

Cairns Regional Council



1. Recommendation

The Commission recommends:

- (i) the existing local governments of Cairns City and Douglas Shire Councils be abolished and a new local government formed based on the combined area of the two existing local governments;
- (ii) the new local government be called Cairns Regional Council;
- (iii) the new local government be undivided with 10 councillors and a mayor; and
- (iv) the new local government be classed as a regional local government

2. Comparison of new and previous local governments

NEW LOCAL GOVERNMENT	PREVIOUS LOCAL GOVERNMENTS		
Name	Cairns Regional Council	Cairns City Council	Douglas Shire Council
Class	Regional	City	Shire
Size	4,135 sq km	1,690 sq km	2,445 sq km
Population 2006	142,723	131,268	11,455
Population 2026	202,120	185,873	16,247
Electors 2007	81,862	75,584	6,278
Electoral arrangements	Undivided 10 councillors plus mayor	Divided 12 councillors plus mayor	Divided 6 councillors plus mayor
Electors per councillor excluding mayor	8,186	6,298	1,046
Total operating revenue financial year 2006	\$213 million	\$187 million	\$25 million
Annual capital expenditure forecast financial years 2007 - 2015	N/a	N/a	N/a
Total assets at 30 June 2006	\$2,246 million	\$2,041 million	\$205 million
Debt at 30 June 2006	\$76 million	\$70 million	\$6 million
Community equity at 30 June 2006	\$2,131 million	\$1,937 million	\$194 million

3. Rationale for the new local government

3.1 Service delivery, operations and management

- Improving the capacity to develop a coherent regional plan for the management of growth in an environmentally sensitive coastal region of Queensland comprising high tourism values.
- Improved service delivery through economies of scale, particularly for residents of Douglas Shire Council around:
 - planning;
 - managing water, waste and sewerage;
 - managing and maintaining road networks;
 - utilising plant; and
 - undertaking core corporate activities including executive and administrative functions, finance, and information technology.
- Increasing capacity of the new local government through a larger revenue and asset base will enhance its prospects of attracting, developing and retaining the skills base required to undertake planning and actively manage the anticipated economic development in a manner that will maintain and protect the high value environmental attributes of the region while delivering quality social outcomes.
- Strengthen the ability of the new local government to engage with industry and State and Federal Governments in relation to tourism, environmental issues, economic development, airport and seaport development, road networks and water, waste and sewerage issues on a regional basis.
- The amalgamation of Cairns City and Douglas Shire Councils is likely to improve the quality of governance to ratepayers of Douglas Shire which has been of significant concern in recent years.

3.2 Communities of interest

- Cairns is the regional centre for far north Queensland where all major educational, health, commercial, government, retail and financial services can be accessed.
- The region is heavily dependent on tourism which is to a large extent linked to the Great Barrier Reef and

the Wet Tropics World Heritage Area (i.e. Kuranda Rainforest and Daintree Rainforest). Accommodation caters for the complete spectrum of tourists with the high-end tourists favouring Port Douglas, Palm Cove, Daintree Rainforest accommodation, some of the islands and hotels in Cairns. There is also plenty of budget accommodation across the region catering to backpackers.

- Cairns airport services both domestic and international flights which are essential for tourism in the region. This airport is owned and operated by Cairns Port Authority.
- Cairns also has a seaport which is used to import petrol and export raw sugar amongst other cargoes but its most significant purpose is to take tourists to the Great Barrier Reef and hosts cruise ships.
- Strong transportation linkages between Douglas Shire and Cairns City supporting both tourism and commerce along the coast.

3.3 Other

Not applicable.

4. Financial sustainability

Cairns City Council is not rated in the Financial Sustainability Review by Queensland Treasury Corporation. Based on historical data (as forecast data is not available) it is QTC's view that Cairns City Council be rated as either moderate or strong.

Douglas Shire Council is also not rated in the Financial Sustainability Review by Queensland Treasury Corporation. Based on historical data (as forecast data is not available) it is QTC's view is that Douglas Shire Council be rated moderate.

There are issues around the relationship between the councillors and administration of Douglas Shire Council with the Chief Executive Officer recently being dismissed. An amalgamated council should result in stronger governance.

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

- achieve economies of scale;
- attract, retain and develop skilled staff as well as build capacity of systems; and

- undertake regional planning and infrastructure delivery.

5. Implementation issues

The Commission did not identify any specific issues relating to the formation of the new local government area.

6. Boundary issues

No major issues were identified. The Commission notes the boundary issues raised by Cairns City Council regarding Kuranda and the Johnstone and Mulgrave Rivers may warrant further consideration at a later date should the adjoining councils wish to seek review under the *Local Government Act 1993*.

7. Suggestions

The Commission gave consideration to the 81 suggestions it received in relation to the Cairns/Douglas area.

7.1 Details of suggestions

- Douglas Shire Council opposes amalgamation and wholesale boundary realignment with the preferred option being to complete minor boundary adjustments between Douglas Shire, Cook Shire and Wujal Wujal Aboriginal Councils; and consult with the communities living north of the Daintree River to determine the extent of support for realignment within another shire's boundaries.

Council also explains why other possible options are opposed.

- SSS review group amalgamations – Douglas Shire, Cook Shire and Wujal Wujal Aboriginal Councils (or other permutations):
 - vast social, cultural, economic, financial and geographic differences between the three councils; and
 - community wealth accumulated and paid for by the Douglas Shire community would be transferred as subsidies and service improvements to the other communities.

- Amalgamation with Cairns City Council:
 - the most vociferously opposed option by Douglas Shire Council as there are real threats to the community's social and cultural fabric, its identity and brand value as an international tourist destination, its iconic environmental status and the lifestyle preferences of its residents.
- Wet Tropics amalgamation which includes 14 councils from Thuringowa City and Dalrymple Shire in the south to Cook Shire in the north:
 - questionable whether a Wet Tropics local government would add anything to the management of this World Heritage area;
 - massive realignment and could not be completed within the timeframes given to the Commission; and
 - success would be dependent on reform and alignment of State and Federal Government services.
- Far North Queensland Regional Council amalgamation which includes Douglas Shire, Wujal Wujal Aboriginal Council, Yarrabah Aboriginal Council, Mareeba Shire, Atherton Shire, Cairns City, Eacham Shire, Johnstone Shire, Herberton Shire and Cardwell Shire Councils:
 - less onerous than a Wet Tropics amalgamation but still a massive undertaking;
 - could not be completed within the timeframes given to the Commission; and
 - complexity of implementation would be significant.
- Cairns City Council's preferred option is to retain the status quo on the basis that the community has already been through amalgamation in 1995 and little has occurred since then to challenge this rationale.

Cairns City Council details nine possible options (describing positive and negative outcomes) in its suggestion to the Commission. These are outlined as follows:

1. Boundary change – area south of Cape Tribulation to Cairns
2. Boundary change – Port Douglas and southern area to Cairns
3. Amalgamate Cairns City and Douglas Shire Councils

Positive outcomes

- provides opportunity for tourism industry and regional service centre communities of interest to be strengthened;
- Cairns is already a regional centre for Douglas Shire communities;
- both local governments are Wet Tropics/ coastal/reef communities;
- Douglas Shire contains a discrete sugar cane district but exports through Cairns;
- economies of scale regarding administrative costs;
- both local governments are already regional waste partners;
- efficiencies to be gained in technical and planning services; and
- opportunity for Cairns City Council's capacity and expertise to be applied more broadly to Douglas Shire's infrastructure requirements.

Negative outcomes

- Cairns City and Douglas Shire communities have different and discrete identities;
 - physical barriers exist between Cairns City and Douglas Shire (i.e. 30 kilometres coastal stretch between Ellis Beach and Port Douglas with little development due to geographic constraints);
 - higher service level expectations in Douglas Shire could lead to higher service costs relative to existing Cairns City costs;
 - need to maintain depots;
 - the distance from the top to the bottom of the merged area is very significant, making coordination of services potentially difficult;
 - the population of Douglas Shire may warrant only a single divisional councillor; and
 - may warrant consideration of community board arrangements;
4. Boundary change – Kuranda and district to Cairns.
 5. Amalgamate Cairns City and Yarrabah Aboriginal Councils.
 6. Boundary change – area north of the Johnstone River to Cairns.
 7. Amalgamate Cairns City and Johnstone Shire.
 8. Boundary change – area south of the Mulgrave River to Johnstone Shire.
 9. Amalgamate Cairns City, Douglas Shire, Johnstone Shire, Cardwell Shire and Yarrabah Aboriginal Councils.

In relation to any mergers with Aboriginal councils:

- the State would need to guarantee payments of rates and utility charges for properties within the Aboriginal community;
- rates and utility charges would need to be determined in line with those applying across the entire area;
- amalgamation should not be to the financial detriment of residents with whom the Aboriginal community is to amalgamate; and
- there may be more merit in establishing an amalgamated Aboriginal Regional Council to manage the range of community matters specific to Aboriginal communities.

In relation to any mergers with any shires:

- The State should guarantee the provision of significant financial support for the ongoing provision of essential infrastructure of the former shire(s); and
- Any amalgamation should not be to the financial detriment of Cairns.

In relation to electoral arrangements, Cairns City Council suggests that if council is amalgamated, single member electoral divisions should continue. The name should remain Cairns City Council.

In relation to other matters to be addressed by the Commission:

- the provision of financial and non-financial implementation assistance to councils impacted by boundary changes; and
- a review of the methodology for calculating financial assistance grants for local government authorities.

7.2 Commission's comments on suggestions

The Commission has considered the comments of both Cairns City and Douglas Shire Councils and the other suggestions and concludes:

- Amalgamation with the nearby Aboriginal local governments is not recommended because of the different land tenure and rating arrangements that exist, that need to be resolved before amalgamation with mainstream local governments can be contemplated.
- A 'wet tropics local government' incorporating

all shires north of Townsville City and Dalrymple Shire is considered too large, administratively complex and lacking a common community of interest (other than the wet tropics itself).

- The vast area of both the ‘wet tropics local government’ and ‘far north Queensland local government’ is similarly considered too large and lacking a common community of interest (other than far north Queensland itself).
- A ‘far north Queensland local government’ incorporating Johnstone Shire and Cardwell Shire Councils as well as the Tablelands Shires and the Aboriginal local governments is also considered too large, administratively complex and lacking a common community of interest.
- An amalgamation of Cairns City, Douglas Shire, Cardwell Shire, Johnstone Shire and Yarrabah Aboriginal Councils is also considered too large, administratively complex and lacks a sufficient community of interest.
- An amalgamation of Cairns City and Johnstone Shire Councils is an amalgamation of like communities of interest and is also helpful to Johnstone Shire Council in financial and resourcing terms. However, the Commission considers the communities of interest between Johnstone Shire and Cardwell Shire to be more cohesive and distance considerations precludes Cardwell Shire being amalgamated with Douglas Shire and Cairns City Councils. The community of interest seems more cohesive between Johnstone Shire and Cardwell Shire.
- In line with the Commission’s Terms of Reference the boundary changes raised were not deemed to be of such a major nature as to warrant splitting existing local government areas.
- The Commission agrees with the positive outcomes outlined by Cairns City Council arising from an amalgamation with Douglas Shire Council and concludes these outweighed the negative outcomes. In addition, it believes that most of the potential negative outcomes do not have to be debilitating if addressed proactively by the amalgamated local government. An amalgamated local government will have the capacity to ensure planning for and the management of development in Port Douglas recognises and protects its attributes and character.

8. Other Commission considerations

There were no other considerations.

9. Objectives set for Commission

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