



DSRA INSIGHTS

THE HISTORY ON COUNCIL DE-AMALGAMATION & RATE RISES

In March 2008, under the Local Government (Reform Implementation) Act 2007 passed by the Parliament of Queensland, 97 local government areas and 20 indigenous councils were amalgamated under a state wide reform process. Some voluntary and some involuntary.

The amalgamations were unpopular in several areas of the State and action groups lobbied for them to be reversed. In June 2012, the Queensland Minister for Local Government (the Hon. David Crisafulli – MP) appointed the Queensland Boundaries Commissioner to investigate the viability of former shires wishing to de-amalgamate from larger regional councils. The Minister received 19 proposals, five of which were referred to the Commissioner. This included The Shire of Douglas, which had previously existed as a local government entity from 1903 until 2008, when the Queensland State Government announced that it was to amalgamate with the Cairns City Council to form the Cairns Regional Council (CRC).

The early years of the amalgamation were not handled well and Douglas Shire residents formed a group “Friends of Douglas Shire” (FODS) to seek de-

amalgamation. This was well supported by the community and resulted in a comfortable yes vote to de-amalgamate in 2013, which was effective in 2014.

Some of the key drivers of this campaign were the current Mayor Julia Leu and the former Treasurer of Douglas Shire Sustainability Group (DSSG) and outgoing Councillor, David Carey. During this post de-amalgamation period it is evident that the Douglas Shire economy is not doing well (ref recent “Fact Check” feature).

An independent financial analysis undertaken by Queensland Treasury in 2012 highlighted that significant rate rises over five years would be necessary to break-even. However the community were told by FODS that future rates rises would be around CPI. The following extracts were taken from FODS public documents.

“There will no additional impact upon rates and charges beyond what might be considered normal CPI movements imposed by the New Douglas Shire. That is, the status quo in terms of a financial impost on the ratepayers of the New Douglas Shire will be maintained when compared to the current Cairns Regional Council rates burden. In that respect the model demonstrates that the costs of de-amalgamation can be absorbed”.

“The FODS financial model proposes no rates and charges increases are required over and above CPI (or its local government equivalents) to cover the costs of de-amalgamation and that those costs can be effectively absorbed with no adverse impact on the other services and financial obligations of New Douglas Shire.”

These promises clearly were not achievable (ref recent DSRA “Fact Check” on rates). The level of operating revenue raised by rates, levies and charges imposed on the Shire’s ratepayers has risen more than 28% from 2014 post de-amalgamation. This is more than 3 times higher than the recommended benchmark rate of inflation (CPI).