



SOUTHERN DOWNS REGIONAL COUNCIL SPECIAL MEETING OF COUNCIL

Dear Councillors

Your attendance is hereby requested at the Special Meeting of Council to be held in the Council Chambers, Southern Downs Regional Council, 64 Fitzroy Street, Warwick on **Wednesday, 10 April 2019 at 3:00PM.**

Notice is hereby given of the business to be transacted at the meeting.

David Keenan

CHIEF EXECUTIVE OFFICER

9 April 2019

ORDER OF BUSINESS:

1. **ATTENDANCE1**

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- 1. ATTENDANCE**
- 2. APOLOGIES**
- 3. DECLARATIONS OF CONFLICTS OF INTEREST**

4. EXECUTIVE SERVICES REPORTS

4.1 Reports Relating to De-amalgamation Proposal

Document Information

 Southern Downs REGIONAL COUNCIL	Report To: Special Council Meeting	
	Reporting Officer:	Meeting Date: 10 April 2019
	Chief Executive Officer	ECM Function No/s:

Recommendation

THAT Council:-

1. Receive and further consider the Granite Belt Community Association's "Response to Southern Downs Regional Council's Management Review" dated 25 March 2019 as part of the de-amalgamation process.
2. Receive and further consider the report from Queensland Treasury Commission "Financial analysis of de-amalgamation proposal" dated 5 April 2019 as part of the de-amalgamation process.
3. Receive and further consider the report from Grassroots Connections Australia "Proposal to De-amalgamate the Southern Downs Regional Council to Create the Granite Belt Regional Council" dated 8 April 2019, which includes Attachments 1 to 4, as part of the de-amalgamation process.

Report

Council is currently considering the proposal from Granite Belt Community Association ("GBCA") to separate from the Southern Downs Regional Council ("SDRC"). That proposal was received by Council at its General Meeting held 23 January 2019.

At the Council Meeting on 27 March 2019, SDRC received the Management Review of the "A New Granite Belt Council; A Proposal to Separate from the Southern Downs Regional Council."

The GBCA prepared a further response titled "Granite Belt Community Association's Response to Southern Downs Regional Council's Management Review". This was received by SDRC on 25 March 2019, too late to be included in correspondence to the March Council Meeting. The GBCA "Response" will be tabled at the Special Meeting. It is not proposed that SDRC will formally respond to this additional correspondence, rather Council will consider formally receiving the correspondence.

It is noted that SDRC had "resolved to wait until a comprehensive analysis on the financial impacts on the residents of the Southern Downs region before a decision to support or not support the proposal is made."

In response to the proposal made by GBCA, SDRC and the Department of Local Government, Racing and Multicultural Affairs ("DLGRMA") engaged the Queensland Treasury Corporation ("QTC") to undertake a "Financial Analysis of the de-amalgamation proposal."

QTC indicated that it would undertake an analysis of the financial viability of the proposed de-amalgamating council and the remaining council. This analysis would include:

- consideration of the GBCA's separation proposal dated December 2018;
- analysis of data and information provided by both SDRC following their review of the GBCA's separation proposal dated December 2018;
- determination of the costs of de-amalgamation for both the proposed de-amalgamating council and the remaining council (i.e., one off costs);
- consideration of changes (i.e., ongoing) to revenue and cost bases including the impact on systems, resourcing and other requirements;
- allocation of assets and associated depreciation charges;
- a preliminary sustainability assessment (IPSA) of the financial viability of:
 - SDRC currently;
 - the proposed Granite Belt Regional Council ("GBRC"); and
 - the remaining SDRC.

This analysis would be undertaken based on the existing services and service level. That is, there would be no reduction in the level of services currently being delivered or to be delivered in the future for either the remaining SDRC or GBRC.

It was agreed that QTC would not make assumptions in respect to alternative operating models that could be implemented were de-amalgamation to occur.

QTC confirmed and agreed the following aspects with both SDRC and DLGRMA in undertaking the analysis:

- data availability;
- assumptions on timings and structure; and
- inputs from both SDRC and DLGRMA.

The QTC report titled "Southern Downs Regional Council: Financial analysis of de-amalgamation proposal" dated 5 April 2019 will be tabled at the Special Meeting.

In addition to the financial analysis, Council engaged an additional independent consultant to undertake community consultation and provide a peer review of each of the documents that had been produced by GBCA and SDRC. Grassroots Connections Australia undertook this consultancy and were given the following brief:

- A review of the GBCA de-amalgamation document and spreadsheets.
- A peer review of the SDRC Management Review response to the GBCA de-amalgamation proposal.
- A commentary of both documents.

- Preparation of a summary presentation highlighting the outcomes of these reviews.
- Facilitation of two Information Sessions (one in Stanthorpe, one in Warwick) to present the information. The Information Sessions were held on 1 & 2 April 2019.

This consultancy has concluded and the report will be tabled at the Special Meeting.

In relation to the next steps the following process will follow:

1. SDRC to consider whether to support or not support the de-amalgamation proposal – General Council Meeting 30 April 2019.
2. SDRC to advise the Minister of its decision made at 30 April 2019 General Meeting.
3. DLGRMA review of the GBCA proposal. Review will consider:
 - a. SDRC decision made at 30 April 2019 General Meeting.
 - b. QTC review.
 - c. If any additional information or analysis would be required to inform the recommendation/s, to the Minister.
4. DLGRMA to provide the Minister with a recommendation.
5. Minister makes a decision as to whether to refer the proposed de-amalgamation to the Local Government Change Commission (LGCC), and advises the GBCA and SDRC of his decision. As outlined in a letter from the Minister to the Clerk of the Parliament, which is included in the GBCA report and which will be tabled at the Special Meeting, the Minister requires the following criteria to be met in order to refer the matter to the LGCC:
 - a. A request from the local communities affected by the proposed change.
 - b. A resolution of SDRC supporting the proposed change.
 - c. Assessments demonstrating the future financial sustainability of the proposed new Local Government areas, including an agreement on the transfer of assets, liabilities and the impacts on existing Council employees, if such a proposal was to go ahead.

Budget Implications

Council officers were required to supply considerable information to the GBCA in relation to budgets, forecasts and capital works. There was a considerable cost in relation to the staff time that was allocated to providing this information.

Council officers developed the Management Review of the GBCA proposal. There was a considerable cost in relation to the staff time that was allocated to undertaking this review.

A small working group of seven Council Officers has conducted regular meetings with the QTC. There have been nine (9) meetings with QTC staff and members of the working group. Officers have been required to provide extensive amounts of information and data to the QTC.

Grassroots Connections were utilized to facilitate the community workshop/information sessions.

Policy Consideration

Nil

Community Engagement

Both the Granite Belt Community Association proposal and the Southern Downs Regional Council review were placed on the Council website.

Council undertook a community information session in the supper room at Stanthorpe on 1 April 2019 and at the Warwick Town Hall on 2 April 2019. Each of the events was well attended and video footage of the events was made available on the Southern Downs Regional Council website.

Legislation/Local Law

Local Government Act 2009

Options

Council:

1. Receive and further consider the Granite Belt Community Association's "Response to Southern Downs Regional Council's Management Review" dated 25 March 2019 as part of the de-amalgamation process.
2. Not receive or further consider the Granite Belt Community Association's "Response to Southern Downs Regional Council's Management Review" dated 25 March 2019 as part of the de-amalgamation process.
3. Receive and further consider the report from Queensland Treasury Commission "Southern Downs Regional Council: Financial analysis of de-amalgamation proposal" dated 5 April 2019 as part of the de-amalgamation process.
4. Not receive or further consider the report from Queensland Treasury Commission "Southern Downs Regional Council: Financial analysis of de-amalgamation proposal" dated 5 April 2019 as part of the de-amalgamation process.
5. Receive and further consider the report from Grassroots Connections Australia "Proposal to De-amalgamate the Southern Downs Regional Council to Create the Granite Belt Regional Council" dated 8 April 2019, which includes Attachments 1 to 4, as part of the de-amalgamation process.
6. Not receive or further consider the report from Grassroots Connections Australia "Proposal to De-amalgamate the Southern Downs Regional Council to Create the Granite Belt Regional Council" dated 8 April 2019, which includes Attachments 1 to 4, as part of the de-amalgamation process.

Attachments

Nil