

# Somerset Regional Council



## 1. Recommendation

The Commission recommends:

- (i) the existing local governments of Esk Shire and Kilcoy 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 Somerset Regional Council;
- (iii) the new local government be undivided with six councillors and a mayor;
- (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	Somerset Regional Council	Esk Shire Council	Kilcoy Shire Council
Class	Regional	Shire	Shire
Size	5,379 sq km	3,934 sq km	1,445 sq km
Population 2006	19,291	15,686	3,605
Population 2026	24,271	19,652	4,619
Electors 2007	12,645	10,304	2,341
Electoral arrangements	Undivided 6 councillors plus mayor	Undivided 10 councillors plus mayor	Undivided 8 councillors plus mayor
Electors per councillor excluding mayor	2,107	1,030	292
Total operating revenue financial year 2006	\$24 million	\$19 million	\$5 million
Annual capital expenditure financial year 2007 - 2015	\$11 million	\$7 million	\$4 million
Total assets at 30 June 2006	\$194 million	\$144 million	\$50 million
Debt at 30 June 2006	\$5 million	\$4 million	\$1 million
Community equity at 30 June 2006	\$185 million	\$137 million	\$48 million

### 3. Rationale for the new local government

This regional local government provides a surrounding rural area and hinterland to the major population centres of South East Queensland. It contains important vegetation and forest, areas of high scenic and landscape amenity, national parks and conservation areas of various types and significantly, key water catchments for South East Queensland including storages and groundwater resources. Good quality agricultural soils make the land well suited for rural production. Approximately 98 percent of the amalgamated local government area will remain rural.

The main function of this Regional Council will be to manage the rural farming activities in a way that does not compromise the water catchment areas of the Regional Council that provides essential supply to South East Queensland.

#### 3.1 Service delivery, operations and management

Increasing the capacity of the local government, through a larger asset and revenue base, enhances the prospects of it attracting, retaining and better developing the skills base required to undertake the activities that will be required of this local government, resulting in:

- Service delivery improved through economies of scale around:
  - developing a regional strategy and plan;
  - managing water, waste and sewerage;
  - managing and maintaining road networks;
  - utilising plant; and
  - undertaking core corporate functions including executive and administrative functions, finance, procurement and information technology.
- Amalgamating both local governments offers the potential to improve the quality of governance and decision making. It will also remove any inconsistencies in planning and decision making around the protection of South East Queensland's predominant water catchment area, that has the potential to occur when managed by two local governments.

- Enhancing the capacity of the new local government to engage with industry and State and Federal Governments in relation to environmental issues, economic development, road network management and water, waste and sewerage issues on a regional basis.

#### 3.2 Communities of interest

- Both shires have similar economic interests being mainly beef cattle and agriculture. Kilcoy has an abattoir. Other agricultural production includes vegetables and dairy.
- Essentially the local government is rural with a number of small towns. Esk, with a population of 1,200 is the largest. Both shires have similar topography.
- To the extent that economies of scale allow, Esk is likely to be the major service centre for the region providing certain retail, health, education, commercial and government services. Residents are likely to travel to Ipswich, Caboolture or Brisbane to obtain services not available within the region. The creation of this regional local government may assist with the further development of Esk and, as a consequence, generate some scale in the provision of services. However, it will always be difficult given the location of large urban centres close by.
- Esk and Kilcoy Shires are the major water catchment areas for South East Queensland with both Wivenhoe and Somerset Dams being within the proposed local government area.

#### 3.3 Other

- The SEQ Regional Plan has set a target of an additional 2,350 new dwellings in this sub-region over the next 20 years.
- Over 80 percent of this growth will occur within existing rural residential acreage areas at Lowood, Coominya and Mt Tarampa.

## 4. Financial sustainability

The local governments are rated in the Financial Sustainability Review by Queensland Treasury Corporation as follows:

- Esk Shire Council – moderate (developing); and
- Kilcoy Shire Council – weak (developing).

It is likely that the amalgamated local government would be rated as moderate with a developing outlook.

The combined local government will have a 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, in particular the replacement of timber bridges across the region.

## 5. Implementation issues

The Commission did not identify any specific issues relating to the formation of the new local government area. However, it expects the new council will develop land use and resource management policies that recognise the importance of protecting the quality of the region's water supplies. Particular focus should be applied to ensuring rural production and farming activity is not inimical to this objective.

## 6. Boundary issues

The Commission did not identify any major ongoing boundary issues.

## 7. Suggestions

The Commission gave consideration to the 117 suggestions it received in relation to Esk and Kilcoy. Many of these placed emphasis on the important role the local government needs to play in catchment management.

### 7.1 Details of suggestions

- Esk Shire Council's suggestion to the Commission argues for retaining the existing shire without change. Esk Shire is already financially sustainable having received a moderate rating with a developing outlook. The Council has had strong operating surpluses and also has a strong cash position in comparison to other neighbouring councils. Esk Shire is easily the largest local authority area in South East Queensland. If Esk Shire must be amalgamated, Council proposes the following options to be considered:
  - Esk Shire amalgamating with Kilcoy Shire with eight councillors plus a mayor and no electoral divisions based on very strong communities of interest. The new shire would be called Esk Shire. The names Somerset Shire and Brisbane Valley Shire were also suggested.
  - Laidley Shire north of Warrego Highway being included in the new Somerset Shire based on a significant community of interest including:
    - sharing a number of local roads;
    - historical links through the old Moreton Council;
    - a clear physical southern boundary to the Shire of Esk; and
    - it is a growth area which will assist Esk Shire going forward.
  - Ipswich City north of the Warrego Highway and West of the Brisbane Valley Highway going to the new Esk Shire provided there is no objection to this proposal by the Ipswich City Council.
  - Esk Shire also does not support other proposals made in relation to Laidley Shire. These include:

- leaving Laidley Shire unchanged;
  - Laidley, in its entirety, being amalgamated with Gatton Shire due to Esk Shire indicating that a superior community of interest for the area of Laidley north of the Warrego Highway is with Esk Shire; and
  - the Esk Gatton Laidley Water Board be expanded and take on a shared services role for Esk, Gatton and Laidley Shire Councils.
- Kilcoy Shire Council sees the need for structural reform. Its suggestions were that:
    - Any local government structural reform in the South East Queensland water supply catchment areas is based on securing the environmental integrity of that catchment area through the creation of a local government that is sustainable and can be effective in catchment management. This would ensure effective planning and development control in water supply and draw together an existing community of interest and create a sustainable local government.
    - If the Commission is unwilling to take a catchment based approach to local government reform, Council sees the next best option in terms of outcomes for the community, as the merger of Esk and Kilcoy Shires. This outcome will:
      - establish a single local authority over most of the Stanley and Upper Brisbane River catchments;
      - bring most of the community interest together in the north;
      - establish a sustainable local government;
      - result in the rural community retaining reasonable levels of autonomy and representation; and
      - retain a capacity to maintain reasonable and appropriate service levels to the community.
    - Council has the following concerns with amalgamation:
      - there may be erosion of community interest where the inclusion of all or part of the Kilcoy Shire with one or more of the eastern councils will either divide the existing community, or include it in

an area so large in population that its interests would be marginalised;

- the community is concerned that if they are included in a large council their needs will receive low priority;
- the community is concerned that the inclusion of residents of Kilcoy Shire will reduce representation and advocacy; and
- it is a concern that a super council may see management of the important water catchment area given a lower priority and deliver less than optimum outcomes.

## 7.2 Commission's comments on suggestions

The Commission considered:

Esk Shire Council's suggestion to remain as a separate local government; and is of the view that it would:

- not facilitate optimal planning and management of South East Queensland's major water catchment area;
- not improve service delivery to the regions communities over the next 20 years; and
- impair the local government's ability to develop capacity to address social, environmental and economic development issues facing the region, particularly in respect of catchment management.

In addition, significant communities of interest exist between residents of both Kilcoy and Esk and on this basis recommends amalgamation which accords with the second preference of both the Esk and Kilcoy Shire Councils.

Esk Shire's suggestion to include in the local government area:

- Laidley Shire north of Warrego Highway; and
- Ipswich City north of the Warrego Highway and West of the Brisbane Valley Highway.

While both suggestions have some merit, the Commission feels that this change may introduce complexity in transition to the new regional entities. In addition, both Gatton and Laidley Shires strongly oppose the suggestion regarding part of the existing Laidley Shire, with both believing that superior communities of interest exist with the

current Laidley and Gatton Shires. Therefore, the Commission recommends no changes be made to the boundaries of Somerset Regional Council to include areas other than Esk and Kilcoy Shires.

Kilcoy Shire Council's suggestion to include the entire South East Queensland water catchment area has merit from an environmental and water management perspective. However, the Commission believes that this change may significantly increase complexity in transition and therefore does not recommend this suggestion. It does, however, see the amalgamation of Kilcoy and Esk (which accords with Kilcoy's second preference) as providing a local government capable of performing the catchment management functions as advocated in the Kilcoy suggestion, and strongly agrees with Kilcoy regarding the importance of maintaining the integrity of the catchment area.

## 8. Other Commission considerations

The Esk-Gatton-Laidley Water Board will need to be reviewed by the partner local governments with respect to its composition and continuing relevance.

## 9. Objectives set for Commission

OBJECTIVES	OBJECTIVES ACHIEVED
Facilitates optimum service delivery to Queensland communities.	Yes to the extent possible given the very small 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 have the capacity to participate on a more equal basis in representing local government and community interests.