of the 21<sup>st</sup> century

or the particular requirements relating to the government of indigenous communities, there will remain a need to provide these councils with adequate support in the interests of equity for all Queenslanders.

Therefore, the approach taken by the Commission has been to apply the objectives of the Act and its Terms of Reference, having regard to the individual nature of Queensland's different regions and their economic prospects. This analysis can be summarised as follows.

### Far Western Queensland

The particular challenges faced by western Queensland have to do with sustaining the social fabric of communities. Many far western councils are required to fill the gap in delivering human and other services normally provided by the private sector, but which are no longer available due to them being uneconomic. Critical to the viability of the rural enterprises in western Queensland, and to the cultural identity of communities, are the backbone transport and communications networks that keep people connected.

The area over which councils need to deliver services and the remoteness of many of the communities, leads the Commission to the view that there is little to be gained by making these councils larger entities through amalgamation. The distances that would be involved in delivering services are unlikely to realise any significant economies of scale. It also means that issues around their financial sustainability, resourcing, and capacity to deliver essential services, require the State Government, working jointly with these councils, to put in place new and creative approaches which reflect their particular needs and circumstances.

### Northern Peninsula and Torres Strait

The Northern Peninsula and Torres Strait Island councils play an important role in the economic and social development of these indigenous communities, as well as their cultural identities. What distinguishes the Northern Peninsula Area and Torres Strait Island councils from "mainstream" councils are the additional dimensions to local government administration that come from the particular responsibilities they carry in respect of:

- land tenure and management of Deed of Grant in Trust lands;
- direct provision of certain social services;
- operation of commercial enterprises necessary for the needs of residents and for generation of revenue;
- very high costs of providing basic services and facilities; and
- often being the primary source of employment for residents.

The councils concerned do not cover large areas and are in close proximity geographically. However, the current council structure is seen as severely constraining the ability to achieve a critical mass of skills, build the institutional infrastructure and harness the resources needed by contemporary local governments due to the relatively small population base of each council and the fragmented approach to regional economic development.

The Commission's view is that better and more cost effective management of local government functions will result if stronger, less fragmented administration is achieved. In bringing together within two regional governments the Torres Strait Island councils and the Northern Peninsula Area councils, the capacity will be created to better exploit regional economic prospects around tourism, fishing and cultural enterprises. Planning for, and delivery of, essential infrastructure and services will be more effective which will in turn,

assist in improving the social circumstances of all communities. In short, the Commission sees these two regional local governments as being capable of delivering more than the sum of the parts.

The Commission's intent in recommending the formation of new regional local governments for the Northern Peninsula Area and Torres Strait Island councils is to establish structures that will:

- more cost effectively manage local government functions;
- play a key role in promoting suitable economic development opportunities;
- maintain the unique social and cultural heritage of these communities; and
- have the capacity to plan for and deliver essential services.

### **Mainland Indigenous councils and Palm and Mornington Islands**

Other Aboriginal council areas throughout the State administer the same range of functions as those in the northern Cape York area. The Commission has considered the implications this range of functions has for structural reform in Aboriginal communities outside of the Northern Peninsula group. The Commission recognises the critical role Aboriginal councils play in their communities. The Commission also recognises that many of these councils suffer from a significant lack of capacity. The Commission has concluded the different land tenure and rating arrangements existing between Aboriginal and mainstream councils does not make it in the interests of either to amalgamate at this time.

The Commission recommends the State Government, as part of its partnership arrangements with Aboriginal councils, investigate options that will improve their capacities and pave the way for new governance structures that allow them to harness and deploy resources in a more efficient and effective manner and institute management and planning arrangements that respond to the unique nature of these communities.

### **Southern and central Queensland resource corridor**

West of the Great Dividing Range there is an emerging economic frontier based on minerals, coal, gas and company based agriculture. This is generating demands for large-scale infrastructure, a skilled and mobile workforce accommodation and a range of associated social services.

The Queensland Government State Infrastructure Plan and map of the major projects (see Figure 1) identifies a zone of intensive economic development over the next 20 to 30 years stretching from the Darling Downs north through central Queensland to Bowen. Projects potentially include:

- opening further coal mines and associated rail and port infrastructure;
- the Melbourne to Brisbane rail (through Waggamba Shire and into the Darling Downs);
- coal and gas fired power stations in the western Darling Downs;
- coal seam methane gas extraction and associated pipelines in the Surat and Bowen Basin;
- the Wandoan to Theodore rail line thereby opening up the significant coal reserves of the lower Surat Basin;
- development of the State's massive shale oil reserves; and
- petroleum prospecting and development in the Jackson Basin.

There are prospects of this resource corridor extending further north and west with significant potential for the mining of minerals in the Bowen, Townsville and Cloncurry mineral province as well as the Carpentaria/Mount Isa mineral province.

This part of Queensland is characterised by a plethora of councils with small populations and consequently, limited capacity to respond to the demands these projects generate for planning, development assessment, environmental management and infrastructure provision. The

## Preparing Queensland local government for the challenges of the 21<sup>st</sup> century

situation is compounded by the fact the footprint of these projects and their supporting infrastructure can extend beyond the boundaries of a single council. Fragmented systems of assessment, regulation and environmental monitoring not only impose costs on these projects, they produce sub-optimal outcomes for communities.

The opportunity to leverage broader community benefits from such investment may be lost due to the inability of councils to integrate these projects into a strategic plan which articulates a preferred future for their region and related implementation measures.

The Commission's approach to this corridor from Toowoomba through central Queensland and to Bowen is to amalgamate small councils into local government units with the size and strength capable of managing the challenges associated with the expanding mining, gas and farming sectors. The intent of the Commission's recommendations in this resource corridor is to establish local government structures that will be:

- in a stronger position to represent their communities through this economic transformation;
- better able to exercise management of the environmental and social impacts of these projects and extract optimum benefit for their communities;
- better resourced to plan and deliver essential local infrastructure; and
- able to more effectively partner with the State and Federal Governments and with industry to achieve better outcomes for their communities, whether that be in respect of services, or policy settings to encourage the decentralisation of population to take up the jobs being generated.

### Mid western region

At the interface between the western councils and the new central Queensland local governments, the Commission has amalgamated groups of small councils to enhance their ability to attract investment and undertake larger scale economic development projects. The structure of these amalgamated councils should:

- remove current inefficiencies;
- enhance their sustainability as units of local government administration; and
- ensure their "bargaining power" is not significantly inferior when compared to their neighbours when competing for Federal and State Government programs.



A  
B  
C  
D  
E  
F  
G  
H  
J  
K  
L  
M



**Figure 1 - Queensland mineral zones**  
Map courtesy of Department of Natural Resources and Mines

## Preparing Queensland local government for the challenges of the 21<sup>st</sup> century

These areas are also key destinations on the outback tourism trail and the amalgamated entities should enliven a more strategic approach to the development, maintenance and promotion of attractions, enhancing their prospects of attracting further investment.

The intent of the Commission's recommendations in this mid western region is to establish local government structures that will:

- be better placed to attract and retain key staff;
- deliver efficiencies from plant and assets generally;
- be able to undertake strategic planning around issues of regional significance;
- build capacity to interact with industry, State and Federal Government; and
- attract further investment.

### Coastal Queensland

Historically, many coastal cities of Queensland have functioned as service centres for agricultural and horticultural enterprises. In more recent times they have also become major tourism gateways to coastal attractions such as the Great Barrier Reef and a wide variety of hinterland destinations.

The factories that process rural products are often located in these cities. However, those who make their livelihood in the rural hinterland have not always been able to influence the policies of their urban neighbour on matters of interest to their business, because of their location in a different council area where the focus may be on different priorities. Where adjoining councils (the genesis of which may have been an urban and rural focus respectively) do not share the same priorities in respect of infrastructure investment, rural producers experience a sub-optimal outcome, particularly in respect of downstream processing and getting product to market.

With the passage of time, council boundaries along the Queensland coast no longer reflect the urban rural divide, with once rural councils accommodating significant urban overspill. This

can lead to conflicts between urban and rural land use activities, inefficient servicing and land use patterns that satisfy neither the needs of adjoining rural producers nor the urban dweller.

The Commission therefore believes a rational approach to infrastructure planning, allocation of land uses and service delivery (and better outcomes overall) are more likely to result where areas of agricultural and horticultural enterprise, and the urban areas on which these activities rely for services, are administered coherently. The best prospect of this occurring is by amalgamating regional city and surrounding councils.

This extends beyond just the provision of infrastructure and services to ensuring planning protects water supplies, other key natural assets and environmental values as well as the land resources required for food and fibre production.

Contemporary social forces and economic drivers are, however, transforming the nature and character of these cities into much more than just rural service centres. The sea-change and tree-change phenomena, tourism and the burgeoning services sector required to satisfy the appetite of the mineral, gas and coal and rural industries for refining and processing, transportation and technical and professional expertise will be the drivers of growth in and around the coastal cities of the State. The seaports and airports on which these cities are based also provide a gateway for tourism, people and goods, and for the export of product.

Small local governments do not have the capacity to undertake significant investment in regional scale infrastructure, such as airports and roads needed to support the resource projects and to fully capitalise on the tourist opportunities upon which regional jobs and prosperity are dependent.

Stronger and larger councils are going to be in a better position to conserve, protect and properly manage the high quality (in some cases unique) natural resources which underpin the tourism industry, so important to the economy of coastal towns and cities. Tourism can suffer and the quality

of tourism experiences diminish, where two adjoining councils do not take a consistent approach to the protection and responsible management of the same ecosystems. This can occur through incompatible land use and resource management policies.

The Commission has therefore, recommended significant amalgamations of councils along the Queensland coast. Its objective is to deliver a local government structure with the capacity to:

- plan at a strategic level with State and regional tourism bodies, and with the ability to implement land use and resource management policies to protect the tourism assets upon which these communities depend for revenues and jobs;
- manage the interface and interdependencies between the urban servicing and processing functions and the needs of the rural hinterland; and
- undertake the investments or leverage the revenues required to plan, construct and maintain the infrastructure needed to support their role as transport and service hubs, processing centres and as a gateway for product from the resource projects and rural sector.

## South East Queensland

In the South East Queensland region the majority of the urban local governments are reasonably well established in terms of their financial viability when compared to smaller rural councils throughout the State.

Population forecasts indicate South East Queensland will continue to be one of the fastest growing regions in Australia. The Commission therefore sees as its priority in respect of this region, local governments with the ability to successfully and sustainably respond to the demands of rapid and ongoing population growth.

In addressing the objectives of the Act and its Terms of Reference from a planning and growth management perspective, the Commission has sought to:

- build on the broad regional strategy and sub-regional structure of major urban areas underpinning the statutory SEQ Regional Plan; and

- establish a scale and association of local governments that would best address the planning and infrastructure needs of particular sub-regions, within the overall strategy of the SEQ Regional Plan.

These planning sub-regions are:

- **Brisbane City** – the State capital, primary urban centre, heart of the SEQ region’s employment, commercial, retail and manufacturing and location of substantial investment in community and related infrastructure such as major hospitals and tertiary education institutions (which are emerging as centres for medical and industry related research and development), the suburban rail network, airport and seaport.
- **Greater Brisbane frame** – comprising the surrounding urban local governments of Pine Rivers, Caboolture, and Redcliffe to the north of Brisbane City, and Redland and Logan to the south. These frame the areas which comprise a significant part of the SEQ Regional Plan’s Urban Footprint, and are closely associated with Brisbane City in terms of it being a major employment provider for their residents.
- **Western corridor sub-region** – a major urban growth corridor for future residential, business and industry expansion within the existing Ipswich urban areas and major master planned communities at Springfield and Ripley Valley.
- **Sunshine Coast sub-region** – comprising Noosa, Maroochy and Caloundra and separated from the Greater Brisbane metropolitan area by a major inter-urban break north of Caboolture and Landsborough consisting of the Pumicestone Passage catchment and the forested/rural lands of Beerburrum and the Glass House Mountains. This independent sub-region contains significant environmental and scenic amenities, national parks and is a major local, national and international tourist destination.
- **Gold Coast sub-region** – consisting of Gold Coast City local government area, separated from the Greater Brisbane sub-region by the

## Preparing Queensland local government for the challenges of the 21<sup>st</sup> century

Albert River and a small inter-urban break on the Pimpama River. The Gold Coast is an area of very high population growth and a significant local, national and international tourist destination. It contains important riverine and mountain habitat values including national parks and World Heritage areas. It also has a strong cross-border relationship with Tweed Shire to the south.

- **Rural frame sub-regions** – comprising three broad and distinct rural areas predominantly designated as “Regional Landscape and Rural Production” areas in the SEQ Regional Plan. These areas provide surrounding rural frame and hinterland to the major population areas of the Urban Footprint. They contain a range of important ecosystems; areas of significant biodiversity value, vegetation and forest; areas of high scenic and landscape amenity; national parks and conservation areas of various types; water catchments, storages and groundwater resources; and good quality agricultural soils and land suited for rural production.

The three rural frame sub-regions are:

- **Rural water catchment** of Kilcoy and Esk Shires to the north-west of Brisbane. Its long-term future is as the major water catchment for the SEQ region with farming being the main economic activity within a water catchment management regime;
- **Farming and horticulture production area** of Gatton and Laidley Shires beyond the western corridor, containing highly productive agricultural and horticultural lands and farming enterprises; and
- **Farming and agro-ecotourism area** of southern Beaudesert Shire and Boonah Shires including the World Heritage-listed scenic rim with its many ecological and biodiversity habitats, areas of natural landscape and scenic value, outdoor recreational pursuits, as well as important agricultural/horticultural production areas and specialist rural pursuits such as the equine industry.

The Commission’s recommendations for South East Queensland are designed to structure local government in a way that allows councils to focus on their planning and further develop

their expertise around the SEQ regional planning strategy.

The proposed new North Moreton Regional Council and the expanded Logan City will need to focus on the accommodation of 40 percent of the region’s future population and housing growth between 2007 and 2026.

The water catchment for the region will be predominantly, though not exclusively, in the new council of Somerset. The planning strategy and land use policies adapted by this new council should therefore be directed this end. Similarly, the new Lockyer Valley Regional Council has been recommended to reflect the importance of its role as the “food bowl” for the region. Its planning policies and land use strategies should reflect this.

The new Beaudesert Regional Council has a significant potential as an area catering for specialist rural enterprises such as the equine industry, unique agro-ecotourism enterprises and nature based outdoor recreation pursuits complementing more traditional forms of farming and horticulture. In the long-term, Bromelton has an important future as a major regional inter-modal logistics and manufacturing location which in turn will generate related urban growth. The planning policies for the new Regional Council need to promote and protect these opportunities.

The new Sunshine Coast and Gold Coast Councils, which are relatively independent of the Brisbane metropolitan area, will continue to benefit from their particular place in the broader SEQ region, but now have the opportunity to focus on their longer-term future as self-contained major economic regions with their own distinctive characteristics framed by substantial rural and environmental hinterlands.

### Summary

The Commission considers local government reform at this point in Queensland’s history is about much more than just the issue of financial viability. Many suggestions to the Commission argued for the retention of current boundaries as they had either served Queensland well for over a century or that “if it ain’t broke, don’t fix it”. However, the challenges which local government must confront in the coming decades will require councils that possess

strong balance sheets, together with the capacity to absorb shocks associated with significant change or unexpected events. The ability to attract and retain management and other expertise is essential if councils are to equip themselves to handle such eventualities. They must also be of a size and scale sufficient to:

- remove inefficiencies resulting from duplication and sub-optimal use of assets;
- enable growth of knowledge, development of capacity and fostering of innovation; and
- provide effective political leadership to, and advocacy for, communities facing fast-paced change.

In undertaking the task set for it, the Commission has reviewed a substantial quantity of material. Documents and reports referred to in the Terms of Reference and the vast detail provided in suggestions from individuals and organisations provide the bulk of this material. This input was supplemented by other data sought by Commission analysts and included enrolment information, details of council requests for electoral and boundaries review and a wide range of digital and other mapping. In dealing with all of this input, the seven Commissioners have drawn on their diverse backgrounds, skills and experience to produce what they believe to be an accurate and comprehensive report.

With this in mind, and guided by the objectives of the Act to which it must adhere and its Terms of Reference, the key recommendations of the Commission propose:

- Consolidation of Queensland councils through amalgamation from 157 to 73 (including Brisbane City).
- South East Queensland councils be consolidated from 17 to 10 councils (including Brisbane City).
- No boundary change to 37 council areas (including Brisbane City).
- No amalgamation of large western councils due to the inability of structural reform to lead to any significant service delivery or capacity benefits.
- Formation of the Torres Strait Island Regional Council and the Northern Peninsula Area

Regional Council involving Aboriginal and Torres Strait Island councils.

- No amalgamation of Aboriginal and mainstream councils at this time, due to the unique features of Aboriginal councils that require further investigation.
- Giving councils the ability to petition the State Government to alter the name of a new local government area proposed by the Commission.
- Changing the electoral arrangements of councils (with the exception of Torres Strait Island Regional Council and Northern Peninsula Area Regional Council) to conduct their election on 15 March 2008 on an undivided basis.
- Changing the electoral composition of councils to reduce the number of councillors in Queensland from 1,250 to 526, a reduction of 724, to emphasise the need for stronger strategic leadership to local government in Queensland.
- Financial sustainability reviews be undertaken on a regular basis for Queensland councils.
- Provision of State Government assistance to manage transition and early implementation of the reforms and build the capacity of councils that have existing capacity or sustainability issues.

All of the Commission's recommendations are summarised in the following tables and are designed to deliver a stronger local government structure capable of:

- dealing with the challenges of planning for the transformation communities will experience in the coming decades due to expanding economic activity in regions right across the State; and
- managing in a way that delivers quality environmental outcomes, well serviced and socially supported communities and sustainable use of the natural resources upon which life depends.

# What's happened to my council?

Recommendations for 156 local government areas

Current local government area	Boundary change
<b>Aramac Shire Council</b>	Amalgamate with Barcaldine and Jericho Shires
<b>Atherton Shire Council</b>	Amalgamate with Eacham, Herberton and Mareeba Shires
<b>Aurukun Shire Council</b>	No boundary change
<b>Badu Island Council</b>	Amalgamate in Torres Strait Island Regional Council
<b>Balonne Shire Council</b>	No boundary change
<b>Bamaga Island Council</b>	Amalgamate with Injinoo, Umagico and New Mapoon Aboriginal Shires and Seisia Island
<b>Banana Shire Council</b>	Amalgamate with Division 1 of Taroom Shire
<b>Barcaldine Shire Council</b>	Amalgamate with Aramac and Jericho Shires
<b>Barcoo Shire Council</b>	No boundary change
<b>Bauhinia Shire Council</b>	Amalgamate with Emerald, Peak Downs and Duarunga Shires
<b>Beaudesert Shire Council</b>	Amalgamate southern rural areas, including town of Beaudesert with Boonah Shire in Beaudesert Regional Council and amalgamate northern urban areas with Logan City
<b>Belyando Shire Council</b>	Amalgamate with Nebo and Broadsound Shires
<b>Bendemere Shire Council</b>	Amalgamate with Bungil, Warroo and Booringa Shires and Roma Town
<b>Biggenden Shire Council</b>	Amalgamate with Gayndah, Mundubbera, Eidsvold, Perry and Monto Shires
<b>Blackall Shire Council</b>	Amalgamate with Tambo Shire
<b>Boigu Island Council</b>	Amalgamate in Torres Strait Island Regional Council
<b>Boonah Shire Council</b>	Amalgamate with southern rural areas of Beaudesert Shire, including town of Beaudesert and transfer Harrisville/Peak Crossing area from Ipswich City
<b>Booringa Shire Council</b>	Amalgamate with Bungil, Bendemere, and Warroo Shires and Roma Town
<b>Boulia Shire Council</b>	No boundary change
<b>Bowen Shire Council</b>	Amalgamate with Whitsunday Shire
<b>Brisbane City Council</b>	<b>Not part of this review</b>
<b>Broadsound Shire Council</b>	Amalgamate with Belyando and Nebo Shires
<b>Bulloo Shire Council</b>	No boundary change
<b>Bundaberg City Council</b>	Amalgamate with Burnett, Isis and Kolan Shires
<b>Bungil Shire Council</b>	Amalgamated with Bendemere, Warroo and Booringa Shires and Roma Town

	<b>Class and composition</b>	<b>Name</b>	<b>Report Reference Volume 2</b>
	Undivided Regional Council with 6 Councillors + Mayor	Barcaldine Regional Council	P22
	Undivided Regional Council with 8 Councillors + Mayor	Tablelands Regional Council	P310
	Undivided Shire Council with 4 Councillors + Mayor	Aurukun Shire Council	P8
	Divided Regional Council with one elected Councillor per Island Community (15) + Mayor (elected at large)	Torres Strait Island Regional Council	P328
	Undivided Shire Council with 4 Councillors + Mayor	Balonne Shire Council	P12
	Divided Regional Council with one elected Councillor per Community (5) + Mayor (elected at large)	Northern Peninsula Area Regional Council	P241
	Undivided Shire Council with 6 Councillors + Mayor	Banana Shire Council	P17
	Undivided Regional Council with 6 Councillors + Mayor	Barcaldine Regional Council	P22
	Undivided Shire Council with 4 Councillors + Mayor	Barcoo Shire Council	P27
	Undivided Regional Council with 8 Councillors + Mayor	Emerald Regional Council	P115
	Note: now Beaudesert Regional Council and Logan City Council	Not applicable	N/A
	Undivided Regional Council with 8 Councillors + Mayor	Isaac Regional Council	P169
	Undivided Regional Council with 8 Councillors + Mayor	Roma Regional Council	P279
	Undivided Regional Council with 6 Councillors + Mayor	North Burnett Regional Council	P228
	Undivided Regional Council with 4 Councillors + Mayor	Blackall Regional Council	P37
	Divided Regional Council with one elected Councillor per Island Community (15) + Mayor (elected at large)	Torres Strait Island Regional Council	P328
	Undivided Regional Council with 6 Councillors + Mayor	Beaudesert Regional Council	P32
	Undivided Regional Council with 8 Councillors + Mayor	Roma Regional Council	P279
	Undivided Shire Council with 4 Councillors + Mayor	Boulia Shire Council	P42
	Undivided Regional Council with 6 Councillors + Mayor	Whitsunday Regional Council	P340
			N/A
	Undivided Regional Council with 8 Councillors + Mayor	Isaac Regional Council	P169
	Undivided Shire Council with 4 Councillors + Mayor No change	Bulloo Shire Council	P46
	Undivided Regional Council with 10 Councillors + Mayor	Bundaberg Regional Council	P51
	Undivided Regional Council with 8 Councillors + Mayor	Roma Regional Council	P279

## What's happened to my council? (cont.)

### Recommendations for 156 local government areas

Current local government area	Boundary change
<b>Burdekin Shire Council</b>	No boundary change
<b>Burke Shire Council</b>	No boundary change
<b>Burnett Shire Council</b>	Amalgamate with Isis and Kolan Shires and Bundaberg City
<b>Caboolture Shire Council</b>	Amalgamate with Pine Rivers Shire and Redcliffe City
<b>Cairns City Council</b>	Amalgamate with Douglas Shire
<b>Calliope Shire Council</b>	Amalgamate with Gladstone City and Miriam Vale Shire
<b>Caloundra City Council</b>	Amalgamate with Maroochy and Noosa Shires
<b>Cambooya Shire Council</b>	Amalgamate with Clifton, Pittsworth, Millmerran, Jondaryan, Rosalie and Crows Nest Shires and Toowoomba City
<b>Cardwell Shire Council</b>	Amalgamate with Johnstone Shire
<b>Carpentaria Shire Council</b>	No boundary change
<b>Charters Towers City Council</b>	Amalgamate with Dalrymple Shire
<b>Cherbourg Aboriginal Shire Council</b>	No boundary change
<b>Chinchilla Shire Council</b>	Amalgamate with Murilla, Tara and Wambo Shires, Dalby Town and Division 2 of Taroom Shire (Wandoan area)
<b>Clifton Shire Council</b>	Amalgamate with Millmerran, Pittsworth, Cambooya, Jondaryan, Rosalie and Crows Nest Shires and Toowoomba City
<b>Cloncurry Shire Council</b>	No boundary change
<b>Cook Shire Council</b>	No boundary change
<b>Cooloola Shire Council</b>	Amalgamate with Kilkivan Shire and Division 3 of Tiaro Shire (Theebine/Gunalda area)
<b>Crows Nest Shire Council</b>	Amalgamate with Rosalie, Jondaryan, Millmerran, Pittsworth, Clifton and Cambooya Shires and Toowoomba City
<b>Croydon Shire Council</b>	No boundary change
<b>Dalby Town Council</b>	Amalgamate with Wambo, Tara, Murilla and Chinchilla Shires and Division 2 of Taroom Shire (Wandoan area)
<b>Dalrymple Shire Council</b>	Amalgamate with Charters Towers City
<b>Dauan Island Council</b>	Amalgamate in Torres Strait Island Regional Council
<b>Diamantina Shire Council</b>	No boundary change

	<b>Class and composition</b>	<b>Name</b>	<b>Report Reference Volume 2</b>
	Undivided Shire Council with 6 Councillors + Mayor	Burdekin Shire Council	P57
	Undivided Shire Council with 4 Councillors + Mayor	Burke Shire Council	P61
	Undivided Regional Council with 10 Councillors + Mayor	Bundaberg Regional Council	P51
	Undivided Regional Council with 12 Councillors + Mayor	North Moreton Regional Council	P234
	Undivided Regional Council with 10 Councillors + Mayor	Cairns Regional Council	P65
	Undivided Regional Council with 8 Councillors + Mayor	Gladstone Regional Council	P135
	Undivided Regional Council with 12 Councillors + Mayor	Sunshine Coast Regional Council	P302
	Undivided Regional Council with 10 Councillors + Mayor	Toowoomba Regional Council	P315
	Undivided Regional Council with 6 Councillors + Mayor	Cassowary Coast Regional Council	P75
	Undivided Shire Council with 4 Councillors + Mayor	Carpentaria Shire Council	P71
	Undivided Regional Council with 6 Councillors + Mayor	Charters Towers Regional Council	P80
	Undivided Aboriginal Shire Council with 4 Councillors + Mayor	Cherbourg Aboriginal Shire Council	P85
	Undivided Regional Council with 8 Councillors + Mayor	Dalby Regional Council	P101
	Undivided Regional Council with 10 Councillors + Mayor	Toowoomba Regional Council	P315
	Undivided Shire Council with 4 Councillors + Mayor	Cloncurry Shire Council	P89
	Undivided Shire Council with 6 Councillors + Mayor	Cook Shire Council	P93
	Undivided Regional Council with 8 Councillors + Mayor	Gympie Regional Council	P151
	Undivided Regional Council with 10 Councillors + Mayor	Toowoomba Regional Council	P315
	Undivided Shire Council with 4 Councillors + Mayor No change	Croydon Shire Council	P97
	Undivided Regional Council with 8 Councillors + Mayor	Dalby Regional Council	P101
	Undivided Regional Council with 6 Councillors + Mayor	Charters Towers Regional Council	P80
	Divided Regional Council with one elected Councillor per Island Community (15) + Mayor (elected at large)	Torres Strait Island Regional Council	P328
	Undivided Shire Council with 4 Councillors + Mayor	Diamantina Shire Council	P107

## What's happened to my council? (cont.)

### Recommendations for 156 local government areas

Current local government area	Boundary change
<b>Doomadgee Aboriginal Shire Council</b>	No boundary change
<b>Douglas Shire Council</b>	Amalgamate with Cairns City
<b>Duaranga Shire Council</b>	Amalgamate with Bauhinia, Emerald and Peak Downs Shires
<b>Eacham Shire Council</b>	Amalgamate with Herberton, Mareeba and Atherton Shires
<b>Eidsvold Shire Council</b>	Amalgamate with Mundubbera, Gayndah, Biggenden, Perry and Monto Shires
<b>Emerald Shire Council</b>	Amalgamate with Peak Downs, Bauhinia and Duaringa Shires
<b>Erub Island Council</b>	Amalgamate in Torres Strait Island Regional Council
<b>Esk Shire Council</b>	Amalgamate with Kilcoy Shire
<b>Etheridge Shire Council</b>	No boundary change
<b>Fitzroy Shire Council</b>	Amalgamate with Mount Morgan and Livingstone Shires and Rockhampton City
<b>Flinders Shire Council</b>	No boundary change
<b>Gatton Shire Council</b>	Amalgamate with Laidley Shire
<b>Gayndah Shire Council</b>	Amalgamate with Mundubbera, Eidsvold, Monto, Perry and Biggenden Shires
<b>Gladstone City Council</b>	Amalgamate with Calliope and Miriam Vale Shires
<b>Gold Coast City Council</b>	Transfer Beenleigh/Eagleby area north of the Albert River to Logan City
<b>Goondiwindi Town Council</b>	Amalgamate with Waggamba and Inglewood Shires
<b>Hammond Island Council</b>	Amalgamate in Torres Strait Island Regional Council
<b>Herberton Shire Council</b>	Amalgamate with Eacham, Atherton and Mareeba Shires
<b>Hervey Bay City Council</b>	Amalgamate with Maryborough City, Woocoo Shire and Divisions 1 and 2 of Tiaro Shire
<b>Hinchinbrook Shire Council</b>	No boundary change
<b>Hope Vale Aboriginal Shire Council</b>	No boundary change
<b>Iama Island Council</b>	Amalgamate in Torres Strait Island Regional Council
<b>Ilfracombe Shire Council</b>	Amalgamate with Isisford and Longreach Shires
<b>Inglewood Shire Council</b>	Amalgamate with Waggamba Shire and Goondiwindi Town

	<b>Class and composition</b>	<b>Name</b>	<b>Report Reference Volume 2</b>
	Undivided Aboriginal Shire Council with 4 Councillors + Mayor	Doomadgee Aboriginal Shire Council	P111
	Undivided Regional Council with 10 Councillors + Mayor	Cairns Regional Council	P65
	Undivided Regional Council with 8 Councillors + Mayor	Emerald Regional Council	P115
	Undivided Regional Council, with 8 Councillors + Mayor	Tablelands Regional Council	P310
	Undivided Regional Council with 6 Councillors + Mayor	North Burnett Regional Council	P228
	Undivided Regional Council with 8 Councillors + Mayor	Emerald Regional Council	P115
	Divided Regional Council with one elected Councillor per Island Community (15) + Mayor (elected at large)	Torres Strait Island Regional Council	P328
	Undivided Regional Council with 6 Councillors + Mayor	Somerset Regional Council	P285
	Undivided Shire Council with 4 Councillors + Mayor	Etheridge Shire Council	P121
	Undivided Regional Council with 10 Councillors + Mayor	Rockhampton Regional Council	P273
	Undivided Shire Council with 4 Councillors + Mayor	Flinders Shire Council	P125
	Undivided Regional Council with 6 Councillors + Mayor	Lockyer Valley Regional Council	P182
	Undivided Regional Council with 6 Councillors + Mayor	North Burnett Regional Council	P228
	Undivided Regional Council with 8 Councillors + Mayor	Gladstone Regional Council	P135
	Undivided City Council with 14 Councillors + Mayor	Gold Coast City Council	P141
	Undivided Regional Council with 6 Councillors + Mayor	Goondiwindi Regional Council	P146
	Divided Regional Council with one elected Councillor per Island Community (15) + Mayor (elected at large)	Torres Strait Island Regional Council	P328
	Undivided Regional Council with 8 Councillors + Mayor	Tablelands Regional Council	P310
	Undivided Regional Council with 10 Councillors + Mayor	Fraser Coast Regional Council	P129
	Undivided Shire Council with 6 Councillors + Mayor	Hinchinbrook Shire Council	P156
	Undivided Aboriginal Shire Council with 4 Councillors + Mayor	Hope Vale Aboriginal Shire Council	P160
	Divided Regional Council with one elected Councillor per Island Community (15) + Mayor (elected at large)	Torres Strait Island Regional Council	P328
	Undivided Regional Council with 6 Councillors + Mayor	Longreach Regional Council	P194
	Undivided Regional Council with 6 Councillors + Mayor	Goondiwindi Regional Council	P146

## What's happened to my council? (cont.)

### Recommendations for 156 local government areas

Current local government area	Boundary change
<b>Injinoo Aboriginal Shire Council</b>	Amalgamate with Umagico and New Mapoon Aboriginal Shires and Bamaga and Seisia Islands
<b>Ipswich City Council</b>	Transfer Harrisville/Peak Crossing area to Beaudesert Regional Council
<b>Isis Shire Council</b>	Amalgamate with Kolan and Burnett Shires and Bundaberg City
<b>Isisford Shire Council</b>	Amalgamate with Ilfracombe and Longreach Shires
<b>Jericho Shire Council</b>	Amalgamate with Barcaldine and Aramac Shires
<b>Johnstone Shire Council</b>	Amalgamate with Cardwell Shire
<b>Jondaryan Shire Council</b>	Amalgamate with Millmerran, Pittsworth, Cambooya, Clifton, Rosalie and Crows Nest Shires and Toowoomba City
<b>Kilcoy Shire Council</b>	Amalgamate with Esk Shire
<b>Kilkivan Shire Council</b>	Amalgamate with Cooloola Shire and Division 3 of Tiaro Shire (Theebine/Gunalda areas)
<b>Kingaroy Shire Council</b>	Amalgamate with Wondai, Murgon and Nanango Shires
<b>Kolan Shire Council</b>	Amalgamate with Isis and Burnett Shires and Bundaberg City
<b>Kowanyama Aboriginal Shire Council</b>	No boundary change
<b>Kubin Island Council</b>	Amalgamate in Torres Strait Island Regional Council
<b>Laidley Shire Council</b>	Amalgamate with Gatton Shire
<b>Livingstone Shire Council</b>	Amalgamate with Fitzroy and Mount Morgan Shires and Rockhampton City
<b>Lockhart River Aboriginal Shire Council</b>	No boundary change
<b>Logan City Council</b>	Amalgamate with northern urban areas of Beaudesert Shire and Beenleigh/Eagleby areas north of the Albert River from Gold Coast City
<b>Longreach Shire Council</b>	Amalgamate with Isisford and Ilfracombe Shires
<b>Mabuiag Island Council</b>	Amalgamate in Torres Strait Island Regional Council
<b>Mackay City Council</b>	Amalgamate with Mirani and Sarina Shires
<b>Mapoon Aboriginal Shire Council</b>	No boundary change
<b>Mareeba Shire Council</b>	Amalgamate with Atherton, Eacham and Herberton Shires
<b>Maroochy Shire Council</b>	Amalgamate with Caloundra City and Noosa Shire

	<b>Class and composition</b>	<b>Name</b>	<b>Report Reference Volume 2</b>
	Divided Regional Council with one elected Councillor per Community (5) + Mayor (elected at large)	Northern Peninsula Area Regional Council	P241
	Undivided City Council with 10 Councillors + Mayor	Ipswich City Council	P164
	Undivided Regional Council with 10 Councillors + Mayor	Bundaberg Regional Council	P51
	Undivided Regional Council with 6 Councillors + Mayor	Longreach Regional Council	P194
	Undivided Regional Council with 6 Councillors + Mayor	Barcaldine Regional Council	P22
	Undivided Regional Council with 6 Councillors + Mayor	Cassowary Coast Regional Council	P75
	Undivided Regional Council with 10 Councillors + Mayor	Toowoomba Regional Council	P315
	Undivided Regional Council with 6 Councillors + Mayor	Somerset Regional Council	P285
	Undivided Regional Council with 8 Councillors + Mayor	Gympie Regional Council	P151
	Undivided Regional Council with 6 Councillors + Mayor	South Burnett Regional Council	P291
	Undivided Regional Council with 10 Councillors + Mayor	Bundaberg Regional Council	P51
	Undivided Aboriginal Shire Council with 4 Councillors + Mayor	Kowanyama Aboriginal Shire Council	P174
	Divided Regional Council with one elected Councillor per Island Community (15) + Mayor (elected at large)	Torres Strait Island Regional Council	P328
	Undivided Regional Council with 6 Councillors + Mayor	Lockyer Valley Regional Council	P182
	Undivided Regional Council with 10 Councillors + Mayor	Rockhampton Regional Council	P273
	Undivided Aboriginal Shire Council with 4 Councillors + Mayor	Lockhart River Aboriginal Shire Council	P178
	Undivided City Council with 12 Councillors + Mayor	Logan City Council	P187
	Undivided Regional Council with 6 Councillors + Mayor	Longreach Regional Council	P194
	Divided Regional Council with one elected Councillor per Island Community (15) + Mayor (elected at large)	Torres Strait Island Regional Council	P328
	Undivided Regional Council with 10 Councillors + Mayor	Mackay Regional Council	P199
	Undivided Aboriginal Shire Council with 4 Councillors + Mayor	Mapoon Aboriginal Shire Council	P204
	Undivided Regional Council with 8 Councillors + Mayor	Tablelands Regional Council	P310
	Undivided Regional Council with 12 Councillors + Mayor	Sunshine Coast Regional Council	P302

## What's happened to my council? (cont.)

### Recommendations for 156 local government areas

Current local government area	Boundary change
<b>Maryborough City Council</b>	Amalgamate with Hervey Bay City, Woocoo Shire and Divisions 1 and 2 of Tiaro Shire
<b>McKinlay Shire Council</b>	No boundary change
<b>Mer Island Council</b>	Amalgamate in Torres Strait Island Regional Council
<b>Millmerran Shire Council</b>	Amalgamate with Pittsworth, Clifton, Cambooya, Jondaryan, Rosalie and Crows Nest Shires and Toowoomba City
<b>Mirani Shire Council</b>	Amalgamate with Mackay City and Sarina Shire
<b>Miriam Vale Shire Council</b>	Amalgamate with Calliope Shire and Gladstone City
<b>Monto Shire Council</b>	Amalgamate with Perry, Biggenden, Gayndah, Mundubbera and Eidsvold Shires
<b>Mornington Shire Council</b>	Include Sweers Island and Bountiful Islands (unincorporated lands)
<b>Mount Isa City Council</b>	No boundary change
<b>Mount Morgan Shire Council</b>	Amalgamate with Fitzroy and Livingstone Shires and Rockhampton City
<b>Mundubbera Shire Council</b>	Amalgamate with Eidsvold, Monto, Perry, Biggenden and Gayndah Shires
<b>Murgon Shire Council</b>	Amalgamate with Wondai, Kingaroy and Nanango Shires
<b>Murilla Shire Council</b>	Amalgamate with Tara, Chinchilla and Wambo Shires, Dalby Town and Division 2 of Taroom Shire (Wandoan area)
<b>Murweh Shire Council</b>	No boundary change
<b>Nanango Shire Council</b>	Amalgamate with Kingaroy, Murgon and Wondai Shires
<b>Napranum Aboriginal Shire Council</b>	No boundary change
<b>Nebo Shire Council</b>	Amalgamate with Belyando and Broadsound Shires
<b>New Mapoon Aboriginal Shire Council</b>	Amalgamate with Injinoo and Umagico Aboriginal Shires and Bamaga and Seisia Islands
<b>Noosa Shire Council</b>	Amalgamate with Maroochy Shire and Caloundra City
<b>Palm Island Aboriginal Shire Council</b>	No boundary change
<b>Paroo Shire Council</b>	No boundary change
<b>Peak Downs Shire Council</b>	Amalgamate with Emerald, Bauhinia and Duaringa Shires
<b>Perry Shire Council</b>	Amalgamate with Biggenden, Gayndah, Mundubbera, Eidsvold and Monto Shires

	<b>Class and composition</b>	<b>Name</b>	<b>Report Reference Volume 2</b>
	Undivided Regional Council with 10 Councillors + Mayor	Fraser Coast Regional Council	P129
	Undivided Shire Council with 4 Councillors + Mayor	McKinlay Shire Council	P208
	Divided Regional Council with one elected Councillor per Island Community (15) + Mayor (elected at large)	Torres Strait Island Regional Council	P328
	Undivided Regional Council with 10 Councillors + Mayor	Toowoomba Regional Council	P315
	Undivided Regional Council with 10 Councillors + Mayor	Mackay Regional Council	P199
	Undivided Regional Council with 8 Councillors + Mayor	Gladstone Regional Council	P135
	Undivided Regional Council with 6 Councillors + Mayor	North Burnett Regional Council	P228
	Undivided Shire Council with 4 Councillors + Mayor	Mornington Shire Council	P212
	Undivided Shire Council with 6 Councillors + Mayor	Mount Isa City Council	P216
	Undivided Regional Council with 10 Councillors + Mayor	Rockhampton Regional Council	P273
	Undivided Regional Council with 6 Councillors + Mayor	North Burnett Regional Council	P228
	Undivided Regional Council with 6 Councillors + Mayor	South Burnett Regional Council	P291
	Undivided Regional Council with 8 Councillors + Mayor	Dalby Regional Council	P101
	Undivided Shire Council with 4 Councillors + Mayor	Murweh Shire Council	P220
	Undivided Regional Council with 6 Councillors + Mayor	South Burnett Regional Council	P291
	Undivided Aboriginal Shire Council with 4 Councillors + Mayor	Napranum Aboriginal Shire Council	P224
	Undivided Regional Council with 8 Councillors + Mayor	Isaac Regional Council	P169
	Divided Regional Council with one elected Councillor per Community (5) + Mayor (elected at large)	Northern Peninsula Area Regional Council	P241
	Undivided Regional Council with 12 Councillors + Mayor	Sunshine Coast Regional Council	P302
	Undivided Aboriginal Shire Council with 4 Councillors + Mayor	Palm Island Aboriginal Shire Council	P246
	Undivided Shire Council with 4 Councillors + Mayor	Paroo Shire Council	P250
	Undivided Regional Council with 8 Councillors + Mayor	Emerald Regional Council	P115
	Undivided Regional Council with 6 Councillors + Mayor	North Burnett Regional Council	P228

## What's happened to my council? (cont.)

### Recommendations for 156 local government areas

Current local government area	Boundary change
<b>Pine Rivers Shire Council</b>	Amalgamate with Caboolture Shire and Redcliffe City
<b>Pittsworth Shire Council</b>	Amalgamate with Millmerran, Clifton, Cambooya, Jondaryan, Rosalie and Crows Nest Shire and Toowoomba City
<b>Pormpuraaw Aboriginal Shire Council</b>	No boundary change
<b>Poruma Island Council</b>	Amalgamate in Torres Strait Island Regional Council
<b>Quilpie Shire Council</b>	No boundary change
<b>Redcliffe City Council</b>	Amalgamate with Pine Rivers and Caboolture Shires
<b>Redland Shire Council</b>	No boundary change
<b>Richmond Shire Council</b>	No boundary change
<b>Rockhampton City Council</b>	Amalgamate with Livingstone, Fitzroy and Mount Morgan Shires
<b>Roma Town Council</b>	Amalgamate with Bungil, Bendemere, Warroo and Booringa Shires
<b>Rosalie Shire Council</b>	Amalgamate with Crows Nest, Jondaryan, Millmerran, Pittsworth, Clifton and Cambooya Shires and Toowoomba City
<b>Saibai Island Council</b>	Amalgamate in Torres Strait Island Regional Council
<b>Sarina Shire Council</b>	Amalgamate with Mackay City and Mirani Shire
<b>Seisia Island Council</b>	Amalgamate with Injinoo, Umagico and New Mapoon Aboriginal Shires and Bamaga Island
<b>St Pauls Island Council</b>	Amalgamate in Torres Strait Island Regional Council
<b>Stanthorpe Shire Council</b>	Amalgamate with Warwick Shire
<b>Tambo Shire Council</b>	Amalgamate with Blackall Shire
<b>Tara Shire Council</b>	Amalgamate with Murilla, Chinchilla and Wambo Shires, Dalby Town and Division 2 of Taroom Shire (Wandoan area)
<b>Taroom Shire Council</b>	Amalgamate Division 1 (Taroom area) with Banana Shire and amalgamate Division 2 (Wandoan area) in Dalby Regional Council
<b>Thuringowa City Council</b>	Amalgamate with Townsville City
<b>Tiaro Shire Council</b>	Amalgamate Divisions 1 and 2 (northern areas of Shire) with Maryborough and Hervey Bay Cities and Woocoo Shire in Fraser Coast Regional Council and amalgamate Division 3 (Theebine/Gunalda areas) with Cooloola and Kilkivan Shires in Gympie Regional Council

	<b>Class and composition</b>	<b>Name</b>	<b>Report Reference Volume 2</b>
	Undivided Regional Council with 12 Councillors + Mayor	North Moreton Regional Council	P234
	Undivided Regional Council with 10 Councillors + Mayor	Toowoomba Regional Council	P315
	Undivided Aboriginal Shire Council with 4 Councillors + Mayor	Pormpuraaw Aboriginal Shire Council	P254
	Divided Regional Council with one elected Councillor per Island Community (15) + Mayor (elected at large)	Torres Strait Island Regional Council	P328
	Undivided Shire Council with 4 Councillors + Mayor	Quilpie Shire Council	P259
	Undivided Regional Council with 12 Councillors + Mayor	North Moreton Regional Council	P234
	Undivided City Council with 10 Councillors + Mayor	Redland City Council	P263
	Undivided Shire Council with 4 Councillors + Mayor	Richmond Shire Council	P269
	Undivided Regional Council with 10 Councillors + Mayor	Rockhampton Regional Council	P273
	Undivided Regional Council with 8 Councillors + Mayor	Roma Regional Council	P279
	Undivided Regional Council with 10 Councillors + Mayor	Toowoomba Regional Council	P315
	Divided Regional Council with one elected Councillor per Island Community (15) + Mayor (elected at large)	Torres Strait Island Regional Council	P328
	Undivided Regional Council with 10 Councillors + Mayor	Mackay Regional Council	P199
	Divided Regional Council with one elected Councillor per Community (5) + Mayor (elected at large)	Northern Peninsula Area Regional Council	P241
	Divided Regional Council with one elected Councillor per Island Community (15) + Mayor (elected at large)	Torres Strait Island Regional Council	P328
	Undivided Regional Council with 8 Councillors + Mayor	Southern Downs Regional Council	P297
	Undivided Regional Council with 4 Councillors + Mayor	Blackall Regional Council	P37
	Undivided Regional Council with 8 Councillors + Mayor	Dalby Regional Council	P101
	Note: now Banana Shire Council and Dalby Regional Council	Not applicable	N/A
	Undivided City Council with 12 Councillors + Mayor	Townsville City Council	P334
	Note: now Fraser Coast and Gympie Regional Councils	Not applicable	N/A

## What's happened to my council? (cont.)

### Recommendations for 156 local government areas

Current local government area	Boundary change
<b>Toowoomba City Council</b>	Amalgamate with Crows Nest, Rosalie, Jondaryan, Millmerran, Pittsworth, Clifton and Cambooya Shires
<b>Torres Shire Council</b>	No boundary change
<b>Townsville City Council</b>	Amalgamate with Thuringowa City
<b>Ugar Island Council</b>	Amalgamate in Torres Strait Island Regional Council
<b>Umagico Aboriginal Shire Council</b>	Amalgamate with Injinoo and New Mapoon Aboriginal Shires and Bamaga and Seisia Islands
<b>Waggamba Shire Council</b>	Amalgamate with Goondiwindi Town and Inglewood Shire
<b>Wambo Shire Council</b>	Amalgamate with Chinchilla, Tara and Murilla Shires, Dalby Town and Division 2 of Taroom Shire (Wandoan area)
<b>Warraber Island Council</b>	Amalgamate in Torres Strait Island Regional Council
<b>Warroo Shire Council</b>	Amalgamate with Booringa, Bungil and Bendemere Shires and Roma Town
<b>Warwick Shire Council</b>	Amalgamate with Stanthorpe Shire
<b>Whitsunday Shire Council</b>	Amalgamate with Bowen Shire
<b>Winton Shire Council</b>	No boundary change
<b>Wondai Shire Council</b>	Amalgamate with Murgon, Nanango and Kingaroy Shires
<b>Woocoo Shire Council</b>	Amalgamate with Maryborough and Hervey Bay Cities and Divisions 1 and 2 of Tiaro Shire
<b>Woorabinda Aboriginal Shire Council</b>	No boundary change
<b>Wujal Wujal Aboriginal Shire Council</b>	No boundary change
<b>Yarrabah Aboriginal Shire Council</b>	No boundary change
<b>Yorke Island Council</b>	Amalgamate in Torres Strait Island Regional Council

	<b>Class and composition</b>	<b>Name</b>	<b>Report Reference Volume 2</b>
	Undivided Regional Council with 10 Councillors + Mayor	Toowoomba Regional Council	P315
	Undivided Shire Council with 4 Councillors + Mayor	Torres Shire Council	P323
	Undivided City Council with 12 Councillors + Mayor	Townsville City Council	P334
	Divided Regional Council with one elected Councillor per Island Community (15) + Mayor (elected at large)	Torres Strait Island Regional Council	P328
	Divided Regional Council with one elected Councillor per Community (5) + Mayor (elected at large)	Northern Peninsula Area Regional Council	P241
	Undivided Regional Council with 6 Councillors + Mayor	Goondiwindi Regional Council	P146
	Undivided Regional Council with 8 Councillors + Mayor	Dalby Regional Council	P101
	Divided Regional Council with one elected Councillor per Island Community (15) + Mayor (elected at large)	Torres Strait Island Regional Council	P328
	Undivided Regional Council with 8 Councillors + Mayor	Roma Regional Council	P279
	Undivided Regional Council with 8 Councillors + Mayor	Southern Downs Regional Council	P297
	Undivided Regional Council with 6 Councillors + Mayor	Whitsunday Regional Council	P340
	Undivided Shire Council with 4 Councillors + Mayor	Winton Shire Council	P346
	Undivided Regional Council with 6 Councillors + Mayor	South Burnett Regional Council	P291
	Undivided Regional Council with 10 Councillors + Mayor	Fraser Coast Regional Council	P129
	Undivided Aboriginal Shire Council with 4 Councillors + Mayor	Woorabinda Aboriginal Shire Council	P350
	Undivided Aboriginal Shire Council with 4 Councillors + Mayor	Wujal Wujal Aboriginal Shire Council	P354
	Undivided Aboriginal Shire Council with 4 Councillors + Mayor	Yarrabah Aboriginal Shire Council	P359
	Divided Regional Council with one elected Councillor per Island Community (15) + Mayor (elected at large)	Torres Strait Island Regional Council	P328

# Other recommendations

ISSUE	RECOMMENDATION:	REPORT REF. VOL 1
<b>Community boards</b>	<p>1. With respect to the legislative provision for community boards, the Commission recommends that:</p> <p>(a) Community boards are not instituted as a formal component of Queensland's local government structure.</p> <p>(b) Councils be permitted to establish community boards or committees when they consider such a mechanism will assist in engagement with constituents on relevant matters.</p> <p>(c) The composition of such boards should be a matter for councils, and members of boards or committees should be appointed by the council, or a councillor (depending on their purpose) and should be chaired by a councillor. Community boards should not be popularly elected. (The council corporately, and the councillors individually, are ultimately accountable to the whole community for the decisions they take, and therefore should have the prerogative of determining the channels by which they receive advice.)</p> <p>(d) Representatives on any community board established by a council or an individual councillor should not be remunerated by virtue of their being a member of a community board. Reimbursement of actual costs incurred is a matter for the council.</p>	P50
<b>Names for local governments</b>	<p>2. Where two or more councils have been amalgamated and these councils share concerns regarding the name adopted by the Commission, that the State Government accept a unanimous submission from the councils which form the new entity for a different name. Any such submission must be with the State Government for consideration prior to the passage of any enabling legislation that gives effect to the recommendations of the Commission.</p>	P53
<b>Class of local governments</b>	<p>3. The Local Government Regulation 2005 s7 be amended to provide for a local government area to be a region, following an amalgamation of two or more councils of any class. The exception to this classification would be where the resulting amalgamated area meets the criteria for classification as a city or town.</p>	P53
<b>Electoral arrangements</b>	<p>4. The composition of councils can be calculated using Table 6.3 as a guide, with discretion exercised where councils have very large and difficult areas to administer.</p> <p>5. Decisions as to whether councillors serve in either a full or part-time capacity should remain with the relevant council.</p> <p>6. For the 2008 quadrennial elections, all councils subject to this review, apart from the Torres Strait Island Regional Council and the Northern Peninsula Area Regional Council, should conduct their election on an undivided basis.</p>	P56 P56 P57

ISSUE	RECOMMENDATION:	REPORT REF. VOL 1
	<p>7. All councils should conduct a review prior to 1 March 2011 to consider the relevance of internal divisions to their new make-up. If a council wishes to establish internal divisional boundaries, a referral to a Local Government Electoral and Boundaries Review Commission should be sought from the Minister for Local Government under the existing provisions of the Act.</p> <p>8. Methods of voting for councils should remain unchanged subject to the review of the Act.</p> <p>9. Arrangements for attendance or postal voting for councils should be unchanged subject to the review of the Act.</p> <p>10. All mayoral elections for the 2008 quadrennial elections should be at large with any future consideration to be subject to the review of the Act.</p>	<p>P57</p> <p>P58</p> <p>P58</p> <p>P58</p>
<b>Indigenous councils</b>	<p>11. The existing Island councils currently operating under the <i>Community Services (Torres Strait) Act 1984</i> (excluding Bamaga and Seisia) be abolished and a new regional local government be established and the new local government be called Torres Strait Island Regional Council (TSIRC).</p> <p>12. Electoral arrangements (including the need for community boards or similar structures) for the TSIRC local government should be developed in conjunction with the specific legislation for the regional council as outlined in the policy document <i>Local Government in the Torres Strait – The Way Forward</i>.</p> <p>13. The Councils of Bamaga, Injinoo, New Mapoon, Umagico and Seisia be abolished and a regional local government be formed and the new local government be called Northern Peninsula Area Regional Council (NPA Regional Council).</p> <p>14. Electoral arrangements and other implementation issues for the Northern Peninsula Area Regional Council be determined by State Government using the same process and in the same timeframe proposed for the Torres Strait Island Regional Council.</p> <p>15. The Minister for Local Government, Planning and Sport refer further work on proposed boundary changes involving the NPA Regional Council with Cook and Torres Shires to the Electoral Commission of Queensland as a reviewable local government matter.</p> <p>16. The State Government direct a review on the implications of land tenure arrangements for Aboriginal and Torres Strait Island councils within the context of any potential future structural reform involving DOGIT and non-DOGIT communities. Following the completion of the land tenure review consideration should be given to the applicability of the models proposed for the TSIRC and NPA Regional Council for other Aboriginal local governments (in particular western Cape York).</p>	<p>P61</p> <p>P62</p> <p>P63</p> <p>P63</p> <p>P63</p> <p>P64</p>

## Other recommendations (cont.)

ISSUE	RECOMMENDATION:	REPORT REF. VOL 1
	<p>17. The State Government pursues initiatives directed at improving the expertise and capacity of both newly formed and existing Aboriginal and Torres Strait Island councils. In particular, priority should be given to the development of arrangements that address the issues and recommendations outlined in Auditor-General reports.</p> <p>18. Composition of Aboriginal local governments should be altered in line with the recommendations made for local governments in Queensland in Part 6 of the report, based on transitioning provisions in the <i>Local Government (Community Government Areas) Act 2004</i> which are due to cease in 2008.</p>	<p>P65</p> <p>P66</p>
<b>Financial sustainability</b>	<p>19. Financial Sustainability Reviews should be undertaken by Queensland Treasury Corporation and be available to the local government, relevant government agencies and publicly. The reviews should be undertaken on a frequency basis which has regard to the assessed rating of the local government, namely:</p> <ul style="list-style-type: none"> <li>• financially distressed, very weak, and weak local governments should be reviewed annually;</li> <li>• moderate local governments every two years; and</li> <li>• strong and very strong local governments every three years.</li> </ul>	<p>P74</p>
<b>Implementation</b>	<p>20. Following the March 2008 local government election, consideration should be given by the relevant local governments or the Minister to refer the boundary change issues listed in the detailed analysis for each local government area in Volume 2, to the Electoral Commission of Queensland as reviewable local government matters.</p> <p>21. The State Government should:</p> <ol style="list-style-type: none"> <li>(a) manage the transition to, and early implementation of, the new arrangements;</li> <li>(b) give priority for assistance to councils that have existing capacity or financial sustainability issues as highlighted in Volume 2;</li> <li>(c) foster targeted training and joint initiatives with higher education institutions for the purposes of developing skills relevant to the local government sector;</li> <li>(d) build capacity within the Department of Local Government, Planning, Sport and Recreation and other relevant agencies to provide direct assistance in areas of need for local governments; and</li> <li>(e) investigate strategies to build on existing initiatives to address skill shortages and build capacity of local government in Queensland.</li> </ol>	<p>P75</p> <p>P77</p>

ISSUE	RECOMMENDATION:	REPORT REF. VOL 1
	<p>22. State and local government undertake the action recommended in Table 9.1 regarding the operations of Joint Local Governments following implementation of any relevant local government amalgamations and identify any other joint arrangements whose membership and/or ongoing functions may need review.</p> <p>23. There should be no unincorporated areas in Queensland. This should be achieved through:</p> <ul style="list-style-type: none"> <li>(a) incorporation of the areas of Sweers Island and the Bountiful Islands into the local government area of Mornington Island; and</li> <li>(b) State Government progressing negotiations with Rio Tinto regarding the “normalisation” of Weipa Town.</li> </ul> <p>24. With respect to the distribution of Financial Assistance Grants:</p> <ul style="list-style-type: none"> <li>(a) following the March 2008 local government elections the QLGGC should undertake a review of the funding methodology to examine the long-term impact of the new local government structure; and</li> <li>(b) any such review should be completed before the current four year guarantee for amalgamated councils ends.</li> </ul>	<p>P77</p> <p>P79</p> <p>P80</p>
<b>Suspended reviewable matters</b>	<p>25. Suspended limited reviewable local government matters for Cook/Hopevale and Cook/Wujal Wujal be re-submitted by the Councils to the ECQ following the 15 March 2008 quadrennial elections.</p>	<p>P83</p>

# 1.0 Introduction: the local government reform agenda

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## 1.1 Background

On Tuesday 17 April, the Queensland Government announced a State-wide reform of Queensland's local government sector. Never before has Queensland's local government sector undergone such a large-scale reform process.

The reform was instigated after the Queensland Government made an assessment of the Size, Shape and Sustainability (SSS) initiative. The Queensland Government evaluation determined councils had not made significant progress under the initiative, which was founded on the premise that councils would voluntarily review their arrangements and work together to achieve common goals.

In addition, concerns were expressed about the long-term financial capacity of some councils under the current local government system following the release of the Queensland Treasury Corporation's interim Financial Sustainability Review of Local Governments and the Queensland Auditor-General's annual report into the finances of councils for 2005-06.

An independent, seven-member Commission was established to guide the local government reform process.

The Commission's charter is to recommend structural changes to ensure strong, effective and financially-viable councils capable of:

- facilitating optimum service delivery to Queensland communities;
- effectively contributing to and participating in Queensland's regional economies;
- better managing economic, environmental and social planning consistent with regional communities of interest; and
- effectively partnering with other levels of government to ensure sustainable and viable communities.

The Local Government Reform Commission is to provide recommendations on names, classes, boundaries and electoral arrangements for new local government areas to the Queensland Government by 1 August 2007.

Brisbane City Council is excluded from this reform process, as it has already undergone large-scale reform and its activities are prescribed under the *City of Brisbane Act 1924*.

## 1.2 Objectives set for the Commission

In providing recommendations for Queensland's new local government areas, the Commission is guided by the provisions of s159C of the Act. The objectives set for the Commission and its functions are:

For achieving the objective of this part, this part –

- (a) establishes a Local Government Reform Commission –
  - (i) to examine, and to make recommendations for the reform of, on a whole of Queensland basis, local government area boundaries, and local government classes and names; and
  - (ii) to make recommendations for the composition of local governments and for the internal divisional arrangements of local government areas; and
  - (iii) to make recommendations for the implementation of the recommendations mentioned in subparagraphs (i) and (ii); and
- (b) provides for the submission of the Reform Commission's recommendations to the Minister; and
- (c) provides for the suspension of actions under part 1 (Reviewable local government matters) while the whole of Queensland reform process proceeds.

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## 1.3 Functions of the Commission

- (1) The reform commission has the following functions –
  - (a) to carry out a structural review of all local government areas;
  - (b) to make recommendations to the Minister for –
    - (i) how many local government areas there should be; and
    - (ii) what the external boundaries of each of the local government areas should be, including the local government areas for which no external boundary change is recommended; and
    - (iii) any class of local government area that there should be in addition to the classes of city, town and shire, and the criteria that should apply for declaring a local government to be of that class;
  - (c) to recommend to the Minister, for each local government area as recommended by the Reform Commission under paragraph (b)(i) and (ii) –
    - (i) the name of the local government area; and
    - (ii) the class of the local government area; and
    - (iii) the composition of the local government for the area; and
    - (iv) whether the local government area should have divisions, and if so, what the boundaries of the divisions should be, and how many councillors should be assigned to each division;
  - (d) to make recommendations to the Minister for implementation issues for any relevant reviewable local government matter mentioned in section 64(1)(a),(c),(e) or (f);
- (2) The Reform Commission must act in the performance of its functions under subsection (1) in a way that is consistent with making its recommendations before 1 August 2007.
- (3) However, the Minister may by gazette notice, whether published before or after 1 August 2007, declare a later date for the performance of –
  - (a) the Reform Commission’s functions in relation to all or part of the State; or
  - (b) an identified aspect of the reform commission’s functions in relation to all or a part of the State.
- (4) Subsections (2) and (3) do not stop the Minister from receiving a recommendation from the Reform Commission after the time provided for under the subsections for receiving the recommendation.
- (5) In this section –

***relevant reviewable local government matter*** means a reviewable local government matter that must be implemented if a recommendation of the Reform Commission under this section is to be given effect.

### 1.4 About the Commission

An independent Local Government Reform Commission was established under the Act to guide the local government reform process. The seven Commission members are:

#### *Commission Chairperson*

##### **Bob Longland**

Mr Longland was the Electoral Commissioner for Queensland and had 13 years experience with the Australian Electoral Commission, before serving as Electoral Commissioner for Queensland for four years. Mr Longland brought to his role as Commission Chair, extensive knowledge in the area of electoral roll management and boundary reviews at a Federal, State and local government level.

##### **Sir Leo Hielscher**

Sir Leo Hielscher is the Chair of Queensland Treasury Corporation, with more than 50 years' experience in government, banking and finance. Sir Leo Hielscher was also the Under Treasurer of Queensland for 14 years.

##### **Hon Terry Mackenroth**

Mr Mackenroth is the former Deputy Premier and Treasurer and a Member of Queensland Parliament from 1977 to 2005. Mr Mackenroth served as Minister in a wide range of portfolios, including Local Government and Planning, State Development and Sport.

##### **Hon Di McCauley**

Mrs McCauley is a former Member of the Queensland Parliament from 1986 to 1998; and former Minister for Local Government and Planning. She is a former councillor with Banana Shire Council and has lived all her life in country Queensland.

##### **Tom Pyne**

Mr Pyne is the former President of the Local Government Association of Queensland and former Mayor of Cairns and Mulgrave Shires. Mr Pyne served 39 years in local government.

##### **Hon Bob Quinn**

Mr Quinn is a former Leader of the Queensland Liberal Party and a Member of Parliament from 1989 until 2006. Mr Quinn was also a member of the Parliamentary Committee for Electoral and Administrative Review. He participated in the review of External Boundaries of Local Authorities, one of the major reviews conducted by the Committee.

#### *Administrative Commissioner*

##### **Kevin Yearbury**

Mr Yearbury is a former Electoral Commissioner and Director-General of the Department of Local Government and Planning, who has more than 20 years experience in State and local government.

***The Commission has been assisted in its work by a very able and diverse group of analysts and administrative staff; and wishes to place on record their appreciation for unstinting effort and dedication to meeting the many, varied and priority tasks set for the team.***

## 2.0 Terms of reference

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### 2.1 From legislation

The Commission was guided by the following Terms of Reference in preparing its recommendations on new local government arrangements. Section 159U of the Act provides that:

- 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, and in particular, must consider –
  - review areas established under Size, Shape and Sustainability (SSS) review processes; and
  - boundaries of areas covered by regions for which regional planning advisory committees have been established under the *Integrated Planning Act 1997*.
- 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;
- In making recommendations for creating new local government area from two or more existing local government areas, the Reform Commission must give preference, to the extent practicable, to all of the existing local government areas in the new area rather than parts of the existing areas.
- 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;

- In making its recommendations for new arrangements, the Reform Commission must identify any issues requiring further consideration for successfully establishing the new arrangements.

### 2.2 From the Minister

Pursuant to s159T(1)(b) of the Act, the Minister provided the following additional Terms of Reference to the Reform Commission:

- The Commission should have regard to the document *Review Group Scenarios for investigation during Comprehensive Review Phase* prepared by the Local Government Association of Queensland, which includes an analysis of possible structural reform that was being contemplated under the voluntary reform process known as Size, Shape and Sustainability (SSS);
- The Commission is to have regard to the reports *Household Projections, Queensland Local Government Areas 2007 and Queensland's Future Population – 2006 edition* prepared by the Department of Local Government Planning, Sport and Recreation's Planning Information and Forecasting Unit;
- The Commission should also have regard to the following reports of the Auditor-General:
  - a) Report No. 1 for 2007  
**Results of Local Government Audits for 2005 – 06**  
(Tabled 19 April 2007)
  - b) Report No. 3 for 2006  
**Results of 2004 – 05 Aboriginal and Island Council Audits**  
(Tabled 19 April 2007)
  - c) Report No. 1 for 2006  
**Results of Local Government Audits for 2004 – 05**  
(Tabled 5 May 2006)

## 2.0 Terms of reference

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- The Commission is to have regard to the findings of the Parliamentary Committee for Electoral and Administrative Review of the External Boundaries of Local Authorities in 1992. In having regard to the EARC Report, the Commission should recognise the instances where amalgamations and boundary changes have already resulted from that process. In particular, given the context of the SEQ Regional Plan, the Commission should provide for a continuing Gold Coast City Council and Ipswich City Council, with recommendations for adjustments to the external boundaries of these authorities a matter for the Commission to consider independently;
- With regards to local government in the Torres Strait, the Commission should have regard to the policy document *Local Government in the Torres Strait – The Way Forward*. This proposal may be taken as a formal submission by the Commission for independent assessment; and
- With regard to the legislated term of reference in s159U(5) of the *Local Government Act 1993*, the Commission should have regard to the ability introduced in s473A for the provision of community boards and structures such as community companies and corporations, and in particular to the ability of these structures to deliver services and preserve and enhance community and cultural identity.

## 3.0 Methodology

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### 3.1 Analysis

The Act has as its objective the organisation of local governments in Queensland in a way that:

- facilitates optimum service delivery to Queensland communities;
- ensures local governments effectively contribute to, and participate in, Queensland's regional economies;
- manages economic, environmental and social planning consistent with regional communities of interest; and
- effectively partners with other levels of government to ensure sustainable and viable communities.

In undertaking its task, the Commission evaluated various scenarios against these objectives. The scenarios selected for analysis were based on:

- Size, Shape and Sustainability (SSS) review groups and the document prepared by the Local Government Association of Queensland on possible structural reform being contemplated as part of the SSS initiative;
- Commission analysis of regional communities of interest;
- suggestions received from councils, individuals, organisations and community groups;
- retention of current boundaries and the extent to which a “no change” scenario met the objectives of the review; and
- models suggested as alternatives to amalgamation such as shared services.

In undertaking this evaluation, the Commission has drawn on a range of data sources, including those required by its Terms of Reference as well as:

- Queensland Treasury Corporation Financial Sustainability Reviews;
- Australian Bureau of Statistics published data;
- publicly available information on local government planning and operations;
- data from the Department of Natural Resources and Water on catchments;
- the *South East Queensland Infrastructure Plan and Program* (SEQIPP);

- mapping data from the Department of Natural Resources and Water and the Department of Local Government, Planning, Sport and Recreation;
- Electoral and Boundaries Review Commission data on referral of reviewable matters under the *Local Government Act 1993*; and
- published reports of the Office of the Local Government Commissioner from the period 1993 – 1995.

Additional analysis was undertaken for the South East Queensland area and Aboriginal and Torres Strait Island councils.

In the case of South East Queensland, this additional analysis involved an assessment of the growth management challenges confronting the region. The results of this analysis are incorporated in the Commission's proposals for South East Queensland local governments (in Volume 2).

For Aboriginal and Torres Strait Island councils, separate analysis was undertaken to take account of the land tenure arrangements involving these councils. Further detail on these issues is outlined in Part 7 on Aboriginal and Torres Strait Island local government.

In developing recommendations on the boundaries for local governments in Queensland the Commission used the following criteria (drawn from the Act's objectives and Terms of Reference) to assist in the evaluation of various scenarios:

- the capacity of local government to deliver services, undertake planning and exercise sound governance;
- relevant social, environmental and economic factors;
- community of interest considerations;
- financial sustainability; and
- boundary issues.

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## 3.2 Capacity of local government to deliver services, undertake planning and exercise sound governance

### 3.2.1 Capacity building

The Commission's analysis involved using data to identify how scenarios under consideration would improve local governments' ability to deliver services, undertake environmental, social and economic planning, and provide the local government with capacity to better manage risk. The Commission's assessment is that many councils currently are struggling to meet the demands that come with contemporary public administration and management. They are needing to compete for skills, expertise and experience and to appropriate substantial investment in management systems. It is the Commission's view, stronger more robust local governments will enable councils to attract and retain staff with the requisite skills and competencies needed to ensure the performance of core functions.

### 3.2.2 Structural inefficiencies

In addition, the Commission has examined the extent to which scenarios under consideration could remove structural barriers that:

- impede optimal service delivery; and
- inhibit effective growth management and planning for the social and economic development of a region.

Examples of structural barriers identified by the Commission include:

- where population growth in a locality cross existing council borders that would be best managed on a regional basis (for example – the Sunshine Coast, Toowoomba and the Fraser Coast);

- where multiple local governments' planning arrangements increase the complexity of managing economic development and growth for the region (such as the Darling Downs);
- where current local government boundaries artificially create barriers between similar communities, create duplication of administration and mitigate against consistency in planning and service delivery (for example, Townsville/Thuringowa and Mission Beach);
- where a large number of small administrations in a compact geographical area do not facilitate the ability of local government to actively capture and manage regional economic opportunities (such as the North Burnett region); and
- where local government boundaries impede optimal service delivery, for example, donut councils.

### 3.2.3 Costs and benefits

While the Commission recognises there are costs inherent in amalgamations, it has not attempted to quantify these costs in respect of the recommendations it makes. Rather, the Commission is guided by the experience of previous amalgamations in Queensland. Examples such as Cairns, Ipswich, Mackay, Warwick and Cooloola (all areas to have undergone amalgamation in the mid 1990's) illustrate the gains over time that came from amalgamation in terms of capacity and economies of scale. Significantly, in all cases, those councils that underwent amalgamation in the mid 1990's have emerged as stronger administrations, better equipped to initiate opportunities and meet the challenges of managing growth. These amalgamated councils have also been able to better represent their communities in dealings with State and Federal governments. This is evidenced by the outcomes of the LGAQ survey in November and December 2005 into community attitudes towards these amalgamations. This study of a sample of 650 residents from five councils found:

- in relation to service delivery, almost three times as many people felt council performance had improved than those that thought it had become worse; and

- only seven percent of respondents wanted to “turn the clock back” to previous local government boundaries.

Cairns City Council’s suggestion to the Commission made the observation that in the short-term the 1994 Cairns/Mulgrave amalgamation did impose a cost on the combined council (particularly in the first four years). However, the medium to long-term benefits of the reform process have been significant and are continuing.

The Commission also notes the matter of costs and benefits addressed by some councils as part of the SSS initiative. In particular, the draft reports of the two groups which had made the most progress (Crows Nest/Rosalie and Goondiwindi/Waggamba) quantified a number of the possible costs and benefits of amalgamation.

The Commission acknowledges caution needs to be exercised in applying this information more broadly (since the costs and benefits identified are specific to the amalgamation scenarios examined in these reviews). However, the findings from these four councils may be indicative of the likely type of costs and benefits arising from local government amalgamations generally. These reviews identified costs due to amalgamation could include:

- potential for the Financial Assistance Grant to decline after a four year freeze following amalgamation;
- potential disruptions to organisational output during the implementation period of an amalgamation; and
- expenditure incurred integrating council systems can take between two and three years to be recovered from efficiency gains.

Their reviews also highlighted a number of benefits accruing from amalgamation including:

- a new council with a larger resource base will be financially stronger than existing councils and better able to sustain and manage infrastructure assets, meet the service level expectations of the community and attract and retain quality staff in key positions;
- cost savings arising from economies of scale;
- potential application of savings to fill the gaps in middle management which in turn creates a

more efficient and productive organisation, and enhances the council’s governance including risk management and compliance with financial and other reporting requirements;

- savings from rationalisation of assets including plant and equipment, depots and workshops and administration centres; and
- better planning and infrastructure delivery across growth areas.

These reviews estimate the efficiencies and economies of scale would deliver a return to the community within two to three years.

While there can be endless debate around specific costs and benefits of particular amalgamation proposals, it is the Commission’s view, based on its review of previous amalgamation experience and the commentary of the most advanced SSS reviews, that structural reform offers the prospect of a range of benefits including:

- the potential to achieve economies of scale in respect of IT systems, plant and machinery;
- efficiencies in the delivery of infrastructure;
- attracting and retaining staff with the skills and expertise required to ensure the delivery of infrastructure and services to communities, plan for the social and economic development of areas, and manage environmental issues; and
- the ability to institute improved governance systems that deliver better value for money due to an enhanced capacity to manage risk, and meet financial management and other standards mandated through legislation or codes of practice.

In the end, the costs incurred by, and the benefits which accrue to amalgamated councils will largely be dependent upon decisions the new local governments make during the implementation phase.

For example, local governments will make different decisions on how they use the “dividends” derived from more effective decision-making and economies of scale. Some may apply these dividends to improving service delivery, some may return savings to the community, while others might seek to improve their systems and management capacity. The Commission cannot determine how these decisions will be made.

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## 3.3 Social, economic and environmental factors

The objective of organising local government to better manage social, economic and environmental planning, consistent with regional communities of interest, poses particular challenges. The economic characteristics, the environmental attributes and the social fabric of communities vary considerably across the regions of Queensland. In assessing these factors, the Commission had regard to the information and representations presented in the suggestions it received.

In addition to the material included in suggestions received, the Commission is also required to have regard to “regional communities of interest”.

The Commission considers the challenges confronting local government in the next 20 years will become increasingly evident at the regional level. In many respects the particular nature of these challenges will serve to redefine Queensland’s regions, around the following:

- sustaining the social fabric and viability of communities located in the vast expanses of western Queensland;
- dealing with the transformation of rural economies that have been based on traditional agricultural practices to a more robust, diverse and sustainable economic activity around new pursuits, including gas extraction and pastoral farming, forestry (greenhouse carbon sinks) and farming and outback tourism. These offer the prospects of further sustaining rural communities in regions west of the Great Dividing Range;
- dealing with the explosion of economic activity generated from exploration of the coal, gas, petroleum and mineral deposits that form a spine from the Darling Downs up through central Queensland to Bowen. Billions of dollars of infrastructure is programmed in this region to accommodate these resource based projects;

- managing the growth in regional cities stimulated by the service industries which are supporting the exploration, extraction, processing and transporting of the State’s mineral wealth and agricultural enterprises;
- managing the growth in the coastal regions stimulated by the sea-change and tree-change phenomena; and
- managing the growth in South East Queensland which is forecast to remain one of the fastest growing regions in Australia over the next 20 to 30 years.

The Commission’s view is these influences will shape the character of regions in Queensland in the coming decades. They present economic opportunities, but also challenges. In forming its views in relation to the Act’s objectives, the Commission has sought to balance the specific (social, economic and environmental) aspirations of local communities as expressed in suggestions, with the regional economies it sees emerging over the next 20 to 30 years.

## 3.4 Community of interest

In examining community of interest the Commission is guided by:

- The definition of community of interest defined in the *Local Government Regulation 2005*; and
- The Commission’s Terms of Reference that require it to 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.

The Commission recognises community of interest is a term that can be the subject of different interpretations. In its suggestion, the LGAQ highlighted the difficulties of using the concept of community of interest in boundary reviews, namely:

- the absence of a single and widely accepted definition;
- identifying and measuring communities of interest; and

- the various levels of, and bases for, communities of interest.

Other suggestions received by the Commission propose a variety of definitions for community of interest including:

- community of interest based on a combination of retail trade, sports districts, facilities (hospitals and education) and economic factors (house prices, agricultural marketing) (Cooloola);
- a distinction between ‘like communities’ and ‘community of interest’ based on economic links and future growth (Monto);
- an undefinable sense of place (Crows Nest/Rosalie) that places a ‘sense of identity’ over definable social, economic, planning, and environmental linkages;
- that adopted by the Office of the Local Government Commissioner in the 1994 review of local government boundaries (Local Government Association of Queensland);
- a combination of three elements, viz perceptual, functional and political (Sarina, Booringa, Tara, Goondwindi/Waggamba);
- the community that one has the strongest feeling of belonging to, something that is ‘self evident’ to those that have lived in the area (Balonne); and
- the social and economic interdependence of communities (Rockhampton).

A number of suggestions received by the Commission interpret community of interest differently while referencing a common area and similar data. For example Rockhampton City and Fitzroy, Livingstone and Mount Morgan Shire Councils all define the community of interest that exists between the four councils differently.

Some did not acknowledge obvious linkages and interdependencies. For example both Townsville and Thuringowa City Councils argued a significant difference in community of interest existed between the two, even though they undertake resource sharing and cooperative arrangements to jointly plan and service both jurisdictions and are socially and economically linked. A number of rural shires argued strongly they had a different community of interest to the town centre closest to them and where their council offices are often located. The

argument was put forward on the basis of the difference between rural and urban living.

Many suggestions were concerned with the concept of identity rather than that of a definable community of interest. These expressed apprehension that a specific community would not exist, would be subsumed or “lost” if they were amalgamated with other local governments. The Commission notes the passion and sense of place many Queenslanders feel for their particular community. However, the Commission has separated the issue of identification with a particular locality, from that of a broader regional community of interest.

It does so having regard to the objectives set for it, namely to provide for strong and sustainable local governments that can better manage economic, environmental and social planning consistent **with regional communities of interest**. The Commission considers that identification with ‘place’ or area specific communities already exists within the current local government arrangements, and that changes to these boundaries will not extinguish the ability for communities to identify with the particular locality into the future. For example, the residents of Maleny and Bribie Island have a strong definable identification with their present locality. Both these are distinctive communities within the current borders of Caloundra City and Caboolture Shire respectively. Similarly, the Eumundi/Doonan/Verrierdale Action Group, in its suggestion to the Commission, argues the distinctive nature of these communities aligns more closely with Noosa Shire than Maroochy Shire. The Commission notes that the identity of these areas has been able to be maintained within Maroochy Shire which also contains a number of hinterland and coastal communities, each with their own distinctive character.

There are similar examples across the State where distinctive communities continue to thrive within existing local government boundaries including Kuranda (in Mareeba Shire), Babinda (within the boundary of Cairns City Council), Airlie Beach (in Whitsundays Shire) and Magnetic Island (within the boundary of Townsville City Council). These examples demonstrate an area’s

unique sense of place is not lost or subsumed within a local government structure which reflects interdependencies that exist across a larger area.

### 3.5 Financial sustainability

The Commission has not attempted to define a minimum level of financial sustainability for local government in Queensland. The Commission has been strongly guided by its Terms of Reference to create local governments with *improved* financial sustainability.

The Commission utilised data generated from Queensland Treasury Corporation's Financial Sustainability Reviews (FSR). During scenario analysis, the Commission examined options to improve the sustainability of those councils identified through the FSR process as having significant sustainability issues that required action. Part 8 of the report provides more detail on the FSR process and how the Commission has examined the financial sustainability issue for local government in Queensland.

### 3.6 Boundaries

In considering boundary changes the Commission has been guided by its Terms of Reference, which state "when making a recommendation for creating a new local government area from two or more existing local government areas, the 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 area".

The Commission has tried to avoid splitting local government areas except where this is considered necessary to reflect communities of interest, or a realignment of boundaries is needed to enable a more effective response to growth management issues. In a number of its recommendations, the Commission identifies further boundary changes that, if implemented at some future date may more closely reflect communities of interest. The new councils should be encouraged to examine these further to establish whether they are likely to deliver long-term benefit to the respective communities.

# 4.0 Suggestions

## 4.1 Suggestions process

As required by legislation, the Commission offered the opportunity for local governments, individuals, organisations and community groups to have their say on changes to local government in Queensland. This was promoted through a State-wide newspaper advertising campaign from 28 April to 5 May 2007.

Interested parties were able to provide their views in writing to the Commission by 25 May 2007.

The Commission received 47,267 suggestions. Of those, over 43,000 were postcards, form letters and petitions as well as referrals of correspondence received by MPs, councils, other government departments or via the LGAQ website. There were 3,796 suggestions that contained specific issues for consideration. Each suggestion was reviewed and analysed and the information used to assist the Commission in its decision-making.

The effort involved in preparing these suggestions in a short timeframe is appreciated by the Commission. Their value to the deliberative process has been considerable. The Commission wishes to acknowledge all suggestions and thanks those individuals and organisations who have taken the time to participate in the reform process.

Suggestions – Appendix A	3,796
Form letters, proformas, surveys and postcards – Appendix A	36,570
Petitions (number of signatures) – Appendix A	3,624
Referrals from external sources – Appendix A	3,277
<b>Total suggestions received</b>	<b>47,267</b>

*Note: CD with details of suggestions in back cover of report*

## 4.2 Suggestions and the Commission's methodology

As outlined in Part 3 of this report, the suggestions process was an important element of the methodology used by the Commission. The suggestions provided information that assisted with the development of scenarios to be examined and validated other data reviewed by the Commission.

The suggestions provided:

- input into the selection of status quo, amalgamation and other scenarios to be examined by the Commission;
- data for examining scenarios against four key areas including:
  - capacity of local government to deliver services, undertake planning and exercise sound governance;
  - relevant social, environmental and economic factors;
  - community of interest considerations; and
  - financial sustainability.
- input and viewpoints on electoral arrangements for local government areas; and
- input and viewpoints on potential names for local government areas.

In addition to providing direct input into scenario analysis, the suggestions also provided a range of opinions on issues such as implementation, rationale for or against reform, local government operations and other issues of key concern to the community in relation to local government in Queensland.

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## 4.3 Key themes arising from suggestions

Analysis of the suggestions received by the Commission identified a number of key themes for consideration during the scenario analysis process. Some of the themes were more prevalent in particular regions of the State, and many develop differing and opposing arguments to local government reform. The following section highlights the most significant issues raised by local governments, business, community groups, State and Federal elected representatives, and individuals.

The key themes are:

- concerns with the local government reform agenda and Commission process;
- alternative models of structural reform (shared services, joint arrangements and alliances);
- representation;
- community boards;
- transition and implementation issues with amalgamations;
- impact of amalgamation on existing towns and the effect on employment and services;
- capacity of local government; and
- benefits of reform.

## 4.4 Concerns with reform agenda and Commission process

Many suggestions raised concerns with the concept of forced amalgamation as a method of reform for local government. In particular, preferences were expressed for voluntary amalgamation and the ability of any affected areas to undertake a referendum on the issue. The Commission has considered these views during scenario analysis for each region in Queensland.

With regard to views on holding a referendum for local government amalgamation, the Commission is guided by the views expressed by Electoral and Administrative Review Committee (EARC) and the Parliamentary Committee for Electoral and Administrative Review (PCEAR) and other experience with local government reform in Queensland and Australia. The March 1992 PCEAR report on External Boundaries of Local Authorities outlines other jurisdictions views that a requirement for a referendum would stifle worthwhile local government reform. The Commission also notes that a referendum has never been held for an amalgamation of local government in Queensland.

Some suggestions also:

- expressed concerns with the time available for the Commission to complete its task; and
- extended invitations to the Commission to visit specific areas, or for interested parties to make direct representations to the Commission.

Significant work undertaken in previous reform processes (such as the local government driven SSS initiative, Queensland Treasury Corporation Financial Sustainability Reviews, and the EARC and PCEAR work in early 1990s) provide substantial

building blocks for the Commission's work. This contributed to the Commission being able to meet the legislative deadline for its work and to confidently take into consideration all relevant information in making recommendations against its Terms of Reference.

As the Commission's Terms of Reference encompass the entire State, it was determined it would not be equitable to meet only with certain councils or individuals, and that the official suggestion process offered the means of ensuring all concerned individuals could have equal input into the Commission's deliberations.

The Commission did meet with a number of groups on the basis they represented key local government stakeholders within Queensland. These groups included:

- Local Government Managers Australia;
- Local Government Association of Queensland (LGAQ);
- Queensland Audit Office;
- Australian Services Union; and
- A delegation of Aboriginal and Torres Strait Island mayors.

## 4.5 Alternative models of structural reform

A number of suggestions put forward alternatives to amalgamation. The suggestion from the LGAQ advocates a range of models to enhance the efficiency of service delivery by councils as alternatives to amalgamation. The models suggested include multi-purpose joint local governments (with statutory recognition), shared services arrangements and strategic alliances. A number of councils also proposed the adoption of one or more of these models as their preferred alternative to amalgamation.

The issue of joint arrangements was also considered by the Electoral and Administrative Review Commission (EARC) in the early 1990s. Key issues identified at the time by EARC included:

- concerns where conflict arose between parties to a joint arrangement; and
- any system that removed accountability away from local government to an unelected board or committee.

The Commission has considered the merits of multi-purpose joint boards and shared services as alternatives to amalgamation, both generally and in the specific instances where they were proposed by councils.

Following examination of the various models the Commission concludes:

- multi-purpose joint boards and strategic alliances do not deliver any additional efficiencies in local government service delivery that could not be achieved through amalgamation with less cost and greater accountability to constituents; and
- regional co-operative structures and shared service arrangements generally offer less efficiency and economies of scale than could be achieved through amalgamation (essentially

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because of the additional overheads they incur). However, they may have applicability in areas where amalgamation is not being recommended by the Commission.

#### 4.5.1 Multi-purpose Joint Local Governments

The LGAQ advocates multi-purpose joint local governments (MPJLGs) as a mechanism by which a range of council functions could be performed more efficiently. Specifically, two or more councils would be represented on a board responsible for directing the performance of the activity across the area of the respective councils.

In its representations to the Commission, the LGAQ emphasised the need for such an entity to have a statutory basis, in order that the MPJLGs could conduct their functions with a degree of autonomy, unfettered by the parochial interests of their constituent councils.

The Commission does not see this model having merit as an alternative to the amalgamation of those councils which would comprise a MPJLG for the following reasons:

- Establishing these entities with the statutory powers essential for them to function is all but creating an additional tier of local government administration. The costs to support this “additional tier” of administration would likely be greater than if those services and functions were delivered by a unitary local government, with the capacity to deliver to constituents directly.
- MPJLGs will involve duplication of costs due to the separate administrative arrangements the MPJLG will have to establish to meet compliance, auditing and reporting requirements. These are costs the constituent local councils would also legally have to incur with respect of their activities. Units of local government large enough to undertake these functions without the need to establish an additional level of bureaucracy would spare ratepayers these unnecessary costs.
- Notwithstanding the respective councils being represented on the MPJLG, it is unlikely

councillors would relinquish functions and decision-making powers to another tier of administration, for fear they would be removed from the ability to directly influence decisions for which their constituents hold them accountable. The MPJLG model fulfilling its promise of major rationalisation of service delivery with attendant cost saving is therefore considered a remote prospect.

- Establishment of an “additional tier” of local government with statutory powers would inevitably lead to conflict and disputes with councils regarding jurisdiction, service delivery and performance. Some suggestions propose these could be managed through the establishment of an independent dispute resolution procedure. The Commission sees no value in recommending a structure that requires an independent dispute resolution apparatus (with its attendant costs, bureaucracy, and the policy paralysis that would result while disputes are settled) when such problems can be avoided by the formation of a single local government entity with the size, capability and capacity to deliver the requisite services and functions to constituent communities.

A further concern in establishing statutory MPJLGs is that accountability for proper management of the services, and in particular debt, is somewhat removed from the community which consumes the services. As a consequence, participating councils are less able to exercise proper governance and risk management.

Once amalgamated councils are established it is likely a number of existing joint boards will no longer be required as their functions can be conducted by the new amalgamated entity. This offers the prospect of improving the governance of these functions as well as delivering efficiencies and reducing costs as duplication of administrative systems is eliminated. Part 9 of this report identifies those joint boards that could be wound up due to the amalgamated council having the jurisdiction and capacity to undertake that function directly.

### 4.5.2 Shared services

Shared services is another model that has been proposed as an alternative to amalgamation. Shared services models range from simple agreements to share a common resource (such as a group of councils sharing engineering expertise), to councils outsourcing a range of back office functions (such as procurement, finance, asset management systems, rates and payroll activities) to achieve cost efficiencies through scale.

For large-scale shared services, providers operate in the commercial marketplace. Currently councils can choose to use QPG LG Shared Services (established by the LGAQ) as their provider, or utilise other private sector providers.

The LGAQ and certain councils have advocated shared services as a means of achieving efficiencies, avoiding the need for amalgamation. Proponents of shared services also suggest it provides a way of retaining local jobs which might otherwise be lost through amalgamation.

In the Commission's view, shared service models generally do not offer a superior alternative to amalgamation in respect of either retention of jobs or delivering greater cost efficiencies.

Councils outsource the delivery of certain services (to the LGAQ or other providers) on the basis they can be performed at lower cost. This is a function of scale resulting from the aggregation of work from a number of councils which enables the provider to achieve efficiencies. The costs associated with meeting the increasingly sophisticated requirements around payroll, accounting and compliance generally, have led small councils in particular to shared services as a cost effective option.

The efficiencies provided by the shared service provider come about because dispersed functions are centralised to a single or limited number of locations. Loss of jobs in remote areas is the inevitable result. Indeed, as competitive pressures increase, the process of concentration of certain

functions will intensify. Importantly, where shared service provision is outsourced, councils no longer have control over where the function occurs unless it is contractually specified. The argument that shared services allows retention of jobs in rural and remote centres is not therefore, a compelling one.

The Commission does not discount shared services as a valid method of performing certain functions cost effectively. However, shared service models are not a substitute for council amalgamations for the following reasons:

- Larger, more viable councils with increased capacity will be better positioned to retain jobs within their areas. The economies of scale and skills created by the council's enhanced capacity will be captured within the council's and not necessarily lost to an outside organisation.
- Even if it chooses to outsource certain functions, the enhanced capacity of an amalgamated council will enable it to better manage the provider of the services, to ensure it delivers to the required standards of quality and performance. It will also negotiate from a stronger position in respect of cost and performance given the larger volume of business on offer.
- The extent to which human resources are freed up by councils outsourcing or entering into shared service arrangements can be deployed to other front line functions, argued as a plus by those advocating the model, apply equally to an amalgamated council. Indeed, the enhanced capacity of an amalgamated council creates greater potential for the retention and redeployment of staff in such circumstances.

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### 4.5.3 Alliances (including integrated services)

In its representations to the Commission, the LGAQ advocated alliances as a mechanism that delivers cost efficiencies to councils in the provision of infrastructure and utility services, thus assisting their financial sustainability. In suggestions received from Inglewood and the Tablelands Strategic Alliance of Councils (Atherton, Eacham and Herberton Shire Councils), specific alliance models were proposed as an alternative to amalgamation.

Alliance models vary in their complexity from a simple contracting alliance as outlined below to more complex variations whereby services of different councils are integrated. For example, the alliance model suggested by Inglewood Shire Council envisages a two-tiered form of local government with a number of functions ceded to an additional level of local government appointed by the constituent councils. A model suggested by the Tablelands councils is based on existing shared service arrangements between groups of councils in the New England and Hunter regions of New South Wales. It involves integrating almost all functions and services of the existing councils but maintaining three separate council entities.

A simple alliance model is essentially a contracting methodology that enables:

- a more formalised and coordinated approach to the planning and programming of significant infrastructure for roads, water and a range of other services;
- a more efficient use of resources in the delivery of that infrastructure; and
- longer term commitments to be entered into for contracting work. This improves the prospects of sustaining jobs and retention of skills (which is a particular issue in rural and remote communities).

The Commission acknowledges alliances serve as a useful management tool for the delivery of works and services when two or more government entities have some shared responsibility or accountability for the expenditure, and where a combined or partnership approach will realise cost efficiencies

and social benefits beyond more conventional contracting approaches.

In rural and remote areas of Queensland the approach can be particularly valuable as it enables local governments to program and manage works in a way that most benefits local employment.

These benefits apply equally to amalgamated councils. A larger and stronger council with its enhanced capacity (workforce, plant and equipment) will be able to achieve even greater benefits from an alliance because:

- the size and scale of the council will enable a more strategic and cohesive approach to be taken to the planning, programming and delivery of the works;
- the enhanced capacity of the local government, particularly human resource capacity, is likely to better ensure that the risk/return trade-off between the councils involved and/or the provider of services is more equitable to the councils. Generally such arrangements favour those parties which have the best resources, particularly with respect to negotiation;
- fewer councils reduce the number of parties to a negotiation and the complexity in respect of programming works;
- fewer councils offer the prospect of less administration; and
- the reduced number of participating councils will streamline workforce deployment, and increase flexibility in the programming of work.

In respect of the integrated services model being advocated by some councils, the Commission sees an amalgamated council being able to deliver all the benefits ascribed to it. This can be achieved without the administrative complexity associated with council managers assuming responsibility for functions across two or more local governments while retaining primary accountability for advancing their own specific council interests.

### 4.5.4 Summary

While MPJLGs, shared services and alliances have been promoted in suggestions as alternatives to amalgamation, the Commission considers they are

inferior options. All the advantages nominated by advocates of these alternatives can be realised by amalgamated councils, with less bureaucracy and administration, and avoiding the complexity and delays that are an inevitable part of negotiating agreements with multiple councils. These approaches remain valid as management apparatus for use by accountable elected entities which can consider their applicability in addressing particular administrative, service delivery or contracting issues, not as a substitute for structural reform.

## 4.6 Representation

Many suggestions focused on issues with respect to representation. They include:

- number of elected officials;
- electoral arrangements;
- the view that amalgamation will reduce effectiveness of representation; and
- the view that Queensland is over governed.

The Commission's recommendations on these matters are covered in Parts 3 and 6 of the report. Some suggestions argue that amalgamation will reduce representation in particular areas. The contention is:

- small areas would lose representation in any amalgamation involving larger areas; and
- rural and urban areas should not be amalgamated as rural areas would lose representation.

As outlined in Part 6 of the report, the Commission is of the view that representation for local government should not provide vast inequalities in electoral arrangements throughout Queensland without any clear rationale or justification. The Commission also notes there are many instances of rural and urban communities receiving effective representation under the current local government boundaries. For example, the local government areas of Cairns, Caboolture, Beaudesert, Hinchinbrook, Thuringowa and many others throughout Queensland, all contain large urban and significant rural areas. The Commission is of the view that artificial separation of regions with strong regional community of interests will have long-term detrimental effects to both rural and

urban members of the community through the duplication of resources and the inability of the local government to fully develop the region in a holistic manner.

## 4.7 Community boards

The Act provides for community boards to be established as a mechanism to improve representation. The Commission's Terms of Reference require it to have regard to the ability of community boards (and other similar structures) to deliver services and preserve and enhance community and cultural identity.

Some suggestions received by the Commission see a role for community boards as a mechanism to inform councils about local views on matters affecting a particular community. Few however, advocate the adoption of community boards as an integral part of Queensland's local government structure. The exception was suggestions received from certain Aboriginal and Torres Strait Island councils, advocating the establishment of community boards as part of the governance structure in their jurisdiction. These councils see community boards as a mechanism to variously:

- represent the interests of distinctive cultural or clan groups;
- oversee and administer the enterprises operated by councils, and
- ensure in the delivery of council services proper regard is taken to the particular needs and priorities of each community.

The LGAQ provided the Commission with an analysis of the operation of community boards in New Zealand. In summary, the New Zealand experience suggests the incorporation of community boards as a formal part of the local government structure where representatives are elected to the board:

- has the potential to create another tier of government with constituents having to elect community board representatives as well as councillors;
- confuses the roles, responsibilities and accountabilities of councillors, and could prove to be dysfunctional if elected community board

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- members choose to “play politics” in respect of the council it is expected to serve; and
  - imposes additional costs on ratepayers in that they are already remunerating councillors to represent their interests. (New Zealand councils are beginning to introduce a rate levy to cover the costs of community board member salaries).

The Commission strongly supports the notion of councils engaging with their communities and involving constituents in the formulation of policy and in the planning for their local area. Community boards or committees may be a useful mechanism by which to facilitate this community engagement. For example, community boards or some similar instrument could be of value in ascertaining views in respect of planning policies for the local area, preparing management plans for environmental and natural resource areas and to provide feedback on council proposals and service delivery issues relevant to the locality. They could also provide views on the needs of the local area to assist council budget and services planning.

However, the Commission sees no advantage in incorporating community boards as a formal part of Queensland’s local government structure. It recommends against any arrangement which sees individuals elected to community boards. Creating ambiguity in the public mind as to the roles, responsibilities and (ultimately) the accountabilities of councillors for their decisions by installing another tier of “elected” members to a community board derogates from the concept of representative government. Nor should ratepayers be faced with the burden of having to fund a second tier of community representation.

### Recommendation 1

*With respect to the legislative provision for community boards, the Commission recommends that:*

- (a) Community boards are not instituted as a formal component of Queensland’s local government structure.*
- (b) Councils be permitted to establish community boards or committees when they consider such*

*a mechanism will assist in engagement with constituents on relevant matters.*

- (c) The composition of such boards should be a matter for councils, and members of boards or committees should be appointed by the council, or a councillor (depending on their purpose) and should be chaired by a councillor. Community boards should not be popularly elected. (The council corporately, and the councillors individually, are ultimately accountable to the whole community for the decisions they take, and therefore should have the prerogative of determining the channels by which they receive advice.)*
- (d) Representatives on any community board established by a council or an individual councillor should not be remunerated by virtue of their being a member of a community board. Reimbursement of actual costs incurred is a matter for the council.*

## 4.8 Transition and implementation issues

Many suggestions raise issues and ideas for the process of implementing local government amalgamations. These issues are discussed in more depth in Part 9 on implementation issues.

A recurring subject in suggestions is the effect of amalgamation on the job security of local government employees. The Commission notes the State Government’s announcement of a job security package for local government employees in Queensland for three years following the March 2008 local government elections.

## 4.9 Impact of amalgamation on existing towns and effect on social services

A number of suggestions outline the potential deleterious effects amalgamation may have on:

- towns that are existing local government administration centres (where the council is amalgamated); and
- important social services in rural and remote communities.

The Commission notes that decisions that relate to the day-to-day functioning of the local government, including where the administrative centre for the new local government area should be located, are most appropriately undertaken by the new council for the local government area. The Commission notes the important role many rural and regional councils play in partnering with community groups and other government agencies to provide services to their community. There is no reason for these services to cease following any amalgamation. The Commission notes the State Government has announced (*Local Government Reform – A New Chapter for Local Government in Queensland*) that local transition committees will be established for all new councils consisting of representatives from amalgamated councils. These elected representatives will be well placed to ensure valuable community services continue to the community under the new arrangements. The committees will also play an important role in ensuring reform is managed at a local level to minimise negative impacts on existing local government areas. The role of the current elected representatives in the membership of this committee will enable these views to be addressed during the transition phase to the new local government.

## 4.10 Benefits of reform

Many suggestions highlight possible benefits in the amalgamation of local government areas and significant benefits in reform. Often, council suggestions opposed reform through amalgamation but highlighted benefits in reforming local government through shared services to achieve increased capacity and/or economies of scale.

Common themes in suggestions regarding the benefits of reforms include:

- increasing capacity of local governments;
- increasing the ability of local governments to meet community demands;
- dealing with skills shortages faced by local governments;
- removing duplication and confusion regarding administration and planning for particular regions;
- achieving economies of scale and cost savings; and
- enabling local government to play a stronger regional role, in particular in dealings with State and Federal Government.

# 5.0 Names and classes of local government areas

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## 5.1 Legislative requirement

Section 159S of the Act prescribes, among other matters, that the Local Government Reform Commission is to make recommendations on the names and classes of local government areas. In relation to class, the Commission is to determine whether there should be classes of local government areas other than city, town or shire and, if so, what criteria should apply for declaring a local government to be of that class.

## 5.2 Names

The Commission is directed in the Terms of Reference to make recommendations on names for new or existing local governments. It is important to note that the names to be recommended are for an administrative entity and not a place name. Long standing conventions and arrangements exist for place naming. At present, there are no codified naming conventions applying to local government areas in Queensland. In general, areas are named after the major city or town within the area, a significant physical feature or some historical connection such as a property name.

In recent times, council amalgamations have generally resulted in the combined entity taking on the name of the previous major council in the area. For example, Gold Coast and Albert became Gold Coast, Ipswich/Moreton (Ipswich), Mackay/Pioneer (Mackay), Warwick/Rosenthal/Glengallan/Allora (Warwick). There is merit in this approach in certain cases. The local and national prominence of a name may make it important that the dominant name in any amalgamated group be retained. One notable exception to this approach was Gympie/Widgee which became Cooloola, named after the Aboriginal word used for the coastal areas in the region. However, there are other considerations when two or more councils are amalgamated or large areas of some councils are removed and attached to neighbouring councils or groups of councils. These considerations include:

- retention of local identity so that established community associations and history is not lost;
- relevant area wide naming so that those within the new jurisdiction have a shared ownership of the new entity;
- compound names such as Crows Nest/Rosalie should be avoided as they do nothing for the future focus of the merged entity; and
- the enduring quality of a name so that it is not overtaken by future developments or events.

The name of any new council established by amalgamation or transfer of a part of one area to another council is a required recommendation from the Commission. The importance of a name to establishing local cohesion and recognition should not be understated. There have been a range of naming suggestions emanating from public suggestions to the Commission and they have been considered.

The naming convention adopted by the Commission is:

- No change councils – no name change.
- Councils with minor boundary changes – use existing name for the area unless the significance of the change dictates a change.
- Amalgamation of two or more councils – adopt a name based on some relevant local geographical feature or well-known and widely used nomenclature such as the major town (for example the amalgamation of Townsville and Thuringowa City Councils should adopt the name Townsville because of its national and international significance).

Names chosen by the Commission and appearing in the table named *Recommendations for 156 local government areas* at the beginning of this report, reflect this convention. However, the Commission is cognisant of the importance of a name in establishing an identity for a new council entity.

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## Recommendation 2

*Where two or more councils have been amalgamated and these councils share concerns regarding the name adopted by the Commission, that the State Government accept a unanimous submission from the councils which form the new entity for a different name. Any such submission must be with the State Government for consideration prior to the passage of any enabling legislation that gives effect to the recommendations of the Commission.*

## 5.3 Class of local government areas

The *Local Government Act 1993* s18 prescribes that a local government area may be classified as a city, town, shire or another class prescribed under a regulation. The *Local Government Regulation 2005* s7 provides that to be declared a city:

- (a) an area must be the centre of a region providing commercial, industrial, health and public sector services for the region: and
- (b) the area must, for the 3 years immediately before the declaration, have had -
  - (i) a population of at least 25,000; and
  - (ii) a population of at least 15,000 in its urban centre; and
  - (iii) a population density of at least 150 for each square kilometre of its urban centre.

To be declared a town, a local government area must be urban in character.

All other local government areas will, by exception, be declared as a shire unless a regulation prescribes otherwise.

Section 159S (1)(b)(iii) of the Act requires that the Commission make a recommendation to the Minister as to whether there should be a class of local government area other than city, town or shire and, if so, the criteria that should apply to the declaration of an area to be of that class.

The objectives set by legislation for this Commission include reference to “Queensland regional economies” and “regional communities of interest”. Similarly, the Terms of Reference require the Commission to have regard to “regional planning advisory committees” established under the *Integrated Planning Act 1997*. Importantly, the government’s Terms of Reference direct the Commission to have regard to the submission covering the Torres Strait area where an on-going consultative process has resulted in a recommendation for establishment of the Torres Strait Island Regional Council, an amalgamation of the previously separate 17 Island Councils.

The Commission noted that there are many references to regional considerations appearing in media reports on the reform process and a number of suggestions using similar terminology.

A recommendation for an additional class of local government area for a “regional” council is appropriate. The class has been applied in situations where local government areas are recommended for amalgamation and did not closely fit the criteria for city or town and, by their nature are not likely to have the predominantly rural focus which the term “shire” conveys. The term “regional council” also reflects the genesis of these large entities, being the need for more robust and sustainable units which have the capacity to address and manage a range of economic and social development issues which interplay over a considerable area.

## Recommendation 3

*The Local Government Regulation 2005 s7 be amended to provide for a local government area to be a region, following an amalgamation of two or more councils of any class. The exception to this classification would be where the resulting amalgamated area meets the criteria for classification as a city or town.*

# 6.0 Electoral arrangements

## 6.1 Background

The issues surrounding the establishment of electoral arrangements for Queensland local governments were most recently reviewed during the extensive amendments which gave rise to the Act. Those amendments also resulted in the establishment of an Office of the Local Government Commissioner. The work of that office in reviewing a number of local government areas led to the round of major amalgamations in the period 1993-95.

Outputs from the OLGAC included the December 1995 information paper – Local Government Electoral Arrangements – which has been provided to the Commission by the LGAQ.

The Commission’s review tests the relevant provisions of the Act and compares these to the work of the OLGAC along with contemporary issues arising from the work of the Local Government Boundaries and Review Commission, particularly the round of reviews leading up to the 2004 quadrennial elections.

Electoral arrangements are clearly a key community of interest issue. Such arrangements must result in free and fair elections where the results reflect the will of the electors and the chosen candidates form a government that enhances the manner in which citizens can interact with and be served by their elected representatives.

## 6.2 Composition

In this context, composition refers to the number of councillors to be elected to represent a local government area and decisions as to whether they should be full or part-time councillors. Section 33 of the Act prescribes that a local government area must have a minimum of five councillors including the mayor but decisions on full or part-time service are left to the individual councils.

Table 6.1 below, shows the current levels of representation across the State with enrolment as at 30 April 2007 and includes Brisbane for comparison.

**Table 6.1 Current levels of representation**

COUNCILLORS INCLUDING MAYORS	NUMBER OF COUNCILS	ELECTORS (LOWEST)	ELECTORS (HIGHEST)
5	4	174	619
7	31	152	84,955
8	11	282	36,502
9	44	554	60,581
10	13	733	31,585
11	15	3,712	104,634
13	5	8,586	96,020
15	1		294,334
27	1		641,086

As detailed in Part 10 of this report, the reviews requested by councils and suspended for the operation of the Commission reveal requests from 14 councils to reduce their number of councillors and for one to increase numbers.

A range of factors can be used to determine the need for more or less councillors. Councillors are elected to represent people, so having the capacity to do so suggests that keeping the ratio of representatives to electors/population at a manageable level is useful. The representation equation can be made more difficult by the size of an area - as the local government area increases in size, consideration might be given to reducing the ratio of population to councillor. Finally, there is a case to be made for keeping the total number of councillors plus the mayor as an uneven number, so as to avoid the potentially divisive use of a casting vote.

However, a higher order principle needs to be considered in setting ideal numbers of councillors for any area. Trends in governance, and the EARC investigations, led to the extensive legislative changes in Queensland in 1993. These trends are mirrored in local government reforms in Australia and overseas and are now reflected in the issues leading to this review. All point to the need for

local government councillors to take a much more strategic view of their roles. Quotes from the 1995 OLG paper which remain relevant include:

*“...it must be acknowledged that the councillors of the future will be increasingly expected to provide strategic vision and leadership rather than immediate answers to individual problems...”; and*

*“...it is not the level of representation that is important but rather the processes of consultation and community participation that have an impact on the capacity of the community to be adequately represented.”*

Some comparisons of recommended outcomes of the Commission’s review are demonstrated in Table 6.2 showing the scale of representation that currently exists.

**Table 6.2 Samples of council representation**

COUNCIL	COUNCILLORS INCLUDING MAYOR	ENROLMENT 30 APRIL 2007	POPULATION ESTIMATE 2006	AREA (km <sup>2</sup> )
Toowoomba	9	60,581	97,824	117
Cambooya	9	3,903	5,935	631
Clifton	7	1,857	2,560	867
Pittsworth	7	3,183	5,030	1,090
Millmerran	10	2,008	3,537	4,521
Jondaryan	9	9,326	14,650	1,910
Rosalie	9	6,088	9,937	2,200
Crows Nest	9	8,782	12,950	1,631
<b>Total Recommend</b>	<b>69 10 + mayor</b>	<b>95,728</b>	<b>151,883</b>	<b>12,967</b>
Goondiwindi	7	3,059	5,050	15
Waggamba	9	2,001	3,019	13,400
Inglewood	9	1,863	2,651	5,879
<b>Total Recommend</b>	<b>25 6 + mayor</b>	<b>6,923</b>	<b>10,720</b>	<b>19,294</b>
Bulloo <b>Recommend</b>	5 <b>4 + mayor</b>	245	468	73,805
Murweh <b>Recommend</b>	10 <b>4 + mayor</b>	3,068	4,995	40,740
Paroo <b>Recommend</b>	8 <b>4 + mayor</b>	1,298	2,124	47,727
Quilpie <b>Recommend</b>	9 <b>4 + mayor</b>	670	1,079	67,613

It is evident from this table that area has not been a significant consideration of councils in setting the numbers of representatives in the past. For example, the differences between Bulloo and Quilpie are inexplicable as are those between Pittsworth and Millmerran. Nevertheless, when any amalgamation results in a very large area council, it is considered necessary to use some discretion in determining the appropriate number of councillors

For the purposes of this review, the Commission has adopted the formula in Table 6.3 as a guide for recommending the number of representatives.

**Table 6.3 Guidelines for representation**

APPROXIMATE ENROLMENT	APPROXIMATE POPULATION	COUNCILLORS
1 - 5,000	1 - 10,000	4 plus mayor
5,001 - 20,000	10,001 - 40,000	6 plus mayor
20,001 - 40,000	40,001 - 80,000	8 plus mayor
40,001 - 100,000	80,001 - 200,000	10 plus mayor

Where a local government area is very large, the Commission has varied the formula to take account of the extensive territory to be covered by a representative. Councils with population numbers higher than 100,000/200,000 have been considered on a case-by-case basis. Similarly, changes in Aboriginal and Island Councils take account of the cultural and land issues that impact on those areas as well as the continuing process of transition to full local government status.

The decision as to whether councillors serve full-time or part-time is left to individual councils. The Commission makes no recommendation on this matter. In Queensland and elsewhere, most councils serve in a part-time role. Again, the OLCG research is relevant. Where the focus of councillors is expected to be strategic rather than hands-on, there are parallels with the “Director of a Board” model modified to account for the representation role required of a councillor. Pertinent extracts from the OLCG paper include:

*“Being a member of the local government....is a part-time position. It should stay a part-time position to enable community-minded people in labour, business and the professions alike to serve on council. Aldermen (councillors) are policy makers and legislators, not administrators;”* and

*“Traditionally, the differences between the political system and the administrative systems of local government (in Canada) were kept distinct, in large part through the role of the politician being part-time”;* and finally

*“...full-time municipal politicians were often on the lookout for something to do.”*

#### **Recommendation 4**

*The composition of councils can be calculated using Table 6.3 as a guide, with discretion exercised where councils have very large and difficult areas to administer.*

#### **Recommendation 5**

*Decisions as to whether councillors serve in either a full or part-time capacity should remain with the relevant council.*

## **6.3 Divided or undivided local government areas**

At present there are 65 undivided and 60 divided *Local Government Act* councils in Queensland. All 17 Island councils and 15 Aboriginal councils are undivided. Of the 60 divided councils, 29 are presently out of tolerance and require review. There are currently eight requests from councils to go undivided, suspended because of the work of the Commission. By comparison, in 1988 there were only 24 undivided councils.

Requests for a move to undivided status are reviewable local government matters. The requests generally cite the desire of councils to emphasise the whole-of-area focus for all councillors. In addition, the continual change necessary to meet

tolerances for divisions in a period of rapid growth leads to unsettling and regular change.

Section 229 of the Act contains a clear expectation that elected councillors will represent the public interest of the whole of the local government area and, clearly in a subsidiary role if divided, represent the public interest of the division. This whole-of-area focus removes any need for the politician to defend only his/her “patch of dirt.” Notably, a 1991 study of election results cited in the OLG report concluded that elections in undivided councils produced a better spread of rural/regional representation than where divisions were established in an attempt to achieve this equality. The reform agenda for local government is focussed on strengthening the capacity of councillors to operate at a strategic level by developing policies that benefit the whole of their area while accommodating the distinctive needs of the various communities within their jurisdiction. The structural arrangements the Commission is recommending are directed at this objective, and are best complemented by undivided councils.

The Commission is mindful of the fact that with fewer and somewhat larger councils resulting from its recommendations, a new council may wish to consider if their ability to manage the affairs under their jurisdiction is improved by having internal divisions. Should a new council decide there are benefits for its area to be divided, that should be resolved by the new council and an approach made to the Minister seeking a review under the current provisions of the Act to operate for and from the 2012 quadrennial local government election.

Accordingly, the Commission has adopted the approach that where a recommendation is made to amalgamate two or more councils, or makes significant boundary changes, then for the purposes of the 2008 quadrennial election, the new council will be undivided.

Of the 60 councils presently divided, 29 are out of tolerance and require review. All of these councils are impacted by the recommendations of the Commission. As a result, the Commission is

recommending that all councils be elected on an undivided basis for the 2008 quadrennial elections except for the Torres Strait Island Regional Council and the Northern Peninsula Area Regional Council which should be divided pending further consideration of the issues relating to land tenure.

### **Recommendation 6**

*For the 2008 quadrennial elections, all councils subject to this review, apart from the Torres Strait Island Regional Council and the Northern Peninsula Area Regional Council, should conduct their election on an undivided basis.*

### **Recommendation 7**

*All councils should conduct a review prior to 1 March 2011 to consider the relevance of internal divisions to their new make-up. If a council wishes to establish internal divisional boundaries, a referral to a Local Government Electoral and Boundaries Review Commission should be sought from the Minister for Local Government under the existing provisions of the Act.*

### 6.4 Voting method

The voting methods used for Queensland local government elections are optional preferential (OPV) for single-member divided councils and first-past-the-post (FPTP) for multi-member divided or undivided councils.

Across Australia there are many different approaches to local government voting. Voting can be compulsory or non-compulsory, the franchise can be extended to non-resident property owners and voting methods include OPV, FPTP, full preferential and proportional representation. There are proponents for all of these methods. However, the Department of Local Government and Planning is engaged in a review of the Act and such issues are best left to that review.

#### Recommendation 8

*Methods of voting for councils should remain unchanged subject to the review of the Act.*

### 6.5 Postal or attendance voting

Section 318 of the Act prescribes the circumstances under which an election may be conducted by postal ballot. In essence, where a local government area has a large rural component, Governor in Council may direct that all or part of the area may be subject to a postal ballot. This matter is also subject to action under the Act review.

#### Recommendation 9

*Arrangements for attendance or postal voting for councils should be unchanged subject to the review of the Act.*

### 6.6 Mayoral election

Local government mayors are either elected in an area-wide ballot (at large) or selected from among the successful councillors. In Queensland, the at large model is used except for Aboriginal or Island councils where either method may be used. As with the voting methods, this is an issue best left for the Act review process.

#### Recommendation 10

*All mayoral elections for the 2008 quadrennial elections should be at large with any future consideration to be subject to the review of the Act.*

# 7.0 Aboriginal and Torres Strait Island local government

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## 7.1 Background

The Local Government Reform Commission has examined scenarios to achieve the objectives of the Commission for:

- Aboriginal Local Governments (governed by the *Local Government (Community Government Areas) Act 2004*);
- Torres Strait Island Councils (governed by the *Community Services (Torres Strait) Act 1984*); and
- the councils of Torres, Aurukun and Mornington Shire Councils (governed by the *Local Government Act 1993*).

Influencing the Commission's deliberation were a number of documents including:

- The Queensland Government policy document *Local Government in the Torres Strait – The Way Forward*;
- Auditor-General Report No.3 for 2006 Results of 2004-05 Aboriginal Council and Island Council audits;
- Audit-General Report No.3 for 2007 Results of 2005-06 Aboriginal Council and Island Council audits;
- Suggestions to the Commission by Aboriginal councils, Island councils and other local governments; and
- Suggestions to the Commission by key agencies including the Torres Strait Regional Authority, Island Coordinating Council, and the Aboriginal and Torres Strait Island Human Rights Commissioner.

There are currently 15 Aboriginal local governments, and 17 Island councils. The majority of these councils are located on Cape York or in the Torres Strait. The area is characterised by small communities separated by large distances. All these communities experience remoteness. They are isolated and incur high costs in obtaining supplies.

The local governments of Torres, Mornington and Aurukun while governed under the *Local Government Act 1993*, also have substantial

Indigenous populations and similar cultural identity to the 32 Aboriginal and Torres Strait Island councils currently governed under other legislation.

Aboriginal and Torres Strait Island councils face a number of pressures similar to remote and rural mainstream councils. The councils generally have a small population, are remote, and rely heavily on grant funding for the delivery of council services. They also face key capacity difficulties in attracting appropriate staff to manage the services required to build the sustainability of these communities.

However, Aboriginal and Torres Strait Island councils also have a number of unique features that influence their governance. These include:

- Land tenure differences, with most councils being trustees of the Deed of Grant in Trust (DOGIT) land created under the *Land Act 1994* and the implications of this trusteeship with any amalgamation involving mainstream (non-DOGIT) local governments;
- The differing electoral arrangements and requirements under the *Community Services (Torres Strait) Act 1984*, *Local Government Act 1993* and *Local Government (Community Government Areas) Act 2004*;
- DOGIT areas are non-rateable and not subject to the *Integrated Planning Act 1997*;
- Local justice initiatives including alcohol management regulations and community policing;
- Responsibility for ownership, management and maintenance of housing in some communities;
- Services funded, either wholly or in part, by the Community Development Employment Program (Commonwealth Government);
- Responsibility for maintenance of cultural identity of the region;
- Family support programs; and
- The conduct of community enterprises for generating revenue for the community.

Aboriginal and Torres Strait Island councils are relied upon by their communities to provide a range of day-to-day services over and above the municipal services provided by other local

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governments throughout Queensland. Although similar activity occurs in some mainstream councils throughout the State it is not to the level and extent occurring in Aboriginal and Torres Strait Island councils.

## 7.2 Scenarios for reform

The Commission examined a number of possible scenarios with respect to Aboriginal and Torres Strait Island councils. These include:

- The regional local government model for the Torres Strait as outlined in the Queensland Government Policy paper *Local Government in the Torres Strait – The Way Forward*;
- A regional local government model for the Northern Peninsula Area councils (Bamaga and Seisia Islands, Injinoo, New Mapoon and Umagico Aboriginal shires);
- The amalgamation of Aboriginal and Torres Strait Island councils located in Cape York with Cook Shire and the amalgamation of other Aboriginal councils with their neighbouring mainstream local governments;
- Establishing a regional local government for all Aboriginal local governments in Cape York and amalgamating Torres Shire Council with all Island councils;
- Other amalgamation options involving Aboriginal local governments; and
- Other non-amalgamation options for improving the governance, capacity and sustainability of Aboriginal and Torres Strait Island local government.

### 7.2.1 Local Government in the Torres Strait – The Way Forward

The Commission examined the policy document *Local Government in the Torres Strait – The Way Forward* and relevant suggestions relating to governance in the Torres Strait. The document proposes a regional local government for the Torres Strait. It is based on significant research and community engagement through the *Torres Strait Community Government Review Green Paper* (Green pPaper) process. The Green Paper was released in October 2005 and the process was conducted in collaboration with a reference group nominated by the Island Coordinating Council (ICC) commencing in October 2005 and continuing throughout 2006 and early 2007. A key aim of the review was to secure governance arrangements in the Torres Strait which are effective, efficient, and accountable going into the immediate future and sustainable over the long-term. The Green Paper consultation process revealed that the current form of local government in Torres Strait is neither sustainable, nor adequate to meet community needs into the future. It showed:

- councils have insufficient powers and resources to meet the full range of functions for which they are responsible;
- traditional structures and decision-making processes are not able to keep pace with the changing community needs; and
- standards of corporate governance and accountability are inadequate.

To address these issues the policy document proposes:

- establishment of a single regional local government to replace the existing 17 Island councils and the creation of 17 community boards; and
- Torres Shire Council (based on Thursday Island) continues to administer the remaining area.

The Commission supports the principles in the new governance model as it provides a framework to move to a more sustainable structure, better

accountability, and improved decision-making and service delivery, while the representation arrangements will serve to maintain cultural identity.

The paper outlines initiatives for the new structure to be supported by new legislative arrangements. These arrangements will empower the regional local government to deliver services across the Torres Strait efficiently through a network of local community boards. The roles, functions and operations of the regional local government for the Torres Strait will be determined in more detail in the course of developing the legislative framework. Generally, the new legislative arrangements for the Torres Strait will have the same basis and objectives as the legislation for other Queensland councils.

A number of suggestions have made recommendations regarding the function of the proposed regional local government for the Torres Strait. Key elements of the suggestions include:

- the need for direct election of all community board members;
- the scope, powers and authority of community boards; and
- the eligibility requirements for elected representatives.

The Commission is of the view that these issues are best addressed by the State Government in developing the legislation for the regional local government model for the Torres Strait. However, the Commission does not support any model that establishes new tiers of government by having directly elected community boards and an overarching local government. Consistent with reforms proposed for the rest of the State, local government arrangements should serve the best interests of the region involved. Establishing a further tier of government only adds inefficiencies, regulation and increases the potential for conflict. This is not supported by the Commission. The Commission notes that the policy paper provides for an elected representative from each of the existing Island councils and in effect establishes a divisional structure for the new regional council. The Commission has not made any recommendations on

the establishment of community boards as this issue is best left to the separate process being undertaken through the legislative development outlined in the policy paper.

In framing recommendations for the Island councils, the Commission has recommended the use of the existing boundaries. These boundaries are currently based on the extent of the DOGIT land for each Island council. Torres Shire boundaries include the small islands throughout the Torres Strait excluding the Island councils established in the *Community Services (Torres Strait) Act 1984*. Torres boundaries also include elements of the Cape York landmass. The new boundaries will in effect, place the regional local government in a donut situation with Torres Shire. The Commission recognises this is not likely to be a long-term sustainable boundary. However, due to land tenure issues previously discussed the Commission has attempted to identify a more suitable boundary.

The Commission has considered whether the Island councils of Bamaga and Seisia (which are located in the Northern Peninsula Area (NPA) on the Cape York mainland) should be included in the Torres Strait Island Regional Council. The policy document relating to the formation of the Torres Strait Island Regional Council did not explicitly address the issue of current arrangements between NPA councils. This issue is discussed in detail below.

### **Recommendation 11**

*The existing Island councils currently operating under the Community Services (Torres Strait) Act 1984 (excluding Bamaga and Seisia) be abolished and a new regional local government be established and the new local government be called Torres Strait Island Regional Council (TSIRC).*

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## Recommendation 12

*Electoral arrangements (including the need for community boards or similar structures) for the TSIRC local government should be developed in conjunction with the specific legislation for the regional council as outlined in the policy document Local Government in the Torres Strait – The Way Forward.*

### 7.2.2 Regional local government for the Northern Peninsula Area

The Northern Peninsula Area consists of five Aboriginal and Torres Strait Islander councils (Bamaga, Injinoo, New Mapoon, Umagico and Seisia) that are all located on the mainland of the Cape York. Although consisting of three Aboriginal councils and two Island councils this group has due to its shared geographic location and other community of interest factors, had a close cooperative working relationship.

A confidential suggestion from four of the five Northern Peninsula Area councils outlined a proposal for a regional government similar to that proposed for the Torres Strait in *Local Government in the Torres Strait – The Way Forward*.

Individual suggestions from NPA councils (Bamaga, Seisia, Umagico and New Mapoon) were also received opposing any process of forced amalgamations. However Bamaga, Umagico and New Mapoon suggestions also outlined a number of benefits involved in any amalgamation of all five of the NPA councils.

In analysing suggestions on the NPA and other relevant data the Commission agrees:

- there is a strong community of interest between the five NPA councils;
- the community of interest has been accepted for many years by both State and Commonwealth governments in the delivery of services to the NPA;
- an amalgamated council would have larger capacity to attract investment and staff to improve service delivery for the region; and
- that as a potential regional council, the five NPA communities will have significantly improved

economic prospects and potential for improved financial sustainability.

The suggestion relating to the NPA raises a number of concerns regarding the possible inclusion of Bamaga and Seisia in any regional local government for Torres Strait. In particular that:

- Bamaga and Seisia have a greater community of interest with the NPA communities than with the Torres Strait Island Regional Council;
- difficulties in administering communities of the NPA region from outside the NPA such as from Thursday Island; and
- dangers in splitting the NPA communities' governance after years of close cooperation which has resulted in a sharing of resources and services.

The suggestion proposing a regional local government for the NPA also recommends:

- the inclusion within the regional government boundary of non-DOGIT land from adjoining local government areas. The suggestion argues this would provide a rate base from the freehold land within the NPA; and
- funding for an infrastructure plan for the new council.

The Commission recognises the proposed regional model for the NPA is consistent with the model for Island councils. It notes there would be sustainability and administrative issues with the remaining three Aboriginal councils if Bamaga and Seisia were included in the Torres Strait Island Regional Council. However, there are issues raised in consideration of the NPA Regional Council which the Commission has not had the opportunity to fully investigate. These include:

- how the proposed boundary changes involving adjoining local governments would impact on current funding arrangements;
- the effect on the sustainability of the remaining NPA councils if Seisia and Bamaga were included in the Torres Strait Island Regional Council; and
- Detailed information on any administrative and cultural concerns if Seisia and Bamaga were included in the NPA regional model and not the Torres Strait Island Regional Council.

The Commission recognises that there are cultural differences between the residents of Island and the Aboriginal council areas within the NPA. However, the Commission is of a view that a regional model (such as that proposed for the Torres Strait Islands) can be established which provides for improved governance of the region while maintaining the unique cultural identity of the existing residents.

The Commission believes that assistance will need to be directed to supporting the transition and implementation stages of any new local government. In particular, councils with low capacity should be a priority for assistance to facilitate the medium to long-term benefits of structural reform. This may involve the provision of assistance similar to that outlined in section nine on implementation issues relating to capacity building, systems and change management as a priority over infrastructure funding. This is an issue that will need to be addressed in ongoing negotiations between the government and the local transition committee if the new local government is established.

The Commission supports the establishment of a regional local government for the NPA. However, further policy development and consultation is required to address the issues outlined. The process which has occurred and is continuing for the Torres Strait Island Regional Council, should provide a guide for key elements of work which need to be undertaken in developing the NPA model.

### Recommendation 13

*The Councils of Bamaga, Injinoo, New Mapoon, Umagico and Seisia be abolished and a regional local government be formed and the new local government be called Northern Peninsula Area Regional Council (NPA Regional Council).*

### Recommendation 14

*Electoral arrangements and other implementation issues for the Northern Peninsula Area Regional Council be determined by State Government using the same process and in the same timeframe proposed for the Torres Strait Island Regional Council.*

### Recommendation 15

*The Minister for Local Government, Planning and Sport refer further work on proposed boundary changes involving the NPA Regional Council with Cook and Torres Shires to the Electoral Commission of Queensland as a reviewable local government matter.*

### 7.2.3 Amalgamation of Aboriginal and Torres Strait Island Councils with Cook Shire or other mainstream councils

The Commission considered the amalgamation of Aboriginal and Torres Strait Island Council's located in Cape York with Cook Shire or other mainstream local governments.

The Commission notes inherent difficulties in amalgamating any local government with Cook Shire. This is due to Cook's already large (106,000 square kilometres) size and the complexity Cook Shire faces in service delivery due to bordering numerous other local authorities plus having large areas of national parks.

The Commission has also considered scenarios involving the possible amalgamation of Aboriginal local governments with mainstream local governments outside of Cape York.

The issues involving land tenure of DOGIT communities and the other functions Aboriginal local governments currently undertake, make it difficult for the Commission to assess if structural reform for these councils would achieve desired improvements in sustainability. There remain two fundamental issues that need to be resolved before Aboriginal councils could be amalgamated with mainstream councils, namely:

- ensuring trusteeship remains with the existing community (as outlined in *Lands Act 1994*); and
- that any new local government is not financially disadvantaged due to the restrictions on the use of this land.

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The Commission is not aware of any work undertaken regarding trusteeship of DOGIT land where a DOGIT community was amalgamated into a non-DOGIT community.

The Commission recognises that by not recommending the amalgamation of Cherbourg, Yarrabah, Doomadgee, and Woorabinda with surrounding local governments it is maintaining local government boundaries that include inherent structural inefficiencies (donut councils). The Commission also recognises Aboriginal and Torres Strait Island councils will continue to be vulnerable with respect to their ability to optimise service delivery; participate in Queensland's regional economy; manage economic, environmental and social planning and effectively partner with other levels of government. However, it is not in the interests of either the mainstream councils or the Aboriginal communities to amalgamate until issues regarding the trusteeship of DOGIT land and other additional responsibilities undertaken by Aboriginal local governments are examined and resolved.

In the meantime, these councils will require ongoing capacity building activities such as the current State Government Community Governance Improvement Strategy for Aboriginal and Torres Strait Island Councils.

### **Recommendation 16**

*The State Government direct a review on the implications of land tenure arrangements for Aboriginal and Torres Strait Island councils within the context of any potential future structural reform involving DOGIT and non-DOGIT communities. Following the completion of the land tenure review consideration should be given to the applicability of the models proposed for the TSIRC and NPA Regional Council for other Aboriginal local governments (in particular western Cape York).*

### **7.2.4 Establishing one regional local government for all Aboriginal local governments in Cape York and amalgamating Torres Shire Council with all Island councils**

The Commission examined the possibility of bringing all Aboriginal and Torres Strait Island councils in the Cape under one local government, or similar scenarios including:

- all Cape York Aboriginal councils forming one local government; and
- all Torres Strait councils forming one local government area (including Torres Shire).

With respect to Aboriginal local governments, the Commission believes the separation of Aboriginal local governments by the land mass of Cook Shire would provide administrative difficulties such that it does not warrant further exploration.

The Commission considered the Torres Shire proposal that Torres Shire, all Torres Strait Island councils and the Aboriginal councils contained within the NPA be amalgamated along with the Island Coordinating Council and the Torres Strait Regional Authority. The Commission recognises that this proposal has merit with respect to its ability to remove duplication within the region and build capacity. However, the balance of administrative efficiency and maintaining the community of interest within the Torres Strait was best provided for via:

- Torres Shire continuing with its existing structure;
- the establishment of regional local government for the Torres Strait; and
- consideration of the establishment of regional local government for the NPA.

This approach avoids the amalgamation of any DOGIT and non-DOGIT communities and largely mirrors key elements of the Torres Shire proposal in that it builds larger administrative units in the Torres Strait and Northern Cape York but maintains clusters of regional communities of interest.

### 7.2.5 Other amalgamation options involving Aboriginal local governments

The Commission notes the potential for additional structural reform involving Aboriginal local governments. In particular, the Commission considered the potential to reform the Aboriginal local governments based on western Cape York (Pompuraaw, Aurukun, Kowanyama, Mapoon and Napranum).

The models provided by the regional local government model for the Torres Strait Island Regional Council and the NPA Regional Council may also have applicability with respect to the councils in the western Cape.

However, the Commission concludes that there is insufficient information to make a recommendation on these councils at this time. In particular, concerns were noted with implementation issues relating to land tenure if Aurukun was to be considered in any amalgamation scenario. Pending further work on land tenure, the issue of structural reform for the western Cape should be re-examined by a future review process taking into account any lessons learned from NPA and Torres Strait Island Regional Council developments.

### 7.2.6 Other non-amalgamation options for improving the governance, capacity and sustainability of Aboriginal and Torres Strait Island local government within Queensland

The Commission notes the reform proposals for both Torres Strait and NPA Regional Council if implemented, provide structures to enable improvements in the governance and sustainability of both regions. However, structural reform will not in itself ensure these councils are sustainable in the long-term. These councils will require particular attention with respect to capacity building. This is evidenced by existing capacity building activities including the Government's Community Governance Improvement Strategy. Other interventions such as the following recommended by the Auditor-General should be investigated as a matter of priority as part of its local government reform process.

The Auditor-General's report No.3 for 2006 states that over "a ten year period approximately 50 percent of the Aboriginal Shire and Torres Strait Island councils have each year received a qualified audit on their financial statements. The audit findings have revealed unacceptable practices, and concerns over the financial accountability and the viability of the councils."

The Auditor-General's report also highlights recommendations made over a number of years for a centralised accounting bureau for Aboriginal and Torres Strait Island councils. Advantages of such an approach include:

- increased capacity for councillors to direct their efforts to governance and community issues;
- generation of efficiencies through economies of scale and therefore a reduction in costs;
- greater awareness of current prescribed requirements and therefore compliance with applicable legislation and policies;
- more regular, reliable and consistent financial reporting;
- enhanced capacity for financial management problems to be promptly identified and addressed; and
- assistance in overcoming the difficulties associated with attracting and retaining suitably qualified staff at councils.

The Auditor-General's Report No. 3 for 2007 notes current government activity to develop this intervention and other direct measures to improve the capacity of Aboriginal and Torres Strait Island councils.

### Recommendation 17

*The State Government pursues initiatives directed at improving the expertise and capacity of both newly formed and existing Aboriginal and Torres Strait Island councils. In particular, priority should be given to the development of arrangements that address the issues and recommendations outlined in Auditor-General reports.*

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## 7.3 Electoral arrangements

The Commission notes that with respect to the amalgamation of Aboriginal and Torres Strait Island councils, there is a strong case for differing electoral arrangements from those that are recommended for mainstream local governments in Queensland. Consideration should be given to the establishment of electoral divisions and community boards to ensure the existing cultural and ethnic identity of areas of the Torres Strait are maintained in any new local government. The Commission notes and supports the proposal to effectively establish divisions for the proposed Torres Strait Island Regional Council with an elected representative from each community and a directly elected mayor from the entire region.

The Commission notes in section 7.2.1 on the Torres Strait Island Regional Council that it does not support the establishment of directly elected community boards. Similarly, the Commission does not support vesting community boards with other functions that in effect create a further tier of government. The Commission believes consultation with relevant local government areas will determine the best makeup and functioning of community boards under these parameters.

With respect to Aboriginal local governments not affected by amalgamation recommendations, the Commission notes that the transitional arrangements under the *Local Government (Community Government Areas) Act 2004* are due to cease in 2008. The Commission therefore believes the principles recommended for determining the electoral arrangements of mainstream local governments in Queensland should also apply to Aboriginal local governments. In particular it would appear practical that these are applied for the March 2008 local government elections.

### Recommendation 18

*Composition of Aboriginal local governments should be altered in line with the recommendations made for local governments in Queensland in Part 6 of the report, based on transitioning provisions in the Local Government (Community Government Areas) Act 2004 which are due to cease in 2008.*

## 7.4 Implementation issues

The Commission recognises that the current capacity of Aboriginal and Torres Strait Island councils is limited. In circumstances where amalgamation is recommended additional support may be required to assist the amalgamating councils to ensure:

- the change process is appropriately managed;
- robust representative structures are established that can adequately address legislative, procedural, compliance and reporting obligations;
- where appropriate, community boards are set up to engage communities regarding priorities;
- community and service delivery issues of the new local government authority can be appropriately addressed; and
- capacity is improved to ensure the ongoing development of skills and capability within the local community.

As outlined in Auditor-General's Report No.3 for 2007 there will be a number of transitional issues to be monitored and risks managed when structural reform of Aboriginal and Torres Strait Island councils is undertaken.

The suggestion entitled *Local Government in the Torres Strait – The Way Forward* outlines the Government's intention regarding implementation issues for the Torres Strait Island Regional Council including:

- that it develop community plans which set out the council's vision and strategies for the immediate future and form the basis of its budget with strong community consultation in

- the development of these plans;
- targeted intervention strategies tailored to meet the Regional Council's transitional requirements including:
    - assistance in developing community plans;
    - capacity building activities to address skill shortages and transition to the new arrangements; and
    - provisions to improve council performance and accountability in particular financial management and changes to electoral arrangements.

These targeted activities may not only be of assistance to the Torres Strait community but also to any regional local government for the NPA, other Aboriginal councils or other local governments with capacity issues.

Addressing the capacity of councils and the difficulty of obtaining appropriate staff to undertake core functions is not only limited to Aboriginal and Torres Strait Island councils. This has been a key theme emerging from suggestions and in the Commission's deliberations to establish other new local governments. Section nine on implementation issues highlights the Commission's views on the need for a coordinated State Government approach to identifying capacity constraints in local government and providing a range of policy measures and direct interventions to address these issues.

It is also noted that Indigenous councils provide services to their communities different to those by most mainstream local governments. While the Commission has not examined the funding methodology for Aboriginal and Torres Strait Island councils it notes the Department of Local Government, Planning, Sport and Recreation is currently examining the State Government Financial Aid Program and the effects of providing non-municipal services on council financial sustainability. The long-term impact of any structural reform on other funding sources (such as Financial Assistance Grants as outlined in Part 9) should also be carefully monitored by the government.

The issue of land tenure has been discussed throughout this report. Further work will be needed by the government to examine the current land tenure arrangements for Indigenous councils and:

- how this will be implemented when considering amalgamating DOGIT communities with other DOGIT communities; and
- the implications for any potential future amalgamation involving a DOGIT community and a non-DOGIT community.

# 8.0 Financial sustainability

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## 8.1 Definition

Queensland Treasury Corporation in assigning a 'Financial Sustainability' rating to each of Queensland's local governments as part of the Size, Shape and Sustainability process 'Financial Sustainability Review' used the South Australian Government's definition of financial sustainability, viz:

*“involving a government body being able to manage likely developments and unexpected financial shocks in future periods without having at some stage to introduce substantial and economically or socially destabilising expenditure or revenue adjustments.”*

This definition clearly focuses on the local government being able to manage through the various economic cycles without having to increase rates or reduce services (expenditures) in a way that threatens to, or has a significant impact on, a resident's cost of living and/or the social well being of the community.

Throughout many of Queensland's regions, the economy has been very strong over the last few years. This is evidenced by wages growth, migration from interstate and overseas, increases in housing prices, a strong share market and very low unemployment. This strong growth has an impact on local governments in that cost increases (both operating and capital) are at levels above what is normally expected (Consumer Price Index).

To meet these additional costs, local governments have the capacity to increase rates and fees. When there is a strong economy, residents are better able to absorb rate increases that are above the Consumer Price Index. The alternatives to increasing rates are running operating deficits, utilising existing cash reserves, and reducing services. However these, particularly the first two, are not sustainable in the long-term. Reducing the quality and range of services may be appropriate in instances where the quality of services are at a level above that required by the community, or include non-core government services.

Even if strong economic growth is expected over the long-term the economy will remain cyclical in nature. In the short to medium-term various regions in Queensland will face a slowing economy. Residents will have less capacity to be able to absorb rate and fee increases which may be required to fund capital works or address an operating deficit position. If a local government has utilised its cash reserves or runs operating deficits to meet increased costs in a strong economic environment, above average rate increases (above Consumer Price Index) will be required during periods when residents are themselves less well off financially. The alternative is to reduce the number of and/or the quality of services provided to residents.

At no time does the South Australian definition focus on the local government becoming insolvent, which appears to be the main concern of the LGAQ (and is a significant focus of the McGrathNicol report commissioned by the LGAQ). The Government has measures that it can introduce, including the appointment of an administrator, to ensure that the local government does not end up trading insolvent. These powers are codified in Act.

## 8.2 What are the components of financial sustainability?

Each and every local government has an external and internal environment in which it operates. These environments interact with each other and cannot be considered in isolation. While a local government may have some minor capacity to influence the external environment through its expenditure programs and initiatives that it introduces, it has almost total capacity to manage its internal environment.

However the external environment significantly influences the internal environment and it is of limited value for the local government to consider its rating policies, service provision and capital

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expenditure programs without first considering the external environment. As a consequence both the external and internal environments are considered in determining the financial sustainability of the local government.

Some of the issues considered by Queensland Treasury Corporation in determining a financial sustainability rating for a local government as part of the Size, Shape and Sustainability initiative include:

### 8.2.1 External environment

- Is the local government area strongly benefiting from the current growth in the national and State economies? If it is benefiting, residents are in a better position to absorb rate increases required to cover the increases in capital and operating expenses. If the opposite is true, it is much more difficult for the local government to apply large rate increases to cover the increase in costs. In this regard, cost increases are likely to apply across the economy rather than only in those regions experiencing strong growth.
  - Is the local government area a strongly diversified economy (mix of service, manufacturing, processing, mining and agricultural) or is it exposed to a single industry (eg cattle or coal mining)? Where the economy is exposed to a single industry, the highs and lows of the local economy will be more severe than a local economy that has significant diversification.
  - Does the local government have a town which is the centre for the region? If the region does not have a regional centre, it is far more likely that the incomes of residents will not be spent within the local government area. Spending money in the local community is of significant benefit to the local economy due to the multiplier effect. While not always possible, the Commission in its deliberations of the various local governments attempted to ensure that the regional local governments are formed around a regional centre to avoid leakage of revenues to an adjoining local government area which has a major centre.
- What is the current age profile of residents and what will it be in the next 10 and 20 years? This issue has significant implications for local governments because it assists in defining the services and infrastructure that are, and will be, required to be provided to the residents of the community either by the local government, other tiers of government and/or the private sector. It is also important in the context of employment opportunities and access to skills.
  - What are the incomes of residents? Where residents have high incomes they are better able to absorb rate increases and pay for the provision of services.
  - What is the make up of communities within a local government area? For example, are there rural communities, are there communities dependent on tourism for their survival, are there communities that commute to service towns for employment? This assists in defining the type of services required to be provided and how the services will be delivered.

### 8.2.2 Internal Environment

- What is the quality and age of the Property, Plant and Equipment including roads? That is, are they appropriate for the local government or are they provided at a level which is above that required (over capitalised)? If they are over capitalised the local government will have overspent in providing the assets and may also have to spend more money than it should on maintaining these assets. If the assets are very old or have not been appropriately maintained, the local government will either have to make substantial purchases in the future or spend disproportionate amounts of money maintaining the assets.
- What is the reputation of the local government? If the local government has a poor reputation it will likely be less able to make effective decisions and attract quality staff.

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- What is the quality of the organisational resources? The focus is not so much on the human resource capability but the quality of its:

- strategic planning processes;
- decision-making processes;
- strategic asset management plans;
- risk management plans;
- financial forecasts; and
- engagement with the local community as well as other tiers of government and the private sector.

In many ways this is the most important internal environmental factor as it sits above the individual employee or councillor and remains in effect after the individual employee or councillor has left. Effectively these factors define the institutionalisation of knowledge processes.

- What is the soundness of the local government's financial resources? Financial sustainability considers the following:
  - Has the local government historically run operating surpluses (before including revenues of a capital nature) and is it forecasting operating surpluses? It is critical that over the long-term a local government runs operating surpluses as it denotes it is operating within its means. Continued operating deficits denotes it is operating outside of its means, and funds that should be set aside to sustain the business (maintain or replenish the local government's asset base) are being utilised to meet operating expenditure shortfalls.
  - Does the local government have adequate liquidity? Adequate liquidity is where a local government is able to meet its ongoing obligations (both capital and operating expenditure) including having the capacity to absorb a financial shock. Presently, almost all local governments have adequate liquidity to meet short to medium-term obligations.
- Does the local government have adequate revenue flexibility? Revenue flexibility considers to what extent the local government can influence its total revenue through rates and/or fee increases. For example a local government with a very high proportion of rates income will increase its operating income through rates increases more significantly than a local government with a very low proportion of rates income. This provides it with greater revenue control. However, it may have limited capacity to increase rates further to manage a financial shock or to supply additional services if rates increases are already at high levels as residents may have limited capacity to meet further increases. Many local governments are very dependent on Department of Main Roads contract works revenues and Financial Assistance Grants for a substantial component of their operating revenues. As external parties therefore have significant control over the local government's revenue, the local government will have minimal revenue flexibility. One factor, which is considered a significant negative from a financial sustainability perspective, is where a local government is committed to rate capping (maintaining rates increases to the Consumer Price Index) during periods of strong economic growth. This factor will carry greater weight where a local government has high revenue flexibility.
- What is the quality of the key decision makers including the elected representatives, the chief executive and senior management? Like any business the quality of the key decision makers can have a significant impact on the outcomes achieved by the local government. In addition it is important that the local government employs or is able to access the required quality engineers, planners, accountants and other in-demand professional and trades staff.

- Are the technological resources appropriate for the business? It is essential that the local government has the necessary systems to drive efficiency and assist with decision-making. The most important systems are the financial management system including the billing and rating system, the payroll system, fixed asset registers and for larger local governments, systems such as call centres.

### 8.2.3 Output of the process is a rating with an outlook

The output of Queensland Treasury Corporation's 'Financial Sustainability Review' process is a rating and an outlook provided to participating local governments.

The rating definitions are as follows:

- **Very Strong**  
A local government with a very high capacity to meet its financial commitments in the short, medium and long-term. It is highly likely to be able to manage major unforeseen financial shocks and any adverse changes in its business and in general economic conditions, without revenue or expense adjustments. Its capacity to manage core business risks is very strong.
- **Strong**  
A local government with a high capacity to meet its financial commitments in the short, medium and long-term. It is likely to be able to manage major unforeseen financial shocks and, any adverse changes in its business and in general economic conditions, with only minor revenue or expense adjustments. Its capacity to manage core business risks is strong.
- **Moderate**  
A local government with a high capacity to meet its financial commitments in the short to medium-term and an acceptable capacity in the long-term. It is expected to be able to manage unforeseen financial shocks and any adverse changes in its business and in general economic conditions, with minor to moderate revenue or expense adjustments. Its capacity to manage core business risks is acceptable.
- **Weak**  
A local government with an acceptable capacity to meet its financial commitments in the short-to medium-term and a limited capacity in the long-term. It is unlikely to be able to manage unforeseen financial shocks and, any adverse changes in its business and in general economic conditions, without the need for significant revenue or expense adjustments. It may experience difficulty in managing core business risks.
- **Very weak**  
A local government with a limited capacity to meet its financial commitments in the short and medium-term, and a very limited capacity long-term. It is highly unlikely to be able to manage unforeseen financial shocks and any adverse changes in its business and in general economic conditions without the need for some structural reform and major revenue and expense adjustments. Managing core business risks may test its capacity.
- **Distressed**  
A local government with a very limited capacity to meet its short-term financial commitments and no capacity to meet its medium to long-term financial commitments. To be able to manage unforeseen financial shocks and any adverse changes in its business and in general economic conditions, major revenue and expense adjustments and structural reform will be required to meet its medium- and long-term obligations. It will have difficulty in managing core business risks.

Note that all rating definitions focus on the extent to which the local government can meet its obligations in the short, medium and long-term including the capacity to manage unforeseen financial shocks and/or any adverse changes in its business and in general economic conditions.

The distribution of ratings is provided in the following table.

**Table 8.1 FSR ratings for 109 Local Government Act councils**

RATING	DISTRIBUTION OF LOCAL GOVERNMENTS
Very strong	1
Strong	9
Moderate	57
Weak	28
Very Weak	12
Distressed	2

As expected with any rating process, there are very few local governments rated at the extremes of the rating range with most local governments rated as moderate and a significant number rated as weak.

The outlook considers those factors, including internal factors that have the capacity to impact the financial sustainability of the local government over the next two years. Local governments rated financially distressed are not assigned a rating outlook.

A ratings outlook generally focuses on the potential movement in local government’s rating in the short-term (less than two years) and, to a lesser extent, differentiating a local government’s rating within a rating category.

The rating outlook definitions are as follows:

- **Positive**  
As a result of a foreseeable event or circumstance occurring, there is the potential for enhancement in the local government’s capacity to meet its financial commitments (short and/ or long-term) and resulting change in its rating. However, it does not necessarily indicate that a rating change may be forthcoming.
- **Negative**  
As a result of a foreseeable event or circumstance occurring, there is the potential for deterioration in the local government’s capacity to meet its financial commitments (short and/

or long-term) and resulting change in its rating. However, it does not necessarily indicate that a rating change may be forthcoming.

- **Neutral**  
There are no known foreseeable events that would have a direct impact on the financial sustainability of the local government. It may be possible for a rating upgrade or downgrade to occur from a neutral outlook, if such an event or circumstance warranted as such.
- **Developing**  
A current situation exists that could have a direct impact (positive or negative) on the financial sustainability of the local government, but the impact of that situation is uncertain.

The break up of rating outlooks is provided in the following table:

**Table 8.2 FSR Outlooks for 107 Local Government Act councils**

OUTLOOK	DISTRIBUTION OF LOCAL GOVERNMENTS
Positive	6
Neutral	27
Developing	64
Negative	10

The Commission has identified the indicative ratings of:

- local governments that result from amalgamation of two or more local governments; or
- a single local government with significant adjustment to its boundaries (eg Logan City Council, Beaudesert Regional Council).

These indicative ratings arise from Queensland Treasury Corporation's ratings for the individual local governments and do not consider the potential benefits of amalgamation.

### 8.3 Financial sustainability as a factor in the Commission's recommendations

One of the guiding principles for the Commission when considering the structure of local governments is whether the new local government has a better opportunity, in the medium to long-term, to be more financially sustainable. This increases the likelihood of:

- residents being provided with the required range of services;
- the local government being able to anticipate and manage change and its impacts;
- the local government being able to access the necessary capability and then develop and retain this capability; and
- necessary systems being in place.

In considering amalgamation or other alternatives, a critical consideration is whether the proposed change provides an opportunity to improve financial sustainability or, at the very least, maintain financial sustainability at current levels. If not, other options are recommended, including the local government remaining as a stand-alone council.

The Commission acknowledges that its recommendations do not achieve an outcome where all local governments are rated at least moderate. Indeed, in some cases it recommends councils rated below moderate retain their current boundaries unchanged. Issues to do with servicing expanses of sparsely settled territory,

the absence of economy of scale benefits and the likelihood that amalgamation with adjoining local governments will not improve capability resulted in the Commission's view that amalgamation will not improve sustainability.

In some cases the amalgamated local governments are likely to retain a weak rating. However, it is the view of the Commission that the amalgamation significantly improves the probability of the new local government improving its financial sustainability over the medium to long-term when compared to the likelihood of this happening to the individual local governments involved in the amalgamation.

### 8.4 Size of Queensland's local government sector

At 30 June 2006, Queensland's local governments controlled assets in excess of \$54 billion with equity in excess of \$50 billion and debt in excess of \$2.6 billion. Local government therefore is a massive business and represents a significant investment by Queenslanders in the institution that manages assets on their behalf. Over the next 10 years, the accounting value of these assets is likely to double through investment and inflation.

## 8.0 Financial sustainability

A break-up of the key components of this investment is provided in the following table:

**Table 8.3 Local government assets, liabilities and equity**

CLASSIFICATION	EXCLUDING		
	BRISBANE CITY COUNCIL	BRISBANE CITY COUNCIL	TOTAL SECTOR
	\$million	\$million	\$million
Cash	2,107	127	2,233
Property, plant and equipment	35,438	14,111	49,549
Capital works in progress	856	408	1,264
Other assets	670	365	1,034
<b>Total assets</b>	<b>39,070</b>	<b>15,010</b>	<b>54,080</b>
Debt	1,730	902	2,632
Other liabilities	770	412	1,182
<b>Total liabilities</b>	<b>2,501</b>	<b>1,314</b>	<b>3,815</b>
<b>Community equity</b>	<b>36,569</b>	<b>13,696</b>	<b>50,266</b>

Because of this huge investment, it is essential that Queenslanders are provided with a local government system and governance framework which ensures optimal outcomes in terms of service delivery. This can only be achieved through viable and sustainable local governments that are equipped to meet the challenges of the 21st century.

## 8.5 Future outlook

The Commission believes that the recommended structures will result in a more capable and financially sustainable local government sector. As a corollary, the State Government should be in a better position to identify and target support and capacity building to those local governments most in need.

There remain a number of local governments that are rated weak or very weak with the majority of local governments rated as moderate.

Assistance to the local governments most in need will be better targeted through a process of ongoing monitoring of their financial strengths and weaknesses.

### Recommendation 19

*Financial Sustainability Reviews should be undertaken by Queensland Treasury Corporation and be available to the local government, relevant government agencies and publicly. The reviews should be undertaken on a frequency basis which has regard to the assessed rating of the local government, namely:*

- *financially distressed, very weak, and weak local governments should be reviewed annually;*
- *moderate local governments every two years; and*
- *strong and very strong local governments every three years.*

# 9.0 Implementation issues

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## 9.1 Issues considered by the Commission

The Terms of Reference for the Commission prescribe that *“in making its recommendations for new arrangements, the Commission must identify any issues requiring further consideration for successfully establishing the new arrangements”*.

The Commission recognises that the scope of its recommendations for the local government sector in Queensland envisages large-scale reforms. The Commission considers support to the sector will be required to manage transition to the new arrangements to ensure the benefits of the reforms flow to Queensland communities as quickly as possible. Further, the Commission believes that the State Government and key local government stakeholders (including the LGAQ and the LGMA) will have key roles in supporting and providing assistance during transition and implementation of the reforms.

The Commission identifies a number of transition and implementation issues. They are categorised into the following areas:

- boundaries;
- Aboriginal and Torres Strait Island councils;
- capacity building and transition;
- joint local governments;
- unincorporated areas; and
- other implementation issues.

## 9.2 Boundaries

The Commission’s Terms of Reference requires that *“when making a recommendation for creating a new local government area from two or more existing local government areas, the 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 area”*.

Where considered appropriate, the Commission has focused on major reform involving amalgamations that include the whole area of existing local government areas. Only three shires (Beaudesert, Taroom and Tiaro) have been split in the Commission’s recommendations and parts of Gold Coast and Ipswich cities have been recommended for transfer to neighbouring amalgamated groups of councils.

However, the Commission has noted a number of areas where it is possible that further boundary change may more closely reflect community of interest.

These issues are identified in the relevant sections on new local government areas in Volume 2.

The Commission is of the view that these should not be addressed until after the March 2008 local government election to allow councils to focus on transitional issues for the new arrangements in the lead-up to the elections.

### Recommendation 20

*Following the March 2008 local government election, consideration should be given by the relevant local governments or the Minister to refer the boundary change issues listed in the detailed analysis for each local government area in Volume 2, to the Electoral Commission of Queensland as reviewable local government matters.*

## 9.3 Aboriginal and Torres Strait Island local governments

Part 7 on Aboriginal and Torres Strait Island local governments outlines implementation issues relating directly to these councils with respect to capacity building activities, land tenure arrangements and boundary issues.

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The Commission notes that targeted strategies envisaged for the Torres Strait Island Regional Council may not only be of assistance to the Torres Strait community but also to other local governments facing capacity issues.

## 9.4 Capacity building and transition

Following an amalgamation, there are immediate benefits flowing from a newly-focused council and chief executive officer. However, the majority of benefits of the reform will accrue in the medium to long-term. Councils with existing strong capacity will be best placed to move quickly to:

- manage transition and implementation risks; and
- fast-track benefits of reform by implementing change throughout the resultant local government area.

The change process will be assisted by strong capacity in existing local governments that will enable them to lead and direct the reform process at the local level. Amalgamations do involve some councils with very low capacity or serious financial sustainability issues. In these circumstances there will be greater short-term challenges in managing the change process and ensuring the benefits of the reform flow to the community.

Ensuring the successful transition and early implementation of the reforms will be critical in achieving medium to long-term benefits of the proposed reforms. The Commission has not made any specific recommendations in this area but notes and supports the intention of the State Government to establish both State and local level transition committees to manage the reform process.

The recommendations of the Commission are aimed at strengthening the capacity of the local government sector in Queensland. The Commission has identified:

- a number of local government areas which have ongoing capacity issues that will not benefit from structural reform; and
- a number of amalgamated councils that, due to their nature may require ongoing assistance in developing local capacity over at least the short-term.

These councils are highlighted in the detailed analysis for each local government area in Volume 2.

The Commission recommends that these councils should be given priority for assistance in building capacity. Where these councils are recommended for amalgamation, there is a strong case for additional and targeted support to manage the short term transitional risks.

Addressing the limited capacity of councils and the difficulty in obtaining and retaining appropriate staff to undertake core functions has been a key theme emerging from suggestions and in the Commission's deliberations. The issue of skills shortages and capacity is not limited to local government in Queensland and is a key issue that has the potential to stall the State's growth.

The Commission notes the State Government is currently facilitating a number of initiatives to address critical skill shortages in Queensland and to build capacity of local government in Queensland. In this regard, the Commission is attracted to the approach to develop and deploy of skilled teams for assistance to Aboriginal and Island Councils advocated by the Auditor-General. The Commission has not reviewed these initiatives but recognises the importance of continued work in this area.

**Recommendation 21**

*The State Government should:*

- (a) manage the transition to, and early implementation of, the new arrangements;*
- (b) give priority for assistance to councils that have existing capacity or financial sustainability issues as highlighted in Volume 2;*
- (c) foster targeted training and joint initiatives with higher education institutions for the purposes of developing skills relevant to the local government sector;*
- (d) build capacity within the Department of Local Government, Planning, Sport and Recreation and other relevant agencies to provide direct assistance in areas of need for local governments; and*
- (e) investigate strategies to build on existing initiatives to address skill shortages and build capacity of local government in Queensland.*

be identified during the transition phase of the reform process. There are also other statutory authorities which involve membership from existing local government areas that may be affected by the reforms (for example, the Gladstone Joint Area Water Board established by the *Water Act 2000*). In both these instances, it may be necessary to review the membership and continued function of these entities under the new arrangements. This should be identified during the transition phase by existing local governments.

**Recommendation 22**

*State and local government undertake the action recommended in Table 9.1 regarding the operations of Joint Local Governments following implementation of any relevant local government amalgamations and identify any other joint arrangements whose membership and/or ongoing functions may need review.*

## 9.5 Joint Local Governments

The Act provides for joint action by two or more local governments through Joint Local Governments. Where amalgamation involves all councils which comprise a JLG the entity should be abolished and the functions assumed by the amalgamated local government. Where an amalgamation involves councils which make up a JLG that is amalgamated into two or more new local government areas, legislative amendments will be required to reflect the new composition of the continuing JLG.

Table 9.1 right outlines a list of the current JLGs under the *Local Government Act 1993* and the Commission's recommendation for their operation following implementation of any amalgamation recommendations.

Local governments also have a number of other jointly controlled local government entities (such as limited liability companies) which may require further examination of their membership, function and reporting requirements. These will need to

**Table 9.1 Joint Local Governments**

JOINT LOCAL GOVERNMENT	LEGISLATIVE BASE	COUNCILS	RECOMMENDATION
Caloundra-Maroochy Water Supply Board	Local Government Areas Regulation 2005	Caloundra Maroochy	To be abolished and its functions assumed by amalgamated local government.
Dalby-Wambo Aerodrome Board	Local Government Areas Regulation 2005	Dalby Wambo	To be abolished and its functions assumed by amalgamated local government.
Dalby-Wambo Library Board	Local Government Areas Regulation 2005	Dalby Wambo	To be abolished and its functions assumed by amalgamated local government.
Dalby-Wambo Saleyards Board	Local Government Areas Regulation 2005	Dalby Wambo	To be abolished and its functions assumed by amalgamated local government.
Emerald-Peak Downs Saleyards Board	Local Government Areas Regulation 2005	Emerald Peak Downs	To be abolished and its functions assumed by amalgamated local government.
Esk-Gatton-Laidley Water Board	Local Government Areas Regulation 2005	Esk Gatton Laidley	Joint local government will continue. Legislative changes will be required to reflect new local government boundaries.
Gladstone-Calliope Aerodrome Board	Local Government Areas Regulation 2005	Gladstone Calliope	To be abolished and its functions assumed by amalgamated local government.
Goondiwindi-Waggamba Aerodrome Board	Local Government Areas Regulation 2005	Goondiwindi Waggamba	To be abolished and its functions assumed by amalgamated local government.
Goondiwindi-Waggamba Community Cultural Centre Board	Local Government Areas Regulation 2005	Goondiwindi Waggamba	To be abolished and its functions assumed by amalgamated local government.
Mission Beach Marine Facilities Joint Board	Local Government Areas Regulation 2005	Cardwell Johnstone	To be abolished and its functions assumed by amalgamated local government.
Nogoa River Flood Plain Board	Local Government Areas Regulation 2005	Broadsound Emerald Peak Downs	Joint local government will continue. Legislative changes will be required to reflect new local government boundaries.
Rockhampton District Saleyards Board	Local Government Areas Regulation 2005	Fitzroy Livingstone Mt Morgan Rockhampton	To be abolished and its functions assumed by amalgamated local government.
Roma-Bungil Show Ground and Saleyards Board	Local Government Areas Regulation 2005	Roma Bungil	To be abolished and its functions assumed by amalgamated local government.
Townsville-Thuringowa Water-Board	Chapter 2A, Local Government Act 1993	Townsville Thuringowa	To be abolished and its functions assumed by amalgamated local government.

## 9.6 Unincorporated areas

There are areas in Queensland which are not covered by an elected local government. These areas are classed as unincorporated land and include:

- Sweers Island (near Mornington Island);
- the Bountiful Islands (near Mornington Island); and
- Weipa Town.

The Commission has considered options for addressing these areas. The Commission shares a similar view to that expressed in the Parliamentary Committee for Electoral and Administrative Review (PCEAR) Report on Local Authorities External Boundaries Review that ordinarily all parts of Queensland should be under the control of democratically elected local government in one form or another.

### 9.6.1 Sweers Island and the Bountiful Islands

PCEAR considered the issue of Sweers Island and the Bountiful Islands. In particular, analysis and consideration was given to whether Sweers Island should be incorporated into Mornington or Burke local government areas. This incorporation did not occur due to the disbanding of the OLG.

### 9.6.2 Weipa Town

The Weipa Town area is proclaimed under the *Commonwealth Aluminium Corporation Pty Limited (Weipa Town Area) Regulation 1994*. Sections 43 and 44 of the *Commonwealth Aluminium Corporation Pty Limited Agreement Act 1957* provide that, as and when requested by Comalco, the Governor-in-Council shall exclude the area of any existing local government area within the bauxite field for any of the following purposes:

- for its plant machinery or harbour works;
- for a town site; or
- for agriculture or pastoral purposes in connection with any town.

The town of Weipa is a “company town” under the management of Rio Tinto (previously Comalco Ltd) and currently does not have an elected local government. The Commission recommends that the State enter into negotiations with Rio Tinto to ensure the community of the Town of Weipa has the same rights as the rest of Queensland in relation to local government.

### Recommendation 23

*There should be no unincorporated areas in Queensland. This should be achieved through:*

- (a) incorporation of the areas of Sweers Island and the Bountiful Islands into the local government area of Mornington Island; and*
- (b) State Government progressing negotiations with Rio Tinto regarding the “normalisation” of Weipa Town.*

## 9.7 Other implementation issues

The Commission also identifies a number of other implementation issues including the:

- impact of amalgamations on Financial Assistance Grants; and
- impact on planning schemes, rating, local policies and administrative centres.

### 9.7.1 Financial Assistance Grants

A number of suggestions outline opposition to potential amalgamation based on the negative impact that it would have on a local government’s Financial Assistance Grant provided by the Commonwealth Government and administered by the Queensland Local Government Grants Commission. The major purpose of the Commonwealth Financial Assistance Grant is to achieve a degree of horizontal fiscal equalisation among Queensland local governing bodies. The fiscal equalisation concept forms the first national principle for allocating the grant. The national principles are set by the Commonwealth Minister for Local Government and are similar to those by which the Commonwealth Government distributes

## 9.0 Implementation issues

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Goods and Services Tax revenue to the states and territories. The 2006 QLGGC Annual Report states, “the grant is allocated in a way to assist local governing bodies, functioning at a reasonable effort to meet the average level of expenditure on services and facilitates of all local governing bodies within the state”.

Suggestions expressed concern the grant would decrease for particular councils due to amalgamation as part of the grant is a base component for individual local governments. However an amendment has been made to the Commonwealth *Local Government (Financial Assistance) Act 1995* that guarantees the General Purpose Grant provided to any amalgamated body for each of the four years following an amalgamation will be the total of the amounts that would have been provided to the former bodies in each of those years, if they had remained separate entities.

The General Purpose Grant and the Identified Road Grant are the two components that make up the overall Grant. The Identified Road Grant will not be affected by amalgamation as it is based on council road length and council population. In determining the General Purpose Grant, some of the data the QLGGC analyses includes population, total linear kilometres of road and the unimproved capital value of land figures. QLGGC then makes recommendations to the Commonwealth Minister for Local Government and to the Queensland Minister for Local Government, Planning and Sport on the final allocation amounts. Due to the number of factors involved in calculating grant allocations it is difficult to predict what the allocation might be in future years. Reform involving the amalgamation of councils within Queensland does not affect the overall amount of the grant that is available for councils in Queensland.

### Recommendation 24

*With respect to the distribution of Financial Assistance Grants:*

*(a) following the March 2008 local government elections the QLGGC should undertake a review of the funding methodology to examine the long- term impact of the new local government structure; and*

*(b) any such review should be completed before the current four year guarantee for amalgamated councils ends.*

### 9.7.2 Impact on planning schemes, ratings, local polices and administrative centres

Suggestions to the Commission highlight the importance local communities place on current planning schemes and raise concerns about the effect policies developed by the amalgamated councils may have on their locality. As outlined in Part 4 of this report, upon amalgamation, the planning scheme which applied to the former part of the now new council area, will continue to apply as a transitional planning scheme until such time it is reviewed and consolidated into a new planning scheme. This means the current planning principles, objectives, and policies will continue to apply unchanged for the time being and the planning scheme will effectively operate as a local area plan for the former local government area until a new planning scheme is adopted.

Similarly, previous rating and other policies apply until changed by the democratically elected representatives for the new local government area.

The Commission notes that decisions that relate to the day-to-day functioning of the local government (including where the administrative centre for the new local government area should be located) are most appropriately undertaken by the new council for the local government area.

# 10.0 Suspended reviewable local government matters

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## 10.1 Background

Divided local governments constituted under the *Local Government Act 1993* (the Act) are required to report to the Minister for Local Government and Planning on 1 March of the year before a scheduled quadrennial election if their divisions exceed tolerances set in the Act. At that time, or indeed at any time, all councils may apply to the Minister for other changes including the number of councillors, change in the divisional structure, abolition of internal boundaries, the class of the council and the name of the council. These requests, whether they are statutory or voluntary, are reviewable local government matters which the Minister refers to a Local Government Electoral and Boundaries Review Commission for determination.

Note that some councils are seeking statutory as well as voluntary review.

A statutory review is one where the local government's internal divisions exceed allowable tolerances. Under s286 of the Act, the quota must not be departed from –

- (a) for a local government area with more than 10,000 electors – by more than 10%; or
- (b) for another local government area – by more than 20%.

Where these tolerances are exceeded, the Act sets an “Information Date” of 1 March in the year preceding the scheduled quadrennial elections by which time, an affected council must report to the Minister.

## 10.2 Outstanding matters

Prior to the passage of the legislation on 19 April 2007 establishing the Commission, 39 local governments had reported to the Minister seeking a statutory or voluntary review. However, this legislation – section 159E of the *Local Government and Other Legislation Amendment Act 2007* – suspends any activity on reviewable local government matters until after any recommendations from the Commission are implemented.

Table 10.1 details the matters that have been suspended. In summary:

- 29 councils require a statutory review because their divisions exceed the allowable tolerances;
- 14 councils are seeking to reduce the number of councillors;
- One council seeks to increase their number of councillors;
- Eight councils wish to abolish their internal boundaries and become undivided;
- Four councils want to change their divisional structure; and
- One council wants to change its name and class (from shire to city).

**Table 10.1 Suspended reviewable local government matters**

LOCAL GOVERNMENT	REASON FOR REFERRAL
Bendemere Shire Council	Statutory review
Booringa Shire Council	Statutory review
Caboolture Shire Council	Statutory review
Cairns City Council	Statutory review
Caloundra City Council	<ul style="list-style-type: none"> <li>• Statutory review</li> <li>• Reduce councillors from 11 to 9 (numbers include the mayor)</li> <li>• Change from 10 single-member divisions to 4 multi-member divisions</li> </ul>
Cambooya Shire Council	<ul style="list-style-type: none"> <li>• Statutory review</li> <li>• Reduce councillors from 9 to 7</li> </ul>
Cardwell Shire Council	Statutory review
Cooloola Shire Council	Statutory review
Dalrymple Shire Council	Statutory review
Douglas Shire Council	Abolish internal divisions
Eacham Shire Council	Statutory review
Gold Coast City Council	Statutory review
Herberton Shire Council	Statutory review
Ipswich City Council	Statutory review
Johnstone Shire Council	<ul style="list-style-type: none"> <li>• Statutory review</li> <li>• Abolish internal divisions</li> <li>• Reduce councillors from 9 to 7</li> </ul>
Jondaryan Shire Council	<ul style="list-style-type: none"> <li>• Statutory review</li> <li>• Abolish internal divisions</li> </ul>
Kilcoy Shire Council	Reduce councillors from 9 to 7
Livingstone Shire Council	<ul style="list-style-type: none"> <li>• Reduce councillors from 9 to 7</li> <li>• Change of class from shire to city</li> <li>• Change of name to Capricorn Coast</li> </ul>
Logan City Council	Statutory review
Mackay City Council	Statutory review
Maroochy Shire Council	Statutory review

LOCAL GOVERNMENT	REASON FOR REFERRAL
Mirani Shire	<ul style="list-style-type: none"> <li>• Statutory review</li> <li>• Reduce divisions from 3 to 2</li> <li>• Reduce councillors from 8 to 7</li> </ul>
Mundubbera Shire	Reduce councillors from 9 to 7
Murweh Shire	Abolish internal divisions
Nanango Shire	Abolish internal divisions
Nebo Shire	Reduce councillors from 8 to 7
Pine Rivers Shire	Statutory review
Redcliffe City	Reduce councillors from 8 to 7
Redlands Shire	Statutory review
Rockhampton City Council	Statutory review
Tara Shire Council	<ul style="list-style-type: none"> <li>• Statutory review</li> <li>• Reduce councillors from 10 to 9</li> <li>• Change divisional number of representatives</li> </ul>
Tiaro Shire Council	<ul style="list-style-type: none"> <li>• Abolish internal divisions</li> <li>• Reduce councillors from 9 to 7</li> </ul>
Townsville City Council	Statutory review
Waggamba Shire Council	<ul style="list-style-type: none"> <li>• Statutory review</li> <li>• Abolish internal divisions</li> </ul>
Wambo Shire Council	<ul style="list-style-type: none"> <li>• Statutory review</li> <li>• Reduce councillors from 9 to 8</li> </ul>
Warroo Shire Council	<ul style="list-style-type: none"> <li>• Statutory review</li> <li>• Change divisional structure</li> <li>• Reduce councillors from 10 to 9</li> </ul>
Warwick Shire Council	<ul style="list-style-type: none"> <li>• Statutory review</li> <li>• Abolish internal divisions</li> </ul>
Whitsunday Shire Council	<ul style="list-style-type: none"> <li>• Statutory review</li> <li>• Increase councillors from 8 to 9</li> </ul>
Wondai Shire Council	Reduce councillors from 10 to 9

In reviewing local government structures across the State as required in the Terms of Reference, the Commission has had regard to these suspended matters. In all cases, Commission recommendations relating to these councils supercede the individual council's requests. If the recommendations are accepted, no further action on the requests will be necessary.

As with the Act, the *Local Government (Community Government Areas) Act 2004* defines reviewable matters for Aboriginal community councils. Any such matters have also been suspended until the Commission's review is complete. One such matter is outstanding, namely, a request from Yarrabah Community Council for a change in the manner of the election for the Mayor.

In reviewing Aboriginal Community Councils as required by the Terms of Reference, the Commission has decided against recommending any boundary change for these entities. However, in contemplating electoral arrangements, the matter of election of mayors has been reviewed. The Commission recommends that all mayoral elections should be held at large and this applies also to Aboriginal Community Councils because of their planned transition to full local government status. The Yarrabah request will be satisfied if the Commission's recommendation is accepted.

There are two limited reviewable local government matters outstanding, and now suspended due to the establishment of the Commission. Limited reviewable matters are those where adjoining Councils agree to a minor boundary change to take account of issues such as the re-alignment of a (boundary) road resulting in the split of one or more properties and other similar circumstances.

Both suspended matters involve Cook Shire Council, one with Hopevale Aboriginal Community Council and the other with Wujal Wujal Aboriginal Community Council. The recommendations of the Commission do not supercede these requests. These matters can usually be resolved quickly. However, due to the level of change envisaged for the local government sector in Queensland, up until March 2008, it is recommended they be deferred until after the next local government elections.

### **Recommendation 25**

*Suspended limited reviewable local government matters for Cook/Hopevale and Cook/Wujal Wujal be re-submitted by the Councils to the ECQ following the 15 March 2008 quadrennial elections.*

# 11.0 Conclusion

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Queensland is unique in Australia in that it is still a largely decentralised State with almost half of its population living outside South East Queensland. There are strong reasons to keep it that way. South East Queensland has its own growth management challenges and the structures recommended by the Commission are specifically designed to deal with these. But strong local government structures are required outside of South East Queensland to target and retain the resources and expertise needed to enable these regions to compete for State and national attention. Strong, financially sound councils also have better prospects of providing and sustaining social services, such as health, recreation and community development facilities, that are in harmony with local priorities and needs. If local governments in regional Queensland are not strengthened, their communities will be increasingly marginalised.

It is estimated that within the next 20 years Queensland will experience investment in the order of tens of billions of dollars in project and associated infrastructure. It will also experience population growth due to the sea-change, tree-change and sunbelt phenomena. Much of this investment will occur in regional Queensland. This will require local governments to be increasingly strategic in their approach with a capacity to plan so as to secure maximum benefit for their communities from the sustainable use of resources upon which they depend for prosperity. They will need to be capable of representing the interests of their constituents in dealing with State and Federal Governments, and the private sector. They will need to have the capacity to effectively manage a growing inventory of infrastructure and other assets if they are to meet the growing demands for services and facilities cost effectively.

Councils also need to be equipped to handle the increasingly sophisticated requirements that sit around governance including financial performance, understanding the nature of and quantifying (financial and public entity) risk, debt management and corporate reporting.

The ability to influence, manage and derive social benefit from these economic opportunities will only come if councils have sufficient capacity to keep pace with these changes.

The recommendations of the Commission are designed to strengthen local government to better enable it to meet the challenges of the future.

# Appendix A

Statistical summary of suggestions received

REFERENCE	SOURCE	NUMBER RECEIVED
	<b>Suggestions</b> - See enclosed CD for copies of suggestions received	<b>3,796</b>
	<b>Form letters, proformas, surveys and postcards</b> - See samples on enclosed CD	<b>36,570</b>
OSo01	Balonne (Survey)	2
OSo02	Beaudesert (Survey)	10
OSo03	Belyando (Proforma)	48
OSo04	Biggenden (Form Letter)	36
OSo05	Blackall (Postcard)	283
OSo06	Boonah (Proforma)	353
OSo07	Boulia (Form Letter)	5
OSo08	Calliope (Proforma A)	1,206
OSo09	Calliope (Proforma B)	66
OSo10	Cardwell (Form Letter A)	159
OSo11	Cardwell (Form Letter B)	10
OSo12	Cloncurry (Form Letter)	131
OSo13	Cooloola (Form Letter)	29
OSo14	Crows Nest (Proforma)	61
OSo15	Crows Nest (Form Letter)	62
OSo16	Douglas (Form Letter A)	10
OSo17	Douglas (Form Letter B)	31
OSo18	Flinders (Form Letter A)	90
OSo19	Flinders (Form Letter B)	36
OSo20	Gold Coast (Form Letter)	19
OSo21	Ilfracombe (Postcard)	34
OSo22	Jericho (Postcard)	4
OSo23	Kolan (Form Letter)	23
OSo24	Maroochy (Form Letter A)	463
OSo25	Maroochy (Form Letter B)	157
OSo26	Maroochy (Form Letter C)	259
OSo27	Maroochy (Form Letter D)	10
OSo28	McKinlay (Form Letter)	22
OSo29	Miriam Vale (Proforma A)	7
OSo30	Miriam Vale (Proforma B)	4
OSo31	Noosa (Form Letters A)	18,584
OSo32	Noosa (Form Letters B)	51

REFERENCE	SOURCE	NUMBER RECEIVED
OSo33	Noosa (Form Letters C)	45
OSo34	Noosa (Form Letters D)	2,068
OSo35	Noosa (Form Letters E)	84
OSo36	Noosa (Form Letters F)	37
OSo37	Noosa (Form Letter G)	30
OSo38	Noosa (Form Letter H)	12
OSo39	Noosa (Postcard)	10,129
OSo40	Peak Downs (Postcard)	390
OSo41	Richmond (Form Letter)	27
OSo42	Rosalie (Form Letter A)	217
OSo43	Rosalie (Form Letter B)	1,160
OSo44	Rosalie (Form Letter C)	41
OSo45	Stanthorpe (Form Letter)	65

<b>Petitions (number of signatures)</b>		<b>3,624</b>
- See samples on enclosed CD		
OPo01	Caboolture	9
OPo02	Caboolture	12
OPo03	Cloncurry	723
OPo04	Crows Nest - Crows Nest Children's Centre	85
OPo05	Kolan	24
OPo06	Livingstone	6
OPo07	Livingstone	50
OPo08	Mirani - Mirani Shire Council Employees	52
OPo09	Nanango	259
OPo10	Noosa - Laguna Retirement Village	15
OPo11	Noosa - Hibiscus Retirement Village	27
OPo12	Noosa - Noosa Business Group Inc	18
OPo13	Noosa - Greening Noosa	45
OPo14	Noosa - Noosa Shire Council Employees	123
OPo15	Paroo	148
OPo16	Redcliffe	1,011
OPo17	Richmond	681
OPo18	Tara - Tara Community Care	14
OPo19	Waggamba	157
OPo20	Wambo	24
OPo21	Wondai	141

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REFERENCE	SOURCE	NUMBER RECEIVED
	<b>Referrals</b>	<b>3,277</b>
	Referrals from Members of Parliament	1,413
	Referrals from councils	93
	Referrals from Government Departments	98
	Local Democracy website referrals	1,673
	<b>TOTAL SUGGESTIONS RECEIVED</b>	<b>47,267</b>

# Glossary

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## Definitions

**Note: Glossary terms are defined for the purpose of this report only.**

**Aboriginal council transition** means Aboriginal Councils established under the repealed *Community Services (Aborigines) Act 1984* became Shire Councils under the *Local Government Act 1993* upon the commencement of the *Local Government (Community Government Areas) Act 2004* on 1 January 2005. *The Local Government (Community Government Areas) Act 2004* contains transitional provisions to enable a phase-in of a number of provisions of the *Local Government Act 1993* during the period from January 2005 to June 2008.

**Allowable tolerance** refers to the electoral quotas in divided local governments. Under section 286 of the *Local Government Act 1993*, the quota must not be departed from –

- (a) for a local government area with more than 10,000 electors – by more than 10%; or
- (b) for another local government area – by more than 20%.

**Capacity** is the ability to utilise resources, technical expertise and management expertise to achieve desired outcomes.

**Chief Executive Officer (CEO)** is the appointed senior manager and official responsible for implementing the policies and decisions of the local government. The CEO also manages the day-to-day council business including reporting requirements.

**City of Brisbane Act 1924** is legislation which sets out specific governance arrangements for Brisbane City Council.

**Community boards** are defined as local advisory boards which councils may establish to provide advice and recommendations on local issues.

**Community of interest** as detailed in Part 3.

**Council** means a local government.

**Councillor** means an elected official of a local government and includes the local government's mayor. Councillors represent the public interests of the local government area for which they are elected.

**Elector** means person entitled to vote at an election.

**Electoral and Administrative Review Commission (EARC)** was established by the Queensland Parliament in 1989, to review, among other issues, Queensland's electoral and local government systems.

**Electoral Commission of Queensland (ECQ)** is the State electoral authority established under the *Electoral Act 1992*.

**Financial Assistance Grants (FAGs)** are provided by the Commonwealth under the *Local Government (Financial Assistance) Act 1995 (Cwlth)* and are distributed annually to 157 local governing bodies within Queensland by the Minister on the advice of the QLGGC.

**First-past-the-post voting (FPTP)** is the voting system in which the candidate/s with a simple majority of votes is/are elected. The system may be used for single or multi-member divisions.

**Governance** refers to the procedures, processes and institutional culture an organisation uses to bring together and integrate the range of reporting and accountability systems used to manage risk, meet compliance requirements and measure business performance. The objective in doing so is to be able to get a total picture of the organisation and how the various elements (eg finance, HR, asset management, risk management) are all working together to achieve optimum performance.

**Integrated Planning Act 1997 (IPA)** is planning legislation which forms the foundation of Queensland's integrated development assessment system.

**Joint Local Governments (JLG)** are established under the Act to enable the councils involved to cease performing a specific agreed function, as the responsibility for the identified function is given to the joint body. The councils are represented on a Board responsible for directing the performance of the activity across the areas of the councils. The joint local government has all of the powers and responsibilities of a council except the power to levy rates which remains with the constituent councils.

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**Land tenure** refers to legislative provisions which provide for Aboriginal and Torres Strait Island Council land to be held in trust for the benefit of the inhabitants of the communities. It involves restrictions on the sale, use and access to the land.

**Local Government Act 1993** (The Act) is the principal legislation which provides the legal framework for Queensland's local government sector.

**Local government area** refers to square kilometres of local government area. For purposes of this report, the Commission has in the main used statistical local area boundaries based on the 2005 edition of the Australian Standard Geographical Classification (Australian Bureau of Statistics). The Commission notes these vary slightly from the Department of Natural Resources and Water boundaries. The final maps are based on Department of Natural Resources and Water data.

**Local Government Association of Queensland** (LGAQ) is the major representative body for Queensland councils.

**Local Government Electoral and Boundaries Review Commission** (LGEBC) is the Commission that reviews local government electoral and boundary changes and is established under the *Local Government Act 1993*.

**Local Government Reform Commission** (LGRC) is an independent seven-member Commission established under s159F of the Act to make recommendations on new local government structures for Queensland.

**Local growth management strategy** (LGMS) Local governments are required to prepare an LGMS to demonstrate how Regional Plan policies will be implemented at a local level. They include information such as:

- how and where population growth will be accommodated in terms of residential dwellings, employment and infrastructure;
- how to better integrate residential development, transport infrastructure and employment areas;
- land use around activity centres and public

transport;

- opportunities for new development in urban areas, redevelopment and infill; and
- planning scheme amendments required to implement the LGMS.

**Mayor** is a councillor. In Queensland, mayors are elected by all voters in the local government area to represent the public interests of the whole area. Mayors also preside at council meetings, have the role of ensuring decisions of the council are carried out and represent the council on formal occasions.

**Minister** refers to the Minister for Local Government, Planning and Sport.

**Planning Scheme** is a requirement under the *Integrated Planning Act 1997* that coordinates and integrates the planning and development matters for a designated area including environmental matters and key infrastructure concerns.

**Office of the Local Government Commissioner** (OLGC) was established under the *Local Government Act 1993* to review local government in Queensland. The office conducted the round of major amalgamations between 1993 to 1995 and was abolished in the mid 1990s.

**Optional preferential voting** (OPV) is a voting system that allows voters in single-member divisions, the option of expressing either a single preference or distributing their preferences for all or some of the candidates. Commonly known as the alternative vote, the system can become a de facto FPTP system if campaigning parties or candidates strongly advocate voting for one candidate only.

**Queensland Local Government Grants Commission** (QLGGC) is an independent statutory body which makes recommendations to the Minister on the distribution of the Commonwealth's Financial Assistance Grant to local government. These recommendations are based on the requirements of the *Local Government (Financial Assistance) Act 1995 (C'wlth)* and the National Principles prescribed under that Act by the Australian Government Minister.

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**Queensland Treasury Corporation (QTC)** is Queensland's central financing authority and corporate treasury service provider. QTC has responsibility for providing funding, cash management and financial risk management advice to the public sector.

**Reviewable local government matters** include proposals for changes to electoral boundaries, composition, names and classes of councils, or assignment of councillors as detailed in sections 64 and 65 of the Act. A Local Government Electoral and Boundaries Review Commission (LGEBC) is established whenever the Minister issues a reference or a local government applies for a change to its external boundaries. The Minister may issue a reference to a LGEBC to examine quota requirements for divided local governments, of his or her own volition or at the request of a council or the Electoral Commissioner. Any local government may voluntarily seek review of their electoral arrangements.

**Risk** is the chance of something occurring that will, should the event occur, have an impact on the achievement of organisational objectives. It is measured in terms of the likelihood of something happening and the consequences if it happens. Risks can be negative (that is having an adverse impact such as loss or harm) or positive (that is a gain or advantage).

**Risk management** is a systematic and logical process of identifying, analysing, evaluating, treating, monitoring and communicating risks associated with any activity, function or process in a way that will enable an organisation to minimise losses and maximise opportunities.

**Size, Shape and Sustainability initiative (SSS)** was a cooperative initiative between the Queensland Government and the LGAQ aimed at enabling local governments to improve capacity, efficiency and sustainability of council services across Queensland. The SSS initiative ceased after the Queensland Government announced the establishment of the Local Government Reform Commission.

**South East Queensland (SEQ) Regional Plan** is the statutory regional planning document that manages growth and development in SEQ, so that its unique qualities, natural values and lifestyles which attract people to the region are maintained. It was released by the Queensland Government and the Councils of the region on 30 June 2005 after extensive consultation with the community, governments and industry.

**Suggestions** refer to the input sought and received by the Commission. The community, local governments and other organisations were provided the opportunity to put their comments in writing about changes to local government in Queensland.

#### **Terms of Reference**

Directions set by the Queensland Government for the Commission to make recommendations for the review of local government in Queensland

#### **Unincorporated Areas**

Areas of Queensland which are not covered by an elected local government

**Urban Footprint** identifies land to provide for the region's urban development needs to 2026, as outlined in the SEQ Regional Plan. The area includes sufficient land to accommodate the full range of acceptable urban uses, such as housing, industry, business, infrastructure, community facilities and urban open spaces projected to be required over the next 20 years.

## Acronyms / abbreviations

AEC	Australian Electoral Commission
DOGIT	Deed of Grant in Trust
EARC	Electoral and Administrative Review Commission
ECQ	Electoral Commission of Queensland
FAGs	Financial Assistance Grants
FSR	Financial Sustainability Review
FPTP	First-past-the-post voting
QLGGC	Queensland Local Government Grants Commission
IPA	<i>Integrated Planning Act 1997</i>
LGAQ	Local Government Association of Queensland
LGMS	Local Growth Management Scheme
LGRC	Local Government Reform Commission
LGMA	Local Government Managers Australia
OLGC	Office of the Local Government Commissioner
OPV	Optional preferential voting
QTC	Queensland Treasury Corporation
SSS	Size, Shape and Sustainability initiative
SEQ	South East Queensland





