

Hinchinbrook Shire Council



1. Recommendation

The Commission recommends:

- (i) the existing local government area of Hinchinbrook Shire Council remain unchanged;
- (ii) the local government continues to be called Hinchinbrook Shire Council;
- (iii) the local government remain undivided however the number of councillors be reduced from eight to six and a mayor; and
- (iv) the local government continues to be classed as a shire.

2. Local government metrics

KEY LOCAL GOVERNMENT METRICS	
Name	Hinchinbrook Shire Council
Class	Shire
Size	2,811 sq km
Population 2006	12,260
Population 2026	11,881
Electors 2007	8,228
Electoral arrangements	Undivided 6 councillors plus mayor (a)
Electors per councillor excluding mayor	1,371
Total operating revenue financial year 2006	\$153.6 million
Annual capital expenditure financial year 2007 - 2015	\$7.0 million
Total assets at 30 June 2006	\$158.0 million
Debt at 30 June 2006	Nil
Community equity at 30 June 2006	\$154.0 million

(a) Currently there are eight councillors plus a mayor. Adopting the Commission's recommendation would see councillor representation reduced from one councillor per 1,029 electors to one councillor per 1,371 electors.

3. Rationale for local government remaining the same

3.1 Service delivery, operations and management

- Hinchinbrook Shire Council is rated as moderate in the Financial Sustainability Review by the Queensland Treasury Corporation, and its long-term sustainability and capacity building is unlikely to improve significantly through amalgamation.
- Amalgamation with Cardwell and Johnstone Shire Councils would create a council where the distance between the northern and southern extremities would make economies of scale difficult to achieve.

3.2 Communities of interest

The Commission recognises there is some community of interest which Hinchinbrook has with both Cardwell Shire and Johnstone Shire with all being coastal shires. However, the Commission believes that this is outweighed by the difficulties associated with servicing communities at the extremities were all three councils to be amalgamated. Factors considered in not recommending amalgamation are:

- Hinchinbrook Shire is separated from Cardwell Shire to the north by the Cardwell Range.
- Hinchinbrook Shire's main focus is sugar industry related agriculture and processing of sugar whereas the Cardwell Shire and Johnstone Shire region is the largest banana producing area in Australia.
- The distance between the extremities of a combined Hinchinbrook Shire, Cardwell Shire and Johnstone Shire are significant particularly during periods of heavy rain.
- The Commission does not favour amalgamation with Townsville and Thuringowa City Councils as there are no compelling community of interest considerations.

3.3 Other

Not applicable.

4. Financial sustainability

Hinchinbrook is rated moderate in the Financial Sustainability Review by Queensland Treasury Corporation. However, analysis of a potential amalgamation of Hinchinbrook Shire Council with other local government areas will not remove any existing structural inefficiencies to improve the financial sustainability of the shire. Key elements that result in the moderate rating include:

- Economy is based on agriculture with sugar cane being the main agricultural product. Sugar industry related manufacturing (i.e., sugar mills) is also undertaken in the shire.
- Over the historic period (financial year 2001-2006), the local government incurred operating surpluses with the exception being a minor deficit in financial year 2005.
- Moderate to large operating deficits are forecast over the period financial year 2007 to financial year 2010 with minor operating surpluses or deficits forecast thereafter.
- High revenue flexibility with own sourced revenue being 79 percent of total operating revenue in financial year 2006. Forecast rates growth of 4.1 percent per annum provides council with capacity to increase rates above this level in the event of a financial shock.
- Strong forecast liquidity.
- Council needs to upgrade its financial management system as its current system is no longer supported by the developer.

5. Implementation issues

The Commission did not identify any specific issues. However, it recognises that government agencies will need to assist in providing skills where they are not readily obtainable.

6. Boundary issues

Existing shire boundaries will remain unchanged.

7. Suggestions

The Commission gave consideration to the 47 suggestions it received in relation to Hinchinbrook Shire.

7.1 Details of suggestions

- In its suggestion to the Commission, Hinchinbrook Shire Council opposes amalgamation and highlights the following reasons for its request to maintain its current status based on:
 - Council is a key element of the community and not merely the provider of services.
 - Amalgamating with other local governments will destroy the social fabric and community character of Hinchinbrook Shire.
 - Council is concerned about the impact on community through the loss of local employment, population decline and social capital disintegration
 - Reduced levels of service extended to the residents of Hinchinbrook Shire
 - There would be loss of local representation and autonomy for the residents of Hinchinbrook Shire.

Hinchinbrook Shire Council also outlined reasons for its opposition to amalgamation with Cardwell Shire Council:

- no strong community of interest between the two shires;
- the boundary of the two shires is logically placed;
- representation for Hinchinbrook residents will be diminished; and
- both shires are financially sound.

Hinchinbrook Shire Council outlined reasons for its opposition to amalgamation with Johnstone Shire Council and Cardwell Shire Council:

- complete lack of community of interest between Hinchinbrook and Johnstone Shire Councils;
- representation for Hinchinbrook Shire Council residents would be diminished;
- level of services for Hinchinbrook Shire Council residents are likely to decline;
- small towns in Hinchinbrook Shire Council will not survive;;and
- Johnstone Shire Council has a poor record of financial management.

Hinchinbrook Shire Council outlined reasons for its opposition to a Super Council comprising of Townsville City, Thuringowa City, Charters Towers City, Dalrymple Shire and Burdekin Shire Councils

- representation for Hinchinbrook Shire Council residents will be extremely poor;

- electors in Dalrymple, Burdekin and Hinchinbrook Shire Councils in particular will be significantly disadvantaged in their ability to access their elected members;
- significant increase in individual councillor’s workload making them less accessible;
- no real community of interest;
- geographic disadvantages;
- additional costs to support councillor roles; and
- requirement for excessive delegation.

7.2 Commission’s comments on suggestions

The Commission, bases its recommendation to not amalgamate Hinchinbrook Shire Council on the rationale outlined in section 3 above, some of which are reflected in Hinchinbrook Shire Council’s suggestion.

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 to the extent possible given its population, the shire area and its resources including financial and human resources.
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 to the extent possible given the limitations of council as a consequence of council’s capacity constraints in respect of resources, access to expertise and finances.
Effectively partners local government with other levels of government to ensure sustainable and viable communities.	Yes but more robust and better resourced local governments may have the capacity to participate on a more equal basis in representing local government and community interests.