



Hon Paul Lucas MP



Our ref: MC11/3283  
Your ref: Petitions

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

16 SEP 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 25 August 2011 in relation to petition 1752-11, in relation to Council/State cost allocation.

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.

The Local Government Association of Queensland (LGAQ) has indicated via its annual cost index calculation that costs to Councils can expect to rise by 7.5 per cent in 2011/12.

I am advised that the average rate rise for the 40 Councils that have adopted and published 2011-12 budgets to date is 6.91 per cent. The rate rise for the Bundaberg Regional Council (BRC) for 2011-12 was 7 per cent. The average rate rise for the 24 amalgamated Councils that have adopted 2011-12 budgets is 6.24 per cent.

BRC was subject to the recent amalgamation process. Prior to amalgamation, many Councils in Queensland were not financially sustainable and were not adequately planning for their future. 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, and 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 responded to recent natural disasters in extreme circumstances. Numerous Councils have acknowledged the enhanced capacity since these devastating events.

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BRC is in a moderate financial position. The previous (pre-amalgamated) Councils of Bundaberg and Burnett were both in a moderate financial position whilst Kolan and Isis were in a very weak and weak financial position respectively.

BRC is forecasting significant levels of investment in infrastructure throughout the next 10 years.

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.

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.

Since July 1998, the State 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 \$865 million was approved under these programs, \$165 million more than initially committed, benefiting Queensland communities.

The 2011 State Budget Paper 3 budgeted \$450.3 million in grants and subsidies to Councils for the 2011/12 financial year, of which \$447 million is for capital infrastructure. Councils received \$445 million in Natural Disaster Relief and Recovery Arrangements payments in 2010-11, 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 is now available, with all Councils eligible to apply for funds to deliver priority projects supported by the local community.

Specifically, the State Government is investing significantly in the Bundaberg Region:

- \$2.4 million funding assistance which has gone towards the upgrade of the Bundaberg Airport
- Under the Rural Living Infrastructure Program \$750 000 was provided for the Gin Gin Streetscape project
- More than \$67 million on the Bundaberg Hospital expansion and further oral health services in Bundaberg and Hervey Bay
- \$5.4 million towards \$10.7 million project to construct overtaking lanes on Bundaberg Gin Gin Road

- \$1.8 million for the upgrade Tarong pipeline to improve the irrigation distribution in Bundaberg and lower Mary River catchment, enhance water supply for Three Moon, Bundaberg, Barker/Barambah, Upper Burnett and Boyne
- \$100 million was allocated for the construction of the Bundaberg Ring Road which was completed in 2009.

In addition, under the Natural Disaster Relief and Recovery Arrangements, \$7.9 million has been approved to the BRC to repair essential public assets damaged by natural disasters (75 per cent Federal Government contribution and 25 per cent State Government contribution).

Under these arrangements, the Council's trigger point (their contribution) is up to \$447 000 per natural disaster event.

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**