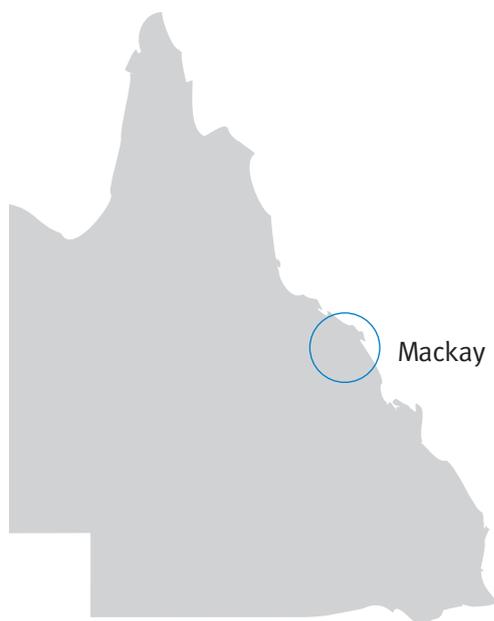


Mackay Regional Council



1. Recommendation

The Commission recommends:

- (i) the existing local governments of Mackay City, Sarina Shire and Mirani Shire Councils be abolished and a new local government formed based on the combined area of the three existing local governments;
- (ii) the new local government be called Mackay 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	Mackay Regional Council	Mackay City Council	Sarina Shire Council	Mirani Shire Council
Class	Regional	City	Shire	Shire
Size	7,621 sq km	2,897 sq km	1,444 sq km	3,280 sq km
Population 2006	100,260	84,350	10,362	5,548
Population 2026	152,382	129,033	14,731	8,618
Electors 2007	64,598	54,338	6,903	3,357
Electoral arrangements	Undivided 10 councillors plus mayor	Divided 10 councillors plus mayor	Divided 6 councillors plus mayor	Divided 7 councillors plus mayor
Electors per councillor excluding mayor	6,459	5,433	1,150	479
Total operating revenue financial year 2006	\$118 million	\$96 million	\$13 million	\$9 million
Annual capital expenditure financial year 2007 - 2015	\$68 million (excluding Mirani)	\$62 million	\$6.0 million	N/a
Total assets at 30 June 2006	\$1,082 million	\$877 million	\$121 million	\$84 million
Debt at 30 June 2006	\$67 million	\$57 million	\$7 million	\$3 million
Community equity at 30 June 2006	\$993 million	\$802 million	\$112 million	\$79 million

3. Rationale for the new local government

3.1 Service delivery, operations and management

- Service delivery improved as a consequence of economies of scale 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 the capacity of the new local government through a larger revenue and asset base enhances the prospects of the new council attracting, developing and retaining the skills base that is required to undertake the activities of local government in this fast growing region.
- Amalgamating the three local governments offers the potential to improve the quality of regional governance and decision making.
- Improving the capacity to plan at a regional scale for the significant growth expected to be experienced in the region over the next 20 years and to coordinate the delivery of required infrastructure.
- Strengthening the ability of the new local government to engage with industry and State and Federal Governments in relation to tourism, environmental issues, economic development and issues associated with roads, water, waste and sewerage management on a regional basis.

3.2 Communities of interest

- Residents of Sarina and Mirani Shires are likely to travel to Mackay City to access higher order retail, health (hospitals and nursing homes), education, commercial and government agencies not available in their communities.
- Mackay is a major industrial and service centre for the coal mines in the Bowen Basin and benefits economically from its close proximity to the large number of mines in the Bowen Basin and from the coal terminals of Hay Point and

Dalrymple Bay in Sarina Shire.

- Sarina Shire has two of the largest coal terminals in Australia: Hay Point (owned by BMA Coal) and Dalrymple Bay (owned by DBCT Holdings).
- Although Mackay has become primarily a service centre for the mines and the sugar industry, all shires have a dependence on the sugar industry.
- Close geographic location of all shires with all residents in the area no more than 90 minutes drive from Mackay.
- Twenty-five percent of the residents of Sarina work in Mackay. While no figures are available, it is likely that a similar or higher percentage of Mirani residents work in Mackay.
- Strong transportation linkages with Mackay and Sarina located on the Bruce Highway with good road networks to all communities throughout the region.
- Mackay has a significant regional airport which is owned and operated by Mackay Port Authority. A large proportion of flights are business related due to the close proximity to the mines in the Bowen Basin.
- Mackay also has a seaport, owned and operated by Mackay Port Authority, with the main throughput being sugar.
- There are no natural barriers between the communities.

3.3 Other

Not applicable.

4. Financial sustainability

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

- Mackay City Council – strong (developing);
- Sarina Shire Council – weak (developing); and
- Mirani Shire Council – based on historical figures moderate (neutral).

It is likely that the amalgamated local government would be rated as strong with a developing outlook. The developing outlook reflects the weaker financial profiles of Mirani Shire and Sarina Shire Councils which is offset by the strong growth in the mining sector within the region giving rise to

high taxable incomes, low unemployment and high population growth expectations combined with strong liquidity and strong revenue flexibility of the amalgamated local government.

The combined local government will have improved financial sustainability through its ability to:

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

5. Implementation issues

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

6. Boundary issues

See section 8 below.

7. Suggestions

The Commission gave consideration to the 62 suggestions it received in relation to the area proposed to comprise the Mackay Regional Council.

7.1 Details of suggestions

- Mackay City Council's suggestion has as its preferred option the amalgamation of Sarina Shire and Mirani Shire Council with Mackay City Council. This suggestion is based on the close proximity of all shires, the close economic ties between each of these local governments, close communities of interest, improving community facilities available to Mirani Shire and Sarina Shire residents and realising economies of scale thereby improving the sustainability of the three local government areas. Mackay also listed two options for much larger local governments however it also acknowledged that the same communities of interest did not exist for these alternatives.

- Sarina Shire Council's suggestion strongly opposes amalgamation in any form however it would be willing to entertain amalgamation with Nebo, Broadsound, and/or Mirani Shire Councils. The basis of its opposition to amalgamating with Mackay City is that Sarina Shire's community of interest lies strongly with its rural neighbours and that the fabric and character of the community may be lost with amalgamation. In addition, council is also concerned about lost representation, loss of service, loss of community interest and lack of empathy.
- Mirani Shire Council outlined three options as follows:
 - leave Mirani Shire as is;
 - extend Mirani Shire to encompass the rural areas of Mackay City plus some adjustment to Whitsunday Shire and Sarina Shire. This is an option Mirani Shire acknowledges may come at a financial cost to Council because of the large land base and small population. It may also restrict the growth of Mackay City; and
 - leave the eight local governments of Whitsunday Hinterland and Mackay Bowen Regional Organisation of Councils as stand alone and create a regional council with specific responsibilities and appropriate statutory powers.

Council's main concern with being amalgamated with Mackay is the potential 'big brother' attitude, staff losses, loss of representation and loss of Financial Assistance Grants. Council acknowledges that amalgamation may lead to an improved skills base and potentially lower rates.

7.2 Commission's comments on suggestions

The Commission considered all suggestions and recommends amalgamation on the basis that:

- Mirani Shire and Sarina Shire may be able to function as independent entities over the short to medium-term, however in the long-term they will be less able to develop and retain capacity to address social, environmental and economic planning issues facing the region.

- Forming a larger local government assists with institutionalising knowledge, building core pools of skills, attracting retaining and developing staff, extending the range of services offered and succession planning.
- Mackay is the regional centre providing higher order education, health, financial and commercial services for those in the surrounding area.
- Unique and diverse communities do not lose their character by being amalgamated as a local government. Careful planning and management of local areas can retain the attributes and the quality of the living environment which are valued by those communities.
- The introduction of another layer of government in the form of a regional council as proposed by Mirani Shire, would only lead to increased overheads and complexity for the individual local governments in the group, adding cost to ratepayers.

8. Other Commission considerations

The Commission also considered Whitsunday Shire Council’s suggestion for the northern part of Mackay City (including Laguna Quays and Midge Point) to be included in the boundary of the amalgamated Whitsunday Regional Council based on strong communities of interest with the existing Whitsunday Shire Council. The Commission feels that this change may introduce complexity in transition to the new regional local government. Therefore, the Commission recommends the retention of the whole of Mackay City area in the Mackay Regional Council.

9. Objectives set for Commission

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