

Cassowary Coast Regional Council



1. Recommendation

The Commission recommends:

- (i) the existing local governments of Cardwell and Johnstone Shire Councils be abolished and a new local government is formed based on the combined area of the two existing councils;
- (ii) the new local government be called Cassowary Coast Regional Council;
- (iii) the new local government be undivided with six councillors and a mayor; and
- (iv) the new local government be classed as a regional local government.

2. Comparison of new and previous local governments

NEW LOCAL GOVERNMENT	PREVIOUS LOCAL GOVERNMENTS		
	Cassowary Coast Regional Council	Cardwell Shire Council	Johnstone Shire Council
Name			
Class	Regional	Shire	Shire
Size	4,701 sq km	3,062 sq km	1,639 sq km
Population 2006	30,843	11,326	19,517
Population 2026	35,300	15,155	20,145
Electors 2007	17,589	5,850	11,739
Electoral arrangements	Undivided 6 councillors plus mayor	Divided 9 councillors plus mayor	Divided 8 councillors plus mayor
Electors per councillor excluding mayor	2,931	650	1,467
Total operating revenue financial year 2006	\$64 million	\$18 million	\$46 million
Annual capital expenditure financial year 2007 - 2015	N/a	N/a	N/a
Total assets at 30 June 2006	\$321 million	\$148 million	\$173 million
Debt at 30 June 2006	\$26 million	\$11 million	\$15.2 million
Community equity at 30 June 2006	\$284 million	\$134 million	\$150 million

3. Rationale for new local government

3.1 Service delivery, operations and management

- Improving the capacity to formulate a coherent regional plan for the management of this sensitive environmental coastal region of Queensland and a planning scheme that will enable a consistent environmentally sensitive and integrated approach to Mission Beach.
- Improved service delivery through economies of scale around:
 - planning and development;
 - 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.
- Enables the production of a planning scheme that will enable a consistent, environmentally sensitive and integrated approach to managing the development and servicing of Mission Beach.
- Increasing the capacity of the local government through a larger asset base and operating revenue enhances the prospects of the new council attracting, retaining and better developing the skills base required to undertake the activities of a local government.
- Enhances the capacity of the new local government to engage with industry and State and Federal Governments in relation to tourism, environmental issues and regional development.
- Amalgamating the two local governments offers the potential of improving the quality of governance and particularly to ratepayers of Johnstone Shire, an area of significant concern in recent years.
- Improving the capacity to manage risks.

3.2 Communities of interest

- The economic profiles of Cardwell and Johnstone Shire Councils are similar with agriculture, (namely banana production) being the main economic activity, complemented by sugar cane and some beef cattle production.
- Tourism is a significant economic activity in both shires with Mission Beach, Port Hinchinbrook

and Hinchinbrook Island being the main attractions. Tully Gorge and historic Paronella Park are also tourist attractions.

- The amalgamation would facilitate a more focused strategy in developing Mission Beach as a tourist landmark in its entirety.
- Being the second largest urban centre in far north Queensland, Innisfail is a regional centre for residents of Cardwell Shire.
- Strong transportation links.

3.3 Other

Based on historical data, Johnstone Shire Council is rated financially distressed in the Financial Sustainability Review by Queensland Treasury Corporation. In this regard, the residents of Cardwell Shire Council are taking on a substantial burden. The State Government needs to give consideration as to whether any assistance should be provided to the new amalgamated council in the early stages as it represents a significant undertaking by Cardwell Shire Council.

4. Financial sustainability

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

- Cardwell Shire Council – based on historical figures moderate; and
- Johnstone Shire Council – based on historical figures financially distressed.

It is likely that the amalgamated local government will be rated no better than weak.

However, the combined council will have a greater capacity to improve its financial sustainability through its ability to:

- improve economies of scale;
- attract, retain and develop skilled staff as well as build capacity of systems;
- make critical decisions necessary with respect to the governance of Johnstone Shire Council and transition the Council from administration; and
- undertake regional planning and infrastructure delivery.

5. Implementation issues

The Commission recommends the Mission Beach Marine Facilities Joint Board, which is a separate legal entity under the *Local Government Act 1993*, be abolished and its functions assumed by the amalgamated local government.

The Commission notes that Johnstone Shire Council is currently in administration and is rated in the Financial Sustainability Review by Queensland Treasury Corporation as financially distressed. In this regard, the Commission suggests that the State Government give consideration to what assistance can be provided so the amalgamated local government is not unnecessarily burdened with the issues of the old Johnstone Shire Council.

6. Boundary issues

The Commission did not identify any major ongoing boundary issues.

7. Suggestions

The Commission gave consideration to the 79 suggestions it received in relation to this area, and an anti-amalgamation letter campaign comprising 169 form letters.

7.1 Details of suggestions

- Johnstone Shire Council proposes seven possible options in its suggestion to the Commission with three preferred options, outlined below:
 - Far North Queensland Regional Organisation of Councils (FNQROC) based amalgamation. Councils include Cairns City, Douglas Shire, Hinchinbrook Shire, Johnstone Shire, Cook Shire, Atherton Shire, Cardwell Shire, Eacham Shire, Herberton Shire, and Mareeba Shire Councils (with permutations involving the exclusion of Atherton Shire, Cardwell Shire, Eacham Shire, Herberton Shire and Mareeba Shire Councils). Johnstone Shire Council suggests that while this amalgamation may produce significant benefits, there is also a significant risk of failure. The risk of failure results from the capacity of the local government to manage and service such a large area, bring together residents with different communities of interest and issues associated with the loss of local representation.
 - The amalgamation of Cardwell Shire, Johnstone Shire and Hinchinbrook Shire Councils will generate benefits around improved efficiency and planning, but the concern is whether there are sufficient communities of interest to make the amalgamation successful.
 - The amalgamation of Cardwell Shire Council with Johnstone Shire Council is relatively easy to achieve and there are communities of interest, however they are uncertain as to whether there will be the necessary service and planning benefits.
- In addition, Johnstone Shire Council strongly supports the view, that whether amalgamated or remaining stand-alone, council should be undivided. Johnstone Shire Council acknowledges that the issue of Mission Beach needs to be addressed, however it is concerned about the financial impact on council if it is transferred to Cardwell Shire.
- Cardwell Shire Council prefers to remain a stand-alone council, based on the following reasons:
 - There is strong community support of the Council and any amalgamation is likely to undermine the social fabric of the Cardwell community and contribute to population and economic decline;
 - Council provides community facilities not normally expected of a local government;
 - Does not improve natural resource management;
 - Cardwell residents are likely to make any forced amalgamation difficult.
- Amalgamation with Johnstone Shire is opposed, however the current split of Mission Beach needs to be addressed. Cardwell Shire Council does not support amalgamation due to:
 - Cardwell is primarily coastal while Johnstone is centred on the Johnstone River Valley and therefore there are limited communities of interest;
 - representation would be diminished in favour of Johnstone Shire;
 - levels of service are likely to decline; and
 - Johnstone Shire has a poor track record.

If amalgamation is to be forced upon Cardwell Shire, then the less divisive and destructive outcome would be amalgamation with Johnstone Shire and Hinchinbrook Shire Councils. It notes that only 13 percent of residents are supportive of this amalgamation. However, Council recommends electoral boundaries, full-time mayor and councillors and government assistance will help fix the problems with the old Johnstone Shire Council.

Amalgamation with Hinchinbrook Shire is not supported because of different communities of interest, representation would be diminished, levels of service would decline, there is a natural boundary (i.e. Cardwell Range) and both are financially sound.

The Commission noted a significant number of suggestions it received made reference to the need to resolve the long-standing difficulties associated with the planning responsibilities for and servicing of Mission Beach being split between two local governments.

7.2 Commission’s comments on suggestions

The Commission considered the suggestions and comments and concludes:

- With respect to the FNQROC amalgamation options, the Commission is of the view that a larger local government area:
 - would lack a common community of interest; and
 - the geographic dispersion makes accessibility and governance unviable.
- Amalgamation of Hinchinbrook, Cardwell and Johnstone Shires and concludes:
 - distances from north to south are likely to result in services problems particularly during and after periods of heavy rain;
 - the Cardwell Range provides geographic separation between Hinchinbrook Shire and the existing Cardwell Shire;
 - to the extent that Johnstone and Cardwell Shire residents cannot obtain services within their local government area, they are likely to travel to Cairns (89 kilometres from Innisfail and 141 kilometres from Tully) while Hinchinbrook Shire residents will travel to Townsville which is 110 kilometres from Ingham; and

- The amalgamation of Cardwell and Johnstone Shires will address the long-standing issues at Mission Beach arising from the planning for and servicing of this community.

8. Other Commission considerations

The Commission also considered amalgamating Cairns City Council with Johnstone Shire Council but decided against amalgamation on the basis that community of interest considerations are not as compelling as they are for the amalgamation of Johnstone Shire and Cardwell Shire Councils.

Including Cardwell Shire Council with Cairns City Council was also considered however the view is that the necessary community of interest is not present and distance issues are significant once Douglas Shire Council is included.

The Commission is conscious of the fact that Johnstone Shire Council is currently in administration and is rated as financially distressed.

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.