

10 April 2018

Council to consider Queensland Treasury Corporation's financial report on de-amalgamation

Southern Downs Regional Council (SDRC) formally received the Queensland Treasury Corporation's (QTC) Financial Analysis of proposed de-amalgamation at a Special Council Meeting today.

QTC was engaged by the Department of Local Government Racing and Multicultural Affairs (DLGRMA) and SDRC to complete a financial analysis of proposed de-amalgamation; splitting the existing Southern Downs Regional Council into two councils.

It is important all residents take the time to read QTC's report and work out for themselves the consequences of de-amalgamation on their individual household, their community and for the region as a whole.

Based on QTC's Financial Analysis, the proposed de-amalgamation of the new Granite Belt Regional Council (GBRC) from SDRC is not financially viable unless significant increases in rates and utility charges are absorbed by the Granite Belt community.

QTC has taken into account the existing financial circumstances of the existing SDRC and how this would change if de-amalgamation was to occur. While financial impacts on the remaining SDRC will be minimal, there are likely to be lost opportunities for the region due to the cost de-amalgamation would have on the community as a whole. The annual increase in rates for the remaining SDRC area is forecasted to remain at 3%, but could be less, as is the case this financial year at 2%.

For the new GBRC, de-amalgamation will come at a significant cost to ratepayers in the previous Stanthorpe Shire Council area. Currently, the average rates amount in the Granite Belt is \$2,526 and is forecast to be \$2,602 in 2019-20 without a de-amalgamation.

If de-amalgamation was to occur, average rates in the first year are expected to rise by 82% to \$4726, reducing to \$3,948 in the second year following de-amalgamation (including the expected 3% annual increase). Rates will increase to \$4052 and then \$4,158 in subsequent years.

QTC's report indicates that the major contributors to the increased costs that are absorbed in the increased rates are due to the once-off costs associated with de-amalgamation and higher ongoing costs for staffing and information communication technology costs.

There is very few of these costs that can be avoided as part of de-amalgamation, and in the process of establishing a new local government authority. De-amalgamation will have a greater impact on Stanthorpe and its surrounding areas due to its existing low rate base.

The financial analysis undertaken by QTC is comprehensive. It makes comparisons with other Queensland councils in relation to the number of staff, the size of the areas managed and the number of elected representatives.

A sensitivity analysis confirmed that significant decreases in the transition and other costs and assumed staffing levels would not change the result of the analysis; that the proposed de-amalgamation is not financially viable.

Councillors will now consider QTC's report before making a decision on whether they support the Granite Belt Community Association's proposal for de-amalgamation at Council's 30 April General Meeting.

Councillors will also consider the Granite Belt Community Association's 'Response to Southern Downs Regional Council's Management Review', as well as the report from Grassroots Connections Australia undertaken by independent consultant Greg Hoffman.

To review a copy of the QTC Financial Analysis and all information regarding proposed de-amalgamation, please visit sdrclqld.gov.au/de-amalgamation or pick up a hard copy from any of SDRC's Community Contact Centres. For more information or questions regarding QTC's Financial Analysis, please contact Southern Downs Regional Council on 1300 MY SDRC (1300 697 372).

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