

Local Government Structural Reform Meeting Notes

Tuesday 25th August 2009

Shirley Humble Room.

Meeting Opened 6.30pm.

Cr Barbara Dunnet presented an overview of the current issues, political considerations and timeframe of proposed Local Government Structural Reform.

Mr Shane Collie indicated that Council needs to look at a strategy as to how to deal with any outcomes of community consultation and the issue of amalgamation.

This is the first opportunity that we have had to present information to the community and there will be further public meetings as part of the consultation process.

Mr Charles Gilbert asked what consultation has been undertaken with other Councils?

A number of informal meeting have been held, including the shires of Busselton, Augusta/Margaret River, the Warren Blackwood shires of Boyup Brook, Bridgetown/Greenbushes and Manjimup as well as Donnybrook/Balingup and most recently the Balingup Progress Association.

Mr Robert Lee: Wouldn't Council have known earlier its options if they had held a referendum with the community, and what finances will the Shire lose if they amalgamate?

All finances would be pooled with a new Shire and redistributed between all communities. This includes debt, reserves and rate income.

Tonight is the beginning of the consultation period and more will be undertaken with the Strategic Alliance consultancy. It is anticipated that a letter drop will form part of the further consultation.

Poll provisions are a requirement under the Local Government Act and the Minister is obliged to take notice of a poll if a) 50% of the community votes and b) the majority of the community object to a proposal. There is no present move to change the poll provision however there is some scepticism as these provisions could be changed by legislation.

One of the reasons put forward for amalgamation is financial sustainability.

Mr Frank Camarri indicated that he opposed amalgamation and illustrated that it was undertaken in Queensland where there were no benefits to the community.

Dr Bob Longmore asked if the Council has been effective in being kind to the community by keeping rates low?

It is anticipated that rates would have to be increased if amalgamation happens and cost recovery is a major component of sustainability. Cr Dunnet indicated that the Structural Review that has recently been undertaken has identified that rates and cost recovery is an area where review is required.

Dr Bob Longmore also indicated that grants are up for winning, we have won them and should not be penalised for this.

Mr David Prater asked which way personally Cr Barbara Dunnet would vote for amalgamation with Margaret River or Bridgetown?

Cr Barbara Dunnet indicated that Augusta/Margaret River was a possible option emphasising that this was a personal view and not that of Council.

Mr David Prater asked how much money would we lose if we amalgamated?

There are two main grants: Local Roads Grant and the Federal grant termed Equalisation grant. Federal funding is approximately \$800,000 - \$900,000 per year. Those who amalgamate would have these guaranteed for five years. There are then competitive grants that would be shared amongst the new Shires. Other specific grants include Mowen Road and State road grants.

Mr David Prater asked what would be the outcome if we refuse to participate?

Mr Prater said having moved from Margaret River with bureaucratic ideas, over 100 staff and consultants, a staffing bill of around \$8 million per year, this is the last resort for Nannup.

Mr David Prater felt that we need to identify where our growth market is.

Mr Shane Collie indicated that Council needs to define its position in respect of developing a strategy for submission to the State. For example the Shire of Williams has advised of all out opposition.

Ms Karlene Newnham indicated that she is opposed to amalgamation and requested that if a letter drop is going to happen, can we ask what services we would like to see retained in the community, including two doctors in our town, community bus and Federal reimbursement for unrateable forests.

Mr Mark Scott asked if there would be a reduction of councillors in line with the recommendation from the Minister?

Mr Shane Collie indicated that a recommendation to Council is for a reduction from eight to six councillors, however this remains a Council decision with Council on the last two occasions resolving to stay at eight.

Ms Maggie Longmore asked if cost recovery includes user pays for community groups including Tourist Association, Telecentre etc. It was noted that most community groups pay little cost in town.

Cr Barbara Dunnet indicated that this was one area under review, balancing cost recovery with service provision.

Mr John Dunnet asked if there is anyway that we can work with metropolitan Shires who are affluent in a Sister Shire relationship?

This was previously investigated with the Shire of Stirling.

Ms Chrissie Sharp and Mr Don Cooper from the Balingup Progress Association were invited to address the forum. They indicated that they were here to hear what Nannup residents thought, however feel that Nannup and Balingup have a sense of connection between the two communities. Balingup already is part of an amalgamated Shire (1969). A Blackwood Valley Shire was proposed that included part of Nannup, the Upper Blackwood and Balingup. This was thrown out and there has never been a strong community of interest between Donnybrook and Balingup. The Balingup Progress Association has made a decision that since the regionalisation has been imposed that they would be pro-active in ensuring that Balingup does not form part of the City of Bunbury along with Donnybrook, should amalgamation happen.

If there was to be a greater hinterland Bunbury Shire, Balingup would be a distant town in this proposal and completely lost. They revisited the 1969 proposal for a Greater Blackwood Shire because this would ensure that their sense of identity would not be lost and there is already a good connection with the towns along the Blackwood River.

Should Balingup and Nannup amalgamate Nannup may not lose the Shire offices because Balingup does not currently have a Shire office. It was felt that the option of Bridgetown, Balingup, Boyup Brook and Nannup was appropriate. Groups have worked together with events, festivals, Blackwood Basin Group and the Blackwood River Valley Marketing Association. In Balingup there are 800 residents. A boundary realignment that covered Mullalyup, Balingup, Boyup Brook, Bridgetown and Nannup would see a Shire of around 8,000 residents.

Mr Chris Scott indicated that he liked the Balingup/Bridgetown Shire proposal and having travelled recently felt that Western Australia would inevitably face

amalgamations such as other countries and states had. He indicated that those who did amalgamate would receive good financial assistance in the first years.

He believed that Augusta needs to be included in the Balingup/Bridgetown proposal to include a coastal town. Having been in Augusta every week he believed that this would be a proposal that would be well received. The travel distance was noted as a problem.

The other question of Bridgetown was raised. Balingup has met with Bridgetown and Boyup Brook. Neither areas have come to formal positions however Bridgetown had favourable comments on boundary realignment to include the town of Balingup.

Balingup held a community meeting last Tuesday and a motion put that Balingup should join a Blackwood River Shire was carried 51/4 votes.

Mr Charles Gilbert indicated that the cost of services needs to be determined. Charles was concerned that Manjimup on itself is unsustainable and that a strong case needs to be put to ensure that we don't have to amalgamate with them. The reliance on grants for current services must be considered.

If Nannup is not sustainable at present, Council must face up to its responsibilities and change the rating system.

Mr Robert Lee asked if the Shire was opposed to having a community referendum. Response was no and that it is very important to gauge what the majority of people think.

Mr Robert Lee asked what would it cost the Shire in consultancy fees per year?

Mr Shane Collie indicated that this alters all the time and to a degree depends on what current issues are.

Mr Robert Lee asked why we need consultants when this information is available from the Department of Local Government? It was indicated that an independent assessor was required and this was funded by the Department, not Council income. Consultants used include: family needs assessment, recreation needs, barrage proposal, cemetery upgrade and planning however most work was done where possible in house.

Mr Robert Lee asked if we can be getting this information from the Department of Local Government?

No, guidelines only are provided and assessments against local planning scheme, legislation were required.

Minister John Castrilli at the Bridgetown Community meeting indicated that red tape and bureaucracy would be eliminated.

Mr Kurt Weigele asked if the consultant was doing the review for independent Shires or for the Shires as a whole?

Part of the requirement of the joint proposal was for Nannup to not only look at the regional options with the Strategic Alliance but also other models for Nannup independently.

Mr Jim Green indicated that most people liked Nannup as it is as it does much work in the community and needs to look at ways to increase population. Smaller shires are efficient as compared to larger shires and many visitors comment on the good roads, clean road side verges, bins cleared, streetscape and that Nannup is working as a town, a community and as a Shire.

Mr Don Cooper mentioned that there is a bigger picture and not just a State or regional initiative, but a Federal initiative. They don't want to deal with the number of Shires that we currently have but they want to deal with a smaller number of Shires. The agenda is that the Federal Government is pushing this to ensure rational regional development and they realise that smaller shires are at risk of losing their social capital and identity. This is not being explained at all in the community consultation process by the Minister of Local Government.

The importance of retaining community development and identity post amalgamation is extremely important. Options for community representation are a priority. It has been highlighted that we need to be thinking higher than community councils. In Scotland there are 1,200 community councils that are the bridge between the Council and community.

In New Zealand the structural reform has community boards to represent and act as an advocate between Council and the community. They maintain an overview of services. It should be mandatory if amalgamation proceeds that community councils are implemented so that community does not feel left out. Anything that we can do to maintain sense of community and democratic process onto the overall Council is necessary.

Mr Frank Camarri asked what are the benefits? If the Shire currently provides services, do we get cheaper or better services?

Mr David Prater asked if it has been discussed if councillors would get paid if amalgamation happens, given the distance required to travel, reduced number of councillors with more responsibility?

One of the key requirements for any new councillor coming onto Council is that they must do training. Salaries are discussed, however those who have employment,

Council responsibility does not cover time out of employment or businesses. This is being looked at by the Department of Local Government.

Mr Don Cooper enquired to Mr Frank Camarri that currently we receive 6% Federal funding to local governments compared to Canada who receives 4 times this amount to be spent directly at the grass roots level. The commonwealth wants to direct the money directly to the local level from Canberra. It was acknowledged that additional responsibilities are being imposed on local government all the time.

Cr Carol Pinkerton asked Mr Don Cooper about his observations about Balingup and how hard they have had to work on the progress association?

The Balingup Progress Association has been operating for around 100 years and works hard to be heard in Donnybrook. This is a real issue and now there are no wards. There is council representation of 1/9 on Council and the issues include: land use planning, because most people who live in Balingup do so because people live there with land care sensitivity, however this is not acknowledged in Donnybrook and to the State Planning Commission.

In the Blackwood River region there are salinity issues, fertile soils and little horticulture due to the salinity. Balingup has sympathetic land values and landscape protection with Nannup. Balingup works hard to get small grants and to get a voice.

Mr Alister Broughton indicated that he agrees with Mr Chris Scott and believes that we need to be pro-active in dealing with this. He likes the idea of Augusta and the Greater Blackwood Shire.

Mr Chris Scott indicated that he is opposed to amalgamation however realistically believes that it is inevitable.

Cr Joan Lorkiewicz indicated that it is imperative that the Shire of Nannup is not split up through boundary alignments as we would lose our identity.

Mr Chris Rutter talked about the synergy about land use and how this is a really important value.

There is a Warren Blackwood Regional Plan that looks at soils, classifications of soil, water, general agriculture, horticultural zones etc.

It will cost a lot of money to stay independent.

Dr Bob Longmore felt that Mr Don Cooper has shown us about good research and possibilities. He commended Mr Don Cooper and Ms Chrissie Sharp for attending tonight and their background work in the process.

Ms Cheryle Brown made the comment that amalgamation is opposed with Busselton and Manjimup. Jarrahwood, Pemberton and Northcliffe are good examples of how

these shires treat these towns. Local economic sustainability needs to be looked at. Reduced staffing and services has a flow on effect in our town to the hospital and schools. Financial sustainability is their key indicator.

Mr Robert Lee asked if we would be best to go for Royalties for Regions or State Government funding? The Strategic Alliance is the regional organisation that distributes funds. Shires should not be held to ransom for this but it is a huge unknown.

Mr Shane Collie indicated that the Premier has advised that the State will assist with the set up of amalgamated shires and will assist amalgamated shires. Royalties for Regions will have a reduced or removed funding allocation.

Ms Maggie Longmore asked if there is any chance that we can be reimbursed for the plantations?

Private plantations (DEC freehold land) pay ex gratia rates. DEC land (other) pay no rates. The deregulation of the dairy industry is another example where the Shire of Nannup produces 1/3 of the State's milk supply. No reimbursement for road maintenance is received.

Mr Walter Brenkman sees that travel to larger central communities would negate any benefit of amalgamation. There will be further consultation in Mid September.

Ms Cheryle Brown asked if the proposed poll will ask residents if they want to amalgamate or if proposals will be put up for voting?

Mr Shane Collie indicated that residents can call for a poll if they are not comfortable with the proposal that the State Government puts up.

Ms Cheryle Brown asked if the Nannup shire will be asking residents their preferred proposal?

This will be determined in the next stage of consultation. At the minimum a letter drop will be undertaken.

It was requested for notes from this meeting to be published in the local paper.




Notes compiled Community Development Officer. Checked Chief Executive Officer.

27 August 2009

Local Government Structural Reform Meeting
Tuesday 25th August 2009

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Barbara Dunnet		
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ENID ROSS		
Charles Gilbert		

Local Government Structural Reform Meeting

September 8th, Shirley Humble Room 5.30pm.

Cr Margaret Bird welcomed everyone to the meeting and handed over to Mr Tony Brown, from WALGA who gave a power point presentation of the process of structural reform, proposed timeframes, key issues to consider, discussions to date and background information.

BACKGROUND.

Minister Castrilli announced in 2009 that there would be voluntary amalgamations to reduce the number of local councils in WA. Regional groupings of local government are a positive step to reducing costs, improving services and streamlining policy and procedures.

In May 2009 a joint funding submission through the Blackwood Strategic Alliance employed a consultant to research structural reform options for the Shires of Manjimup, Boyup Brook, Nannup and Bridgetown. Mr John Gilfellon will present draft findings tonight.

It was reiterated that the Nationals do not support forced amalgamations but they do support reform.

Minister Castrilli has indicated that he wants significant reform including a reduction in Local Governments across WA. Premier Colin Barnett has indicated that he wants to see a reduction from 139 to less than 100 councils within 5 years.

Councils have been asked to prepare a checklist that covers long term planning, policy development, staffing and succession planning. Nannup received a checklist rating of 3, indicating that significant structural reform was needed and formalised regional groupings.

67 councils were classified as category 3, 42 councils were classified category 2 and 30 Councils received a rating of category 1. From this, preferred amalgamation structure or boundary realignment was required giving consideration to a reduction in the number of elected members. This documentation is to be received by the 30th September 2009 by the Minister for Local Government.

OUTLINE OF WHAT IS HAPPENING AROUND THE STATE.

In the Midwest and Wheatbelt regions there is more activity in reform.

In the Great Southern mergers are being considered. The City of Bunbury is considering a City of Greater Bunbury however the neighbouring Shires are not comfortable with this.

Other councils will put forward proposals with either a recommendation to remain sustainable or with merger options.

A steering committee will assess reform submission and seek further information if needed. Advice to the Minister on preferred options for reform will be provided to the steering committee. Finalised proposals will be referred to the Local Government Advisory Board for consideration and recommendation. A poll would be required for potential mergers. It is important for Councils to talk to their neighbouring councils as any one Council can veto a proposal.

Mr Frank Camarri asked if one council rejects a proposal, what happens then? In this case, the entire proposal would go back to square one.

Ms Laraine Raynel asked that if we can't get 50% of the population to vote, what happens? In this instance, the decision will be made for you.

Mr Mike King asked for more information on regionalisation. This is a regionalised area for service delivery that could be over a larger number of councils.

Mr Rob Taylor asked if there was any indication from other shires that are now 'serious'? All the councils previously discussed in the Midwest and Great Southern are considered as serious proposals.

Is there any timeline on this final stage? Yes, mid January the Minister would make a public announcement and will go to Cabinet and then the Advisory Board to make the preparations for mergers. By June 2010 decisions will be finalised.

Mr Alistair Broughton asked if a category 3 council would be forced to amalgamate. Some councils would not be able to amalgamate simply due to travel distance, particularly in the northern areas of WA. The Minister has not yet given direction on this.

If Nannup wants to stay on their own, can Bridgetown ask for Nannup to go with them? Isn't this corruption? No, it is not corruption but this can be the outcome. The Federal Government may be looking at funding incentives for councils to merge because they want regionalisation.

Mr Happ said that the \$millions of dollars don't make sense for staff, roads need to be continued to be maintained and constructed, so centralisation in the name of decentralisation is a no win situation and it is a load of government hogwash. The cost of amalgamation is immense and there is no benefit for communities to amalgamate.

Government has an agenda that big is better.

KEY ISSUES TO CONSIDER.

Mr Shane Collie advised on historical trends where postal votes in Nannup were regularly over 60% turnout. The Shire of Nannup has a position which opposes forced amalgamation (2001) and this has been reviewed since with no indication to change.

A Community meeting was held on the 25th August and notes from this meeting are available and have been distributed.

A community survey is currently being undertaken and closes on September 15th. 61 surveys have been returned to date and approximately 85% indicate no merger is the preferred option.

Council will be making a submission effectively appealing the checklist assessment given. This will be further developed into Council's formal submission document for endorsement by Council 24 September to meet the Minister's deadline of September 30th.

In terms of reserves, staffing and finances the Shire of Nannup fares well in comparison to neighbouring shires. Council is reliant on Federal funding to a degree. Grants Commission funding is guaranteed for 5 years after amalgamation however after this time, there is no guarantee that funding will be retained. This is a significant disincentive to an amalgamated shire.

Mr John Gilfellow outlined that the poll provisions are as per the current Local Government Act however this could be changed through legislation.

Mr John Gilfellow, the consultant engaged by the Strategic Alliance presented an overview of the Shire of Nannup's current and possible position in regards to structural reform.

The four Shires within the Strategic Alliance appear to not want to amalgamate and no one wishes to amalgamate with the Shire of Manjimup.

3 key considerations: finance and administration, elected member representation and what affect mergers would have on the communities were discussed.

The Local Government Act has changed to incorporate the role of the Council. The Council can do anything that does not conflict with the Act or carry out functions that are done by the State Government.

Financial implications include facts that all reserve funds of a Shire will be pooled with a new Councils and debt will be spread against all shires. Assets become the property of all shires and senior staff redundancies will have an impact financially. Employment of CEO, senior staff and directors would be higher than current costs however across the board there would be savings of about \$500,000 to \$1,000,000 per year, offset by grant reductions. Centralisation is the preferred option however staff housing needs to be considered as none of the neighbouring shires have premises to house the required number of staff.

The Premier has indicated that they will assist with redundancies. All staff except those on contracts are guaranteed employment for 2 years unless an agreed redundancy is achieved. Regional shires would receive a reduction in government grants. It is considered that overall there is a financial disincentive for amalgamations.

Mr Robert Taylor asked what the total number of ratepayers is? We don't know what the number is.

Mrs Liz Williamson asked why Margaret River/Nannup merger has not been investigated? This was outside the brief of the consultant.

With elected member representation with the ward system you can have equal ward representation. After 2 years the 1 vote, 1 value system would be implemented.

Mr Steve Boak asked if there are figures on elected members because if elected members lived a long distance away, it is difficult for community members to access their local member. In this instance a community advisory committee could be established that would advise the elected member.

The positive for amalgamation is that if all four shires joined together you would have a greater political voice.

Funding would become regionalised rather than local government based.

Federal Government doesn't want to talk to many local governments, they want to talk to regions and see infrastructure developed for regions.

Amalgamation and the loss of a Council to a small town slows down economics, volunteering and community action in general.

Savings of \$86,000 would be realised in reducing elected members for Nannup.

There has been little direction given in the amalgamation process and it is not known what the timeframe is or implications of forced amalgamations once the voluntary amalgamation process has concluded. Improved services to the community are not known.

Rates in the Shire of Nannup could rise by 58% for unimproved rates. Differential rates could be implemented for a while however essentially all members would have to be on equal rates.

Dr Bob Longmore indicated that distance and dilution are the major factors for Nannup.

It is not known until Councils submit their submissions if Nannup has been included in their merger proposals.

Ms Chrissy Sharp from Balingup presented a proposal for the creation of a Blackwood Valley Shire with a view that regionalisation is a reform process for all states and WA is the only State not to have regionalisation.

An 8 page submission from the Balingup Progress Association was made August 31st.

Identity is a major issue and this would be retained with a regionalised Blackwood Valley Shire.

There are other considerations that include:

- *Nannup has a high percentage of State and Federal government grants (67%) and it has been made clear that this funding will be targeted at regional entities, not at the local level.*
- *Balingup has been pro active in meeting with neighbouring communities and has submitted a formal proposal. There is consideration from the Bridgetown/Greenbushes/Balingup Shires to merge and become a Blackwood River Shire.*
- *If Nannup decides not to join this merger potential, what is the likely outcome? Should a fall back position be investigated?*

Mr Robert Taylor asked what the general feeling of the community meeting in Bridgetown was last night?

50% voted for the Boyup Brook/Bridgetown/Greenbushes/Balingup model.

Over 50% voted for the Boyup Brook, Balingup, Nannup (excluding Scott River) model.

The Greenbushes/Bridgetown/Manjimup model received little support.

Bridgetown does not see that it is a coastal town and is not interested in coastal access.

Mr Frank Camarri indicated that his position has not changed in that he does not support amalgamation however he is concerned that Nannup will fall through the cracks in years to come if funding will be regionalised? These are strong issues and reiterated by the Nationals and Federal government.

Mr Mike King presented that Balingup and Donnybrook were amalgamated in 1969 and Balingup has had little support from Donnybrook and little representation. Being a small town in a big shire with 90% of residents voting to secede from Donnybrook is that we would have balanced representation of elected members and this is really important, given that we now have a chance to select our region whilst we can.

Mrs Liz Williamson indicated that it is disappointing that many community members have voted without having attending community meetings.

Mr Robin Mellema and Mrs Maggie Longmore said that Nannup should not be penalised because they have been pro-active in receiving grants.

Mr Kevin Bird asked where to from here? Prior to the 30 September Nannup has to find a position and present their submission.

Boyup Brook has indicated that they want to retain their depot and shop front. There is opportunity for each Shire to have different departments retained in their own Shires.

Shire of Nannup electors to have an opportunity to vote on structural reform options. A straw poll was taken on two matters being -

Those in favour of Nannup standing alone? Majority

Fallback position being a Blackwood Valley Shire including all of Nannup. Majority




Notes compiled Community Development Officer. Checked Chief Executive Officer.

15 September 2009

Local Government Structural Reform Meeting.
Community Consultation
8 September 2009

EMAIL / POSTAL DETAILS.

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Terrie Litch-Godwin	
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Jim Allen	
Christy Shoop	
Karl Bird (Balingup)	
Helen	
Steve Bird	
Cheryl Brown	

Grant Reynel

Structural Reform Survey

Total	Percentage
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Total number of surveys returned

131	100%
109	83%

Q.1 Do you support the Shire of Nannup remaining unchanged, that is no amalgamation?

Q.2 Do you support the Shire of Nannup amalgamating with one or more of the following local governments.

A)Nannup and the Shire of Augusta/Margaret River?

B)Nannup and the Shire of Manjimup

C)Nannup and the Shire of Busselton?

D)Nannup and Balingup, Bridgetown/Greenbushes and Boyup Brook?

E) Nannup and the Shires of Bridgetown/Greenbushes, Manjimup and Boyup Brook?

7	11%
5	8%
2	3%
42	69%
5	8%

Q.3 Other options? Please note in this area if you have any other options that you would like to submit. For example boundaries could relate to water catchments, parts of shires, land tenure or other community, economic or topographic features.

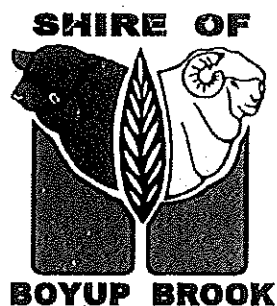
30	23%
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Q.4 Any Other Comments [If you require additional space for comments, please attach a separate piece of paper]

56	43%
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NOTE 1: Question 2 does not necessarily represent a respondent's first preference with a number of responses indicating the Balingup, Bridgetown/Greenbushes/Boyup Brook proposal as a second option.

NOTE 2: The "Any Other Comments" area has yet to be fully analysed.



Shire of
Bridgetown-
Greenbushes



REPORT ON THE ASSESSMENT OF STRUCTURAL REFORM

FOR THE SHIRES OF

BOYUP BROOK
BRIDGETOWN-GREENBUSHES
MANJIMUP
and
NANNUP

JR & C Gilfellon
Local Government Specialists

TABLE OF CONTENTS

	EXECUTIVE SUMMARY	4
1.	BACKGROUND	7
2.	BRIEF HISTORIES	8
3.	WARREN BLACKWOOD REGION	11
4.	THE WARREN BLACKWOOD STRATEGIC ALLIANCE	12
5.	DISTRICTS AND LOCATIONS	12
6.	GENERAL COMPARATIVE ASSESSMENT	13
7.	FINANCIAL ASSESSMENT AND COMPARISONS	
7.1	Financial Ratios	14
7.2	Balance Sheets for the years 2005, 2006, 2007 and 2008	19
7.3	Operating Statements by Program	23
7.4	Cash Flow Statements by Nature and Type	24
7.5	Nature and Type Revenue and Expenditure Percentages	26
7.6	Comparison of Actual Rates against Assessed Capacity	27
7.7	Comparison of Rates in the Dollar	28
7.8	Loan Repayment Schedules 2009/10 – 2018/19	29
7.9	Overdraft Facilities	30
7.10	Level of Reserve Funds	30
7.11	Recurring Grant Funding and Subsidy per Head of Population	34
7.12	Findings of Financial Assessment and Comparisons	34
8.	HUMAN RESOURCE ASSESSMENT	
8.1	Comparison of the difference in employment conditions across the four Shires	36
8.2	Staffing Levels	40
8.3	Provisions to meet Annual and Long service leave Commitments	43
8.4	Findings of the Human resource Assessment	43
9.	COMPARISON OF FEES AND CHARGES IMPOSED BY THE SHIRES	
9.1	Service Charges imposed under the Local Government Act	44
9.2	Waste Collection Charges and Tipping Fees	44
9.3	Burial and Other Cemetery Fees	45
9.4	General Fees and Charges	46
9.5	Recreation Centres, Halls, Ovals and Swimming Pools	46
9.6	Private Works Plant and Machinery Hire Charges	48
9.7	Findings of fees and Charges Imposed by the Shires	48
10	ADMINISTRATIVE ASSESSMENT AND COMPARISONS	
10.1	Comparison of Current Local Laws	49
10.2	Policy and Procedures	50
10.3	Contracts, Deeds and Agreements	50
10.4	Information Technology	50
10.5	Town Planning Schemes and Local Planning Strategies	50

11	ELECTED MEMBER REPRESENTATION AND COST	
11.1	Representation	51
11.2	Elected member Costs	52
11.3	Findings on Elected Representation and Costs	53
12	POPULATION CHARACTERISTICS	
12.1	Population Numbers and Age Groups	55
12.2	Population Movement 1996 to 2008	56
12.3	Projected Population	56
12.4	Place of Birth, Nationality and Marital Status	57
12.5	Findings on Population Characteristics	58
13	LABOUR FORCE, OCCUPATION AND INDUSTRY OF EMPLOYMENT	
13.1	Labour Force	59
13.2	Occupations	59
13.3	Industry of Employment	60
13.4	Agricultural Production	62
13.5	Household Income	62
13.6	Dwellings Average Sale Value 2000 to 2007	62
13.7	Value of Building Approvals 2006/07 & 2007/08	63
13.8	Residential Lot Subdivisions	63
13.9	Findings of Labour Force, Occupation and Industry	63
14	ASSESSMENT OF THE ROAD NETWORKS	64
15	ADMINISTRATION CENTRE AND LOCATION OF WORK CREWS	65
15.1	Administrative Centre	65
15.2	Location of work crews	65
16	IMPACT ON SMALLER SHIRES	66
17	OPTIONS	
17.1	Amalgamating the four Shires into one Shire	67
17.2	Amalgamation of the four Shires into two Shires – one comprising the Shires of Boyup Brook, Bridgetown-Greenbushes and Nannup and Manjimup remaining the status quo.	69
17.3	Amalgamation of the Shires of Boyup Brook and Bridgetown-Greenbushes	73
17.4	Amalgamation of the Shires of Manjimup and Nannup	76
17.5	Amalgamation of the Shires of Bridgetown-Greenbushes And Nannup	78
17.6	Amalgamation of the Shires of Boyup Brook and Manjimup	81
17.7	Formation of a Regional Local Government with the four Shires Retaining their individual identity	81
17.8	Retain the Status-Quo	82

EXECUTIVE SUMMARY

The assessment considered a wide range of financial, community and local representation issues in looking at whether an amalgamation of the Shires of Boyup Brook, Bridgetown Greenbushes, Manjimup and Nannup would create a local government that will have the capacity to improve the provision of services to the community and introduce new services and facilities that individually the Shires cannot.

Based purely on financial capacity there are no significant obstacles that would prevent an amalgamation. The assessment identifies that annual savings can be made on the merger of administrative staff but the initial cost of staff redundancies and other transitional costs would require a contribution from the State Government of between \$750,000 to \$1m to ensure the initial costs of amalgamation do not overly stretch available cash reserves.

The initial year the cost of redundancies for four CEOs and five senior officers could be as high as \$840,000. This amount will be reduced if these officers are appointed to Director or Manager positions in the created Shire. After the initial year, savings in the order of \$950,000 can be expected from the reduction in the number of elected members, three less CEOs and reduced senior staff positions. Although some redundancies may be needed reduction in staff numbers should be achievable through natural attrition. Unfortunately much of these savings may be eroded by a reduction in the General Purpose Grant after five years when funding is assessed as a single Shire and not four separate Shires.

An amalgamated Shire will have a greater political voice and greater influence with the State and Federal Governments and be able to attract grants that smaller Shires cannot.

The assessment found that there are different levels of rating by the four Shires and in an amalgamation rates with the imposition of an average rate in the dollar rates in Boyup Brook would decrease and there would be significant increases in the rural rates in Bridgetown-Greenbushes and Nannup. Reserve funds have been accumulated by the four Shires for specific purposes in their district. Although the created Shire would have control over the expenditure of Reserve funds there would be an expectation that those funds be restricted to the purpose for which they have been raised. Different levels of loan liability exist and although Manjimup has the highest debt liability the loan repayments would be well within the capacity of the created Shire.

Different employment salary and conditions are in place within the four Shires but although a problem to address they are not an impediment to amalgamation.

The assessment did identify an adverse effect on the towns of Boyup Brook and Nannup if the majority of the Shire staff and operations were to be removed from the towns. An effect on business and volunteerism would be felt in the communities and although no leading to the demise of the towns will have an impact that would need to be recognised by the created Shire.

At a joint meeting of elected members and staff from the four Shires it was evident that there is a reluctance for the Shires to amalgamate into a larger body and especially with Manjimup. Manjimup however is open to amalgamations and boundary adjustments but will not consider the annexation of Walpole.

This Report is presented with a number of other options for amalgamation among the four Shires and these will be presented to community forums for consideration and direction to the Councils. The following alternate options are presented:

Amalgamate the Shires of Boyup Brook, Bridgetown-Greenbushes and Nannup. The amalgamation of the three Shires would create two Shires in the Warren Blackwood Region of a similar size and revenue. Savings from the reduction in elected member numbers would result in savings of approx \$86,000 per annum. Only small savings would be achievable through reduced senior staff and redundancies for the CEOs would cost \$360,000 if one of the current CEOs is not appointed as CEO for the created Shire. Savings should be achieved through a reduction in overall staff numbers but will only eventuate when the administration and outside workforces are brought together in one location.

Amalgamation of the Shires of Bridgetown-Greenbushes and Boyup Brook. An amalgamation of the two Shires would generate savings of \$76,000 through the reduction of elected members. Savings through the elimination of one CEO position would be absorbed in increased salaries for the CEO, Directors and Managers of the created Shire.

Savings should be achieved through a reduction in overall staff numbers but will only eventuate when the administration and outside workforces are brought together in one location.

Amalgamation of the Shires of Manjimup and Nannup. An amalgamation of these two Shires will provide savings of \$24,000 per annum through the reduction in the number of elected members. Savings through the elimination of one CEO position would be absorbed in increased salaries for the CEO, Directors and Managers of the created Shire. Savings should be achieved through a reduction in overall staff numbers but will only eventuate when the administration and outside workforces are brought together in one location.

Amalgamation of the Shires of Bridgetown-Greenbushes and Nannup. On economic statistics the amalgamation of these two Shires is an option worthy of strong consideration. Savings would not be significant with a decrease in the cost of supporting the elected members of \$50,000 being the only immediate saving. Additional savings would be made when the administration and operational workforce locations could be centralised. Bridgetown would be the favoured option for new centres.

Rating by average rates in the dollar would not see a significant impact with the total UV rates in Nannup increasing by 17%.

The establishment of a formal Regional Local Government and the retention of the four Shires. The establishment of a regional local government will provide a vehicle for the centralising of a number of financial and administrative tasks on behalf of the four Shires. Savings should be made in the reduction of senior staff similar to those in an amalgamation of the four Shires. Annual costs associated with a Regional Local Government are \$470,000. If the Regional Local Government cannot operate from the existing Shire Offices additional costs will be incurred in purchasing or leasing office and meeting space.

Retain the status quo. The assessment identified significant savings can be made by the amalgamation of the four Shires with a reduction in those savings for other amalgamations. Unfortunately those savings may be eroded after five years when the general purpose grants allocated to the created Shire decreases. Projections show the population of the Shires either remaining stable or declining over the next twenty years, however, the Shires are showing signs of positive growth with new subdivisions and new industries. It is therefore a creditable option that the Shires retain the status quo and look toward resource sharing through the Warren Blackwood Strategic Alliance.

DRAFT

1. BACKGROUND

In February 2009, the Minister for Local Government announced strategies for local government to investigate structural reform of the sector in Western Australia. Subsequently, each local government within the Warren Blackwood region has undertaken preliminary work focussing on developing options for reform within their administrative and governance structures.

On the 22nd of May 2009 at a regional meeting of all Warren Blackwood Shire Council representatives, it was resolved to prepare a joint submission for funding assistance under the auspices of the Warren Blackwood Strategic Alliance (WBSA). The Alliance has been authorised to act on behalf of all municipal members of the Alliance. Accordingly, a Consultancy Brief - Scope of Works was prepared in conjunction with an application for funds to assist the four local governments to further examine their reform options.

On the 13 July 2009 the consultant met with the Chief Executive Officers of the four Shires in Bridgetown to discuss the preparation of the Report. Generally the CEOs felt that the Shires preferred position was for the status quo, however, they wished to undertake a thorough analysis. The CEO of Shire of Manjimup stated that the Shire is open to amalgamations and other reform.

A meeting was held in Manjimup on 21 August 2009 with the consultant, elected representatives and staff of the four Shires to brainstorm a preliminary draft report and challenge the data and check for consistency in the findings.

Section 3.1 of the *Local Government Act 1995* determines that *"the general function of a local government is to provide for the good government of persons in its district"*. Section 1.3(3) of the Act states *"In carrying out its functions a local government is to use its best endeavours to meet the needs of current and future generations through an integration of environmental protection, social advancement and economic prosperity"*.

Elected members when considering any matter need to satisfy themselves that when *"participating in the local government's decision-making processes"* they are participating in a manner that allows the local government to carry out its functions as set out in the Act.

To provide the elected members of the Shires with sufficient information to allow them to make an informed decision and satisfy themselves of the benefits or otherwise of any local government reform this report is structured to address three components that need to be addressed when making a decision on local government reform options.

The first component is the financial, administrative and operational considerations. The report identifies areas of potential savings through combining the operations of the amalgamating Shires. The report also considers additional costs that may be incurred to implement reform.

The second component relates to the governance of the local governments and how a single elected governing body will provide representation to the communities of the amalgamated local governments and how those communities can have a voice in the new larger local government. The report identifies potential savings through the reduction in the number of elected members.

The third component looks at the economic and social impact that any reform may have on the commercial viability of the businesses in the towns within the amalgamated local governments. The social impact that the loss of identity may have on the communities of the amalgamated local governments and how the amalgamation may impact on the cultures and traditions relating to sporting, volunteerism social and pride within those communities.

When considering amalgamation or other reform options an aspect that needs to be considered by the elected members of all Shires is whether by staying as an individual Shire the community will be disadvantaged by the Shire not having access to regional grant funding offered by the State and Federal governments. Grant funding for larger projects would require a project that will advantage a regional district and not just one Shire.

Elected members need to consider whether without amalgamation, or being part of a regional organisation, the Shires will find that their capacity to provide the level of services and facilities for their communities that are available to other neighbouring communities is limited.

Elected members when making their decision need to answer the following questions:

- Are there any community benefits to be accrued by an amalgamation?
- Will a well managed amalgamation result in a better community outcome?
- Will an amalgamation give the newly created Shire greater capacity to provide new and improved services and facilities?

2. BRIEF HISTORIES

In 1871 the Road Districts of Western Australia were first constituted. The area now known as the Warren Blackwood sub-region was part of the Wellington Road District, an area that included the coastal areas of Capel, Bunbury and Harvey across to the Wickepin and Kulin and south to Tambellup and Gnowangerup. In 1890 the Lower Blackwood area was re-designed Nannup and in 1896 the designation of the Upper Blackwood was declared. (Schorer, 1968)

In 1923 the Roads Boards first received federal government funding under the Federal Aid Road Program. (Frost, 1979) The Roads Boards were subjected to many name and Boundary changes as the populations grew. Roads Boards continued until 1961 when the Local Government Act of 1960 created a name change to Shires. A brief history and commentary of each of the Shires follows.

Boyup Brook

The townsite of Boyup Brook was declared on, 9th February 1900. The region was developed as an agricultural area providing crops and stocks resources. The local government of the area, now geographically identified as the Shire of Boyup Brook, was administered through the Upper Blackwood Roads Board, which prior to 1896 included Bridgetown and Warren. In 1961 the Shire of Upper Blackwood was declared.

The Shire has a spread of vineyards, timber plantations, general farming, sheep, cattle, olives and various cottage industries whilst maintaining a fledgling tourist industry and various tourist attractions.

The Shire conducts a number of significant local events including the Country Music Awards, a growing Music Festival, the Mayanup Camp Draft, a Power Dingy Race and a Rodeo all of which draw large crowds and many visitors. The town is blessed with an abundance of sporting facilities which would serve a growing community extremely well.

Bridgetown-Greenbushes

The townsite of Bridgetown was declared 1868. Once part of the Upper Blackwood Roads Board and then Nelsons Roads Board, it was not until 1970 that the Shire of Bridgetown-Greenbushes was formed. Prior to that date the Shire of Bridgetown and the Shire of Greenbushes were separate local government entities. At the last Council meeting of the Shire of Greenbushes members "stood in silence for two minutes for the death of a virile and active Shire brought about by the undemocratic actions of the Minister and his staff". (Frost 1979)

Manjimup

In 1869 Warren was attached to the Wellington residency. This continued until 1876 when it became part of the Blackwood Roads Board with its administration centre in Bridgetown. In 1896 the Upper Blackwood Roads Board was formed leaving the Bridgetown and Warren Roads Board to be joined to form the Nelsons Roads Board. In 1908 the Warren Roads Board was formed with three wards Perup, Central and Warren. (Giles, 1959)

According to Giles (1959), Manjimup town was gazetted on 13th February 1903. The name Manjimup was changed to Palbarrup in 1910. The Warren Roads Board was formed in 1908, was redesignated the Manjimup Roads Board in 1925 and became the Manjimup Shire Council in 1961. In 1936 the Manjimup Roads Board included 5 wards and in 1952 expanded to 6 wards.

Sawmills opened in the surrounding area from 1911 onwards allowing the timber milling industry to develop. According to Giles (1959), a Department of Agriculture Officer, Mr N. Halse, observed in 1959, the most important industry likely to be developed in the Manjimup area over the next 15 years was a paper pulp factory.

The Shire of Manjimup's inhabitants enjoy the benefits of a diverse economy and a rural lifestyle second to none. The town of Manjimup acts as a regional service centre for the area. With the surrounding towns of Pemberton, Northcliffe, Walpole and smaller communities of Quinpinup and Deanmill it offers a wide range of sporting, community and business facilities. Residents enjoy the benefits of an extensive road network, excellent recreation and educational facilities, diverse shopping, hospitals, an airport and a range of government departments.

Nannup

The Town was first settled in the 1850's as an agricultural and timber industry area. The area known as the Shire of Nannup was included in various Roads Boards until 1890 when the Nannup Roads Board was formed. The Shire of Nannup commenced administration in 1960.

The Shire encompasses the localities of Nannup, Donnelly River, Bidellia, Carlotta, Cundinup, Scott River, Lake Jasper, Darradup, Barrabup, Nannup Brook and East Nannup.

Nannup is geographically in the centre of the South West and caters for most sporting and outdoor adventure enthusiasts offering basketball, netball, multi purpose skate park, walk trails, golf course, football club, tennis, canoeing, cricket, horse riding, 4WD tracks, beach and trout fishing. National Parks and State Forest are a prominent feature in the Shire being a significant tourist attraction for the region.

Nannup hosts several significant local events including the Nannup Music Festival, Flower and Garden Festival, Blackwood Power Boat Marathon and Forest Car Rally. Nannup boasts a variety of successful industries including beef cattle, horticulture, tourism, arts and crafts, floriculture, aquaculture, viticulture and timber processing. Nannup has a long history with the predominant industries for many years being timber and agriculture, recent diversification has seen this diluted somewhat with cottage type industries and tourism increasing.

3. WARREN BLACKWOOD REGION

The Warren-Blackwood Region, comprising the Shires of Manjimup, Bridgetown-Greenbushes, Boyup Brook and Nannup is an area of wide physical contrast, great natural beauty and high economic productivity. With a total area of approximately 1,412,000ha and an estimated population at 30 June 2008 of 17,253, it contains 58.9 per cent of the total South-West land area and has 13 per cent of the population.

Extending from the south coast and the Scott Coastal Plain, over the southern end of the Darling Scarp and into the plateau of the western agricultural areas, the region is dissected by the two major river basins, which give the region its name.

The Blackwood River passes through the Shires of Boyup Brook, Bridgetown-Greenbushes and Nannup, whereas the Warren River basin is contained almost totally within the Shire of Manjimup. The Department of Environment and Conservation estate accounts for 64.6 per cent of the regional area, but this is greater in the Manjimup Shire (79.5 per cent) and Nannup Shire (78.8 per cent). The remaining land has been generally cleared for agricultural uses, with only a very small proportion being urban or rural-residential land.

The Warren-Blackwood Region has traditionally been an area of high productivity and great economic importance. On the limited freehold land available, the gross value of agricultural production for the region in 2005/06 was \$178.5m. With high-capability soils, relatively good supplies of high-quality water and considerable export opportunities, there is significant potential for intensification and diversification of production.

The region is also subject to considerable uncertainty now as the timber industry is being affected by the rationalisation and cutback of native forest timber harvesting and the Forest Management Plan 2004-2013 and is undergoing a process of readjustment. Government agricultural services have been rationalised in recent years and agricultural producers are affected by fluctuating commodity prices and rural economic change. In addition, the region is affected by a wide range of land degradation factors, which potentially threaten future productivity, viability and ecological sustainability.

Although the population is relatively small and current growth rates relatively low, the region is becoming increasingly attractive as a lifestyle alternative to city living and the rapidly developing coastal areas to the north and west. Tourism, which has always been a significant industry in the area, is also growing. With the wide variety of natural attractions and the ambience of the region, its appeal in this regard will almost certainly continue to grow.

It is clear that the Warren-Blackwood Region is of State economic significance, as well as being of great environmental and social/cultural value. It is imperative that careful planning to protect the natural resources be undertaken in line with the aspirations of the local community.

The Western Australian Planning Commission published the Warren Blackwood Rural Strategy in August 2004 and the Warren Blackwood Region, Industrial Sites Study, in July 2007.

4. THE WARREN BLACKWOOD STRATEGIC ALLIANCE.

The Warren Blackwood Strategic Alliance is an association of the Shires of Boyup Brook, Bridgetown-Greenbushes, Manjimup and Nannup and is supported by the South West Development Commission.

It was formed in April 2001 as The Warren Blackwood Economic Alliance, and changed to its current name on 1 May 2007. Its purpose is to highlight and progress issues that have regional impact and to be a voice for the Warren Blackwood.

The Board of the Alliance has representatives from the four Shires and their communities and the South West Development Commission and employs a part time executive officer. The Board meets every two months, rotating its meetings around the four Shires.

MISSION

Strength, Influence and Recognition for the benefit of our communities

VISION

The Warren Blackwood Strategic Alliance will lead the way in partnership development, relationship building and progressing projects by establishing a respected reputation with community, government and industry to enhance the wellbeing of their communities.

The Alliance will be approached by government and industry for information and input into significant issues.

The Warren Blackwood Strategic Alliance is the preferred regional local government organisation for the four Shires.

5. DISTRICTS AND LOCATIONS

The four Shires are in the South West Country Zone of the Western Australian Local Government Association. They are in the same WA Police Service and Education Department Zones.

The Shires are in the South West Development Commission region.

6. GENERAL COMPARATIVE ASSESSMENT

As can be seen from the following Table the Shires are different in size and revenue with the Shire of Manjimup having the larger area and population. Purely based on this raw data, their common borders and their current co-operation through the Warren Blackwood Alliance any proposal that they amalgamate would, based on this raw data, be worth considering.

Comparative Statistics

	Boyup Brook	Bridgetown- Greenbushes	Manjimup	Nannup
Distance from Perth	270	269	306	288
Area (sq kms)	2,838	1,691	7,028	2,953
Sealed Roads (kms)	212.62	214.64	521.51	197.73
Unsealed Roads (kms)	841.81	591.03	930.65	393.82
Population	1,594	4,339	9,995	1,325
Number of Electors	1,160	2,942	6,458	904
Number of Elected Members	9	11	11	8
Number of Electors per Elected Member	129	267	587	113
Number of Dwellings	749	2,000	4,546	747
Total rates	\$1,693,063	\$2,835,448	\$ 6,756,990	\$ 853,629
Total GP Grant (08/09)	\$ 267,047	\$ 777,490	\$ 1,670,010	\$ 564,285
Total Road Grant (08/09)	\$ 541,639	\$ 546,256	\$ 1,411,904	\$ 361,418
Total Op Revenue	\$4,036,424	\$8,657,804	\$14,379,220	\$2,541,064
Employees	31	75	103	28

There are however many other matters that need to be taken into account by the decision makers when they are considering the proposal. Factors such as the relative financial positions, cost of implementing the amalgamation, long term financial benefits, representation on the amalgamated Shire and impacts on the communities such as social advancement and economic prosperity would also influence a decision to amalgamate.

7. FINANCIAL ASSESSMENT AND COMPARISONS

7.1 Financial Ratios

The following Tables provide a five year history of the financial ratios that every local government is required by legislation to disclose. The Tables are provided by the Department of Local Government and are followed by the Department's assessment for each ratio. The Tables are coloured on the traffic light principle. "Green" means go, every thing is alright, "Amber" means caution, and "Red" means stop, something is wrong.

Financial ratios should be used to identify adverse trends in the financial performance over a number of years. An adverse ratio for a single year should be able to be explained by a particular financial event for that year. Adverse trends need to be identified and action taken to rectify the trend.

The four Shires, although generally above the benchmark for the Rates Coverage Ratio, have a low percentage of rates raised against operating revenue. The Bridgetown-Greenbushes Table shows that despite having relatively large rate increases in 2007 and 2008 its percentage of rate against operating revenue dropped below the benchmark of 33% for a Shire of its size.

Manjimup has the highest percentage in the Gross Debt to Revenue Ratio of 51% in 2008 with Boyup Brook the next highest at 28%. Bridgetown-Greenbushes and Nannup are very low at 5% and 3% respectively.

The Financial Ratio Tables reflect a good level of financial performance by the four Shires with nothing that would have an adverse impact on amalgamation.

Shire of Boyup Brook

Financial Ratios	2004	2005	2006	2007	2008
Current Ratio (benchmark >100%)	158%	100%	114%	91%	150%
Debt Ratio (benchmark <100%)	4%	4%	3%	2%	3%
Debt Service Ratio (benchmark <10%)	3%	2%	2%	2%	2%
Rates Coverage Ratio (benchmark >27%)	36%	31%	32%	34%	36%
Outstanding Rates Ratio (benchmark <5%)	7%	6%	4%	2%	3%
Untied Cash to Trade Creditors Ratio (benchmark >100%)	51%	50%	85%	105%	282%
Gross Debt to Revenue Ratio (benchmark <60%)	13%	9%	15%	15%	28%
Gross Debt to Economically Realisable Assets Ratio (benchmark <30%)	7%	6%	9%	9%	14%
* Note: New ratios prescribed 2005 onwards					
Percentage Rate Increases in Total \$ Value to the Previous Year	2.96%	5.96%	2.94%	3.12%	14.81%

Courtesy Department of Local Government

Current Ratio

This ratio measures the liquidity position of a local government. The preferred ratio is greater than 100%. Except for 2007, the Shire disclosed a good current position for four of the past five years.

Debt Ratio

This ratio measures total liabilities to total assets. The lower the percentage the stronger is the financial position. The Shire demonstrated a strong debt ratio.

Debt Service Ratio

This ratio measures a local government's ability to service debt. The ratio is under the benchmark demonstrating an ability to service debt.

Rates Coverage Ratio

This ratio is a measure of rates to total operating revenue and is an indicator of a local government's dependence on rate revenue to fund its operations. The Shire has a high dependency on rates to fund its operations and is above the benchmark for a local government of this size

Outstanding Rates Ratio

This ratio measures the effectiveness of the rate collection of a local government. The Shire has improved its rates collection to under the benchmark level.

Untied Cash to Trade Creditors Ratio

This ratio provides an indication of whether a local government has sufficient untied or uncommitted cash to pay its trade creditors. This ratio has improved to be well above the benchmark in 2008.

Gross Debt to Revenue Ratio

This ratio measures a local government's ability to service debt in any year out of total revenue (ie. operating revenue less capital grants and contributions). The Shire is under the benchmark demonstrating an ability to service debt out of total revenue

Gross Debt to Economically Realisable Assets Ratio

This ratio provides a measure of whether a local government has sufficient realisable assets to cover its total borrowings. The Shire is under the benchmark disclosing it has sufficient economically realisable assets to cover its total borrowings.

Shire of Bridgetown-Greenbushes

Financial Ratios	2004	2005	2006	2007	2008
Current Ratio (benchmark >100%)	191%	421%	388%	118%	254%
Debt Ratio (benchmark <100%)	1%	2%	2%	2%	1%
Debt Service Ratio (benchmark <10%)	3%	2%	3%	2%	2%
Rates Coverage Ratio (benchmark >27%)	37%	38%	39%	26%	29%
Outstanding Rates Ratio (benchmark <5%)	3%	3%	5%	4%	1%
Untied Cash to Trade Creditors Ratio (benchmark >100%)	341%	268%	293%	171%	309%
Gross Debt to Revenue Ratio (benchmark <60%)	13%	16%	14%	10%	5%
Gross Debt to Economically Realisable Assets Ratio (benchmark <30%)	7%	9%	7%	5%	2%
* Note: New ratios prescribed 2005 onwards					
Percentage Rate Increases in Total \$ Value to the Previous Year	4.93%	2.18%	8.68%	8.91%	6.75%

Courtesy Department of Local Government

Current Ratio

This ratio measures the liquidity position of a local government. The Shire has disclosed a strong position for the past 5 years

Debt Ratio

This ratio measures total liabilities to total assets. The Shire has maintained a strong debt ratio.

Debt Service Ratio

This ratio measures a local government's ability to service debt. The ratio is under the benchmark demonstrating an ability to service debt.

Rates Coverage Ratio

This ratio is a measure of rates to total operating revenue and is an indicator of a local government's dependence on rate revenue to fund its operations. The Shire has a high dependency on rates to fund its operations but is currently above the benchmark for a local government of this size

Outstanding Rates Ratio

This ratio measures the effectiveness of the rate collection of a local government. The Shire needs to improve its rates collection record to the benchmark level.

Untied Cash to Trade Creditors Ratio

This ratio provides an indication of whether a local government has sufficient untied or uncommitted cash to pay its trade creditors. This ratio is well above the benchmark and demonstrates the Shire's ability to pay its trade creditors out of uncommitted cash.

Gross Debt to Revenue Ratio

This ratio measures a local government's ability to service debt in any year out of total revenue (ie. operating revenue less capital grants and contributions). The Shire is under the benchmark demonstrating an ability to service debt out of total revenue

Gross Debt to Economically Realisable Assets Ratio

This ratio provides a measure of whether a local government has sufficient realisable assets to cover its total borrowings. The Shire is under the benchmark showing it has sufficient economically realisable assets to cover its total borrowings.

Shire of Manjimup

Financial Ratios	2004	2005	2006	2007	2008
Current Ratio (benchmark >100%)	130%	133%	152%	164%	140%
Debt Ratio (benchmark <100%)	3%	3%	4%	3%	4%
Debt Service Ratio (benchmark <10%)	6%	6%	7%	8%	8%
Rates Coverage Ratio (benchmark >27%)	31%	32%	32%	29%	36%
Outstanding Rates Ratio (benchmark <5%)	4%	5%	5%	5%	5%
Untied Cash to Trade Creditors Ratio (benchmark >100%)	2664%	820%	341%	390%	473%
Gross Debt to Revenue Ratio (benchmark <60%)	42%	49%	64%	56%	51%
Gross Debt to Economically Realisable Assets Ratio (benchmark <30%)	19%	24%	22%	22%	21%
* Note: New ratios prescribed 2005 onwards					
Percentage Rate Increases in Total \$ Value to the Previous Year	15.9%	5.76%	9.23%	12.27%	8.64%

Courtesy Department of Local Government

*The Shire of Manjimup has advised that the ratio percentages disclosed in the Annual Financial Statements for the past three years were calculated incorrectly. The correct percentages as supplied by Manjimup have been included in the Table to ensure the actual financial position is assessed.

Current Ratio

This ratio measures the liquidity position of a local government. A ratio greater than 100% is preferred. The Shire has disclosed a good current ratio for each of the past five years.

Debt Ratio

This ratio measures total liabilities to total assets. The lower the ratio the stronger is the financial position of a local government. The Shire disclosed a strong debt ratio.

Debt Service Ratio

This ratio measures a local government's ability to service debt. The ratio is under the benchmark demonstrating an ability of the Shire to service debt.

Rates Coverage Ratio

This ratio is a measure of rates to total operating revenue and is an indicator of a local government's dependence on rate revenue to fund its operations. The Shire has a high dependency on rates to fund its operations and in 2008 is slightly above the average for a local government of this size

Outstanding Rates Ratio

This ratio measures the effectiveness of the rate collection of a local government. The Shire ratio has declined from 6% to 5%, and is within the satisfactory benchmark level

Untied Cash to Trade Creditors Ratio

This ratio provides an indication of whether a local government has sufficient untied or uncommitted cash to pay its trade creditors. For the past four years, the Shire's ratio was well above the minimum benchmark, indicating it has sufficient cash to pay its trade creditors obligations.

Gross Debt to Revenue Ratio

This ratio measures a local government's ability to service debt in any year out of total revenue (ie. operating revenue less capital grants and contributions). The Shire is under the benchmark demonstrating an ability to service debt out of total revenue

Gross Debt to Economically Realisable Assets Ratio

This ratio provides a measure of whether a local government has sufficient realisable assets to cover its total borrowings. The Shire is under the benchmark, demonstrating it has sufficient economically realisable assets to cover its total borrowings

Rate Increases

Rates over the past five years have increased by an average of 9.5%. The CPI for the 12 months to June 2007 was 4.5% whereas rates increased by 12.27%. This was well above CPI.

Shire of Nannup

Financial Ratios	2004	2005	2006	2007	2008
Current Ratio (benchmark >100%)	163%	157%	191%	108%	70%
Debt Ratio (benchmark <100%)	3%	3%	5%	8%	12%
Debt Service Ratio (benchmark <10%)	5%	4%	3%	2%	1%
Rates Coverage Ratio (benchmark >27%)	41%	26%	26%	21%	32%
Outstanding Rates Ratio (benchmark <5%)	3%	2%	2%	3%	3%
Untied Cash to Trade Creditors Ratio (benchmark >100%)	8112%	1540%	2009%	6277%	1377%
Gross Debt to Revenue Ratio (benchmark <60%)	13%	10%	8%	5%	3%
Gross Debt to Economically Realisable Assets Ratio (benchmark <30%)	3%	4%	3%	1%	1%
* Note: New ratios prescribed 2005 onwards					
Percentage Rate Increases in Total \$ Value to the Previous Year	2.74%	4.09%	3.75%	6.29%	4.38%

Courtesy Department of Local Government

Current Ratio

This ratio measures the liquidity position of a local government. Except for 2008 the Shire disclosed a good position for the past five years

Debt Ratio

This ratio measures total liabilities to total assets. The Shire demonstrates a good debt ratio.

Debt Service Ratio

This ratio measures a local government's ability to service debt. The ratio is under the benchmark demonstrating an ability to service debt.

Rates Coverage Ratio

This ratio is a measure of rates to total operating revenue and is an indicator of a local government's dependence on rate revenue to fund its operations. The Shire has a moderate dependency on rates to fund its operations and is close to the benchmark for a local government of this size

Outstanding Rates Ratio

This ratio measures the effectiveness of the rate collection of a local government. The Shire has a good rates collection record to less than 5%.

Untied Cash to Trade Creditors Ratio

This ratio provides an indication of whether a local government has sufficient untied or uncommitted cash to pay its trade creditors. For the past five years it is well above the benchmark and able to pay its trade creditors out of its uncommitted cash.

Gross Debt to Revenue Ratio

This ratio measures a local government's ability to service debt in any year out of total revenue (ie. operating revenue less capital grants and contributions). The Shire is under the benchmark demonstrating an ability to service debt out of total revenue

Gross Debt to Economically Realisable Assets Ratio

This ratio provides a measure of whether a local government has sufficient realisable assets to cover its total borrowings. The Shire is under the benchmark and demonstrates that there are sufficient economically realisable assets to cover its total borrowings.

7.2 Balance Sheets for the years 2005, 2006, 2007 and 2008

The following Tables set out the Balance Sheets of the four Shires for the years ending 30 June 2005, 2006, 2007 and 2008. An analysis of the Tables show any adverse trends in the financial position of the Shires which can be coupled together with other financial information in this Report. Trends, such as a decline in Equity, can mean that a Shire is using up all its assets to remain operational.

As with some other financial data Manjimup report things differently to the other Shires which makes comparison between the four a bit more difficult. The individual Balance Sheets do give a snapshot of the individual Shires positions.

Boyup Brook

	2008	2007	2006	2005
	\$	\$	\$	\$
Current Assets				
Cash and Cash Equivalents	2,362,782	1,386,265	1,037,647	911,490
Trade and Other Receivables	232,206	219,987	316,665	240,455
Inventories	31,115	21,129	20,796	29,018
Total Current assets	2,626,103	1,626,381	1,375,108	1,180,963
Non-Current Assets				
Other Receivables				3,385
Property, Plant & Equipment	5,714,508	5,860,645	5,776,614	5,387,299
Infrastructure	47,921,166	48,282,997	48,026,149	47,614,437
Total Non-Current assets	53,635,674	54,133,642	53,802,763	53,005,121
Total Assets	56,261,777	55,760,023	55,177,871	54,186,084
Current Liabilities				
Trade and Other Payables	399,895	449,430	312,690	241,932
Short Term Borrowings		37,858		
Long Term Borrowings	50,394	36,797	38,334	63,152
Provisions	242,127	190,871	124,626	129,362
Total Current Liabilities	692,416	714,956	475,650	434,446
Non-Current Liabilities				
Long Term Borrowings	1,113,340	564,197	600,994	322,264
Provisions	21,108	56,491	130,365	106,739
Total Non-Current Liabilities	1,134,448	620,688	731,359	429,003
Total Liabilities	1,826,864	1,335,644	1,207,009	863,449
Net Assets	54,534,913	54,424,379	53,970,862	53,322,635
Equity				
Retained Surplus	51,762,103	51,886,321	51,518,972	50,944,453
Reserves - Cash Backed	1,082,429	947,677	861,509	787,801
Reserves - Asset Revaluation	1,590,381	1,590,381	1,590,381	1,590,381
Total Equity	54,434,913	54,424,379	53,970,862	53,322,635

Boyup Brook has upward trends for total assets, reserve funds and equity showing a growth in the overall wealth of the Shire. There is however an upward trend in long term borrowings.

Bridgetown-Greenbushes

	2008	2007	2006	2005
Current Assets	\$	\$	\$	\$
Cash and Cash Equivalents	5,405,575	6,050,266	2,853,396	2,263,123
Trade and Other Receivables	574,705	428,037	423,634	416,872
Inventories	23,826	22,575	658,721	664,836
Total Current assets	6,004,106	6,500,878	3,935,751	3,344,831
Non-Current Assets				
Other Receivables	44,195	45,858	43,770	47,613
Property, Plant & Equipment	7,963,202	7,791,323	7,577,323	7,256,483
Infrastructure	99,668,065	98,069,017	97,729,468	98,099,408
Total Non-Current assets	107,675,462	105,906,198	105,350,561	105,403,504
Total Assets	113,679,568	112,407,076	109,286,312	108,748,335
Current Liabilities				
Trade and Other Payables	351,543	803,916	449,726	444,345
Long Term Borrowings	35,272	564,312	74,290	70,307
Provisions	370,936	269,667	163,172	104,654
Total Current Liabilities	757,751	1,637,895	687,188	619,306
Non-Current Liabilities				
Long Term Borrowings	231,028	203,300	767,612	841,902
Provisions	132,146	186,944	185,203	171,487
Total Non-Current Liabilities	363,174	390,244	952,815	1,013,389
Total Liabilities	1,120,925	2,028,139	1,640,003	1,632,695
Net Assets	112,558,643	110,378,937	107,646,309	107,115,640
Equity				
Retained Surplus	50,694,311	48,239,120	48,579,553	48,854,056
Reserves - Cash Backed	4,515,946	4,791,431	1,718,370	913,198
Reserves - Asset Revaluation	57,348,386	57,348,386	57,348,386	57,348,386
Total Equity	112,558,643	110,378,937	107,646,309	107,115,640

Bridgetown-Greenbushes has upward trends for total assets, reserve funds and equity showing a growth in the overall wealth of the Shire. There is also a downward trend in long term borrowings which adds to financial stability.

Manjimup

	2008	2007	2006	2005
Current Assets	\$	\$	\$	\$
Cash and Cash Equivalents	2,856,818	2,618,575	3,346,074	3,460,717
Trade and Other Receivables	938,528	1,069,517	922,096	997,492
Inventories	97,954	63,879	54,901	43,329
Other Assets	104,335	57,230	33,533	47,555
Tax Assets	6,164	60,512	27,322	21,786
Total Current assets	4,003,799	3,869,713	4,383,926	4,570,879
Non-Current Assets				
Other Receivables	170,600	177,383	153,733	152,247
Property, Plant & Equipment	22,990,516	23,803,900	24,681,127	19,134,439
Infrastructure	209,094,074	227,071,022	202,109,754	205,564,665
Total Non-Current assets	232,255,190	251,052,305	226,944,614	224,851,351
Total Assets	236,258,989	254,922,018	231,328,540	229,422,230
Current Liabilities				
Trade and Other Payables	1,817,193	1,460,018	2,625,673	1,335,072
Short Term Borrowings	485,336	481,836	470,896	373,537
Provisions	749,509	750,924	748,141	612,485
Total Current Liabilities	3,052,038	2,692,778	3,844,710	2,321,094
Non-Current Liabilities				
Long Term Borrowings	5,295,002	5,560,700	6,005,442	4,222,142
Provisions	221,623	228,632	245,334	204,233
Total Non-Current Liabilities	5,516,625	5,789,332	6,250,776	4,426,375
Total Liabilities	8,568,663	8,482,010	10,095,486	6,747,469
Net Assets	227,690,327	246,440,009	221,233,053	222,674,761
Equity				
Retained Surplus	-9,134,596	-5,258,453	-4,643,448	-3,357,404
Reserves - Cash Backed	1,865,343	1,808,785	1,293,282	1,377,321
Reserves - Asset Revaluation	234,959,579	249,889,677	224,583,219	224,654,844
Total Equity	227,690,327	246,440,009	221,233,053	222,674,761

The trends for Manjimup show a slight decrease in Equity from 2005 to 2006, a large increase in 2007 and a decrease for 2008. Cash backed reserves show a similar trend for the first three years but with a slight increase from 2007 to 2008. Long term borrowings show a decline since 2006.

Property, Plant and Equipment and Infrastructure non-current assets show a decline in value from 2007 to 2008.

Nannup

	2008	2007	2006	2005
Current Assets	\$	\$	\$	\$
Cash and Cash Equivalents	7,168,872	6,754,065	1,545,200	1,078,943
Trade and Other Receivables	170,173	608,026	132,213	106,892
Inventories				
Total Current assets	7,339,045	7,362,091	1,677,413	1,185,835
Non-Current Assets				
Other Receivables	1,562	785		1,838
Property, Plant & Equipment	4,010,486	3,773,411	3,417,060	3,441,110
Infrastructure	81,535,727	79,991,093	30,919,441	31,425,479
Total Non-Current assets	85,547,775	83,765,289	34,336,501	34,868,427
Total Assets	92,886,820	91,127,380	36,013,914	36,054,262
Current Liabilities				
Trade and Other Payables	6,602,661	6,945,539	1,312,676	690,140
Long Term Borrowings	25,007	32,681	43,119	44,866
Provisions	156,615	126,852	143,240	120,907
Total Current Liabilities	6,784,283	7,105,072	1,499,035	855,913
Non-Current Liabilities				
Long Term Borrowings	41,279	66,288	98,967	142,086
Provisions	52,722	67,685	48,642	56,558
Total Non-Current Liabilities	94,001	133,973	147,609	198,644
Total Liabilities	6,878,284	7,239,045	1,646,644	1,054,557
Net Assets	86,008,536	83,888,335	34,367,270	34,999,705
Equity				
Retained Surplus	248,130	-1,181,865	-1,543,827	-890,956
Reserves - Cash Backed	923,173	232,967	176,205	155,769
Reserves - Asset Revaluation	84,837,233	84,837,233	35,734,892	35,734,892
Total Equity	86,008,536	83,888,335	34,367,270	34,999,705

The trends for Nannup show an increase in value for total assets, reserve funds and equity showing a growth in the overall wealth of the Shire. There is also a downward trend in long term borrowings which adds to financial stability.

Property, Plant and Equipment and Infrastructure non-current assets show an increase in value each year.

7.3 Operating Statements by Program

The following Table sets out the operating statements of the four shires to allow comparisons by program revenue and expenditure. True comparisons are difficult as Shires can have different interpretations on where the same revenue and expenditure should be allocated.

Operating Statements by Program

	Boyup Brook	Bridgetown-Greenbushes	Manjimup	Nannup
Op Revenues				
Governance	440	4,130	822,243	
General Purpose	2,640,220	4,227,041	7,403,973	2,252,971
Law, Order & PS	46,900	177,130	1,031,086	97,390
Health	453,499	7,250	32,802	3,500
Education & Welfare	6,400	3,500	495,716	
Housing	22,192	6,160	76,338	30,840
Community Amenities	99,300	637,034	1,330,129	77,300
Recreation & Culture	32,450	196,548	910,290	4,100
Transport	644,352	101,390	5,252,721	1,200
Economic Services	73,850	130,120	77,000	48,763
Other Prop & Services	16,821	114,845	21,150	25,000
	4,036,424	5,605,148	17,453,448	2,541,064
Op Expenditure				
Governance	454,475	849,573	1,703,322	242,717
General Purpose	46,501	95,586	23,000	121,378
Law, Order & PS	118,371	406,463	710,182	202,848
Health	522,837	206,185	288,294	59,077
Education & Welfare	60,015	198,593	589,852	90,865
Housing	109,062	25,389		52,167
Community Amenities	251,520	1,120,336	1,688,327	397,323
Recreation & Culture	514,482	1,462,761	3,104,075	395,071
Transport	2,608,808	2,470,994	8,466,790	1,819,397
Economic Services	275,778	398,624	1,070,650	257,163
Other Prop & Services	14,983	157,919	-14,566	127,908
	4,976,832	7,392,423	17,629,926	3,765,914
Borrowing Costs				
Governance	1,972		27,597	286
General Purpose		500		
Law, Order & PS			3,113	
Health	8,266			
Housing	46,333			2,427
Community Amenities	2,049	4,550	15,799	
Recreation & Culture	11,151		198,877	
Transport			48,701	1,591
Economic Services	5,413	11,201	71,101	
	75,184	16,251	365,188	4,304
Cont'b Devlp Assets				
Law, Order & PS		753,166		
Recreation & Culture		105,000		1,733,203
Transport	145,548	1,524,332		6,086,103
Economic Services				33,200
Other Prop & Service		9,000		
	145,548	2,391,498		7,852,506

Profit/(Loss) sale assets				
Governance		-2,392		-3,643
Law, Order & PS		3,992		
Health		238,752		
Community Amenities		-4,786		
Transport	-12,600	56,870		10,994
Economic Services		-2,445		
Other Prop & Services		49,000		
	-12,600	338,991		7,351
Net Result	-882,644	926,963	-541,666	6,886,519

7.4 Cash Flow Statements by Nature and Type

The following Table compares the Cash Flow Statements of the four Shires. The statements show the levels of revenue and expenditure for the various nature and types and determines and increase or decrease in the cash held by the Shire at the end of the financial year.

The statements are taken from the 2008/09 annual budgets of the Shires. An explanation of any increase or decrease in the cash held is included in the notes to the financial statements. To compare the financial performance of the Shires an analysis of the reasons for any increase or decrease has been undertaken. A decrease that is made up of a decrease in specific purpose reserve funds is not a cause to worry. If the decrease in reserve funds were to be greater than the decrease in cash it would appear that reserve funds are being used to fund operating expenses.

Boyup Brook budgeted to have a decrease in cash held at 30 June 2009 of \$1,466,550. This was made up of a decrease in cash backed reserve funds of \$868,049 and a decrease in unrestricted cash of \$598,501. The main decreases in reserve funds were the Police Housing Loan Unspent of \$572,392, the CEO Housing Reserve of \$300,625 and Road to Recovery funds of \$109,615.

Bridgetown-Greenbushes budgeted to have a decrease in cash held of \$1,125,347. Made up of a decrease in cash backed reserve funds of \$253,404 and decrease in unrestricted cash of \$877,257. The main decrease in reserve funds were Roads to Recovery Grants of \$228,862 and the Swimming Pool Reserve of \$41,982.

Manjimup has budgeted for a decrease in cash held of \$1,121,222. Made up of a decrease in cash in bank of \$808,349 and a decrease in cash backed reserve funds of \$312,873. The decrease in cash in bank would occur by utilising the cash surplus from the previous year. The decrease in reserve funds was through expenditure from the Plant and Equipment and Waste Management Reserve.

Nannup budgeted for a decrease in cash held of \$4,752,435. Made up of a decrease in restricted cash (specific road funds) of \$4,704,000, a decrease in Reserve funds of \$486,700 and offset by an increase in cash in bank of \$469,368. The decrease in reserve funds came from the specific reserve for the Kindergarten and Co-location Building Reserve.

These figures show that the Shires all budgeted for a decrease in cash held based on the expenditure of funds that had been set aside for a particular purpose and the decrease was not an erosion of their operating financial position.

Comparison of Cash Flow by Nature and Type

	Boyup Brook	Bridgetown- Greenbushes	Manjimup	Nannup
Cash Flows from Operating Activities	\$	\$	\$	\$
Receipts				
Rates	1,693,063	2,835,448	5,658,477	853,629
Grants & Subsidies - operating	1,411,121	1,561,761	3,669,802	1,047,174
Contributions, Reimbursements & Donations	66,133	67,095	0	17,000
Fees & Charges	737,519	660,018	2,127,568	178,761
Interest Earnings	122,386	299,750	240,352	424,500
Goods and Services tax	0	295,000	0	0
Other	1,000	163,750	927,542	20,000
	4,031,222	5,882,822	12,663,468	2,541,064
Payments				
Employee Costs	2,486,638	3,016,601	6,383,465	1,013,229
Materials & Contracts	1,401,317	1,604,298	2,791,999	772,332
Utilities (gas, electricity, water, etc)	82,350	150,478	378,443	44,100
Insurance	128,323	172,657	349,825	126,016
Interest	75,184	16,251	365,188	4,304
Goods and Services Tax	0	295,000	0	0
Other	0	86,485	480,473	10,300
	4,173,812	5,341,770	10,749,393	1,970,281
Net Cash Provided by Operating Activities	142,590	541,052	1,914,075	570,783
Cash Flows from Investing Activities				
Purchase of Land	0	0	803,000	0
Payments for Purchase of Property, Plant and Equipment	1,513,500	2,084,340	2,698,505	360,000
Payments for Construction of Infrastructure	165,615	3,218,490	4,484,696	8,539,413
Grants/Contributions for the Development of Assets	145,548	2,385,760	4,183,560	3,127,306
Proceeds from Sale of Plant & Equipment	60,000	600,000	432,542	146,000
Net Cash Used in Investing Activities	1,473,567	2,317,070	3,370,099	5,626,107
Cash Flows from Financing Activities				
Repayment of Debentures	50,393	35,279	485,336	25,007
Proceeds from Self Supporting Loans	0	0	17,138	0
Proceeds from New Debentures	200,000	685,950	803,000	327,896
Net Cash Provided By (Used In) Financing Activities	149,607	650,671	334,802	302,889
Net Increase (Decrease) in Cash Held	1,466,550	1,125,347	1,121,222	4,752,435
Cash at Beginning of Year	2,333,322	5,405,575	2,837,767	6,999,485
Cash and Cash Equivalents at the end of the Year	866,772	4,280,228	1,716,545	2,247,050
% decrease in cash held	62.85%	20.82%	39.51%	67.90%

7.5 Nature and Type Revenue and Expenditure Percentages

The following Table compares the nature and type revenue and expenditure of the Shires by percentages. Non cash items such as depreciation and profit and loss on sale of assets have been excluded from the Table.

Although the Shires receive grants for capital works the receipt of a large grant or a large capital expenditure using grant funds received in advance can distort the percentages and therefore have been discounted.

The Table shows that as a percentage of operating revenue Boyup Brook has budgeted to receive 42.1% in rates, Bridgetown-Greenbushes 50.9%. Manjimup 44.2% and Nannup 33.6%.

The percentage of employee costs against operating expenditure for the Shires increases significantly with the removal of depreciation but accurately reflects the true percentages relative to cash expenditure. The percentages of employee costs for the Shires without depreciation and with depreciation are:

Boyup Brook	without	61.8%	with	48.1%
Bridgetown-Greenbushes		59.6%		40.6%
Manjimup		59.5%		35.1%
Nannup		50.6%		35.8%

Nature and Type Revenue and Expenditure Percentages

	Boyup Brook		Bridgetown-Greenbushes		Manjimup		Nannup	
	\$	%	\$	%	\$	%	\$	%
Revenue								
Rates	1,698,265	42.1	2,852,774	50.9	5,658,477	44.2	853,629	33.6
Grants and Subsidies	1,411,121	35.0	1,561,761	27.9	3,899,587	30.4	1,047,174	41.2
Contributions & Reimbursements	66,133	1.6	67,095	1.2			17,000	0.7
Service Charges								
Profit on sale of assets								
Fees and Charges	737,519	18.3	660,018	11.8	2,127,568	16.6	178,761	7.0
Interest Earnings	122,386	3.0	299,750	5.3	240,352	1.9	424,500	16.7
Other Revenue	1,000	0.0	163,750	2.9	882,399	6.9	20,000	0.8
Sub-total	4,036,424		5,605,148		12,808,383		2,541,064	
Expenditure								
Employee Costs	2,436,638	61.8	3,016,601	59.6	6,321,364	59.5	1,013,229	50.6
Materials & Contracts	1,217,528	30.9	1,606,794	31.8	2,791,999	26.3	804,832	40.2
Utilities	82,350	2.1	150,478	3.0	372,850	3.5	44,100	2.2
Depreciation								
Interest Expenses	75,184	1.9	16,251	0.3	365,188	3.4	4,304	0.2
Insurance	128,323	3.3	172,657	3.4	349,825	3.3	126,016	6.3
Loss on sale of Assets								
Other Expenditure			97,249	1.9	428,155	4.0	10,300	0.5
	3,940,023		5,060,030		10,629,381		2,002,781	

7.6 Comparison of Actual Rates against Assessed Capacity

The Financial Assistance Grants allocated by the WA Local Government Grants Commission (the Commission) are calculated by assessing a local government's revenue raising capacity against its expenditure need. The difference between these two components (assessed revenue and assessed expenditure) is referred to as the equalisation requirement.

As part of calculating the overall revenue raising capacity of a local government, the Commission calculates the assessed rating capacity of a local government. This is averaged over a three year period.

The rating capacity of a local government is assessed under four categories; residential/commercial, mining, agricultural and pastoral.

The balanced budget methodology is used by the Grants Commission for the sole purpose of calculating the Financial Assistance Grants. Care should be taken when interpreting these calculations as they are not meant to reflect an accurate comparison of rating regimes between local governments.

Bearing in mind the averaging of the Commission data, the Table shows that Boyup Brook is levying its residential, commercial and industrial rates 41% above, and its rural rates 11% below, the assessed capacity. Bridgetown-Greenbushes levies its residential, commercial and industrial 36% above the assessed capacity and its rural rates 29% below the assessed capacity. Manjimup levies its residential, commercial and industrial rates 25% and its rural rates 7%, above the assessed capacity. Nannup levies its residential, commercial and industrial 25% above and its rural rates 56% below the assessed capacity.

It can be taken from the Table that Manjimup is making the best overall effort in rating to the assessed revenue capacity as calculated by the Grants Commission.

The rating policies of a local government are a choice that each local government is entitled to make. Local governments need to rate to provide the services that meet the expectations of the community.

Comparison of actual rates against assessed rating capacity.

	Boyup Brook	Bridgetown-Greenbushes	Manjimup	Nannup
Actual GRV Rates levied 08/09	298,181	1,788,616	3,282,729	445,771
Grant Commission assessed GRV Rate income 08/09	175,992	1,133,800	2,441,721	334,209
Actual UV Rates levied 08/09	1,385,043	719,378	2,379,539	407,858
Grant Commission assessed UV Rate income 08/09	1,536,601	931,709	2,207,574	639,344
Actual Mining Rates levied 08/09	5,040	67,886		
Grant Commission assessed Mining Rate income 08/09	18,043	74,911	3,984	26,839

7.7 Comparison of Rates in the Dollar

The following Table compares the rates in the dollar imposed by the Shires against the Gross Rental Values (GRV) and Unimproved Values (UV). The rates in the dollar are influenced by changes in values by the Valuer General. The GRVs are only reviewed every four to five years and can swing quite dramatically, whereas UVs are reviewed annually.

New GRVs came into force in Boyup Brook and Bridgetown-Greenbushes on 1 August 2006 and in Manjimup and Nannup on 1 August 2005 so there should not be that much variation between Shires.

The Table shows that the rate in the dollar imposed by Boyup Brook on GRV properties is higher than the other three Shires. To achieve an average rate in the dollar Boyup Brook would have to reduce its rate in the dollar by 25.7% and Bridgetown-Greenbushes, Manjimup and Nannup raise theirs by 25.03%, 12.47% and 3.66% respectively.

With rates in the dollar imposed on UVs, Nannup has the largest discrepancies to the average and would have to increase its rate in the dollar by 57.54%. Bridgetown-Greenbushes would have to increase its rate in the dollar by 16.17%. Boyup Brook and Manjimup would have to decrease their rate in the dollar by 24.33% and 15.42% respectively.

There would be an adjustment to the minimum rates applied with Bridgetown-Greenbushes and Manjimup having to reduce their GRV and UV minimum rates while Boyup Brook and Nannup would have to increase theirs.

Rates in the Dollar

	Boyup Brook	Bridgetown-Greenbushes	Manjimup	Nannup	Average
General Rate					
GRV General	0.138600	0.082333	0.091520	0.099300	0.102938
GRV Mining		0.123492			0.123492
UV General	0.004414	0.002875	0.003949	0.002120	0.003340
UV Urban Farm		0.002443			0.002443
UV Mining	0.004414				0.004414
CALM Leases			0.003949		0.003949
Minimum Rate					
GRV General	\$560.00	\$616.00	\$590.00	\$507.00	\$568.25
UV General	\$560.00	\$616.00	\$590.00	\$521.00	\$571.75
CALM Leases			\$50.00		\$50.00
CALM Leases			\$100.00		\$100.00

The four Shires collectively raise \$10,777,542 in rates, using the average rates calculated above and the existing valuations the amalgamated Shire would raise \$10,785,278.

7.8 Loan Repayment Schedules 2009/10 – 2018/19

The following Table sets out the total of the annual interest and principal loan repayments for the Shires for the period from 2009/10 to 2018/19. The 2009/10 repayment have also been calculated as a percentage of the rate revenue for each of the Shires and combined. The figures do not allow for any new borrowings.

It can be seen from the Table that Manjimup has the greatest annual amount of repayments as a percentage of rate revenue. Nannup is in a sound position as it has no significant debt liability. As a combined Shire loan repayments as a percentage of rates would be 9.8%.

The annual repayments for a combined Shire, if no new loans are taken out, decreases each year.

Loan Repayments per Shires and Combined

	Boyup Brook	Bridgetown-Greenbushes	Manjimup	Nannup	Combined
	\$	\$	\$	\$	\$
2009/10	125,572	103,748	837,865	29,020	1,096,205
% of rate revenue	7.4%	3.6%	14.6%	3.4%	9.8%
2010/11	125,572	103,748	813,885	21,846	1,065,051
2011/12	125,572	103,748	728,247	14,251	971,818
2012/13	124,817	103,748	637,674		866,239
2013/14	109,908	88,367	628,739		827,014
2014/15	109,908	88,367	616,160		814,435
2015/16	109,908	52,707	590,828		753,443
2016/17	109,908	52,707	576,098		738,713
2017/18	110,977	52,707	625,456		689,140
2018/19	85,613	52,707	452,248		590,568
Total	1,137,755	802,554	6,407,200	65,117	8,412,626

7.9 Overdraft Facilities

The following Table sets out the overdraft facilities established by the four Shires and the use of that facility. The comments in the Table are taken from the notes to the Shires 2008/09 annual budgets.

The comments of the Shires show that there is no reliance on overdraft facilities during the early part of the financial year.

Overdraft Facilities

Shire	Comments
Boyup Brook	Council has not utilised an overdraft facility during the financial year although an overdraft facility of \$50,000 with the Commonwealth Bank of Australia does exist. It is not anticipated that this facility will be required to be utilised during 2008/09
Bridgetown-Greenbushes	Council has not utilised an overdraft facility during the financial year although an overdraft facility of \$200,000 with the Commonwealth Bank of Australia does exist. It is not anticipated that this facility will be required to be utilised during 2008/09
Manjimup	Overdraft facility is established temporarily and is to be reviewed each year. No amount of overdraft is brought forward from 2007/08, and no overdraft is anticipated to be carried forward at year-end.
Nannup	Council has not utilised an overdraft facility during the financial year. It is not anticipated that this facility will be required to be utilised during 2008/09, although \$500 has been allowed in the budget if the need arises

7.10 Level of Reserve Funds

The following Tables set out the amount of cash backed Reserve Funds budgeted to be held by each Shire at the end of the 2008/09 financial year. The restricted funds are restricted by legislation, a deed of agreement or have been given to the Shire for a specific purpose. The greatest share of the restricted funds are set aside to pay for staff leave entitlement that an employer is required by legislation or award to provide.

It can be seen from the Tables that Bridgetown-Greenbushes has the largest amount of cash backed reserves. Bridgetown-Greenbushes unrestricted reserve funds are 62.25% of its 2008/09 operating expenditure, Nannup is 21.37%, Boyup Brook 14.5% and Manjimup 4.38%.

Comparison to operating expenditure has no particular relevance but is a common reference when making comparisons between the levels of unrestricted reserve funds accumulated.

It is to be remembered that the purpose of reserve funds can be changed by a local government at the time of adopting the annual budget without public consultation.

Comparison of the level of cash backed Reserve Funds

Shire	Amount of Unrestricted Funds	Amount of Restricted Funds	Total Funds
Boyup Brook	\$721,790	\$64,982	\$786,772
Bridgetown-Greenbushes	\$4,007,085	\$255,457	\$4,262,542
Manjimup	\$781,285	\$770,397	\$1,551,682
Nannup	\$804,849	\$53,124	\$857,973
TOTAL	\$6,315,009	\$1,143,960	\$7,458,969

The following Tables set out the cash backed Reserve Funds budgeted to be held by each of the Shires at the end of the 2008/09 financial year. The Tables provide details on the amount and the purpose of the reserve funds held.

Shire of Boyup Brook

Reserve and Purpose	Restriction	Amount budgeted at end 08/09
Plant & Vehicle - <i>purchase of major plant items</i>		\$188,067
Leave Reserve - <i>staff entitlements</i>	Yes	\$64,982
Depot - <i>upgrade of facilities</i>		\$18,864
Community Housing - <i>maintenance of Homeswest Housing Units in Forrest & Proctor Streets</i>		\$21,796
Emergency - <i>emergency situations during and outside working hours, eg trees on roads</i>		\$31,565
Insurance Claim - <i>when insurance claims are excessive</i>		\$13,525
Flax Mill Sheds - <i>maintenance and upgrade</i>		\$25,645
Recreation Facilities - <i>improvements</i>		\$23,138
Commercial - <i>economic development and promotion of district</i>		\$230,331
Bush Fire Radios - <i>changeover and future requirements</i>		\$12,187
Rylington Park - <i>development of facilities</i>		\$15,826
Infrastructure - <i>development of infrastructure</i>		\$18,007
Bridges - <i>requirements of bridge works</i>		\$25,605
Medical Services - <i>future medical requirements</i>		\$43,985
Swimming Pool - <i>major improvements/maintenance</i>		\$10,544
Boyup Brook Town Hall - <i>major improvements/maintenance</i>		\$10,544
Building Maintenance - <i>maintenance of Shire buildings</i>		\$12,199
Aged Accommodation - <i>requirements of aged accommodation</i>		\$19,962
TOTAL		\$786,772
Total Restricted		\$64,982

Shire of Bridgetown-Greenbushes

Reserve and Purpose	Restriction	Amount budgeted at end 08/09
Leave - <i>staff entitlements</i>	Yes	\$146,195
Plant - <i>purchase of major plant items</i>		\$147,567
Land & Building - <i>acquisition of land and buildings</i>		\$2,820,238
Bush Fire - <i>purchase fire fighting equipment and fire fighting plant</i>		\$27,193
Maranup Ford Rd Maintenance - <i>between the old and new entrances to the Sons of Gwalia Mine.</i>		\$112,619
Subdivision - <i>construction of sub-division feeder roads</i>		\$325,236
Sanitation - <i>provision of waste management services and facilities</i>		\$4,090
Hampton St Upgrade (Council) - <i>Upgrade project</i>		\$27,986
Recreation centre Floor - <i>timber floor replacement</i>		\$110,650
Bridgedale Project - <i>maintenance and/or development Bridgedale Historic Site and surrounds</i>		\$36,867
MGB - <i>maintenance of the project</i>		\$38,918
Refuse Site Post Closure - <i>rehabilitate refuse sites</i>		\$136,208
Community Bus Replacement		\$41,114
Memorial Park Development - <i>development Bridgetown Memorial Park</i>		\$37,006
Blackwood River Park Development		\$20
Drainage - <i>Drainage upgrade works</i>		\$76,571
SBS Tower replacement -		\$17,557
Playground Equipment - <i>replacement of equipment</i>		\$5,263
Roads to Recovery Supplementary Grant - <i>balance of payment</i>	Yes	\$59,898
Hampton St Upgrade Grant - <i>balance of unspent grant</i>	Yes	\$16,939
Premiers Physical Activity Task Force Grant - <i>balance of unspent grant</i>	Yes	\$21,881
Roads to Recovery 2007/08 Grant - <i>balance of unspent grant</i>	Yes	\$5,834
Swimming Pool - <i>studies on life expectancy and upgrades</i>		\$41,982
Unspent Minor <Grants \$15,000 - <i>balance of unspent grants</i>	Yes	\$4,710
TOTAL		\$4,262,542
Total Restricted		\$255,457

Shire of Manjimup

Reserve and Purpose	Restriction	Amount budgeted at end 08/09
Airfield Construction & Maintenance - <i>Used on recommendation Airfield Committee</i>		\$9,250
AquaCentre Building - <i>replacement of the Centre building in particular the inflated roof</i>		\$30,000
AquaCentre Plant Purchase - <i>replace plant and equipment</i>		\$30,000
Bridge - <i>construction and maintenance</i>		\$169,530
Community Bus - <i>maintenance</i>		\$14,180
Construction & Resource Research - <i>resourcing materials for construction</i>		\$365,365
Future Carpark Construction Manjimup - <i>from developer contributions</i>	Yes	\$31,600
HACC Annual & Long Service Leave - <i>staff leave provisions</i>	Yes	\$58,333
HACC Asset Replacement - <i>HACC assets</i>	Yes	\$14,500
Heritage Reserve - <i>Heritage Building Maintenance</i>		\$421
Land Resumption - <i>Land resumption for infrastructure purposes</i>		\$28,942
Northcliffe Town Hall - <i>Maintenance costs</i>		\$6,530
Plant & Equipment Replacement		\$91,602
Staff Annual & Long Service Leave - <i>staff entitlements</i>	Yes	\$665,964
Strategic Asset Development - <i>purchase of strategic land, buildings and capital works</i>		\$3,601
Telecommunications - <i>replace television and radio retransmission equipment</i>		\$16,500
Waste Management & Site Development - <i>development of new waste site</i>		\$9,882
Windy Harbour Infrastructure - <i>development of infrastructure within the settlement</i>		\$5,482
TOTAL		\$1,551,682
Total Restricted		\$770,397

Manjimup disclosed in its 2008/09 annual budget that its estimated long service leave accrual as at 30 June 2009 is \$309,107.

Shire of Nannup

Reserve and Purpose	Restriction	Amount budgeted at end 08/09
Long Service Leave - <i>staff entitlements</i>	Yes	\$53,124
Plant - <i>purchase of major plant items</i>		-\$29,965
Foreshore Park Ablution Block - <i>construction of ablution block</i>		\$11,247
Recreation Centre - <i>redevelopment of Centre</i>		\$152,051
Kindergarten Extension - <i>extension of Kindergarten</i>		\$234,093
Co-Location Building - <i>construction of building</i>		\$361,667
Office Equipment - <i>maintenance of office equipment and upgrade of computer system</i>		\$15,364
Balingup Rd Caravan Park - <i>redevelopment of the Park</i>		\$392
Main Street Upgrade - <i>upgrade of Warren Road</i>		\$60,000
TOTAL		\$857,973
Total Restricted		\$53,124

7.11 Recurring Grant Funding and Subsidy per Head of Population

The following Table sets out the recurring grant funding received by each Shire and the subsidy per head of population for each of the Shires. Some Shires receive more in recurring grant funding but that was not included as it relates to specific purposes such as Home and Community Care. Other grant funding received but not included is non-recurring and given for specific projects or services.

The WA Local Government Grant Commission will allow for the provision of the level of general purpose grants currently given to the individual Shires for a period of five years after the date of amalgamation. The created Shire will then be assessed as an individual local government and the general purpose grant reduced accordingly.

The amount of any decrease cannot be predicted with any certainty. The Grants Commission have advised that based on current figures and not taking into account the outcome of the review of the method of allocating grants in WA, the level of increase in grants from the Commonwealth and the number of amalgamations that may occur in local governments in the next six years the decrease in grant could be between \$500,000 and \$900,000. Road funding from the Grants Commission is calculated on the Asset Preservation Model and should not be effected.

The Shires with the smaller populations receive the greatest per head subsidy.

Recurring Grant Funding

Grants	Boyup Brook	Bridgetown-Greenbushes	Manjimup	Nannup	Combined
	\$	\$	\$	\$	\$
General Purpose Funding	267,047	777,490	1,670,010	564,285	3,278,832
Local Roads Funding	541,639	546,256	1,411,904	361,418	2,861,217
Regional Road Grant	145,000	285,333	550,000	150,000	1,130,333
TIRES Funding	200,000	45,000	35,000	170,000	450,000
Roads to Recovery	311,620	288,424	1,357,643	345,492	2,303,179
Blackspot Funding		74,000	246,484	180,000	500,484
MRWA Direct Grant	82,000	86,840	177,226	59,611	405,677
Bush Fire Operating Grant	32,000	83,785	103,660	80,000	299,445
SES Operating Grant		12,770	38,986	15,390	67,146
Swimming Pool Subsidy	3,000	3,000	3,000		9,000
Totals	1,582,306	2,202,898	5,593,913	1,926,196	11,305,313
Population	1,594	4,339	9,995	1,325	
Per head of population	\$993	\$508	\$560	\$1,454	

7.12 Findings of Financial Assessment and Comparisons

The financial position of the four Shires is relatively sound and their financial ratios are generally in the positive. Nannup needs to assess the reason for an bad Current Ratio in 2008. The balance sheets of the Shires are sound and mostly show steady trends in the right directions, the fluctuations that Manjimup experiences need to be steadied with improved financial planning. There may have been reasons for these and Manjimup needs to assess if those reasons are genuine or better planning would alleviate the problem. There is no threat to the financial position of the Shire.

The assessment found that Nannup received the least percentage of its operating revenue from rates and the greatest from grants. The percentages for rates and grants as a percentage of operating revenue are set out in Chapter 7.5.

With non cash items such as depreciation removed from the operating expenditure the percentages for expenditure on employee costs are within 60% except for Nannup which is at 50%. These percentages cannot be compared to other local governments, however, the Shires may wish to set their own financial policies on upper limits.

An amalgamated Shire would raise an amount of rates similar to that of the four Shires individually by using an average of the rates in the dollar imposed by the four Shires. There would need to be a considerable adjustment to the rates in the dollar imposed with the GRV rate in the dollar imposed in Boyup Brook having to be decreased and the rate in the dollar and the other three Shires having to be increased. With UV rates in the dollar those imposed in Manjimup and Boyup Brook would have to be decreased while those imposed in Bridgetown-Greenbushes and Nannup having to be increased by 16% and 57% respectively.

Manjimup has by far the largest debt liability with \$6.4m, Boyup Brook with \$1.13m, Bridgetown-Greenbushes \$802,000 and Nannup \$65,000. Manjimup is carrying the biggest percentage debt liability with its Debt Service Ratio at 8%, Boyup Brook and Bridgetown Greenbushes at 2% and Nannup at 1%.

Bridgetown-Greenbushes has the largest amount of cash backed reserves with its unrestricted reserve funds at 62.25% of its 2008/09 operating expenditure, Nannup at 21.37%, Boyup Brook at 14.5% and Manjimup at 4.38%.

Financial savings would have to be made in the created Shire within the first five years to allow for an highly qualified estimate decrease in General Purpose Grants of \$500,000 to \$1m.

Although not a comment on the financial viability or otherwise of Manjimup, of the four Shires it has the largest debt liability and the lowest percentage of unrestricted reserve funds.

Rates ↑ increased capacity.

8. HUMAN RESOURCES ASSESSMENT

8.1 Comparison of the differences in employment conditions across the four Shires

Interim Report on the commonality of employment conditions across the 4 Shires forming the Warren Blackwood Strategic Alliance:

Prepared by Anne Lake, Anne Lake Consultancy, HR Consultant.

Brief

To gather and compare all of the available staff benefits including wages and salaries that exist within the four Shires to gain a better understanding of the industrial, contractual and custom and practice obligations that may provide obstacles in the harmonious integration of an alliance framework.

Methodology

All Shires submitted detail as request for analysis and comment

General Comment

Whilst enterprise agreements are a matter of public record and available for all to see, it was never the less courageous for the Shires to share their competitive employment benefits in such a detailed manner.

There are a number of legal impediments to moving past the Alliance stage and becoming an amalgamated Shire, an immediate problem would be the application of the Transmission of Business provisions made even more difficult by the uncertainty surround the legal status of a Shire in terms of it being a constitutional corporation and indeed this was raised by the Deputy Prime Ministers Office when dealing with a variation for one of your near neighbours recently who have completed the amalgamation process.

It is a matter of fact that all Councils with Enterprise Agreement increased benefits for staff. Manjimup is the only Shire in the Alliance to have its entire staff covered by an Enterprise Agreement. Bridgetown-Greenbushes and Boyup Brook have their operations employees cover by an Agreement but not the inside staff and Nannup has no registered agreement

As you can see from the details provided below there are elements of commonality underpinned by many differences and earning opportunities. However the figures in the Local Government Award only detail the basic starting point. Particularly at Nannup some officers assigned an Award classification level are on higher salaries to reflect marketplace realities for those skill sets.

The best overall payment and reward conditions and therefore the most expensive benefits for other Shires to match come from the Shire of Manjimup. Manjimup are one of the very few Shires if not the only Shire to negotiate what amounts to an annualisation of hours that are worked in the majority of the year and then drawn down during periods of inclement weather. So the higher agreement costs need to be viewed in context with productivity and less down time.

Negotiated Salaries

It would appear that whilst there is a repetition of senior positions there is, given the differences in size, very little difference in the remuneration components of each officer's package. The main differences come from the values attached to the package, for example there can be as much as \$8,000 difference in the value attached to the vehicle.

Comparison of Benefits for Alliance Shire's Outside Workforce.

Operations Teams	Manjimup Have one pay scale for all employees. Majority of Ops employees paid in the range of 3-5 Major difference is operational employees work under annualised hours.	Bridgetown-Greenbushes	Nannup Apprentice Level 1 & 2 etc New Op basic skill Level 4 Entry Level 5 Experienced 7 Senior Experienced Level 7	Boyup Brook
Hourly Rate	5% increase due 9 Sept 2009, 2010 and CPI 2011	Next increase due 1 July 2010 CPI + 3%	Probable demand for increase July 2010, details of amount unknown	CPI+2% Increase in April 2010
Level 1			14.28	14.30
Level 2	20.15		16.52	15.35
Level 3	21.98	20.28	18.58	15.90
Level 4	24.00	21.94	19.08	16.25
Level 4A			Nannup's level 5 is old 4A.	16.77
Level 5	26.05	23.05	19.73	17.04
Level 6	28.16	24.33	20.37	17.87
Level 7	30.23		20.72	
Level 8	32.44		21.13	
Level 9	35.06		22.06	
Level 10			23.21	

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Comparison of Benefits for Alliance Shires Administrative and Supervisory Workforce.

Administrative Teams	Manjimup <i>Manjimup have one pay scale for all employees. Majority of Ops employees paid in the range of 3- 5</i>	Bridgetown-Greenbushes	Nannup	Boyup Brook
Hourly Rate	<i>5% increase due 9 Sept 2009, 2010 and CPI 2011</i>		<i>Step increases for Staff and Anniversary increases for Senior Staff</i>	<i>Probable next increase due 10/09 with EBA</i>
Level 1				
Level 2	20.15	18.51 - 20.18	16.39 - 17.88	19.67 - 21.45
Level 3	21.98	20.74 - 24.00	18.37 - 19.33	22.05 - 23.20
Level 4	24.00	22.41 - 25.87	22.04 - 23.20	23.81 - 25.00
Level 5	26.05	24.16 - 27.85	19.85 - 20.83	25.68 - 26.91
Level 6	28.16	25.67 - 27.25	21.40 - 22.43	27.29 - 28.97
Level 7	30.23	27.77 - 29.17	22.74 - 24.14	29.52 - 31.01
Level 8	32.44	29.79 - 31.23	26.39 - 27.66	31.67 - 33.19
Level 9	35.06	32.18 - 33.94	28.51 - 30.07	34.21 - 36.09
Level 10				

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- Manjimup agreement attempts to move outside of the LGA by providing for Severance Pay to be retained at a point two years in the past.
- Journey to and from work Insurance Cover also provided
- All overtime outside of standard hours paid at 1.5. Emergency work and public holidays paid at double time
- Agreement has approximately 28 months of currency left.
- Boyup Brook provides for some banking of hours at 1.5 however it is limited in approach and not like the system used by Manjimup.

Common Employment Conditions

Benefit	Manjimup	Bridgetown-Greenbushes	Nannup	Boyup Brook
Redundancy	Capped at 52 weeks	Outside Workers Workplace Agreement states that any redundancy package for those affected employees will be 3 weeks for every completed year of service capped at 52 weeks, payment of 50% of accumulated sick leave and payment shall be based on the annualised rate of pay at the date of Council decision leading to redundancy. All other staff – the provisions of the Local Government Officers Award apply.	Up to 16 weeks in accordance with Award.	Min 4 weeks' notice, up to 16 weeks pay for 9 years and 1 additional week for each 10 years of service.
Clothing Allowance	All councils have Clothing Allowance Policies for LGO staff and replacement as needs for operations employees.			
Volunteer Leave	1 hour per week accumulated to 52 weeks	Nil	Nil	Nil
Retirement Salary sacrifice Leave	20% over 5 years for 5 years prior to retirement	No policy or procedure in place.	Nil	Nil
Two days in lieu	Take during Christmas break.	Outside Workforce has forfeited these 2 days in lieu of other benefits, specifically a wage increase. All other permanent workers receive the 2 days and take them at the Christmas break	Take during Christmas break	

Long Service Leave	9 week after 7 years may be taken further accumulation may be taken annually as leave. With payout dollars frozen at 14 weeks accumulation	As per the Local Government (Long Service Leave) Regulations.	As per the Local Government (Long Service Leave) Regulations.	As per the Local Government (Long Service Leave) Regulations.
Inclement Weather	1.5 hrs banked each week for inclement weather period.	No policy or procedure in place. During periods of inclement weather outside workers undertake suitable duties.	No policy or procedure in place. During periods of inclement weather outside workers undertake suitable duties.	No policy or procedure in place. During periods of inclement weather outside workers undertake suitable duties
Gratuity Policy	A staff member who has at least 5 years service with the Shire is entitled on termination or retirement to receive a gift to the value of \$25 for each completed year to a maximum value of \$250. A staff member who has 25 years' service is entitled to receive a watch (or similar award) to the value of \$200 in recognition of that service.	After three years \$100 up to \$500 for twenty years or more. Further Council may consider a maximum payment of \$5000 and will only be considered where a departing employee has served a continuous period of 20 years or greater.	Gratuity Policy that provides for up to one year dependent on length of service.	\$200 after 3 yrs plus \$30 for each additional completed year and Council may agree under certain circumstances to an amount not exceeding 3 months' salary or unused sick leave.

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8.2 Staffing Levels

A compilation of the staffing levels of the four Shires has been undertaken to make a comparison of the estimated staffing levels required in an amalgamated Shire.

An organisational structure based on another local government of a similar operating revenue was drawn up with four directorates, Corporate Services, Community Services, Development Services and Technical Services. An estimation was made on the number

of senior position that would be needed and to determine any senior position currently in the four Shires that would not be needed.

It is clear that with the new Shire only one Chief Executive Officer would be employed. Because of the increased responsibility of the CEOs position of the new Shire it would be prudent to terminate the contracts of the four CEOs and advertise and appoint a CEO for the new Shire. Based on the new Shires annual revenue of \$30m the bands established by the Salaries and Allowance Tribunal recommend a salary of between \$184,000 and \$249,000.

The combined annual salaries for the four CEOs is approx \$480,000. The maximum payout under a contract is limited by regulations to 12 months, or the length of time the contract has to run if the contract has less than 12 months to run. If the four contracts have more than 12 months to run there would be a payout of \$480,000 with annual savings of approx \$280,000 thereafter when the salary of the CEO for the new Shire is deducted. If the four CEOs were to be paid out there would still be the cost of the new CEO for that first twelve months the total cost for that year \$680,000.

Under the suggested organisational structure for the new Shire five senior management position would be made redundant allowing for savings of \$360,000 per annum. Dependent on what employees are appointed to the newly created positions will determine any immediate savings. If not under contract the employees are guaranteed employment for a period of two years from the date of amalgamation or if a payout can be agreed to by the employee there are no immediate savings to be made. If any of the five are contract employees a payout would be required as stipulated under the employee's contract. If payouts were required under contract equivalent to 12 months salary the whole \$360,000 would be a cost in the first year with annual savings after that. An amalgamation would become viable if the State Government was to provide funding to pay for redundancies as promised by the Premier.

Some of the employees could continue to be employed undertaking the many tasks that will be required during the amalgamation process thus reducing the costs of redundancies but also reducing the immediate savings.

Local governments are subject to the compliance provision of a large amount of legislation. If through amalgamation the number of local governments is reduced the burden of compliance is reduced. This reduction in compliance should allow for a reduction of an estimated two administrative staff. This should allow for savings of \$90,000.

These savings could not be considered as part of the amalgamation process as they may not eventuate for at least three years. Merging of the administrative functions may take longer as none of the four Shires has the capacity for increases in their current facilities and a new administrative centre would have to be built.

The staff of all current Recreation Centres, Swimming Pools/Centres, Libraries, Home and Community Care Services, Waste Management Sites, Parks and Gardens and those located in Pemberton, Northcliffe and Walpole have not be assessed for redundancies.

The Table below sets out the current senior positions that are likely to be effected by an amalgamation and sets out those senior positions that will be required in the amalgamated Shire.

This Table is only created for the purposes of this report and is not to be taken as applying should an amalgamation occur.

Senior Positions effected by Amalgamation

Senior Positions	Boyup Brook	Bridgetown-Greenbushes	Manjimup	Nannup	Combined	Amalgamated Shire
Chief Executive Officer	1c	1c	1c	1c	4	1
Deputy CEO		1c			1	
Director Statutory Services			1c		1	1
Manager Corporate Services				1	1	
Manager Financial Services	1				1	1
Manager Administration Services			1c		1	1
Accountant		1c			1	
Senior Finance Officer		1			1	
Manager Information Technology			1		1	1
Human Resource Co-ordinator			1		1	1
Director Community Services & Facilities			1c		1	1
Executive Manager Community Services		1c			1	1
Manager Library & Information Services			1		1	1
Director Works			1c		1	1
Manager Works & Services	1	1c	1	1c	4	4
Supervisor Maintenance			1		1	1
Works Supervisor		1			1	
Senior Engineering Technical Officer		1c			1	1
Team Leader Projects			1		1	1
Manager Parks			1		1	1
Supervisor Mechanical Workshop			1		1	1
Manager Technical Services			1		1	1
Director Planning & Environment						1
Manager Development Services				1c	1	1
Manager Planning		1c	1		2	1
Manager Building Services			1		1	1
Manager Environmental Services			1		1	1
EHO/Building Surveyor		1c			1	1
Building Surveyor		1			1	1
Regional Environmental Off		1c			1	1
	3	12	17	4	36	28

"c" denotes contract employee

It needs to be recognised that merely by reducing the number of senior management positions does not necessarily reduce the total number of employees by that number. Senior managers while in the smaller environment of the current Shires also undertake a significant amount of the day to day work required of his or her area. By taking on a senior management role in a large organisation the management role increases and other staff are required to undertake the day to day work the manager no longer has time to do. If this work cannot be undertaken by staff from other Shires participating in the amalgamation or other staff cannot be retrained, additional staff may need to be employed. Potential savings are in senior management salaries, not necessarily a reduction in the number of employees.

8.3 Provisions to meet Annual and Long Service Leave Commitments

The following Table sets out the current and non-current provisions for annual and long service leave contained in the Shire Annual Financial Statements for the year ending 30 June 2008

The current shortfall faced by the Shires looks significant however it could be expected that some annual leave will be met by the annual budget. Any shortfall is more serious when annual leave is allowed to accumulate to the point where it has to be paid out or an employee is away for a significant amount of time requiring backfilling in the position and a doubling up of expense.

Manjimup is performing the best in covering its leave liability through cash backed reserves.

Provisions for Annual and Long Service Leave

	Boyup Brook	Bridgetown-Greenbushes	Manjimup	Nannup
Provisions 2007/08				
Annual Leave - Current	\$125,036	\$241,075	\$338,100	\$136,762
Long Service Leave - Current	\$117,091	\$129,861	\$309,107	\$19,853
Total Current	\$242,127	\$370,936	\$647,207	\$156,615
Long Service leave - Non Current	\$21,108	\$132,146	\$221,623	\$52,722
Total	\$263,235	\$503,082	\$868,830	\$209,337
Cash Backed Reserve	\$64,982	\$171,960	\$631,654	\$53,124
Potential Current Shortfall	\$177,145	\$198,976	\$15,553	\$103,491

8.4 Findings of the Human Resources Assessment

The assessment has found that the Manjimup Enterprise Agreement covering all employees would create an obstacle to an amalgamation of the workforces into one. The Agreement has three years to run and would require those employees transferring from Manjimup to be on different pay and conditions until the Agreement expires.

Bringing employees onto equal pay and conditions after the expiry may require other employees pay and conditions to be increased adding costs to the amalgamation.

Senior staff positions would have to be made redundant to provide savings to make the amalgamation worthwhile and to allow for decreases in general purpose grant funding after five years.

Sufficient funding from the State Government to pay for redundancies would improve the benefits of an amalgamation as some of the employees who will be given redundancies may also be entitled to significant annual and long service leave payments.

9. COMPARISON OF FEES AND CHARGES IMPOSED BY THE SHIRES

9.1 Service Charges imposed under the Local Government Act 1995

None of the Shires impose a Service Charge under the provisions of section 6.32 of the Local Government Act 1995.

9.2 Waste Collection Charges and Tipping Fees

The following Tables set out the waste collection charges and the tipping fees imposed by each of the Shires.

In addition to the fees and charges set out in the Table below Bridgetown-Greenbushes levies a Health Act Rate of \$93.00 per assessment. Proceeds of the Health Act rate are applied to the maintenance of the Shire's refuse sites and includes the transfer of \$15,000 to the Refuse Post Closure Reserve

Waste Removal and Tipping Fees

	Boyup Brook	Bridgetown-Greenbushes	Manjimup	Nannup
Waste Removal				
1 x 240l MGB collected once per week	\$150.00		\$283.50	\$115.00
Additional 240l MGB service	\$165.00			
1 x 120l MGB collected once per week		\$74.00	\$164.00	
Additional 120l MGB service		\$74.00		
Recycling				
1 x 240l MGB once per fortnight		\$75.00		\$110.00
Tipping Fees				
Per cubic metre			\$17.50	
6x4 trailer	\$15.00	\$12.50		\$5.00
2-4 tonne truck	\$30.00	\$37.50		\$20.00
4-6 tonne truck	\$40.00	\$50.00		\$30.00
6-8 tonne truck	\$60.00	\$75.00		\$30.00
8+ tonne dual axle truck	\$100.00	\$125.00		\$40.00
Semi Trailer 20m ³ capacity	\$200.00	\$250.00		\$60.00
Bulk Bin (3m ³ or less)	\$30.00	\$37.50		\$20.00
Bulk Bin (3m ³ - 6m ³)	\$40.00	\$50.00		\$30.00
Bulk Bin (6m ³ - 10m ³)	\$60.00	\$75.00		\$40.00
Bulk Bin (exceeding 10m ³)	\$100.00	\$125.00		\$50.00

9.3 Burial and Other Cemetery Fees

The following Table sets out the burial and other cemetery fees imposed by the four Shires.

Not all Cemetery fees and charges imposed by the Shires have been included in the Table. The fees compared are those which are assessed to be the most relevant to the greatest percentage of cemetery use.

Burial and Cemetery Fees

Cemetery Fees	Boyup Brook	Bridgetown-Greenbushes	Manjimup	Nannup
<i>Grant of Right of Burial</i>				
Grave (Traditional Sect)			\$620.00	\$572.00
Grave (Headstone lawn)			\$440.00	
Pre purchase right of burial	\$200.00	\$205.00	\$90.00	
Renewal Grant	\$50.00	\$52.00		\$114.00
<i>Interments</i>				
Adult	\$670.00	\$686.00	\$410.00	\$800.00
Child under 7			\$245.00	\$686.00
Stillborn Child	\$180.00	\$184.00	\$140.00	\$456.00
Lawn Section		\$870.00		
Cremated ashes (existing)	\$200.00	\$204.00		
Cremated Ashes (new site)	\$400.00	\$410.00	\$70.00	\$132.00
<i>Niche Walls</i>				
Single (inc Plaque)	\$320.00	\$348.00	\$255.00	\$275.00
Installation only			\$118.00	
Purchase single			\$130.00	
Double First (inc Plaque)	\$450.00	\$480.00	\$405.00	
Double Second (inc Plaque)	\$200.00	\$225.00	\$250.00	
Reservation of specific site	\$100.00	\$52.00	\$55.00	
<i>Ashes</i>				
In Rose Garden				\$355.00
In Rose Garden (No plaque)				\$149.00
Transfer to new position	\$200.00	\$205.00		
Removal by family member	\$100.00	\$102.00		
<i>Additional</i>				
Re-opening of ordinary (admin)	\$60.00	\$52.00	\$75.00	
Interment Outside hours			\$105.00	\$64.00
Int -Sat, Sun, Public Hol's	\$250.00	\$256.00	\$160.00	\$400.00
Int - w/o due notice		\$102.00	\$170.00	\$64.00
Exhumation			\$410.00	
Single Monument Perml	\$60.00	\$52.00	\$70.00	\$19.00
<i>Licences</i>				
Undertakers Licence	\$100.00	\$82.00	\$82.00	\$49.00
Undertaker fee single	\$60.00	\$52.00	\$40.00	\$18.00
Monumental Mason fee		\$82.00		

9.4 General Fees and Charges

The following Table sets out some general fees and charges that are imposed by the Shires. Comparisons in some areas are not possible among all the four Shires as some do not have those fees and charges listed in their Schedule. Nannup does not have fees and charges relating to dog impoundments and does not budget to receive income from impoundments.

The differences in approach to fees and charges highlights the administrative difficulties of bringing Shires together into one larger organisation.

General Fees and Charges

	Boyup Brook	Bridgetown- Greenbushes	Manjimup	Nannup
Rate Inquiry Fee	\$55.00	\$31.00	\$23.00	\$32.00
General Enquiries (per hr)	\$44.00	\$47.00		\$70.00
Payment of Rates by Direct Debit		\$28.00		
Secretarial Services (per hr)	\$55.00	\$60.00		
Council Minutes (per meeting)	\$22.00	\$27.50		\$16.60
Electoral Rolls	\$55.00			
FOI application non-personal	\$30.00	\$30.00	\$30.00	
FOI process (per hr)	\$30.00	\$30.00		
Dog Pound Fees - registered	\$55.00	\$56.00	\$30.00	
Dog Pound Fees - unregistered	\$110.00	\$112.00		
Dog Pound Fee - after hrs			\$100.00	
Destruction/Disposal Dog	\$110.00	\$112.00	\$150.00	
Pound fee per day	\$25.00	\$15.00	\$8.00	
Dog Kennel Licence - 1st yr	\$200.00	\$200.00		
Dog Kennel Licence - Renew	\$100.00	\$100.00		
Apply for more than 2 dogs	\$50.00	\$52.00		

9.5 Recreation Centres, Halls, Ovals and Swimming Pools

The following Tables set out some common fees and charges imposed by the Shires. Comparison of the fees needs to take into account the type and standard of the facilities provided and the amount of supervision provided.

For instance the swimming pool fees set by Manjimup are higher because the pool is heated and can be used all year round. Other fees may be different because of the facilities that are included in the hire.

A general observation is that the fees imposed by Nannup are less than the other three Shires.

Recreation Halls and Community Centres

	Boyup Brook	Bridgetown-Greenbushes	Manjimup	Nannup
Recreation Hall				
Sporting Events (Hour)		\$22.00	\$14.70	\$15.50
Sport Event Night (Hr)		\$45.00		
Sporting Events (Daily)				\$76.65
Sport Event with Centre				\$146.50
Other Functions				\$183.00
Other Function with Centre				\$257.00
Change Rooms (Day)				\$21.00
Community Centre				
Social Functions (Day)	\$75.00		\$100.00	\$85.00
Meet/Class (Hour)		\$18.00	\$15.75	\$16.50
Meet/Class Night (Hr)		\$45.00		
Kitchen (additional)			\$29.50	

Swimming Pools

	Boyup Brook	Bridgetown-Greenbushes	Manjimup	Nannup
Swimming Pool				
Adult Entry	\$3.50	\$3.00	\$4.40	
Spectator	\$1.80	\$1.50	\$1.00	
Pensioner	\$1.80	\$1.70	\$2.80	
Child	\$1.50	\$1.70	\$2.80	
Daily School Group		\$250.00		
Family Season	\$250.00	\$220.00	\$772.00	
Adult Season	\$100.00	\$110.00	\$386.00	
Child Season	\$55.00	\$75.00	\$275.60	

Sporting Venues - Seasonal

	Boyup Brook	Bridgetown-Greenbushes	Manjimup	Nannup
Ovals - Seasonal				
Senior Football Club	\$695.00	\$1,260.00	Under review	\$360.00
Junior Football Club	\$350.00	\$221.00		
Hockey Club	\$350.00	\$191.00		\$44.60 per day
Cricket Club	\$350.00	\$126.00		\$360.00
Junior Cricket Club		\$101.00		
Basketball Association	\$465.00			
Junior Netball	\$350.00			
Tennis Club	\$350.00			
Senior Soccer Club		\$630.00		
Junior Soccer Club		\$221.00		

9.6 Private Works Plant and Machinery Hire Charges

The following Table sets out the private works hire charges for plant and machinery. There is a significant difference in some hire rates and not all Shires have the same plant and machinery.

Private Works Charges

	Boyup Brook	Bridgetown-Greenbushes	Manjimup	Nannup	Average
Private Works Charges					
<i>Plant & Machinery (inc labour, o/heads and parts)</i>	per hour	per hour	per hour	per hour	per hour
Motor Grader	\$130.00	\$100.00	works costed on request	\$131.00	\$120.33
Tandem Tip truck (13 tonne)	\$95.00	\$80.00		\$119.00	\$98.00
Tray Top Truck (3 tonne)	\$85.00	\$60.00		\$92.00	\$79.00
Utilities (single cab)	\$60.00	\$50.00			\$55.00
Utilities (dual cab)	\$75.00	\$50.00			\$62.50
Traxcavator Loader	\$100.00	\$100.00			\$100.00
Front end Loader	\$150.00	\$100.00		\$119.00	\$123.00
Tractors	\$120.00	\$50.00		\$92.00	\$87.33
Ride on mower	\$85.00	\$50.00			\$67.50
10 tonne vibrating roller	\$150.00	\$80.00			\$115.00
16 tonne Multi tyred roller	\$80.00	\$80.00		\$98.00	\$86.00
Prime mover & low loader	\$200.00				
Backhoe		\$50.00		\$104.50	\$77.25
<i>Labour</i>					
Labour % O/heads only	\$45.00	\$45.00		\$42.00	\$44.00
<i>Material & Services</i>	Cost + 30% + GST	Cost + 30% + GST			

9.7 Findings of Fees and Charges Imposed by the Shires

The fees and charges imposed by the Shires are not significantly different except for the area of Waste Collection where Bridgetown-Greenbushes imposed a levy under the Health Act to maintain its tips while that fee is inbuilt in the annual fee charged by the other Shires.

Retaining the current fees and charges for the recreation centres, swimming pools and ovals can be justified on the basis of the services provided whereas some general fees and plant hire rates may need to be standardised.

Generally the fees imposed by Nannup would have to be increased to meet a uniform level.

10.1. ADMINISTRATIVE ASSESSMENT AND COMPARISONS

10.1 Comparison of Current Local Laws

The following Table sets out the current local laws of the four Shires and the year of their gazettal. In the event of an amalgamation the local laws will have to be reviewed and one set of local laws adopted for the new Shire. The newly created Shire will have four sets of local laws under which to operate as legislation prescribes that until repealed, local laws will continue to apply in the district for which they were made.

If this cannot be accomplished in-house by retaining surplus staff, outside assistance will have to be engaged. Regardless of how it is done the likely cost for the review would be \$25,000 which includes the cost of advertising.

Local Laws are required by legislation to be review every eight years.

Current Local Laws

	Boyup Brook	Bridgetown- Greenbushes	Manjimup	Nannup
Standing Orders	1997	2008		
Bush Fire Brigades	2004	2000		
Fencing	2004	2004		
Parking and Parking Facilities	2004	2000		2007
Dogs	2004	2000	2004	
Local Government Property	2004	2000		
Activities in Thoroughfares and Public Places and Trading	2004	2000	2002	
Health	2004	2001	1999	2003
Cemetery	2004	2000		1981
Extractive Industries		2001		
Signs			2000	
Landfill and Waste Transfer Station			2007	
Refuse Site				1999
Old Refrigerators & cabinets		1962		
Signs and Hoardings		1973		
Parking Region			1990	
Hawkers		1933		
Swimming Pool			1978	
TV Masts and Antennas			1960	

10.2 Policy and Procedures

The Council adopted policies and procedures will have to be reviewed and consolidated into one set to be adopted by the Council of the newly formed Shires. This work should be done in-house however if the expertise is not available outside assistance will be required at a estimated cost of \$10,000

10.3 Contracts, Deeds and Agreements

In the event of an amalgamation the contracts and agreements held by the two Shires will have to be amended into the name of the newly formed Shire. This has the potential to incur expenditure due to the legal requirements. This could incur costs through legal advice and is estimated at \$15,000.

10.4 Information Technology

"To be provided by TSA Corporation"

10.5 Town Planning Schemes and Local Planning Strategies

"Still being researched"

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11. ELECTED MEMBERS REPRESENTATION AND COST

11.1 Representation

The following figures have been compiled to show the effect that an amalgamation of the four Shires will have on the elected representation that each of the four Shires will be entitled to on an amalgamated Shire. The Minister for Local Government in his Circular 05-2009 stated:

Where amalgamations take place, local governments:

- *Will be able to establish a system of wards based on the boundaries of the former local governments; and*
- *Can choose to allocate elected members so that each ward has at least one elected member, even if this does not comply with the one-vote one-value policy of the Local Government advisory Board.*

These arrangements may exist for a limited period. For example, if the first election for an amalgamated local government takes place at the 2011 ordinary elections, adherence to the one-vote one-value policy is to come into effect at the 2013 ordinary elections.

Although initially elected members can be allocated equally, eventually the one-vote one-value policy will be enforced. It is therefore important to understand the eventual allocation on elected members and the figures below do this. In compiling the figures the number of electors registered with the Western Australian Electoral Commission as at 31 December 2008 has been used. It is understood that these will differ with the addition of owners and occupiers but not that significantly to alter the outcome. It has been assumed that each of the former Shire districts will constitute a Ward in an amalgamated Shire and that the number of offices of councillor will be set at eight to conform to the stated desire of the Minister for Local Government of a number of elected members between six (6) and nine (9).

It can be seen from the figures that to adhere to the one-vote one-value policy the Manjimup Ward would be entitled to four (4) elected members, Bridgetown-Greenbushes Ward two (2) and Boyup Brook and Nannup Wards one (1) each.

To quote other variations, if the offices of councillor were to be set at twelve (12) the entitlement would be seven (7), three (3), one (1) and one (1). If the number of offices was sixteen (16) the entitlement would be nine (9), four (4), two (2) and one (1).

Although a number of factors must be taken into account when making the decision on whether to amalgamate the ability of elected members to properly undertake their role within the community as well as the right of the community to have access to their elected members could be considered to be a high priority. Any proposal to reduce the right of the communities to representation and access to their elected members may be resisted by the communities.

The "Options for Community Representation and Maintaining Local Identity" publication released by the Local Government Reform Steering Committee in June 2009 makes a number of suggestions on the methods of continuing community representation when a Council is removed from a district after amalgamation. With the current restrictions in the Local Government Act 1995 these community committees can be given no local decision making power and only act in an advisory capacity.

Elected Member Representation

	Boyup Brook	Bridgetown-Greenbushes	Manjimup	Nannup	Combined
Population (30/6/08)	1,594	4,339	9,995	1,325	17,253
Electors (WAEC 31/12/2008)	1,160	2,942	6,458	904	11,464
Elected Members	9	11	11	8	
Representation (Electors per Member)	129	267	587	113	
Population per Member	177	394	908	165	
Wards	4	4	6	3	
Warren Blackwood Shire					
Elected members					8
Wards (Old Shire Districts)					4
% electors per ward	10.12%	25.66%	56.33%	7.89%	
Elected member per Ward	0.81	2.05	4.61	0.63	
	(1)	(2)	(4)	(1)	

An alternate to the four ward system proposed would be a ward system that provides for representation from the main towns within the district of the Shire created by the amalgamation. The following figures are taken from the Australian Bureau of Statistics 2006 census figures for the towns as "state suburbs" and therefore do not match to the Shire figures. They do, however, give an indication of difficulties in establishing a fair ward system. These towns are:

	Population	Electors
Manjimup	4,239	2,890
Bridgetown	2,973	2,223
Greenbushes	343	263
Boyup Brook	1,594	1,160
Nannup	1,325	904
Pemberton	1,031	732
Northcliffe	412	293
Walpole	322	258

11.2 Elected Member Costs

The figures below have been compiled to show the current cost of maintaining the elected members in the four Shires and what that total cost is when combined. The figures also show the potential savings if the four Shires were to amalgamate and the potential savings if the four Shires were to amalgamate down to two.

It is to be noted that the costs for the amalgamated Shires have been compiled using the maximum amounts permitted under the Regulations. For example if the four Shires were to amalgamate the Shire President could be given an allowance of \$60,000 per annum calculated at 0.002 of the Shires operating revenue but not greater than \$60,000.

It can be seen from the Tables below that by amalgamating the four Shires and having eight elected members there is an estimated saving in costs of \$221,330.

Cost of elected members

	Boyup Brook	Bridgetown-Greenbushes	Manjimup	Nannup	Total
Meeting Fees (President)			\$7,000		\$7,000
Meeting Fees (Members)	\$50,000	\$70,000	\$35,000	\$17,760	\$172,760
President's Allowance	\$5,000	\$14,000	\$14,936	\$8,000	\$41,936
Pres Entertainment Allow		\$3,550			\$3,550
D/President's Allowance	\$1,250	\$3,500	\$3,734	\$2,000	\$10,484
Travelling Expenses	\$8,000		\$14,500	\$2,400	\$24,900
Travelling Exp (vehicle use)		\$5,000			\$5,000
Telecommunications Allow	\$1,500	\$11,000	\$13,200	\$12,840	\$38,540
Conferences	\$11,500	\$16,000	\$8,000	\$11,000	\$46,500
Election Expenses	\$1,000	\$15,500	\$12,600	\$1,000	\$30,100
Refreshment & Entertainment	\$18,000		\$18,000	\$16,300	\$52,300
Civic Receptions			\$13,650		\$13,650
Training	\$2,500	\$11,000		\$4,000	\$17,500
Insurance	\$8,500	\$6,300		\$10,000	\$24,800
Other Expenses		\$3,000	\$3,000	\$1,000	\$7,000
General Legal Advice		\$2,000			\$2,000
Subscriptions	\$10,900	\$8,910	\$11,000	\$6,200	\$37,010
	\$118,150	\$169,760	\$154,620	\$92,300	\$535,030

Cost of Elected Members in an Amalgamated Shire

Cost merge (max allowable)	4 to 1
President's Allowance	\$60,000
D/President's Allowance	\$15,000
Meeting Fees - President	\$14,000
Meeting Fees - Councillors	\$49,000
Allowances	\$27,200
Travelling Expenses	\$21,000
Conferences	\$30,000
Refreshment & Entertainment	\$16,000
Presidents vehicle	\$30,000
Training	\$10,000
Insurance	\$6,500
Elections	\$15,000
Subscriptions	\$20,000
	\$313,700

Shires 2008/09 Annual Budgets

11.3 Findings on Elected Representation and Costs.

The Report shows there are potential saving in the costs of supporting the current thirty nine elected members of \$221,000 and potentially greater savings if the fees and allowance paid are not at the maximum level allowed for in legislation. However, given the workload that will be imposed on the eight elected members of the created Shire there is justification for payment at the highest level.

A four Ward system with two elected members from each of the four Shires will for the first two years of the created Shire give the four former Shires an equal voice in the establishment of the new Shire.