



*Proposed New
Arrangements for Natural
Resource Management
in North and North
West Queensland*



YOUR FEEDBACK NEEDED!

NQ Dry Tropics and Southern Gulf NRM are the regional natural resource management organisations for the Burdekin Dry Tropics and Southern Gulf regions.

Both organisations work in close collaboration with communities and industries to achieve sustainable land, water and resource use outcomes in their regions. Each of the organisations is a not-for-profit company, governed by a Board drawn from its community.

The two organisations have been in discussion about the possibility of merging as a way of ensuring the continued delivering high quality NRM services catering to diverse community needs across both regions.

This paper outlines the background of the merger discussions and seeks your comments and suggestions.

It is important to stress that no final decision to merge has been made. A merger cannot proceed without the consent of company members at general meetings of each of the organisations.

New Arrangements for Natural Resource Management in North and North West Queensland

MERGER OUTCOME

Early in the merger discussion, the two Boards agreed on the outcome that they would wish to achieve in any merger. These agreed outcomes are the basis for the merger discussions:

- Fosters the integrity of the Queensland NRM model by maintaining viable arrangements for delivery of NRM services across both regions
- Ensures continuing community leadership and builds engagement in the design and delivery of NRM programs in each region
- Maintains the confidence of members, communities and stakeholders in each region by:
 - Preserving local identity and decision making; and
 - Retaining community level of access
- Maintains the confidence of Queensland and Australian Government agencies and Ministers
- Achieves cost-efficiencies in administrative, ancillary and service delivery activities
- Builds upon NRM service delivery capability and effectiveness in the two regions
- Builds collective influence and thereby opportunities for more competitiveness.

THE MERGER PROCESS

Following the decision to explore the possibility of a merger, the two Boards have followed a process guided by expert legal advice. These steps include:

- Establishment of a merger subcommittee comprising representative directors and the CEOs of the two organisations
- High level analysis of broad merger options
- A due diligence process, which involved the exchange and assessment of detailed information about each company to any identify barriers and risks to merging
- Legal advice about the corporate structure choices available to implement a merger
- Development of a draft constitution for the merged entity
- Development of a Deed of Merger that will lay out the agreement between the two organisations and will be the legally binding commitment to proceed
- Approval of the merger at separate general meetings of each of the existing companies

WHY CONSIDER MERGING?

The two current boards see the merger as an opportunity to show leadership in Queensland natural resource management (NRM). A merged organisation would lead NRM across approximately 20 per cent of Queensland. This region is significant area for the Queensland economy, supporting major beef, minerals, sugar and tourism industries; and encompassing important economic supply chains and social networks along the Townsville/Mount Isa axis.

Merging the organisations opens up the possibility of better capitalising on business development opportunities across a large area of Queensland.

The merged organisation would also be in a stronger position to secure funding from the Queensland and Australian governments for our regional NRM priorities.

KEY MERGER ISSUES

The two existing Boards have deep roots in their regional communities and a sound understanding of the issues and concerns of NRM stakeholders. This has provided a good foundation for identifying the issues that need to be addressed in considering a merger. Key issues and responses are summarised below.

How can we preserve the distinctive interests of existing regional communities?

Both existing NRM organisations already manage diverse community interests within their regions. A merged organisation would continue to have the same responsibility to identify, respond to and balance diverse regional interests. The first board of directors of the merged entity would comprise nominees from each of the two existing organisations to ensure that it has the knowledge and skills to do this.

Will the merged entity be financially viable?

One of the initial motivations for a discussion about a merger was that Southern Gulf NRM was trading at a significant loss and that its financial future was uncertain. Southern Gulf NRM must support high fixed overhead costs in relation to the scale of its project funding. Analysis has concluded that a merger would allow for a substantial reduction in those

fixed costs and that the merged entity would be financially viable. The current Boards are confident that, with prudent management, the merged entity will be financially viable.

What role will the members of the existing company have?

If the current boards agree on a merger model, members of both companies will be entitled to vote for or against merger proposal put forward at company general meetings. If a merger proceeds, it is expected that the members of the two existing companies will be entitled to membership of the merged entity.

Executive management

It is intended that the CEO of NQ Dry Tropics will assume the role of CEO of the merged organisation. The CEO role at Southern Gulf NRM will be discontinued. Discussion continues about how best to ensure the merged organisation maintains capacity to continue to engage with Southern Gulf region partners and communities at an appropriate level of seniority.

Project delivery arrangements

An important focus of the merger discussions has been the need to support and protect project delivery in each of the two regions. Both of the existing boards intend and expect that projects for each region will continue to be delivered by staff based in that region. By pooling existing capabilities, a merger creates opportunities to apply specialist professional capabilities across the two regions.

Administration savings

The merger will allow for savings to be achieved in 'back office' functions through economies of scale. These savings would be available for redirection to on-ground project delivery.

Community Engagement

Community engagement is a core value of the natural resource management concept. NRM organisations are embedded in and led by the community; and aim to identify and respond to community NRM priorities. This is the case now and will continue to be a priority for a merged entity.

Regional project funding

Funding for NRM projects is almost always provided to achieve specific outcomes in defined locations. These requirements are included in funding agreements and would continue to apply under a merged organisation. The current boards are aware of concern that one regional community might lose existing funding to the other, but this would not be possible.



WE NEED YOUR FEEDBACK

Both Boards want to be sure that the NRM communities and stakeholders in the two regions have the opportunity to communicate your ideas and opinions about the merger before any arrangement is finalised. The Boards undertake to consider any feedback provided and if possible incorporate your suggestions into the final arrangements. Written feedback is best. This can take the form of a simple email addressed to either or both of the CEOs. If you wish to discuss the merger, you are welcome to telephone either of the CEOs or Chairpersons.

Contact details to provide your feedback Chairperson, Southern Gulf NRM

Megan Munchenberg
chair@southerngulf.com.au | 0429 433 773

Chairperson, NQ Dry Tropics

Les Tyrell
lesrtyrell@gmail.com | 0419 772 618

CEO, Southern Gulf NRM

Andrew Maclean
ceo@southerngulf.com.au | 4743 1888

CEO, NQ Dry Tropics

Scott Crawford
Scott.crawford@nqdrytropics.com.au | 4799 3500

Regional identity

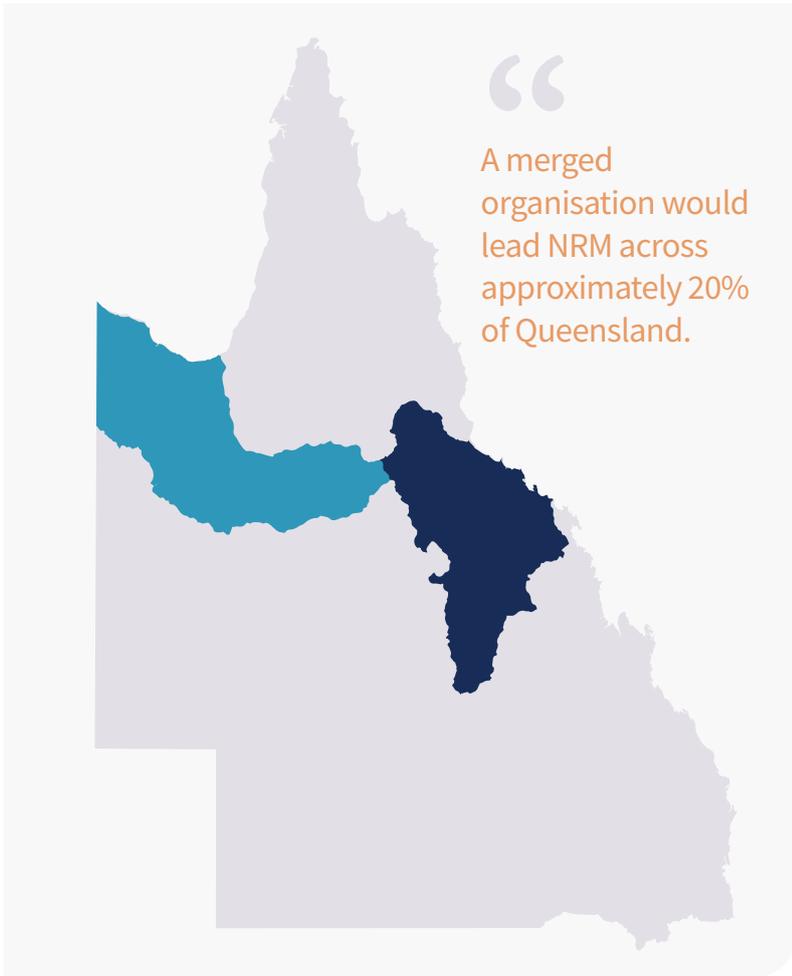
Both the Southern Gulf and Burdekin Dry Tropics Regions, as geographical entities, are widely recognised as a basis for planning, assessment and management. The present intention is to continue to recognise each of the two regions.

Corporate identity

The merged entity will deliver NRM services for both regions. The current proposal is that the merged organisation would initially operate under two trading names – NQ Dry Tropics for work in the Burdekin Dry Tropics region; and Southern Gulf NRM for work in the Southern Gulf region.

Corporate merger process

The Boards have considered legal advice about the variety of options for achieving a merger. The preferred option is to implement a merger by transferring the staff and assets of Southern Gulf NRM to NQ Dry Tropics. The NQ Dry Tropics constitution would be amended to reflect its role and objectives following the merger. Southern Gulf NRM would then be wound up.



<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="text-align: center;"> <p>Southern Gulf NRM</p>  </div> <div style="text-align: center;">  <p>NQ DRY TROPICS</p> </div> </div>		
Organisation	Southern Gulf NRM	NQ Dry Tropics
NRM region	Southern Gulf	Burdekin Dry Tropics
Regional population (approx)	22,000	250,000
Indigenous community proportion (approx)	25%	8%
Regional area (land)	200,000 sq. km	134,000 sq. km
Major agricultural industries	Beef production	Beef production, cane growing, dryland cropping, horticulture; commercial fishing; minerals processing
Other major industries	Mining – copper, lead, zinc, silver; commercial fishing	Mining – coal, gold; tourism
Key natural values	Riversleigh World Heritage Site, Boodjamulla National Park	Great Barrier Reef, Wet Tropics World Heritage Area, internationally recognised wetlands
Company structure	Company limited by guarantee	Company limited by guarantee
Profit status	Not for profit	Not for profit
Company revenue (2017/18)	\$1,760,398	\$15,884,498
Staff numbers (2019 – approx)	7 - Mount Isa	50 - Townsville and Bowen