Report on Proposal to De-amalgamate the Southern Downs Regional Council to Create the Granite Belt Regional Council

On 18 March 2018 Grassroots Connections Australia Pty Ltd was appointed by Southern Downs Regional Council (SDRC) to undertake a consultancy in relation to the proposal by the Granite Belt Community Association (GBCA) seeking the de-amalgamation of the former Stanthorpe Shire Council from the SRC to create the Granite Belt Regional Council plus the addition of the area of Dalveen.

Brief:

The Council requested the following actions be undertaken:
3. A commentary of both documents.
4. Preparation of a summary presentation highlighting the outcomes of these reviews.
5. Facilitation of two (2) Community Workshops (one in Stanthorpe and one in Warwick) to present the information. The Workshops were scheduled for 1 & 2 April 2019.

In addition to the proposal from the GBCA and the Council Management’s response, Council provided a copy of the GBCA’s reply to the Council’s response.

Commentary:

All three documents were separately reviewed by the consultants:
- Greg Hoffman PSM, Managing Director, Grassroots Connections Australia Pty Ltd
- Gavin O’Donovan, Director – Strategic Finance & Principal Consultant, AEC Group Ltd
- Simon Smith, Chairman & Principal Consultant, AEC Group Ltd

Mr Hoffman was the Queensland Local Government Commissioner from 1992 to 1996 and has extensive experience in local government reform, structural change, performance and change management. Mr O’Donovan has been working with Queensland Councils for over two decades. Mr Smith was a Size, Shape, and Sustainability reform facilitator for the LGAQ between 2006 and 2007.

All three consultants have extensive knowledge and expertise in local government finance, operations and performance.

The consultants’ individual reviews were consolidated into the presentation made at both workshops - ATTACHMENT 1. Also, the consultants did not seek nor receive input from SDRC in the preparation of the presentation. Further, the consultants were not asked to undertake an analysis of the financial assumptions within the GBCA proposal as this is being dealt with by the Queensland Treasury Corporation.
Community Workshops:

Workshops were conducted as follows:

- Stanthorpe Civic Centre, Supper Room, Monday 1 April 2019, 6.30pm to 8.30pm
- Warwick Town Hall, Tuesday 2 April 2019, 7.00pm to 8.30pm

The workshops were facilitated by Mr Hoffman and Mr Smith.

The purpose of the workshops was to:

- Provide an overview of the GBCA de-amalgamation proposal and the SDRC Management Review, and including the GBCA reply to the SDRC Management Review
- Identify issues requiring further consideration to ensure an informed decision can be made
- Allow feedback from all members of the community on de-amalgamation proposal and other issues relating to de-amalgamation, and
- Provide feedback from the sessions to the SDRC.

The workshops were videoed and are posted on Council’s website.

Feedback:

Feedback from the workshops are detailed in the attachments:

- ATTACHMENT 2 – Stanthorpe Workshop Comments/Questions
- ATTACHMENT 3 – Warwick Workshop Comments/Questions

Mr Stephen Tancred CPAg made a presentation to the Stanthorpe Workshop and requested his presentation be included in the report to SDRC. It is included as ATTACHMENT 4.

These attachments reflect the range of opinions expressed and questions asked.

Summary

The Stanthorpe workshop was attended by at least 200 people (Warwick Daily News) although representatives of the GBCA claim 350 people attended.

Irrespective of the number of attendees there was overwhelming support for the GBCA proposal and the desire to create the Granite Belt Regional Council. GBCA representatives reaffirmed their confidence in its proposal particularly in relation to community support for the de-amalgamation, the costs of the de-amalgamation which would be covered through the apportionment of cash reserves between the two new Councils, rate increase being held at CPI, no redundancies of current employees being required and the sustainability of the SDRC after de-amalgamation which would be in a stronger position. GBCA representatives pointed to the previous de-amalgamations in 2013 whereby the QTC costs estimates were far in excess of the actuals and their estimates were based on these outcomes.

Numerous speakers spoke of their frustrations in dealing with Council over planning matters and development approvals resulting in new business opportunities being lost and a lack of support for tourism promotion focusing specifically on the Granite Belt resulting in business closures. Notwithstanding census figures showing stagnate population growth and an aging population several speakers spoke of the strong community spirit within the Granite Belt which would play a key role in supporting the new Granite Belt Regional Council in the provision of services.

Criticism was also levelled at the SDRC Management Response to the GBCA proposal claiming it was unprofessional and had unjustifiably denigrated the integrity and motivations of contributors to the proposal. Comments were also made that SDRC was not supportive of the Emu Swamp Dam proposal which was fundamental to the Granite Belt’s future water security.
In short, the community spoke passionately about wanting its identity back through the establishment of the Granite Belt Regional Council totally focussed on the needs of its people.

The Warwick workshop was attended by 85 people with over half coming from the Granite Belt who had attended the workshop in Stanthorpe.

A Warwick resident spoke of the challenges involved in the creation of Warwick Shire Council in the 1990s through the amalgamation of four Councils and subsequently its amalgamation with Stanthorpe in 2008. The financial situation was now much improved and by sticking together the region would grow even stronger because Warwick and Stanthorpe complemented each other. If there was dissatisfaction with Council the challenge was made to stand for election. The point was also made that in the first term of the amalgamated Council (2008-2012) there was a majority of Councillors elected from Stanthorpe.

Speakers also asked about the costs of de-amalgamation and that the discussion was premature because of the yet to be received QTC assessment of the financial implications. The meeting discussed what would be an acceptable level of rate increase if de-amalgamation occurred. The consensus was no increase other than what was anticipated i.e. the SDRC draft budget, discussed at the community briefing before the workshop, proposes a 2 percent increase for 2019-20. The continuing severe drought was cited as a factor impacting the ability of ratepayers to absorb increases.

In response to a question, SDRC Mayor Cr Dobie clarified that she supported de-amalgamation if it was financially sustainable. Cr Dobie also said the apportionment of cash reserves was not a simple matter given the committed nature of some of the reserve funds.

Questions were asked about the role of a referendum if the Review process proceeded to that stage. It was explained that the referendum was not determinative. It was “advisor” to the Minister’s consideration of all the factors being considered through the review process. Also, the referendum was conducted on a whole of area basis and there was no formal consideration given to the voting outcomes in the respective areas. It was also clarified that under the review process set out by the Minister for Local Government the review would not proceed any further if the SDRC resolved not to support the GBCA proposal.

GBCA representatives re-affirmed the accuracy and completeness of their financial assessments and stated again that the costs of amalgamation forecast at $1M, or even at a worst-case scenario of $4M, would be covered from the transfer of cash reserves to the new Granite Belt Regional Council. There would be no rate rise in the new Council attributable to the cost of amalgamation. The GBCA has claimed that there is very little committed funding within the cash reserves which would prevent the population-based apportionment.

The passion of the Granite Belt community for de-amalgamation was emphasised by Rev Allan Collyer when in conclusion he said “De-amalgamation will never go away, Warwick, you need to understand this”.

**Conclusion:**

The Granite Belt Community Association’s proposal to de-amalgamate the Southern Down Regional Council has been well prepared and comprehensively addresses the issues required in the review process set out by the Hon Stirling Hinchliffe MP, Minister for Local Government. The Southern Downs Regional Council’s Management Review seeks to rebut most of the assumptions included in the proposal which the Association has contradicted in its response. These differences have been further reinforced at the workshops in Stanthorpe and Warwick.

These claims and counter claims are reflective of the debates associated will structural reform in Local Government. Whether amalgamation, de-amalgamation, or boundary change they are contentious and rarely achieved without a level of rancour.
It can be anticipated that when the financial analysis by QTC of the GBCA proposal is received the debate will be heightened irrespective of the predictions. The financial “bottom line” will be the focal point of debate as evidenced in the workshops with forecasted rate levels underpinning the financial sustainability of the proposed Councils and the risks associated with any change.

In addition, reaching agreement on the transfer of assets and liabilities, including cash reserves, would be intensely debated whether recipient or contributor Council. This outcome represents the starting point for the new Councils and achieving the best possible result motivates the parties to the debate. Again, reaching agreement is not easily achieved.

Similarly, agreeing on the impacts on staff particularly the allocation of staff between the Councils is another point of contention. What skills are required in both Councils? What staff need to relocate to meet staffing levels and skill requirements? What recruitment is required to “fill gaps” unable to be filled from within the current establishment, particularly as senior levels?

It is the considered opinion of the consultants that the impacts on existing Council employees has not been adequately assessed and the assumptions contained in the proposal have not been appropriately supported.

The three issues:

- Financial sustainability of both Councils
- Agreement on the transfer of assets and liabilities, and
- Impacts on existing employees

are at the heart of the SDRC’s consideration of its resolution to support the proposed de-amalgamation.

The workshop presentation (Attachment 1) lists issues for consideration in relation to these matters.

It is hoped this commentary and the attached presentation and feedback from the workshops assists Council in making its decision on the proposal before it.

If you require any further information please don’t hesitate to contact me.

Your sincerely

Greg Hoffman PSM, BBus, BA, GAICD, CPA, JP(Qual), FLGMA (Life)

Monday 8 April 2019

Attachments:

Attachment 1 – Workshop Presentation
Attachment 2 – Stanthorpe Workshop – Comments/Questions
Attachment 3 – Warwick Workshop – Comments/Questions
Attachment 4 – Stephen Tancred CPAg – Presentation
De-amalgamation Information Session

Review of Granite Belt Community Association Proposal and Southern Downs Regional Council Management Review

Independent Facilitators:
Greg Hoffman PSM – Grassroots Connections
Simon Smith – AEC Group
Topics to be Covered

• Purpose
• De-amalgamation Proposal
• Review Process
• Community Profile
• Identity
• Representation, Governance & Resourcing
• Sustainability
• Discussion
Purpose
Purpose

• Provide an **overview** of de-amalgamation proposal and Council’s management review

• Identify **issues** requiring further consideration to ensure an informed decision can be made

• Allow **feedback** from all members of the community on de-amalgamation proposal and other issues relating to de-amalgamation

• **Feedback** from the session will be provided to Council

*Note: A detailed review of financial assumptions and outcomes is outside of scope as this issue is being dealt with by Queensland Treasury Corporation*
De-Amalgamation Proposal
Proposal Documents

Granite Belt Proposal + Response to Council Review
www.granitebeltcommunity.com/a-new-granite-belt-council/

Council Management Review
www.sdrc.qld.gov.au/living-here/have-your-say/de-amalgamation-information-sessions
GBCA De-amalgamation Proposal

• Establish Granite Belt Regional Council and retain remaining area as Southern Downs Regional Council

• Potential transfer of Dalveen to Granite Belt Regional Council

• Justifications:
  • **Unique** characteristics (e.g. prominence of horticulture and tourism, ethnicity, climate, elevation, topography) and **lack of** infrastructure and service **interconnection**
  • **Different** needs of Granite Belt community and remaining community means one size fits all approach doesn’t work and suggested benefits of amalgamation have not materialised
  • **Accountability** lost to Granite Belt Community through dilution into Southern Downs
  • **Dysfunction** in current arrangements (e.g. reduced reliance on community groups, failure to meet local needs)
  • **Financial sustainability** of separate Councils
  • **Community** desire for separate representation and separate Councils
Review Process
Formal Review Process / Requirements

• **Letter** from Minister to Clerk of the Parliament 30\(^{th}\) May 2018
• **Request** from local communities affected by the proposed change
• Southern Downs Regional Council **resolution** supporting the change
• **Assessments** demonstrating:
  • Financial sustainability of both new and remaining Councils
  • Agreement on the transfer of assets and liabilities
  • Impacts on existing Council employees
• Local Government Change Commission **recommendation** that the change should proceed
• **Referendum** of all residents in the affected Council area
• Ministerial **decision**
Legislation

Local Government Regulation 2012 (Sections 9-12) refers to the factors considered to evaluate “changing boundaries of a local government”:

- **Communities of Interest**
  - Reflect local communities and linkages between communities
  - Accessible centre of administration
  - Effective elected representation
  - No division of neighbourhoods or areas with common interests or interdependencies
  - Follow natural geographical features
  - Inclusion of water catchment areas

- **Planning**
  - Facilitates beneficial planning and development
  - Facilitates efficient and effective operation of facilities, services and activities
  - Considers existing and expected population growth

- **Resource Base Sufficiency**
  - Sufficient resource base to efficiently and effectively exercise Council’s jurisdiction and operate facilities, services and activities, as well as be flexible and responsive

*Note: Min Hinchliffe has advised process to be followed*
Community Profile
Community Profile

• Minimal population growth in recent years, with higher annual growth projected in the next 20 years in Warwick region (0.4%-0.6%) vs Stanthorpe region (0.1%-0.2%)

• Stanthorpe region has a relatively greater prominence of employment in agriculture and accommodation/food services

• Warwick region has a relatively greater prominence of employment in wholesale/retail trade, manufacturing and transport/postal/warehousing

• Median age of 48 in Stanthorpe region and 46 in Warwick region, reflecting an ageing population (State median is 37) (ABS)

• Median household income is $48k in Stanthorpe region and $52k in Warwick region, reflecting relatively low levels of affordability (State median is $73k) (ABS)

• Stronger average visitation post-amalgamation than pre-amalgamation in aggregate, with day trip growth more prominent in Stanthorpe region and overnight trip growth more prominent in Warwick region (Tourism Research Australia)
Identity
## Identity

**GBCA Proposal**

- Granite Belt region has **unique** characteristics (horticulture, tourism, ethnicity, climate, elevation, topography)
- **Different** needs of Granite Belt community requires local representation with local knowledge
- Current Council’s **failed** marketing/representation of Granite Belt has seen a decline in visitation and businesses close
- Branding as “Southern Downs” for tourism purposes is **ineffective**, with “Granite Belt” considered much more effective
- **Lack** of community engagement and diluted accountability
- Social, sport and community groups remain **local** and have not amalgamated
- **Lack** of interconnected infrastructure/service provision (roads, water, sewerage, waste)
### Council Management Review Response

- Acknowledge that the Granite Belt is unique, but **differences** should be celebrated and should strengthen rather than divide the Southern Downs region through the offering of a mix of products and experiences.
- Other Council areas feature a **combination** of unique characteristics and operate successfully.
- There are many reasons why businesses have closed in Stanthorpe and there is **no evidence** to suggest Council amalgamation/representation is the reason – Council has been working to attract new investment, new jobs, new residents and new visitors.
- **Visitation** has increased since amalgamation and there is evidence of growth in major events and film production.
- Council decisions have been made to ensure **equity**, with consideration given to due process and financial sustainability, and as a result of community consultation outcomes.
- Regarding infrastructure networks, there is **potential** for Connolly Dam/Storm King Dam connection and Stanthorpe landfill as reaching its capacity with waste to be disposed at Council’s other landfills.
Identity – Considerations

• There appears to be in-principle community support for the consideration of de-amalgamation

• The claim that the Granite Belt region is unique is definitely valid

• Many other Councils contain multiple unique areas in terms of demographics, economic composition, etc. – de-amalgamation decisions should not be driven by these factors alone else the application of this State-wide would result in 100’s of new Councils

• Economic and tourism diversity should enhance the ability to ride business cycles and should enhance financial sustainability

• Business closures are unlikely a result of Council decisions and amalgamation alone and simply changing the Council structure will not be the panacea as suggested

• If additional marketing and promotion is identified as required to act as a catalyst for increased visitation, it will come at a considerable financial cost – further, the identified need for targeted local area marketing can be separately addressed outside of de-amalgamation considerations
Representation, Governance & Resourcing
Representacion, Governance & Resourcing

GBCA Proposal

- Link of **accountability** to Granite Belt community lost through dilution into Southern Downs
- Community desire for **separate** representation and separate Councils
- A **bottom-up**, community-based model is more appropriate for the Granite Belt region vs the top-down, Council-based model adopted by Southern Downs Regional Council
- **Dysfunction** in current arrangements (e.g. reduced reliance on community groups, failure to meet local needs)
- **Centralising/standardising** community facilities management has seen community backlash
- Current Council has seen a **high turnover** of executive staff
- Current Council has had to create an **extra layer** of administration to oversee the two separate geographical areas, resulting in increased costs
- **Increased costs** from staff travel between the two administration centres and depots
- **Single** service delivery point from the middle of new Council area ensures operational efficiency
- **Dalveen** community *has expressed desire* to be included in the new Granite Belt Council
## Council Management Review Response

- Councillors from Stanthorpe have been a **majority** in a number of years post amalgamation.
- Council **does not support** or utilise a top-down, Council-based model – it is the only QLD Council to consult with the whole community on its budget prior to adoption.
- Decisions on community facilities management have been made with respect to **equity** and in ensuring appropriate procurement processes are followed.
- **Tenures** of executive staff have been **greater** than industry averages and turnover has in part been a result of the high average age of Council staff.
- **Lack of assessment** of governance and planning requirements of separate Councils, and separate Councils would require separate executive structures (e.g. water, sewerage, waste).
- **Lack of understanding** of likely redundancies/recruitment from de-amalgamation given new roles needing to be filled will not match the skills of 2 separated workforces – location changes would require union involvement and consideration needs to be given for any EBA implications.
- **Lack of consideration** of ability for 2 Councils to attract and retain management and skills base.
- **Technology used** to minimise staff travel time between administration centres and depots.
- **New Council** would require a new, compliant planning scheme and de-amalgamation may place pending and new development applications at risk.
Representation, Governance & Resourcing – Considerations

• Proposal could result in a net governance increase of 1 x Mayor + 2 x Councillors

• An additional management/administration layer will be required for water, sewerage, waste, planning, engineering, community and corporate functions

• Current staff roles and responsibilities will also not be able to be split in a manner that will match the requirements of the 2 new Council organisational structures and will result in redundancies and recruitment effort

• Appropriate consideration should be given to the capacity for management and technical roles to be capably filled across 2 Councils instead of 1

• Reliance on community organisations and a stream of willing and able volunteers to provide services is risky, particularly given an ageing population

• Irrespective of structure, Council needs to ensure it follows due process and proper procurement, as well as appropriately manage community risk given it is ultimately responsible
Sustainability
Sustainability

GBCA Proposal

- Anticipated amalgamation **benefits** from economies of scale and service efficiencies have **not** materialised.
- Council **financial performance** in 2008-2015 was worse than the former Councils, but has since vastly improved due to good financial management and reduced staffing rather than amalgamation benefits.
- Separate Councils will be **financially sustainable** and there will be no negative impact on the community.
- Adoption of **single service point** in Granite Belt region will ensure the new Council is efficient.
- **Better** use of plant and equipment and **appropriate use** of private leases.
- **Including Dalveen** in the new Council area is likely to have a minimal impact on financial sustainability.
- **No need** for redundancies and recruitment given an equitable split in staffing between the two Councils.
- **Transition costs** estimated at <$1 million, but modelled at $4 million (in line with Douglas de-amalgamation outcomes), and able to be funded from cash reserves.
- Outside of the initial year, **both Councils** are forecast to operate with **surpluses** with general rate increases of 2.5% to 3.0%.
- **Sufficient cash** will be available to fund projected capital works.
- **An independent panel** should work with the 2 Councils to determine an equitable split of staff, assets, reserves and liabilities.
Sustainability

Council Management Review Response

• **No evidence** provided that efficiencies have not been achieved since amalgamation

• **Current strong financial performance** is a result of proper budgeting, proper procurement, reduced discretionary spending, enhanced user pays charging and increased external funding – not simply a result of reduced staffing

• **Current arrangements** include the shared use of heavy plant/machinery across Stanthorpe and Warwick, economies of scale in staff training, chemical purchases, procurement and technology, and consolidated corporate functions

• **Financial assumptions** underlying the proposal are very high level and will not represent what will happen in reality

• **$720k operational savings** included based on a simple comparison of allocated costs to Goondiwindi costs

• **Redundancy/recruitment costs** will be incurred due to skills required under 2 different Council organisational structures

• **Combination** of the cost of the referenced Goondiwindi and Mareeba corporate structures vs current Council would see a considerable increase in management costs under de-amalgamation
### Sustainability

#### Council Management Review Response

- **Transition costs** are understated for the new Council and not appropriately considered for the remaining Council, and will extend over a number of years rather than only being incurred in a single year.

- **Asset renewal** needs are unknown as asset management planning is still immature and present a significant financial risk – additional expenditure is expected to be included as part of the budget process.

- **Cash reserves** assumed to be available to fund de-amalgamation transition costs exist for a number of reasons (e.g. developer contributions, infrastructure renewals, staff leave liabilities).

- De-amalgamation would have a significant impact on pre-existing **contracts** with external parties.

- Lack of consideration of specific issues, e.g. **disposal of waste** given Stanthorpe landfill is nearing capacity.

- It is not proven that there will be no **negative financial impact** on the community from the proposal and that 2 Councils will be better for the community financially than 1 Council.

- Consideration needs to be given to the **ageing population** and **low household incomes**, and the implications this has for local communities, the local economy and Council service provision.

- **Financial implications of including Dalveen** in the Granite Belt Council area have not been appropriately considered, with infrastructure upgrades identified for the area.
Sustainability – Considerations

- Significant structural change of organisations **does not result in immediate benefits** – a lag of 3-5 years is not uncommon to see financial benefits, particularly with Council amalgamations given the union restrictions placed on resourcing decisions.

- **Redundancy and recruitment costs** will be incurred by each separated Council and are not appropriately considered in the proposal.

- With **asset management planning** still a work in progress, it is difficult to determine the renewal requirements by location and implications for financial sustainability.

- Uncertainty over the availability of **capital grants and subsidies** by project and by location.

- Use of **existing cash reserves** either restricted (e.g. developer contributed) or earmarked for other essential purposes (e.g. asset renewal) to fund de-amalgamation may place financial pressure on the 2 new Councils and communities.

- Important to consider the **current and future financial capacity** of the 2 Councils and the ability to cope with shocks placed on Councils including natural disasters, volatility in external funding, business cycles, etc.

*Note: A detailed review of financial assumptions and outcomes is outside of scope as this issue is being dealt with by Queensland Treasury Corporation*
Sustainability – Southern Downs Regional Council

• The financial performance of the amalgamated Southern Downs Regional Council has been quite strong in recent years.

• Council experienced net deficits between 2011-12 and 2014-15 (impacted by flood recovery work), but consistent surpluses have existed since 2016-17.
Discussion
Purpose

• Provide an **overview** of de-amalgamation proposal and Council’s management review

• **Identify** issues requiring further consideration to ensure an informed decision can be made

• Allow **feedback** from all members of the community on de-amalgamation proposal and other issues relating to de-amalgamation

• **Feedback** from the session will be provided to Council

*Note: A detailed review of financial assumptions and outcomes is outside of scope as this issue is being dealt with by Queensland Treasury Corporation*
Discussion

• De-amalgamation is a complex and difficult issue to assess – suggested timing of 2020 Council elections is unlikely to be realistic.

• As long as everyone is informed and implications fully understood, effective decision making can take place.

• What is the level of financial advantage or disadvantage on the community from the proposal? How does this weigh up against the perceived non-financial advantage or disadvantage?

• Can the identified benefits be facilitated through other means or is de-amalgamation the sole solution?

• What needs to be done if de-amalgamation doesn’t occur?
## ATTACHMENT 2

**GBCA Proposal to De-amalgamate the Granite Belt from SDRC**  
**Stanthorpe Workshop - Comments/Questions**  
**Stanthorpe Civic Centre, Supper Room**  
**Monday, 1 April 2019, 6.30pm to 8.30pm**

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<th>Topic</th>
<th>Comment/Question</th>
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| **SDRC Response**   | • People involved in preparing the SDRC response have not set their self-interest aside.  
• Original amalgamation was to save money. Stanthorpe SC was sustainable before amalgamation - why can it not be again?  
• Council planning process (DA & conditions) makes it harder to open a new business.  
• Business expansion shelved due to conditions placed by Council.  
• Council is shifting responsibility back to community.  
• Business closures are about local government practices causing tourist numbers to decline. Business (restaurant) closed this week. Which councillors knew about it?  
• SDRC review of Proposal appears completely in opposition to de-amalgamation e.g. comments on Italian heritage, role of tourism and railway link are wrong or irrelevant.  
• Broken promises at Council re economic development (See attachment)  
• Unfounded and defamatory personal criticisms (See attachment)  
• Possible racism expressed in SDRC response (See attachment)  
• SDRC response attacked individuals and was defamatory. Request Council remove these attacks/comments from their document.  
• Burials not available in afternoons due to gravedigger being based in Warwick.  
• Wastewater scheme management and water supply in general a massive issue for agricultural economy. Council not helping situation and running out of water will devastate the economy.  
• Claims of intimidation by Mayor re ongoing availability of services (e.g. Library) if de-amalgamation occurs. Volunteers will run things. |
| **Review Process**   | • Why was no notice taken of the previous amalgamation referendum? It was conducted by Federal government after State government had decided on amalgamations.  
• How can consultants review be independent when being paid by SDRC?  
  The Council provided the GBCA Proposal, SDRC response and GBRC reply. They were reviewed without any input from Council based on expertise of consultants.  
• We have heard mentioned Brexit, low population growth, aging population. Why no mention of fear?  
• Why does council need consultants’ views? Significant expense and effort went into GBCA proposal.  
• Minister stated an external review wasn’t needed. Council response is a lot of froth. Noosa de-amalgamation cost went down from $13M to |
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<td>$2.3M. There were redundancy costs of $3M. Noosa had no rate increases for three years. Why is council money being spent on a review?</td>
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<td>• Public meeting was aimed at putting up roadblocks to de-amalgamation process.</td>
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<td>• Conjecture over whether advice by Local Government Department/Minister regarding approval to appoint review consultants was provided.</td>
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<td>• Why are ratepayers paying for a review and what relevance will the review have if not passed on to the Minister.</td>
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<td>• To what extent will the review reflect facts &amp; figures v community sentiment in the final report?</td>
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<td>• Will the review be made public?</td>
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<td>Community Profile</td>
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<td>• Why is an aging population a problem? Are older residents of no use or a drain on resources? We have something to give.</td>
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<td>• Tourism statistics questioned. Stanthorpe accommodation only just commenced providing statistics . [NOTE – TRA stats are a combination of the National Visitor Survey and International Visitor Survey of residents and international visitors respectively, not of accommodation statistics]</td>
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<td>Identity</td>
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<td>• Community wants identity back, especially Granite Belt marketed as the Granite Belt. Warwick approach to tourism does not work for Granite Belt.</td>
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<td>• Community has lost its identity and needs to get it back.</td>
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<td>• Loss of identity with removal of Welcome to Granite Belt signage (DMR or Council decision?).</td>
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<td>• Community cares about farmers. Often ask “How are you, really?”</td>
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<td>• Major problem is loss of identity.</td>
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<td>• This is a strong community. Need de-amalgamation to get our identity back.</td>
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<td>Representation, Governance &amp; Resourcing</td>
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<td>• What are the councillors positions on de-amalgamation?</td>
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<td>• Some wealth distribution could occur with more senior council managers located in Stanthorpe. How much of the Council salary bill is paid to employees in Warwick v Stanthorpe?</td>
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<td>• Amalgamation has reduced Councils engagement with the community. Meetings are called but the voices are ignored.</td>
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<td>• Volunteers are not lacking in the community and have been attacked by Council. A new council will be able to operate with volunteers if necessary.</td>
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<td>• There is uncertainty in respect of Dalveen’s inclusion or not in the proposed new council area. State Education Department has Dalveen Schools in the Granite Belt region. Dalveen residents are “one of us” geologically and socially.</td>
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<td>• 80% of Dalveen residents want to be part of the proposed new council area.</td>
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<td>• Dalveen experience with Council consultation is being told what you will have even when argued against. Exception was with playgrounds. Ended up with two for different ages.</td>
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|               | • Why wait to 30 April to make a decision to support or not de-amalgamation? Decision will pass or fail based on finances. Start the healing process now.  
• Seems to be perceptions of contempt, lack of worth and lack of respect from councillors. Councillors should do what is right.                                                                                             |
| Sustainability| • With a new Council local staff paid for by community will spend back in the community.  
• Currently there’s little financial implication information to go on and waiting to see what the financial implications are (QTC Report).  
• High commercial rents (including overheads such as rates) increase the cost of business.  
• Rates increases brought about through rates homogenisation process.  
• Cost of de-amalgamation assessed at less than $1M but included at $4M based on Douglas SC experience but covered through transferred reserves.  
• QTC estimates are very conservative and way out. e.g. $16M v $4M actuals. Cost assessments like legal representation depends on who is paying.  
• How did amalgamation broaden the economic base when Stanthorpe SC had $4M in the bank and Warwick SC was broke?  
• Councils financial position only improved (debt paid down) through asset sales and the assets will run out so fees will have to go up. |

Note: Apology recorded for James Lister MP, Member for Southern Downs
## GBCA Proposal to de-amalgamate the Granite Belt from SDRC

### Warwick Workshop - Comments/Questions

**Warwick Town Hall**  
**Tuesday, 2 April 2019, 7.00pm to 8.30pm**

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| **GBCA** | • Professor Dollery quoted as the leading expert on Local Government reform has stated that forced amalgamations has been a failure, borrowings go out of control and councils go bankrupt, e.g. Whitsundays.  
• A de-amalgamated council can be successful e.g. Noosa had no rate increases in first three years based on good management, purchasing from eBay and operating on a shoestring.  
• Suggestions that GBCA don’t know the cost of de-amalgamation is unknown are unfounded. Much work was undertaken as evidence in the Proposal.  
• GBCA suggested that many people had suffered personal attacks in the Council response.  
• Current council system does not work for Stanthorpe - we are separate communities.  
• GBCA’s response to the council’s comments appear to be missing from the analysis.  
  *Note: The GBCA response was considered by the consultants and included in the slides/presentation.*  
• All can benefit from a smaller council putting the “local” into Local Government. One size fits all model across SCRC has increased rates. Both areas would benefit – better represented by separate councils.  
• Council response denies the link between tourism and business closure by stating there are more hits on the SDRC tourism website.  
• The Stanthorpe community is very committed to de-amalgamation. The issue will not go away. It is the right thing to do. There is passion in the Granite Belt. |
| **SDRC** | • The first council post amalgamation had a majority of Stanthorpe councillors.  
• Mayor Dobie clarified that her comments were that she supported de-amalgamation if it was shown to be financially sustainable.  
• Allocation of the cash reserves may not be a simple population share. Waiting on QTC report. |
| **Review Process** | • What was the attendance at the Stanthorpe meeting and how did it go?  
  *GBCA members claimed 350, Warwick Daily News suggested 200. 100 chairs were put out, another 50 or so added and perhaps 30-40 people were standing. Community input was passionate.*  
• What is the mechanism for determining the referendum outcome if there is a majority in favour of de-amalgamation in Stanthorpe with 1/3 of the voting population and 50:50 in Warwick with 2/3 of the voting population? |
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| **It’s the vote of the entire council region that is recorded, it’s not split into different areas.**  
*The referendum alone does not determine the outcome – the Minister decides based on the findings of all review process elements.*  
- What happens if the council do not pass a resolution to de-amalgamate?  
*That is the end of the process as outlined in the letter from the Minister to the Clerk of the Parliament as his condition for referring the matter to a Change Commission will not be met.*  
- Will the recording of the public meetings be made available?  
*Yes.* |
| **Community Profile** |  
- Where volunteering is declining it’s because there is a loss of community. But Stanthorpe has strong community spirit compared to elsewhere and they have a desire to get their identify back.  
- Development of the Jumpers & Jazz festival is an example of the community working together. |
| **Identity** |  
- Stanthorpe want their own local government again. Visitation is down in Stanthorpe and tourism related business are closing, despite the figures quoted from Tourism Research Australia.  
- Residents are the most important people, not council staff. Council staff are residents.  
- Two communities complement each other, and much can be achieved from working together – could be a great region. |
| **Representation, Governance & Resourcing** |  
- If you disagree with the way the council handles matters stand for election.  
- Splitting the council into two will increase costs and have negative impacts on council staff – our most valuable asset.  
- What happens if de-amalgamation does not work? |
| **Sustainability** |  
- Do two councils has a reduced capacity to access funding for capital works?  
*No, however does depend on the particular funding program as to how much they can apply for.*  
- Financial viability is a big factor. Are we premature in having a debate if rates have to increase 5-6%? This may indeed answer the question.  
- What is an appropriate rate increase that will result from de-amalgamation? GBCA answered zero based on their proposal. Post amalgamation there were significant rate increases. Community can not afford increases above Council Cost Index (CCI) or Consumer Price Index (CPI).  
- There was a request for the cost of the consultants to be put on record.  
- No one knows what the cost of the de-amalgamation will be. If it is expensive then it should not be pursued.  
- Douglas de-amalgamation quoted as costing $4M. $3M of this was in legal costs.  
- Generally, rate payers would want to pay as little as possible for the de-amalgamation. Rates should not go up more than 2% because of the drought. |
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|       | • Any cost of the de-amalgamation is speculation as need to wait for the QTC report. However, QTC are very conservative and have generally overestimated the cost of de-amalgamation in the four de-amalgamating councils once these costs were known after the fact.  
• GBCA consultant assessed de-amalgamation costs at $1M. If the cost of de-amalgamation is $1M to $2M what does this mean for rate increases?  
  The SDRC CEO advised that each $300k of additional costs equates to about a 1% rate increase. |

Note: Apology recorded for James Lister MP, Member for Southern Downs
1st April 2019

Mr G. Hoffman
Consultant reviewing the proposal to de-amalgamate the Southern Downs regional Council

Feedback at Stanthorpe Public Meeting

Dear Greg,

Please accept this written copy of the verbal feedback provided to you at the public consultation regards the proposed de-amalgamation of the Southern Downs Region, held on 1st April 2019, at the Stanthorpe Civic Centre. Also attached are some of the relevant supporting documents I referred to.

The community has been asked to give feedback on two documents; the Community Association’s Proposal to de-amalgamate and the Council’s Review of that.

I would like to offer comments on three specific areas of the Council’s Review:
1. Broken processes at Council re economic development
2. Personal criticism of myself
3 Possible racism expressed in the document

1. As a local businessman, a member of the Stanthorpe and Granite Belt Chamber of Commerce and the Stanthorpe Community Reference Panel I’m involved with economic development in the region – specifically the Granite Belt Irrigation Project. A project supported by the Federal government that has funded a detailed business case to the tune of $3.98m. The Council spent $460,000 of this and the Chamber $3.52m in the past year. It’s a big project, a highly viable project and one that brought the second most senior politician in the country to Stanthorpe in January; the Deputy Prime Minister. The DPM said the Commonwealth would provide $42m to the project if the State Government supported it. I can tell you that one reason State Government is having trouble supporting the project is because the Council has written to the State Water Minister undermining the project. Attached is a document that details this. As recently as December the Council wrote to the Qld Premier and the Prime Minister saying they were “unaware” and had “not been informed” of key aspects of the project. Their lack of enthusiasm does not reflect the project’s importance to the local economy and the town.

But – back to the specifics of the Review and the Proposal. Page 31 of the Proposal talks of the Emus Swamp Dam project. Page 17 of the Council Review discusses this and demonstrates a total lack of understanding of the dam project. This is very disappointing because one of the key outcomes of the project is the creation of 700 new full-time jobs. That the Council doesn’t understand the project and is actually critical of it demonstrates a broken process in Council’s Economic Development department.

Let me elaborate how broken the processes are - the Council employs an experienced and capable Economic Development officer who hasn’t been to any of the Emu Swamp dam public or private meetings, and hasn’t engaged with the project team other than a phone call. Is it that far from Warwick to Stanthorpe? Or doesn’t a 700 job project in Stanthorpe rate attention?

Perhaps his employer has directed him to put his efforts elsewhere. I note that when the Deputy PM was in Stanthorpe the Mayor did not attend or engage in the visit, despite being invited.
2. My second concern is about a reference to myself in the Review. The Council Review singles me out; says I have a conflict of interest and that my professional reports “fail to demonstrate proof” – which is code for ‘they are no good’.

First some background on my professional involvement. The Proposal talks about horticulture on pages 37 to 40, which is rightly so as it is our main industry. The authors of the Proposal asked me for some horticultural facts and figures, which is a fair request as my business card says Horticultural Consultant, I have 3 university degrees, I am an experienced professional and my involvement with fruit and vegetables in Stanthorpe started in 1978. The Council knew this in 2013 when they paid me to produce this publication in conjunction with the Department of Agriculture. (Horticultural Production in Queensland’s Southern Downs Region, SDRC 2013). In July 2018 I was asked by Granite Belt Community Association to update some of these figures, which I did. Both documents were provided to the Community Association as reference material for their Proposal. This is bread and butter activity for a local Horticultural Consultant.

However in the Council Review (page 36), which I first read on Friday, it says that “the author referenced in the facts regarding horticulture is an active member of the de-amalgamation movement” and its raised that this is “a conflict of interest”. Let me put on record that I am not an active member of the de-amalgamation movement, but like 1,200 other good people of Stanthorpe I attended a public meeting in April 2018 on the proposal, and another public meeting at the Showgrounds in December, and this public meeting tonight. Does attending public meetings make me an active member of a movement? How does the Council even know I attended these meetings? I have never met Mr David Spearritt—the main author of the Proposal. I did not download and print the Proposal or the Review until last Friday morning. I am not a member of the Granite Belt Community Association, I have never attended any of their meetings and their records will show I have not donated any money to them or the de-amalgamation project. I am just an interested resident, a ratepayer and an independent professional.

I clearly don’t have a conflict of interest. So what purpose is served by the Council saying I do? Well, all I can deduce is that when they say on Page 36 that there is no proof that there is increasing production, growing markets and growing incomes in the local horticultural industry that discrediting me and my reports supports this. So why does the Council want to deny that the Granite Belt is prosperous? I have no idea. Perhaps this Review is just taking a negative and contrary approach to everything the Proposal said. Which you must agree would be disappointing for a public agency to do so.

3. To administer and lead a community you have to know it. You have to be on good relations with it, you have to respect it.

Pages 25 and 26 of the Proposal describe the “ethnically diverse population”, specifically the “significant” numbers of Italians in Stanthorpe. It is a fact that the Granite Belt’s Italian heritage has helped shape the way we work, rest and play. It has shaped our main industry of horticulture, influenced our cultural and religious festivals, our schools teach Italian and exchange students with Italy. And I note that the Council has a current project called “Italian Days in Stanthorpe CBD” that proposes “celebrating one of the cultures that has made Stanthorpe the town that it is.” Personally 40% of my staff are proudly Italian and over 60% of my clients have Italian heritage.

BUT the Review (p 16) denies this. It says “those with Italian ancestry make up 4.2% of the Southern Down population”, and that Stanthorpe “has 1.4% of its population with Italian ancestry”. It may be 4.2% in Southern Downs but its close to half in the Granite Belt and that’s what the Proposal was saying. The Council Review also says there are nearly twice as many people in Southern Downs with German ancestry as Italian ancestry! Plainly wrong. Greg, did you know that 7% of fathers and 5% of mothers still alive in Stanthorpe were actually born in Italy? These people (now mostly in their 70’s and 80’s), and their deceased cohort have had lots of kids and grandkids, many here tonight. Why this deliberate and misleading downplaying of the Italians and their influence? I have no idea.
But I do know that to deny the faces and names of the Granite Belt due recognition is to deny them a voice. What purpose is served by this? We are talking about this in our local town hall tonight. BUT just imagine if 50% of the Granite Belt were Aboriginal or Muslim and the local Council denied their abundance or their importance? The TV headlines would be ‘Racism in the Southern Downs’. I hope that our Council is just guilty of incompetence and not of racism.

**In Conclusion:** the Council Review says that “a small group of officers from the Southern Downs Regional Council” “provided feedback and clarification ... of the Proposal”.

Can you provide feedback to that “small group of officers” – that I only read three parts of their review in detail and consider they all had major flaws? Specifically;

1) the dam is a viable project and Council should at least understand it (perhaps even support it),

2) what purpose was there in erroneously saying our horticultural industry isn’t growing and questioning my independence to somehow prove this?

3) why would the Council set itself up for possible claims of racism by denying the Granite Belt’s Italian heritage and how it makes the area different?

I would ask that you consider the above when critically reviewing the Proposal and the Review. As mentioned, I have only obtained the two reports a few days ago, and looked at just a few areas in detail. However if they are to be an indication of the quality of the Review then I do not think it is a very well-constructed or factual document.

I am available on 0407 762 888 or stephen.tancred@bigpond.com if further information is required,

Yours sincerely,

[Signature]

Stephen Tancred CPAg
PO Box 476, Stanthorpe Q 4380

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**Attachments**

1. SGBCC’s concerns with SDRC’s submission to the Border Rivers and Moonie Draft Water Management Plan
2. Summary Information – Project; Italian days in Stanthorpe CBD
3. Horticultural production in Queensland’s Southern Downs (cover and contents page)

**c.c.**

Lawrence Springborg, Chairman De-amalgamation project steering committee
James Lister, Member for Southern Downs, 9 Victoria St, Stanthorpe Qld 438
Joel Richters, ALP candidate for Southern Downs, PO Box 335, Warwick, Qld 4370
SGBCC’s concerns with SDRC’s submission to Border Rivers and Moonie Draft Water Management Plan

Background; the SDRC voted on 23 May 2018 to lodge a submission to the Qld Govt’s draft water Plan for the region. In the Plan the term Strategic water infrastructure reserve is water for Emu Swamp Dam. Replace this phrase with ESD to interpret the SDRC submission.

The Stanthorpe and Granite Belt Chamber of Commerce has four (4) concerns with the SDRC’s submission to the Water Plan.

Page 3. “We do not believe a case exists to retain a Water infrastructure reserve” becomes “We do not believe a case exists to retain water for Emu swamp Dam”

Page 6. “SDRC does not support Emu Swamp Dam as the only viable preferred viable option to meet future regional water needs”.

Council has indicated that farmers should build on-farm dams and harvest overland flow water or extract water from the watercourses as individuals for rural needs to be met. This suggestion does not recognise the limitations of water availability in sub-catchments, the fact our major watercourse only runs on average 55 days a year (and certainly not in dry times) and the location of the water availability (southern part of Region) is different to the location of the demand for the water (north, west and east of Stanthorpe). More on-farm dams are not viable.

The ESD business case has a provision for up to 450 ML of high security water for the town of Stanthorpe to be used in emergency situations when Storm King Dam runs dry. The plan is for this to be at no capital contribution cost to Council or ratepayers. This is a viable option and should be supported by Council. As should all other viable options eg pipeline from Connolly Dam.

Page 6. “We recommend that the Strategic water infrastructure reserve’s purpose be reclassified as ‘Any’ purpose”.
becomes “We recommend that the Emu Swamp Dam’s water purpose be reclassified as ‘Any’ purpose”. i.e. not for ESD

Page 7. The Dam is described as being considered by farmers “an unviable water augmentation option” and that existing irrigators “support” the development of on-farm storages.

These on-farm storages are noted in the Council submission as not being able to “fully meet the requirements for high reliability water during times of drought”.

In other words the Council is suggesting that growers want an option that is not only not possible under the water plan due to the moratorium on building on-farm dams, that is not feasible due to geography and hydrology, but also one that won’t work in dry times.

The Chamber knows from its grower members, its membership of the Stanthorpe Community Reference Panel, from the wide support for the ESD business case and from the submissions lodged to the Water Plan by Qld Farmer federation, Apple and Pear Australia Limited and the Effluent water users group that ESD is NOT “an unviable water augmentation option” and that existing irrigators do NOT “support” the development of on-farm storages as the first or only option for farm water.
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<td><strong>Project Owner:</strong></td>
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**Purpose:** To increase the vibrancy, mood and positivity of the CBD by bringing the local Italian culture to the public spaces in Maryland and high streets.

**Background:**
Stanthorpe is a drought affected rural community and the local shopping area and the community are doing it tough. The Granite Belt community is struggling financially and emotionally. Fina has come forward with the idea of bringing some fun and entertainment to the shopping area of Stanthorpe. The idea is to use the local Italian ways of enjoying life to increase the life, colour and atmosphere of the main shopping area in Stanthorpe while celebrating one of the cultures that has made Stanthorpe the town that it is.

**Project Needs:**
- Advertising the events
- Councils support in the use of the public spaces
- Chamber support in helping advertise and providing insurance cover for the events.

**Project Objectives:**
- Increase the number of people shopping
- Entertain the local community
- Entertain visitors
- Encourage visitors to the CBD
- Teach community about Italian Culture

**Potential Benefits:**
- Increase trade in the CBD
- Provide networking opportunities for the community
- Create an experience for visitors to enjoy

**Key Stakeholders:**
The Key Stakeholders are:
- Business and Industry
- Economic Development Unit
- Chambers of Commerce
- Italian Community

**Project Estimates/Budget:**
- Insurance??
- APRA Licence

**Risks**
- Insurance is too expensive
- People don't find it attractive
- CBD businesses don't want to be involved
- IS is very popular and spaces are too small
Recommended Solution Option
The recommended solution option for this project is:
1. Talk to SDRC about an appropriate public spaces to meet project objectives
2. Form a small working group to organise the small gatherings
3. Work with business to provide a warm and pleasing experience
Horticultural Production

in

Queensland’s Southern Downs Region

Stephen Tancred
Senior Horticultural Consultant
Orchard Services
Stanthorpe

Clinton McGrath
Senior Extension Officer
Queensland Department of Agriculture, Fisheries and Forestry, Toowoomba

May 2013

Southern Downs
REGIONAL COUNCIL

ORCHARD SERVICES

Queensland Government
Department of Agriculture, Fisheries and Forestry
This report was commissioned by the Economic Development Unit of the Southern Downs Regional Council. Every endeavour has been made to ensure the accuracy of the data presented within the parameters of the sources available and the methods described. Use of the report and its data is encouraged, within appropriate contexts. It is anticipated that updates may be made in the future and inquiries should be made of the EDU of the Southern Downs Regional Council in the first instance.

Stephen Tancred, Orchard Services, PO Box 305 Stanthorpe Q 4380
Clinton McGrath, Department of Agriculture, Fisheries and Forestry, PO Box 501 Stanthorpe Q4380.
CONTENTS

Executive Summary ................................................................. 3

Introduction ............................................................................. 6

Methodology ............................................................................. 7

The Horticultural Industries of the Southern Downs ...................... 8
  Tree Fruit ........................................................................ 8
  Grapes ............................................................................ 10
  Berries .......................................................................... 11
  Vegetables ....................................................................... 12
  Speciality crops ................................................................ 14

Supply Chains and Seasonality .................................................. 15

Numbers of Producers ............................................................... 17

Areas of Production .................................................................. 18

Value of Production .................................................................. 19

Appendix 1. List of contributing experts .................................... 23

Appendix 2. Yields and calculation of average prices ................... 24

Appendix 3. References ............................................................. 27