



Hon Paul Lucas MP

Our ref: MC11/1995

LG/11/1664

Your ref: Petitions



**Queensland
Government**

**Deputy Premier and Attorney-General
Minister for Local Government and
Special Minister of State**

09 JUN 2011

Mr Neil Laurie
The Clerk of the Parliament
Parliament House
Cnr Alice and George Streets
Brisbane QLD 4000

Dear Mr Laurie

Thank you for your letter of 13 May 2011 in relation to petition 1602-11, regarding Council rate increases.

I am aware of public concern regarding rate increases in some areas. The rate increases that are occurring are not associated with amalgamation, and occur regardless of whether a Council is amalgamated or non-amalgamated. For example, Brisbane, Ipswich and Redland City Councils, unaffected by amalgamations, have all announced consecutive year rate increases.

I am advised that both amalgamated and non-amalgamated Councils report rises of between 3 per cent and 17 per cent for the 2010/2011 budgets. The average for all Councils is 8 per cent.

Further, the Local Government Association of Queensland has indicated, via its annual cost index calculation, that costs to Councils can expect to rise by 7.5 per cent in 2011/12. Many Councils are also spending on necessary infrastructure to support Queensland's growth.

In relation to the Local Government reform process, Councils were allowed a significant amount of time (until 30 June 2012) to combine the rating approaches of previous Councils, to introduce a common approach. I am advised that many have already developed and implemented the new rating methodology.

I am further advised that Councils recognise the impact that rate increases can have, and offer repayment plans and other payment arrangements and I would encourage people who have specific concerns to contact their local Council.

The basis for valuing land in Local Government changed in 2010-2011, with non-rural land now being valued by the Valuer-General on the basis of site valuation. The fact that some valuations in some Local Government areas have increased does not necessarily equate to an increase in rates.

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Historically, Queensland Councils have benefited from significant levels of State funding which they have invested in a range of necessary infrastructure that contributes to long-term community and environmental benefits.

I am advised that, since 1 July 1998, the Queensland Government has allocated more than \$4.8 billion, primarily to Councils to offset the costs of these essential works. In July 2006, the State Government committed \$700 million over five years through a suite of grant and subsidy programs. More than \$869 million was approved under these programs, \$169 million more than initially committed, benefiting Queensland communities.

The 2010 State Budget Paper 2 budgeted \$515.9 million in grants and subsidies to Councils for the 2010/11 financial year, of which \$457.7 million is for capital infrastructure. I am advised that Councils have received \$305 million in Natural Disaster Relief and Recovery Arrangements payments this financial year, to assist rebuild essential public assets for disaster events that occurred prior to November 2010. In addition, a new \$45 million Local Government Grants and Subsidy Program will be available to all Councils.

Prior to amalgamation, many Councils were not financially sustainable and were not adequately planning for their future. I am advised that 10 Councils in Queensland hold \$3.2 billion of the total debt, none of which are facing financial difficulties as a result. The remaining 63 Councils are managing just over \$500 million in total debt between them.

The Moreton Bay Regional Council has commissioned a report into de-amalgamation. The report, titled the 'Analysis of Redcliffe De-Amalgamation Ratepayer Impacts', was compiled by David Spearritt from Orion Consulting. The report states that 18 per cent of Moreton Bay Regional Council revenue is sourced from the Redcliffe city area. The report also states that the initial cost of de-amalgamation was estimated to be \$2.7 million to \$7.9 million upfront, as well as significant ongoing costs. To fund the one-off costs, ongoing costs and project costs outlined, the rate increase for Redcliffe would be 37 per cent to 56 per cent.

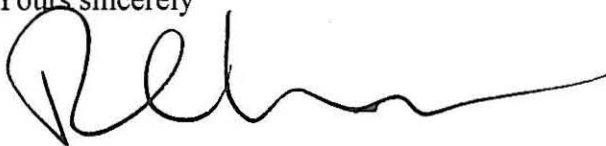
The Local Government Reform Commission report of 2007 did not discuss cost benefits, savings, targets or benchmarks of Council amalgamation. The Report stated that the State needed bigger Councils to deal with Queensland's growth, and the need for the sector to be more financially sustainable.

To assist with amalgamation costs, the State funded \$27.1 million to the affected Councils in 2007/08 and a further \$18.3 million in 2009/10 to six Councils.

The Local Government Reform Commission report discussed bigger and stronger Councils being able to plan regionally, better engage with the State and Commonwealth Governments and companies seeking to invest in Queensland. An example of how these aims have been achieved is how bigger Councils have reacted to recent natural disasters in extreme circumstances. Numerous Councils have acknowledged this since these devastating events.

I trust this information is of assistance.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Paul Lucas', with a long horizontal flourish extending to the right.

PAUL LUCAS MP
Deputy Premier and Attorney-General,
Minister for Local Government
and Special Minister of State