

SHIRE OF BOYUP BROOK

LOCAL GOVERNMENT REFORM SUBMISSION

Made to the Minister for Local Government September 2009

It should be noted that this submission contains references to and excerpts from a consultant's report that was still in draft form (draft dated 22/9/2009, attachment A) and so there may be some inconsistencies with the final draft of this report. The report referred to is the Report on the Assessment of Structural Reform for the Shires of Boyup Brook, Bridgetown-Greenbushes, Manjimup and Nannup prepared by JR & C Gilfellon Local Government Specialists.

The Process

Item 3.4 on page 11 of the "Local Government Steering Committee – Structural Reform Guidelines", dated February 2009, provides as follows;

3.4 The Reform Submission – Transition Timeline

The following aspects should be addressed when preparing a transition timeline: the planned timing of the amalgamation including consideration of, though not limited to;

*organisational change processes;
human resources management;
development of governance systems such as local laws and policies; and
information technology and communication infrastructure.*

the impact on council elections;

the impact on staff contracts;

the impact on council operations during the transition period; and

details of estimated transition costs.

Action

1. Undertake detailed assessment for amalgamation.

2. Prepare Reform Submission having regard to:

- amalgamation;***
- elected member representation;***
- regional grouping; and***
- transition timeline.***

These guidelines (page 5, Stage 2 of the Timeframe for Submission to the Minister) also provide as follows:

April/May 2009

- Project team established (2-3 members from each local government).
- Project team meets as required to determine preferred amalgamation structure.
- Project team to determine appropriate elected member representation and methods for ensuring appropriate community representation.
- Project team to consider local government regional grouping.
- Seek State Government funding assistance as necessary for preparing Reform Submissions.
- If required, consultant/facilitator engaged.
- Community consultation undertaken within each affected local government and comments recorded.

In accordance with the Structural Reform Guidelines the Boyup Brook Shire Council passed the following resolution at its March 2009 ordinary meeting:

That Council delegate the Shire President and the Chief Executive Officer to be its Local Government Reform team and that this team meet with their counterparts at the Shires of Cranbrook, Kojonup, West Arthur, Collie, Donnybrook Balingup, Bridgetown Greenbushes, and Manjimup to conduct exploratory meetings on the matter of reform.

Letters were sent to each of the neighbouring Shire Councils inviting them to meet with the Boyup Brook Reform Team and these were followed up with phone calls to each Shire. Meetings were held with all but the Shire of Cranbrook. Talks with each of the neighbouring Shire Council representatives were similar in that none favoured amalgamation, opportunities for boundary adjustments were discussed, as were opportunities to work more collaboratively.

It was considered that the Shires of Boyup Brook, Bridgetown-Greenbushes, Manjimup and Nannup might work together on assessing structural reform options as there was already a tie between these Shires through the Warren Blackwood Strategic Alliance (WBSA) and there had been a study done in 2001 on amalgamation options for them. WBSA was set up by the constituent Shire Councils some years ago to (extract from its constitution):

- (a) *To effectively represent the businesses and community of the Warren Blackwood Region in its broadest sense and to promote the economic, tourist, retail, cultural and environmental development of the region;*
- (b) *To take an active interest in all matters of the moment affecting the Warren Blackwood Region and State of Western Australia with the view to improving, promoting and protecting the interests of Members and the Community;*
- (c) *To aid the Community in the development of a commercial environment in which entrepreneurship can flourish;*
- (d) *To establish a rapport with civic, business, ethnic and other sectors of the Community and be recognised as representing and presenting the view of community to the relevant agencies;*

- (e) *To keep Members informed on important matters affecting the economic development of the region and to render a varied and comprehensive service to its Members according to their requirements from time to time;*
- (f) *To consider and respond to and advocate the amendment of Commonwealth or State legislation, regulations and policies and the local laws, regulations and policies of local government bodies and other corporations directly or indirectly affecting commercial interest and for such purposes to take all such steps or proceedings as may be expedient;*
- (g) *To promote investment within the Warren Blackwood Region.*
- (h) *To create quality jobs for present and future generations by attracting and fostering sustainable industries that are acceptable in our rural environment.*
- (i) *To foster educational and training facilities that will enhance the quality of life.*
- (j) *To actively encourage the provision of quality health care services.*
- (k) *To encourage Government and private enterprise to support the Warren Blackwood Region.*

Whilst not strictly inline with its purpose, WBSA was nominated by its constituent Councils as the regional body for the purposes of dealing with the regional component of the Country Local Government Fund (CLGF) grant. It should be noted that WBSA's decision-making body is made up of elected Councillors from the four Councils and non elected people and it is understood that the Department for Regional Development's agreement to it receiving CLGF moneys was conditional on only elected members being able to vote on matters relating to these funds. However, this does not appear to be supported by WBSA's constitution and so it may have to be amended to facilitate a separate decision making body. Despite these technical hindrances, WBSA's purpose was already evolving. It appeared to be the logical vehicle to seek Government funding on behalf of the four Shire Councils, effectively pooling resources to gain a better outcome, to employ a consultant to look at reform options, consult with the communities and prepare a report. There was, however, no conscious decision made in favour of amalgamating with any of the constituent Shires.

The WBSA was successful in gaining funds for the study and, after calling for quotations and assessing submissions, JR & C Gilfellon Local Government Specialists (Consultant) was appointed by WBSA.

It had become apparent that there was little or no interest shown by the Shire of Bridgetown-Greenbushes or the Shire of Boyup Brook to amalgamate with Manjimup and so it was decided that the Consultant should present a draft of what he had gathered so far to see if there was any point in continuing to gather more information on amalgamations that may not be pursued. The Consultant presented his draft report to a joint meeting of Councillors, from the four Shires, and others in Manjimup (21 August 2009) and the general consensus was that there was little point in continuing to look at details such as town planning schemes and the like and that we should move to the public consultation phase in to gauge community sentiment. The Consultant took on board feedback from the meeting and prepared a further draft report and conducted public meetings in each Shire.

A public meeting was held in the Boyup Brook Town Hall Wednesday 9 September, 2009, and was attended by almost 150 (approximately 140 local residents) people and the consultants report notes the following:

18.3 Boyup Brook

A community consultation forum was undertaken with the Shire of Boyup Brook community on Wednesday 9 September 2009 at 7pm in the Boyup Brook Town Hall. Attendees were given a handout on the advantages and disadvantages of amalgamation for the Shire of Boyup Brook and a brief explanation of the options identified in the draft Report.

The forum was attended by 140 community members. In addition representatives of the Balingup Progress Association also attended the forum.

The Shire President welcomed the attendees and introduced Joanne Burges from WALGA and the Warren Blackwood Strategic Alliance consultant John Gilfellon.

Joanne Burges outlined what had transpired since the Minister for Local Government's announcement on reform and the process that will be followed when local governments present their submissions to the Minister.

John Gilfellon presented the findings of the report prepared for the Warren Blackwood Alliance and the impacts on the Shire of Boyup Brook and the town of Boyup Brook if an amalgamation of the Shires of Boyup Brook, Bridgetown-Greenbushes, Manjimup and Nannup was to occur. He also outlined the benefits that could occur by having a large amalgamated Shire. The various amalgamation options identified in the Report were presented and explained.

The attendees asked many questions and expressed the following concerns;

- *Is this another penny pinching exercise by the State Government?*
- *What is the financial position of the Shire and can it support itself?*
- *Why can't we take a stand like the Shire of Williams?*
- *What will happen to the schools, hospital etc if the town loses Shire workers?*
- *Concern about amalgamating Shires with different debt levels, reserves and rating levels.*
- *If community gets smaller it will lose services.*

- If government amalgamate Shires it will have to improve roads to allow for safe travel.

The following options were put to the forum to assist the Council with its decision making:

That the Shire remains as an individual Shire – All except two attendees in favour.

That the Shire amalgamate with the other Shires in the Blackwood Strategic Alliance – No one in favour.

That the Shire amalgamate with the Shire of Donnybrook-Balingup – Very little support.

That the Shire amalgamate with the Shires of Bridgetown-Greenbushes and Nannup with the inclusion of Balingup – Very little support.

That the Shire participates in a formal Regional Local Government with the Shires in Blackwood Strategic Alliance. – approx 50% support.

NOTE

It should be noted that the fifth sentence above from the Consultant's report is not correct and will be amended in the final draft to read as follows:

That the Shire participates in a formal Regional Local Government with the Shires of Bridgetown -Greenbushes and Donnybrook-Balingup. – approx 50% support.

It should also be noted that the third sentence above should read;

That the Shire amalgamate with the Shires of Bridgetown-Greenbushes and Donnybrook-Balingup – Very little support.

The handout referred to by the Consultant is attached (Attachment B).

It should be noted that the 140 residents who attended this public meeting in Boyup Brook on a cold, wet and windy evening equated to 12% of the total number of electors. Similar meetings held in the other three Shires of the WBSA had relatively poor attendances in comparison (according to the Consultant's report meeting attendances for the other towns were Nannup 40, Bridgetown 35, Manjimup 25, Pemberton 5, Northcliffe 5, Walpole 34) indicating a much higher level of interest in the matter here in Boyup Brook. The relatively high turnout for the Boyup Brook meeting was not unexpected given the relatively high level of interest the community has in its Council. This interest is demonstrated at contested elections by voter turnout at Local Government elections held here. (There was a 34% turnout at the last contested election, 2007, which was conducted in the "in person mode" indicating that an even higher level of involvement may have been attained if the election had been conducted in the postal mode, and more than 50% at the previous election, 2005).

The Consultant's report shows that the Bridgetown-Greenbushes and Nannup meetings also strongly favoured no amalgamation and, as a fallback position amalgamations with Shires other than Manjimup. Meetings held in four Manjimup Shire towns also favoured no amalgamation, however, there was some favour for, as fallback position, an amalgamation with Nannup.

This Council had started to look more to the Shires of Bridgetown-Greenbushes and Donnybrook-Balingup for teaming up with a view to possible amalgamation. Boyup Brook also had an interest in reviewing its boundary with West Arthur, should that Council also wish to consider this, with a view to moving the boundary further north. Residents in the southern sector of West Arthur had indicated a preference of becoming a part of Boyup Brook if there was to be an amalgamation. Representatives of the three Councils have met to explore opportunities.

In considering amalgamation options this Council saw the Bridgetown-Greenbushes, Donnybrook-Balingup direction as the only logical option and there was some opposition to aligning with Bridgetown-Greenbushes only as it was felt this Shire would be swallowed up by its larger neighbour where as a joining of the three might give Boyup Brook the balance of power so to speak. Due to the need to do due diligence, strong community support for no amalgamation and some reservation from Bridgetown-Greenbushes the three Councils have opted to look at forming a ROC, or some other type of alliance to work more closely together with the view to look at amalgamation options in the future.

Council has not reviewed its representation as part of this process but did a review in 2008. This review included public consultation and Council resolved, at its July 2008 meeting, as follows;

In accordance with schedule 2.2 (9) of the Local Government Act 1995 it is recommended to the Local Government Advisory Board that given the existing ward boundaries satisfy the assessment factors and the minimal number of electors influencing the Councillor/Elector ratio deviation, the existing Shire of Boyup Brook Ward Boundaries and representation be retained.

There are currently 9 Councillors and a ward system and it is considered that any saving made in reducing the number of elected members would not be significant. It is noted that uncontested elections are held up to indicate a lack of interest in the Local Government, and that low voter turnout is a further indicator. However, here in Boyup Brook we have a high level of voter turnout (30% to 40% of electors turning up to vote a contested elections has been the norm) and community comment indicates that elections are not contested because most people know each other and so are able to make an informed decision as the suitability of nominees and reconcile their perceived need to stand against a relatively high level of knowledge of the other person. Almost everyone in this Shire knows who their Councillors are by sight and by name and the Councillors do not enjoy the relative anonymity of City Councillors, but, they are then better informed on what the community thinks feels and desires.

Assessment

Social

In looking at potential partners to amalgamate with the Local Government Reform Team and Councillors considered factors such as communities of interest. Looking to Boyup Brook's eastern and southern neighbours it was considered there was little community of interest but there were synergies with Bridgetown-Greenbushes and Donnybrook-Balingup and the southern part of West Arthur (basically the Blackwood River catchment area of that Shire). There is considerable interaction between the people of these areas, cricket and hockey are examples of sporting activities that join the people of Boyup Brook, Bridgetown-Greenbushes and Donnybrook-Balingup. A recent survey conducted on behalf of the Shire of West Arthur indicated that a number of people in the southern part of the Shire would not be unhappy with a boundary adjustment that saw them in the Boyup Brook Shire.

People have commented that they travel through Donnybrook on their way to Bunbury, Perth etc and so the head office of an amalgamated Shire in Donnybrook would be convenient where as few people travel through Manjimup and so would require a special and long trip to conduct business, attend Council meetings and the like. Comments have also been made that the three Shires of Boyup Brook, Bridgetown-Greenbushes and Donnybrook-Balingup share a common interest in their respective very successful music festivals, their communities consist of a growing number of "life stylers", arts and craft are important to each community and growth predictions are similar. So there appears to be a thought that if there was to be a forced amalgamation then these three Shires, with a boundary adjustment with West Arthur, would be a better result for Boyup Brook than an amalgamation with Shires to the south or east.

Concern was expressed at the public meeting, in correspondence and general conversation at the affect an amalgamation might have on the community. The Shire Council is a major employer and spends a considerable amount of its goods and services expenditure locally. In an amalgamation situation it is highly likely that numbers of employees of the newly created Shire who live in or around the town will reduce and it is expected that the new Shire will eventually have different spending preferences to the current Local Government. The employees who live and work in and near town spend some of their money locally at the various shops etc, their children go to the schools and they consume local medical and allied services. They also contribute to the community through volunteering (St John, Fire Brigade etc) and participate in local sports, crafts and other clubs and participate in local church activities. The local Lions Club is a case in point where it is very active and provides great benefits for the community and its active membership is largely Shire employees or their families. There is a real concern that valued facilities such as the two schools, the hospital and profitable (Shire owned and operated) medical centre would be adversely affected by the direct impact of reduced Shire staff numbers living in and around town. Also that the very active and high level of volunteerism that supports St John, the Fire Brigade etc would be similarly affected. The flow on affect of reduced teacher numbers, shop employees etc would further compound the demise and whilst no doubt the town would survive all of this it could lose valued services (hospital, school, medical services, supermarket etc) in the interim and these may never be brought back. Identity is also an issue and people from the Shire talk with pride

that they come from Boyup Brook. Resident turnout to the public meeting called as part of the Consultants review of options for structural reform, and voter turnout at contested elections back up this sense of identity and a high level of community ownership of “their Shire”.

The Consultant report (page 69) notes, with respect to the social impact of amalgamation;

16. IMPACT ON THE SMALLER SHIRES.

The Shires of Boyup Brook and Nannup are smaller than the other two in the Warren Blackwood Alliance and have the most at stake in any amalgamation of the four Shires. Unfortunately the Shires do not have a common boundary as an amalgamation between the two would benefit them and allow them to retain equal representation.

The communities of the two Shires will gain the advantage of being part of a larger local government which has an increased capacity to provide the level of services and facilities and attract government funding that smaller Shires do not have.

They may however be disadvantaged by the centralisation of services and facilities in the larger towns and by the loss of staff out of their communities. The Shire of Boyup Brook advises that currently twenty of its staff are involved in community activities within the town in a voluntary capacity. This does not count for their family involvement. The Shire of Nannup also sites similar involvement. Although the loss of Shire staff from a town will not in itself cause the end of some community activities it does have the impact of restricting the sustainability and growth of some activities. Volunteerism in the emergency services is historically one area of involvement by Shire staff.

The Shire of Boyup Brook calculates from its ordinary expenditure 28.6% or \$192,440 is spent with local suppliers within the Shire. Nannup is similar with its expenditure with local suppliers estimated at \$250,000. This expenditure coupled with the salaries paid to staff and the percentage spent locally makes a significant contribution to the local economy. If 25% of staff salaries was spent locally this would contribute \$360,000 and \$200,000 to the Boyup Brook and Nannup local economies respectively. Contractors also are employed by the Shires to undertake specific works.

Should an amalgamation occur, there would still be a staff presence in both towns and the newly created Shire would continue to spend locally. The concern would be for businesses and schools, were the numbers marginal and any reduction could be restrictions on the business or loss of teachers.

The Shire of Nannup supports local event such as the Music Festival and Flower and Garden Week with in kind assistance through logistic help over a prolonged period of time.

There are towns throughout Western Australia that exist without a Shire located in the town and these continue to exist. It cannot be said that an amalgamation will cause either town to die. Although there will be an impact, what is unknown is the level of the impact on the growth, increase or decrease, of a town that an amalgamation may have.

Shires have supported the economies of their towns in tough economic times and the removal of that support will take some time for the local businesses to adapt. The support offer by Shires extends beyond the town businesses as support for agricultural industries has also been given. Such support is more readily achievable through local control over the decision making when considered the support to be offered.

It is considered unlikely that there will be a noticeable impact on the towns of Bridgetown and Manjimup should an amalgamation be implemented.

The Consultant also notes on page 71;

There are however barriers to amalgamation, the lack of a true community of interests, different strategic visions, differences in financial capacity and provision of service levels and the removal of the existing level of identity and local decision making power. The level of community representation on the created Council would be reduced, there would be less opportunity for community members to approach their elected representative on a personal basis and an increased workload on the elected members. Although adding to the workload of a single elected member a Community Advisory Committee would provide an avenue for input for the community.

Environmental

There has been no analysis of the environmental impact of amalgamation and it is suggested there are no obvious consequences of either remaining as separate entities or amalgamating other than the capacity to address environmental issues. This Council has joined with the Shire of Bridgetown-Greenbushes in the employment of specialist staff and the ROC option favoured by Council, and the Community, could serve to enhance this and provide the capacity that might be achieved by a larger entity without the down sides of amalgamation.

The community of this Shire has a high level of ownership of their district and so local environmental issue are noted to Councillors and Administration. A reduced level of access to these entities, which would result from amalgamation, may well impact on their level of ownership and the beneficial aspects that emanate from this.

Financial

The Consultant's report highlights that there would be some savings to be gained from the various amalgamation options he puts forward. However, he also notes that these savings would be eroded once the impact of the reduced General Purpose Grant is factored in.

The Consultant's report looked at the viability of each of the four Councils in the study. The Consultant noted the following with respect to financial ratios (Pages 16 and 17);

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, everything 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
<i>Current Ratio (benchmark >100%)</i>	158%	100%	114%	91%	150%
<i>Debt Ratio (benchmark <100%)</i>	4%	4%	3%	2%	3%
<i>Debt Service Ratio (benchmark<10%)</i>	3%	2%	2%	2%	2%
<i>Rates Coverage Ratio (benchmark>27%)</i>	36%	31%	32%	34%	36%
<i>Outstanding Rates Ratio (benchmark<5%)</i>	7%	6%	4%	2%	3%
<i>Untied Cash to Trade Creditors Ratio (benchmark>100%)</i>	51%	53%	85%	105%	282%
<i>Gross Debt to Revenue Ratio (benchmark<60%)</i>	13%	9%	15%	15%	28%
<i>Gross Debt to Economically Realisable Assets Ratio (benchmark<30%)</i>	7%	6%	9%	9%	14%
<i>* Note: New ratios prescribed 2005 onwards</i>					
<i>Percentage Rate Increases in Total \$ Value to the Previous Year</i>	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 (i.e. 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

The Consultant's report looked at each Shire's balance sheets and noted as follows (page 21);

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	5,850,645	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				
<i>Retained Surplus</i>	51,762,103	51,886,321	51,518,972	50,944,453
<i>Reserves - Cash Backed</i>	1,082,429	947,677	861,509	787,801
<i>Reserves - Asset Revaluation</i>	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, however there is an upward trend in long term borrowings.

The scope of the Consultant's study prevented analysis of detail past published reports. Had this analysis been done, it would have revealed that the upward trend in long term borrowings was brought about by a \$570,000 loan taken out so the Shire could build houses to rent out to GROH. In effect, this is a self supporting loan and so could have been discounted for analysis of the Shire's exposure to debt.

Based on the information available in the Consultant's report, there appears to be no significant financial benefit to be derived from amalgamation to the running of the organisation and when the gain is compared to the potential community impact of less people spending money in town (employees) and different purchasing preferences of the new Council, there may well be net financial cost to this community. **It is noted that no analysis has been done on what appears to be the communities preferred grouping if amalgamation were to be forced (i.e. Boyup Brook, Bridgetown-Greenbushes and Donnybrook-Balingup) however it is expected that the trend shown in the Consultant's report would be reflected in an analysis of the financial impact of amalgamation of these Shires.**

The Consultant's report shows that this Shire is in a good position in financial terms but has not kept its road condition data up to date. This area will be addressed as part of the work being done on asset and financial planning referred to in the next paragraph however this should be put into context. The data referred to is "Road Condition" data that is kept on the ROMAN system and is a tool used by Managers of Works and the like in planning for maintenance on sealed roads and has no impact on Grants Commission or Main Roads grants etc. Council's consultant who assists with design work, maintenance of ROMAN etc noted the following:

To simplify the process: The shires forward their ROMAN data to Main Roads each year. Main Roads then copy the inventory details from the data, update their GIS system, check for errors then send that component to the Western Australian Local Government Grant commission for grant funding modeling. The WALGGC does not use the condition data from ROMAN. Therefore the road condition component of ROMAN has no impact on Shire grant allocations.

On saying this, we have been updating ROMAN with your annual works programs each year, including footpath and drainage. I have completed the ROMAN works for more than 60 shire's state wide and find your data and your process to the above average for a rural shire.

It is appropriate that the Reform Check List be addressed in this submission at least in broad terms. It is noted that this Council was rated category 3 primarily because it did

not have its long term asset and financial management plans in place at the time it was prepared. It was noted in the checklist that Council had recognised the need to address this area and had provided funds in its 2008/09 budget to facilitate this and was done well before the challenge was put. Work is nearing completion of our asset management plan and by April next year all plans will be in place. A lot of work and expense has gone into the process to ensure that this Council has proper planning tools to enable it to make well informed decision and manage the affairs of the district. It hoped that Council would be given the opportunity to have its position reviewed before this snap shot of an assessed position is used.

Direction

The community has spoken and its decision is that there should be no amalgamation, but Council sees value in forming a ROC with the Shires of Bridgetown-Greenbushes and Donnybrook-Balingup noting that the community saw this as a good option. . Council sees a ROC as an avenue to reform; it also sees it as the forerunner to potential amalgamation with the suggestion that options be reviewed in 2012 leading up to the 2013 elections.

It is envisaged that the ROC would have two Councillors for each Shire and would be supported by the three Coe's. There would be no additional employee costs. The only additional cost to current operations being sitting, and other, fees for 6 Councillors if the VROC option is not taken. Preliminary talks have commenced with these Shires regarding the formation of a ROC and it is envisaged that plans would be formalised before the end of the calendar year. The ROC is seen as the opportunity to look at bigger and combined projects that might attract Government funding. It will also allow for better sharing of resources and facilitate working on common policies, local laws and the like which will make any eventual amalgamation a much smoother process.

Close

Council has looked at amalgamation options and, based on community sentiment and the Consultant's report that shows minimal, if any true financial gain and potential adverse impact to the community, does not support this option. It is, however, committed to forming a ROC with the Shires of Bridgetown-Greenbushes and Donnybrook-Balingup and to work closely with these Shires. Council is open to the opportunity for a boundary adjustment with West Arthur resulting in the southern part of the Shire of becoming a part of this Shire but is not actively seeking for this to occur. Council also sees value in reviewing the separate status of the three Shires forming the new ROC after a number of years of working together to see if amalgamation would produce any benefit for our communities.

Attachment B

SHIRE OF BOYUP BROOK

The Shires of Boyup Brook, Bridgetown-Greenbushes, Manjimup and Nannup are undertaking an assessment of the feasibility of an amalgamation of the four Shires. Some alternate options are attached, however, they may be further options that you believe should be considered.

The following are some advantages and disadvantages of such an amalgamation.

Advantages

- Increased capacity to provide services and facilities that meet the needs of the community.
- Savings through economies of scale and reduced number of elected members.
- Savings can be used to introduce new services and facilities.
- Greater influence of State and Federal Governments.
- Focus on betterment of the region and reduction of parochialism.
- Ability to attract increased levels of regional grant funding.
- Improved standard of works as Shire able to attract more skilled staff.
- Improved planning to meet the long term needs on a regional basis.
- Residential rates and rural rates to decrease marginally to meet average rate.

Disadvantages

- Loss of the Shire name
- Shire administration and operations may be moved to another locality.
- Shire funds built up in reserves for specific purposes may be redirected.
- A reduction in elected member representation with only one councillor out of eight on the Council formed by the amalgamation of the four Shires.
- Significant establishment costs if State Government does not provide financial assistance.
- After five years a reduction in the general purpose grant funding that would be provided to the four individual Shires.
- Debt liability of individual Shires to be taken over by created Shire.
- Effect on the businesses and volunteerism if the Shire administration and operations are moved.

AMALGAMATION OPTIONS PROPOSED

Amalgamation of the Shires of Boyup Brook, Bridgetown-Greenbushes, Manjimup and Nannup Creation. The amalgamation of the four Shires would create a large Shire with a annual revenue of \$30m, an area of 14,510 sq kms, a population of 17,253, and a total road length of 3,904 kms. Redundancy costs in the first year could be as high as \$840,000 with estimated savings of \$950,000 in each of the subsequent years. These savings would be significantly reduced by the reduction in general purpose grants five years after amalgamation. No reductions in the outside workforces recreation facilities and libraries are proposed in the assessment. Specialised services such as HACC would continue.

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. An amalgamation 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. Additional savings would be made when the administration and operational workforce locations could centralised.

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. Additional savings would be made when the administration and operational workforce locations could centralised.

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 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. Additional savings would be made when the administration and operational workforce locations could centralised.

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 centralised.

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 behafe 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 estimated at \$470,000.

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.

It is proposed that an amalgamation would occur on 1 July 2011 and election for the Council of the created Shire in October 2011.