



FINAL REPORT

SHIRE OF NANNUP STRATEGIC AND ORGANISATIONAL REVIEW

SUBMITTED AT A COUNCIL MEETING 27 AUGUST 2009

Prepared by **VERN McKay LG SERVICES**
Local GoVERNment

TABLE OF CONTENTS

TABLE OF CONTENTS.....	1
EXECUTIVE SUMMARY	3
RECOMMENDATIONS.....	6
Part A - General.....	6
Part B – Core Business	6
Part C – Forward Plan 2008/09 – 2012/13 Review	6
Part D – Organisational Structure	7
PART A - BACKGROUND AND INTRODUCTION	9
Strategic Plan Review / Organisational Review.....	9
Methodology	10
Shire of Nannup Statistics.....	11
PART B – WHAT IS CORE BUSINESS?	12
PART C – FORWARD PLAN 2008/09 – 2012/13 REVIEW	16
Sub-program 3.1 – General Purpose Funding Rates.....	16
Sub-program 3.2 – Other General Purpose Funding	18
Sub-program 4.1 – Members of Council	19
Sub-program 4.2 – Governance General.....	20
Sub-program 4.3 – Civic Functions and Public Relations	21
Sub-program 5.1 – Fire Prevention	22
Sub-program 5.2 – Animal Control.....	22
Sub-program 5.3 – Other Law Order & Public Safety.....	23
Sub-program 7.1 – Health Inspection and Administration	23
Sub-program 8.1 – Pre School	24
Sub-program 8.2 – Aged and Disabled	24
Sub-program 9.1 – Staff Housing.....	25
Sub-program 9.2 – Housing Other	26
Sub-program 10.1 - Waste Disposal and Recycling.....	27
Sub-program 10.2 - Town Planning.....	29
Sub-program 10.3 - Other Community Amenities	31
Sub-program 10.4 - Regional Development	31
Sub-program 11.1 - Public Halls, Civic Centre	32
Sub-program 11.2 (A) - Other Recreation and Sport	33
Sub-program 11.2 (B) - Other Recreation and Sport	34
Sub-program 11.3 (A) - Parks, Gardens and Reserves	34
Sub-program 11.3 (B) - Parks, Gardens and Reserves.....	35
Sub-program 11.4 - Library Services.....	35
Sub-program 12.1 - Road Construction Program	36
Sub-program 12.2 - Road Maintenance Program	37
Sub-program 12.3 - Road Plant Purchases	38

Sub-program 12.4 - Parking and Parking Facilities	39
Sub-program 13.1 - Rural Services.....	41
Sub-program 13.2 - Tourism and Area Promotion	41
Sub-program 13.3 - Caravan Parks.....	42
Sub-program 13.4 - Economic Development.....	43
Program 14 – Other Property & Services	44
Reserve Fund Transfers.....	44
Summary	45
PART D – ORGANISATIONAL STRUCTURE.....	48
Core Business Responsibility	50
Chief Executive Officer (CEO)	51
Manager Corporate Services.....	51
Manager Development Services	52
Works Manager	53
Appointed Council Committees	53
Risk Management	55
Summary	56
ALTERNATIVE ORGANISATIONAL STRUCTURE	58

EXECUTIVE SUMMARY

The review of the Forward Plan 2008/09 – 2012/13 by necessity included a review of functions and activities currently undertaken in the 2008/09 Annual Budget.

In identifying what is core business, the report suggests that while local governments have statutory roles that must be performed and discretionary roles that can be undertaken, core business is whatever the council wants to focus on to achieve its vision and mission.

Identifying ways to manage core business more effectively and operate more efficiently will require a review of revenue estimates and current levying and fees and charges practices. The WA Local Government Grants Commission assessment is that the shire is levying rates well below its capacity with rates from the GRV area greater than assessed while UV (rural) rates are significantly below. This is supported by a comparison in rates with the five other local governments that border the Shire of Nannup where rural rates are between 25% and 108% higher than rural rates in the Nannup Shire. [Nannup's rural rates could double and waste charges increase significantly if an amalgamation was to occur through structural reform]. There is also a risk that as property numbers grows and ratable values increase, the shire's general purpose FAG grant will decline in future putting greater fiscal pressure on the shire.

The shire's annual salary and wages expenditure is 1.52 times the total amount raised from rates each year and all things being equal a 3% increase in labour costs will require a 4.56% rate increase to fund this.

Only 35.6% of costs of waste and recycling are recovered through user charges with 64.4% covered in rate levies. This means that 14% of every rate account goes towards this activity. Not applying a user-pays principle to waste and recycling is contrary to contemporary industry practices. In addition, the practice of providing a service under one Act and using the provisions of another Act to cover costs may leave the shire open to challenge.

There are a number of instances where significant expenditures are incurred on assets (town hall, recreation centre, caravan parks) yet minimal fees are recovered for their use or through lease. Revenues should be maximised to achieve an efficient and effective use of those assets. A 'user-pays' principle should be adopted and introduced to ensure equity in service delivery and cost recovery where the costs of providing a service are met by those using that service.

There are a number of sub-programs and functional areas which could be reviewed for efficiency and effectiveness and this should occur, particularly in light of the current economic crisis. However, while there may be a tendency to cut service levels to reduce the rate burden on the community, the council can take a leadership role in maintaining community confidence and stimulating the community by maximizing service delivery and taking advantage of low cost of debt to fund capital works.

Operating income includes an 'abnormal' amount of \$400,000 from investment of grant funds held for Mowen Road and Jalbarragup Bridge works. This is likely to reduce to a nominal amount in 2009/10 and \$zero in 2010/11 with significant implications for future funding of normal and capital works.

The Forward Plan proposed that \$120,000 in shire funds would be allocated to road construction. Only \$43,000 was included in the 2008/09 budget. The shire's contribution to road construction works is proposed to be \$413,000 in 2009/10 and \$528,000 in 2010/11. Based on current projections, unless the shire makes significant structural changes to increase revenue, there will be a significant shortfall in funds required to undertake these and other works proposed in the Forward Plan over the next two years.

The shire receives an untied FAGs grant of \$358,000 for roads in 2008/09. However, only \$350,000 was budgeted for road maintenance in 2008/09 indicating that no shire resources are allocated to this key statutory role.

A significant proportion of rate levies (approximately \$100,000 or 11.6% of rates) have been allocated to tourism related activities in 2008/09. This includes significant expenditures on two caravan parks leased from the shire to the tourist bureau. No lease rental is received and if there is no immediate opportunity to recover lease fees under the lease, this should be recorded in annual budgets to reflect greater transparency in this arrangement.

Based on initial analysis, major items of plant (graders) appear to be well-utilised but all plant needs to be assessed to determine if change-over periods are reasonable or if alternative options to source plant are available.

The shire maintains nine specific reserve funds to fund future works and liabilities. The level of funds held should be reviewed to confirm adequacy. One reserve is shown as being overdrawn and this should be immediately corrected.

The allocation of public works overheads and plant operating costs and depreciation should be reviewed and regularly monitored to ensure that all costs are allocated to jobs.

There is no long-term financial plan linking the shire's *Forward Plan 2008/09 – 2012/13* with its financial capacity to fund day to day operations and actions and projects included in the plan. Given the pruning that has occurred and use of Royalties for Regions funding to balance the 2009/10 budget, the shire is clearly unsustainable (even in the short-term) and must make major structural changes in rates and user pays fees or significantly reduce service levels to continue to operate.

The shire's organisational structure comprising three departments, each headed by a manager reporting directly to the CEO is a flat and contemporary structure that is suited to a small rural local government like the Shire of Nannup. There is no suggestion that this be changed other than some minor adjustments that could occur between the CEO's area and two of the departments.

The Corporate Services Department is adequately staffed. Development Services requires additional support in town planning as this is a growing area and a full-time planning officer is considered necessary. The Works Department is adequately staffed in normal circumstances, however the major Mowen Road project has placed significant demands on the manager and the council should provide support in this section while this project is undertaken, to be funded from profits from the project.

The council should also provide for cover for extended absences by key staff to ensure that those positions can operate without adverse implications on activities and functions.

A review of Council committees should be undertaken with a view to disbanding some committees to reduce governance costs and demands on councillors and staff and with Council decisions based on professional officers' reports rather than committees' recommendations.

The shire has no formal risk management policies or processes in place and these should be introduced into the decision-making processes as a priority to minimise the risk of litigation or loss.

RECOMMENDATIONS

Part A - General

- A1 That the Council identifies strategies to stimulate and support the local economy that do not include staff redundancies.
- A2 That given the Minister for Local Government's proposal to restructure local government, the Council not prune expenditures or reduce service levels at this time to ensure that the Shire's current position is not weakened in the face of potential amalgamation with other local government districts.

Part B – Core Business

- B1 That the Council adopts the position that as well as performing statutory roles and subject to legislative constraints, *core business* for the Shire of Nannup is whatever the Council decides that it wants to focus on to achieve its Vision and Mission.

Part C – Forward Plan 2008/09 – 2012/13 Review

- C1 That the Council adopt the principle the future rate increases should be at or above CPI and more closely linked to the LGCI given that the latter has more relevance to local governments' costs
- C2 That the Council review the relativities in rate contributions from the GRV and UV sectors to bring these more in line with the Local Government Grants Commission's assessment of the shire's rating capacity and with rates levied by neighbouring and regional local governments.
- C3 That the Council increase the rate collection target to 98% in line with what has been achieved historically.
- C4 That the Council reviews its participation in and attendance at conferences in 2009/10.
- C5 That the current liability for long service leave be reviewed on an annual basis to ensure that the amount transferred to Reserve Funds is adequate.
- C6 That the 5-year Councillor and Office Equipment Replacement program be reviewed on an annual basis to ensure that the amount transferred to Reserve Funds is adequate.
- C7 That the Council develops a policy on contributions to aged persons' accommodation to support future expenditures on this activity.
- C8 That the annual contract for tip site maintenance be reviewed to ensure that this reflects the reduced work of the contractor since introduction of kerb-side recycling.
- C9 That the Council adopts a user-pays principle in recovering the cost of waste management to recover 100% of costs involved from household rubbish collection fees, recycling fees and tipping fees.
- C10 That the Council review all land fill tipping fees to levels comparable to neighbouring local governments to achieve a reasonable recovery of costs and discourage dumping of waste from outside of the district.
- C11 That the Council adopts maximum fees permitted by regulations for all planning and development applications.

- C12 That the Council reviews the number of public toilets open to the public at any one time to minimise cleaning costs.
- C13 That the Council reviews fees and charges for the town hall to maximise the return on this asset.
- C14 Where hire fees are waived, the value of this be recorded as income for the town hall and a donation expense against Members of Council.
- C15 That the Council reviews fees and charges for the recreation centre to cover day to day cleaning and utility costs as a minimum and to maximise the return on this asset.
- C16 Where hire fees are waived, the value of this be recorded as income for the recreation centre and a donation expense against Members of Council.
- C17 That before purchasing any new major plant items, the Council reviews utilisation of all plant to determine if use of plant can be maximised and whether there are alternatives to purchase that will provide more economical benefits for the Shire.
- C18 That the Council reviews the lease arrangements for the caravan parks to maximise the return on these assets.
- C19 In the event that commercial lease fees are not recovered, the value of this be recorded as income for the caravan parks and a donation expense against Members of Council to reflect greater transparency in this arrangement.
- C20 That in finalizing future budgets, the public works overhead amount shown as allocated be reconciled with actual amounts allocated across all programs.
- C21 That public works overheads rates be reviewed at least quarterly to ensure that overheads are allocated appropriately.
- C22 That in finalizing future budgets, the plant operating cost amount shown as allocated be reconciled with actual amounts allocated across all programs.
- C23 That plant operating cost rates be reviewed at least quarterly to ensure that plant costs are recovered.
- C24 That the amount of plant depreciation allocated to jobs be the amount actually transferred to the Plant and Machinery Reserve.
- C25 That an amount equivalent to interest earned on Reserve funds be transferred to specific reserves.
- C26 That as a priority, the *Forward Plan 2008/09 – 2012/13* be reviewed to include a long-term financial plan to demonstrate how the shire will fund day to day operations and other core business activities and projects included in the plan.

Part D – Organisational Structure

- D1 That the Council develops a strategy to cover unforeseen or extended staff absences which may include the creation of a specific cash reserve for that purpose.
- D2 That the Council allocate sufficient budget to fund a part-time staff member to assist the Manager Development Services and Works Manager in their roles.
- D3 That the Council considers establishing a full-time planning officer position which could be funded from the contract planning and special planning projects budgets.

- D4 That the Council engages temporary technical engineering resources to support the Manager works during construction of Mowen Road and to be funded from the Mowen Road construction budget.
- D5 That when committee members terms of appointment cease on the next ordinary election day (17 October 2009) the Council review the need for current committees and only establish such committees that are required by law or which will improve the efficiency and effectiveness of the Council's decision-making processes.
- D6 That a risk management strategy be introduced into the decision-making processes as a matter of priority to assess the likelihood, consequences and treatment of decisions including failing to act.
- D7 That subject to a full-time planning officer being appointed, the organisational structure be amended as detailed in the *Alternative Organisational Structure* chart.

PART A - BACKGROUND AND INTRODUCTION

Strategic Plan Review / Organisational Review

In December 2008 the Shire of Nannup Council resolved:

"In light of the downturn in the economy following the global monetary situation, ... that Council re-examines the Strategic Plan for the next 5 years in the areas of:

- (a) Core Business – what is core business? Any strategies to manage them more effectively?
- (b) Financial – any opportunities to prune/improve efficiency?
- (c) Staff mix – is it in line with what needs to be achieved?"

A dictionary definition of 'efficiency' would be *producing the desired effect or outcome with the least effort or waste* with 'effectively' being defined as *producing or capable of producing the desired result*. Efficiency and effectiveness do not just relate to expenditure but equally apply to revenue streams so that an efficient and effective use of an asset is not just to minimise the cost of providing that asset but to also maximise any return (revenue) from that asset.

It was not possible to simply look at the Forward Plan in isolation as this only tells part of the picture and generally only lists major additional activities that are planned in future. All of the shire's current services and projects are included in the current budget and an examination of the current 2008/09 Budget was also undertaken. This report addresses the above issues and makes comment and observations on various shire programs and services delivered to the community including financial aspects of some services.

The council should always strive to deliver its services efficiently and effectively. There is an implication in the council resolution that given the current economic crisis there is a need to prune or perhaps cut back on services. As one of the major employers in the district the council can play a role in helping its community through difficult economic times. While some may consider cuts as a way to achieve this, an alternative approach is for the council to take a more proactive leadership role by maintaining services and continuing to deliver its programs to instill confidence in the community. The provision of infrastructure and use of debt at a time when the cost of borrowings is at a historical low may provide greater benefits and stimulus to the local economy than any cut-backs.

A 10% cut in service levels may save \$86,000 to \$90,000 in rates and reduce average rate accounts for GRV rated properties by \$69 (\$1.33 per week) and UV rated land by \$109 (\$2.10 per week). However, this could only be achieved through a minimum of two staff redundancies. If this occurs and two families are lost from the district, the potential adverse flow-on to local businesses, school enrolments, sporting team memberships and loss of volunteers for local community groups may negate any benefit that would be achieved.

Given the Minister's 5 February 2009 announcement of his desire to see structural reform across the industry¹, there is a real risk in minimizing service delivery if any amalgamation is to occur as part of a structural reform agenda as a larger amalgamated local government is likely to simply maintain service levels occurring at the time of amalgamation.

¹ Minister for Local Government, Ministerial Circular No 01-2009, 5 February 2009.

The council should be mindful that a number of activities are delivered with minimal resources and by some staff working well in excess of reasonable hours and the capacity to reduce services without further impacting on staff is limited.

Part A Recommendations

- A1 That the Council identifies strategies to stimulate and support the local economy that do not include staff redundancies.**
- A2 That given the Minister for Local Government's proposal to restructure local government, the Council not prune expenditures or reduce service levels at this time to ensure that the Shire's current position is not weakened in the face of potential amalgamation with other local government districts.**

Methodology

The following methodology was used in undertaking this project:

1. Analysis of Forward Plan 2008/09 – 2012/13
2. Examination and analysis of 2008/09 Budget
3. Preparation of draft schedule of all activities as "Core" or "Non-Core"
4. Preparation of questionnaire to collect various statistics including road lengths, maintenance frequency, access numbers, building licences, planning applications, health inspections, Grants Commission assessments, etc
5. Meetings with CEO and Senior Staff to confirm / clarify:
 - a. staff numbers / assets deployed
 - b. various statistics collected through questionnaire
 - c. exact allocation of time and resources to various activities
 - d. any historical context of services funded
6. Desktop review of other similar Council structures / suggested structure
7. Identification of possible areas where services may be reduced, savings may occur, efficiencies can be improved, alternative service delivery options or where additional resources are required
8. Preparation of draft report
9. Presentation to Councillors and senior staff on outcomes included in final report

The three main parts to this report are Part B which addresses 'core business', Part C which undertakes an assessment of the various sub-programs in the Forward Plan and Annual Budget and Part D, which looks at staff structure.

Shire of Nannup Statistics

Key statistics and data relevant to the shire are detailed in the following table:

Data	Details
Area	2,953km ²
Population (ABS Census 2006)	1,192
Rate Revenue 2008/09	\$860,629
Rate Assessments 2008/09	1,060
General Purpose FAGS Grant	\$559,674
FAGS Road Grant (Untied)	\$358,347
Debt (Principal outstanding) 30 June 2008	\$66,286
Number of Employees	23.45
Annual Payroll Cost	\$1,182,000
Local Roads Lengths	
- Sealed	188km
- Unsealed	350km
Building licences July – Dec 2007	20
Building licences Jan – Jun 2008	32
Building licences July – Dec 2008	37
Planning / Development applications 2007	41
Planning / Development applications 2008	37

Source: Shire of Nannup and Australian Bureau of Statistics

PART B – WHAT IS CORE BUSINESS?

"In the dynamic environment of the modern public sector, what is core business may be fluid. Organisational purpose and strategies, and communication mechanisms for relaying these to staff, need to be reviewed regularly if an agency is to maintain high performance."²

Probably since before the repeal of the Roads Board Act and the enactment of the Local Government Act 1960 ("the former 1960 Act") and certainly with the enactment of the Local Government Act 1995 ("the current 1995 Act") the range of activities local governments are involved in has expanded rapidly from the traditional services of roads, rates and rubbish into urban planning, environmental management, emergency management, recreation and culture and many other human services.

This diversification in activities that has occurred over the years has in part been through cost shifting from the State and Federal Government, but has also been driven by local communities needing and demanding services to be provided locally. While additional legislated functions have often come with promises of grant funding, local governments' revenues have not generally kept pace with the increase in demand for services and the diversification in activities has usually come at the expense of traditional services with generally less local funds available for road construction and asset management.³

While the former 1960 Act was ultra vires based⁴ it provided for a large range of services and activities which local governments could be involved in. The current 1995 Act is based on the concept of general competence where:

*"The general function of a local government is to provide for the good government of persons in its district."*⁵

The general function of a local government includes legislative and executive functions.⁶ Legislative functions are the powers to make and enforce local laws for its district.⁷ The Shire of Nannup has three local laws current at the time of this report. These are:

Shire of Nannup Refuse Site Local Law
Shire of Nannup Health Local Laws 2003

Gazetted 26/11/1999
Gazetted 7/11/2003
Amended 13/10/2006
Gazetted 12/06/2007

Shire of Nannup Parking and Parking Facilities Local Law 2007

In performing its executive functions a local government may provide services and facilities in accordance with the current 1995 Act.⁸ Section 3.18 of the current 1995 Act provides

² Australian Public Service Commission – Agency Health: Monitoring Agency Health and Improving Performance 2007 (see www.apsc.gov.au)

³ Australian Parliament House, About the House – Local Government at the Crossroads, September/October 2002.

⁴ Local governments could only provide services and do what the Act allowed.

⁵ Local Government Act 1995, s.3.1

⁶ Ibid, s.3.4

⁷ Ibid, s.3.5

⁸ Ibid, s.3.18

that a local government must satisfy itself when delivering services and facilities that the services that it provides:

- (a) *integrate and coordinate, so far as practicable, with any provided by the Commonwealth, State or any public body;*
- (b) *do not duplicate, to an extent that the local government considers inappropriate, services or facilities provided by the Commonwealth, the State, or any other body or person, whether public or private; and*
- (c) *are managed efficiently and effectively.*

There is a significant amount of Federal and State legislation which local governments have to comply with. In addition, legislation also requires local governments to undertake other roles and in fact apply and enforce that legislation within their district. Such legislation includes (but is not limited to):

- Dog Act 1976
- Bush Fires Act 1954
- Caravan Parks and Camping Grounds Act 1995
- Cemeteries Act 1986
- Emergency Management Act 2005
- Food Act 2008
- Health Act 1911
- Library Board of Western Australia Act 1951
- Local Government Act 1995
- Local Government (Miscellaneous Provisions) Act 1960
- Planning and Development Act 2005 (the head of power for the Shire of Nannup Local Planning Scheme No 3)
- Rates and Charges (Rebates and Deferrals) Act 1992

Given the general competence powers provided by the current 1995 Act and as well as statutory roles (and subject to legislative constraints), *core business* is whatever local government decides that it wants to focus on.

The Shire of Nannup *Forward Plan 2008/09 – 2012/13* includes the council's vision and mission of the shire as well as a range of actions that the shire proposes to undertake to achieve its vision and mission. The Vision⁹ of the Shire of Nannup is:

"To foster a community that acknowledges its heritage, values and lifestyles whilst encouraging sustainable development."

The Mission¹⁰ of the Shire of Nannup is:

"The Shire of Nannup will deliver quality services, facilities and representation in order to achieve our Vision."

It follows then that as well as performing statutory roles and subject to legislative constraints, *core business* for the Shire of Nannup is whatever the council decides that it wants to focus on to achieve its Vision and Mission.

⁹ Shire of Nannup, *Forward Plan 2008/09 – 2012/13*, P.9

¹⁰ *ibid*

For the purpose of this review, core business has been categorized as either statutory core business¹¹ or discretionary core business¹². In performing statutory core business the council also has some discretion as to the extent of resources that will be allocated to that activity.

Following a review of the *Shire's 2008/09 Annual Budget and Forward Plan 2008/09 – 2012/13*, activities currently undertaken have been listed as either statutory core business or discretionary core business in the following table. Where there is discretion associated with statutory core business, this is shown in parentheses ():

STATUTORY CORE BUSINESS	DISCRETIONARY CORE BUSINESS OR (STATUTORY CORE BUSINESS DISCRETION)
Property rating	(Mix and level or rating, annual increases, discounts and interest charges)
	Vehicle licensing agency
Investment of funds	(Where funds placed to maximise return and minimise risk)
	Grants sourced
Municipal elections	(Postal or voting in person, extent of some advertising)
Councillor fees and expenses reimbursement, training	(Fees set within statutory limits)
	Allocation of donations and financial support to groups and local organisations
	Membership of organisations
Establish suitable structure to deliver services and facilities, governance, accounting policies, financial management, future planning, annual budget, fees and charges, customer service, equipment provided	(Staff resources allocated, fees set, IT, equipment and other administration support provided, level of fees and charged adopted, reserve funds, debt funding)
	Building and garden maintenance of community assets
Fire control	(Extent that fire control legislation is enforced, resources allocated)
Animal control	(Extent that animal control legislation is enforced, resources allocated)
Emergency management	(Resources allocated)
Health administration	(Extent that health legislation and local law are enforced, inspections undertaken, resources allocated, licence fees levied)
	Pre school facilities
	Community Development Officer Youth Officer Recreation Officer
	Housing provided for staff and non-staff, aged accommodation
Disability Access and Inclusion Plan	(Resources allocated)
Household rubbish collection, recycling services, refuse sites provided	(Method and frequency of services, fees charged, management of refuse sites, local law enforced)
Town planning services	(Staff resources allocated, plans implemented, studies and future planning undertaken)

¹¹ Activities that are required to be undertaken by law or which are essential to support those activities

¹² Activities that the local government can decide if it wants to undertake or not and the extent of those activities

STATUTORY CORE BUSINESS	DISCRETIONARY CORE BUSINESS OR (STATUTORY CORE BUSINESS DISCRETION)
Cemetery operation	(Fees charged, maintenance undertaken)
	Public convenience provision and maintenance
	Resource sharing and regional partnerships undertaken
	Public halls and recreation centres provided, fees charged, upgrades and maintenance works undertaken
Parks and reserves managed	(Standard of maintenance, capital works and enhancements undertaken)
Library services	(Resources allocated)
	Road construction / reconstruction undertaken and own resources allocated
Road and bridge maintenance	Level of road and bridge maintenance undertaken and resources allocated
	Footpath construction and maintenance undertaken, street sweeping, verge maintenance and crossover construction
Car parking	(Local law enforced)
	Depot provision, maintenance and staffing
	Plant and equipment provided / owned
	Weed and feral pig control, environment management, NRM and Landcare support
	Tourism and area promotion, events support, caravan park maintenance, enhancement and fees
Building control	(Resources allocated, maximum fees charged, progress inspections undertaken)
	Private works undertaken by Shire staff and fees charged

The above list is not exhaustive and other functions can be undertaken and services provided.

Part B Recommendation

- B1** That the Council adopts the position that as well as performing statutory roles and subject to legislative constraints, *core business* for the Shire of Nannup is whatever the Council decides that it wants to focus on to achieve its Vision and Mission.

PART C – FORWARD PLAN 2008/09 – 2012/13 REVIEW

The information detailed in the various tables in this section has been extracted from the Shire of Nannup *Forward Plan 2008/09 – 2012/13* and *2008/09 Annual Budget*. Comments are included on each sub-program.

A number of the actions have been ~~struck-through~~ in line with the advice to council on 23 April 2009 that these matters are completed/discontinued (or soon to be completed).

Sub-program 3.1 – General Purpose Funding Rates

Ref	DETAILS OF ACTIONS REQUIRED	Estimated costs and completion year				
		08/09	09/10	10/11	11/12	12/13
A	Review Council's rating system		Staff resources		Staff resources	
B	Determine rates in the dollar	\$850,000	\$875,000	\$900,000	\$930,000	\$960,000
C	Achieve benchmark of 95% rate collection annually	Staff resources and operating budget				
	Estimated Increase over Previous Year	3.21%	2.94%	2.86%	3.33%	3.13%
	2008/09 Budgeted Rate Income	(\$860,629)				

Comment

The three actions linked to this sub-program are considered to be reasonable, however estimates of rate revenue are marginally below previous CPI forecasts of 3.75% for 08/09 and 3.0% for 09/10¹³ and likely to be well below the Local Government Cost Index (LGCI) of 4.4% for the year ending December 2008¹⁴. The Australian Governments current CPI forecasts are 1.75% to June 2010 and 1.5% to June 2011¹⁵. The council should maintain the rate base at or above growth in CPI and more closely linked to the LGCI, given that the latter has more relevance to a local government's costs.

Part C Recommendation

C1 That the Council adopt the principle the future rate increases should be at or above CPI and more closely linked to the LGCI given that the latter has more relevance to local governments' costs

In assessing 2007/08 grant allocations, the WA Local Government Grants Commission (Grants Commission) assessed the shire's overall rating capacity to be significantly higher than actual levies as shown below:

Rate Category	Assessed *	Shire Actual *	Variation \$	Var'n %
Residential/Commercial/Industrial GRV	\$295,760	\$364,124	+ \$68,364	+ 23.1%
Agricultural UV	\$565,791	\$350,933	- \$214,858	- 38.0%
Mining Rates UV	\$23,751	\$11,486	- \$12,265	- 51.6%
Total	\$885,302	\$726,543	- \$158,759	-17.9%

* Based on 2005/06.

¹³ WA Department of Treasury and Finance forecasts for key economic parameters cited in WALGA Economic Briefing February 2009

¹⁴ WALGA Economic Briefing February 2009

¹⁵ Budget Paper No 1 – Budget Strategy and Outlook 2009-10 p2-6, 12 May 2009

The above indicates that (in the view of the Grants Commission) the shire is not rating to capacity and that there is an imbalance between GRV and UV levies with the GRV sector being over-rated and the UV sector under-rated (significantly). [See also sub-program 10.1 below. As approximately 14% of shire rates covers costs associated with waste disposal and recycling, the "Shire Actual" levies are inflated].

A report by Ray Hadlow ¹⁶ advised:

"...a major issue for the future of the Shire's grant is the potential for increase in the Shire's property values and growth in the number of properties, both of which will reduce the Shire's grant need."

In essence, likely increases in rateable values and property numbers have the potential to increase the Grant Commission's assessment of the shire's rating capacity and reduce future grants. The council will need to be mindful of this in future budget deliberations.

The Grants Commission's assessment is supported by the 2008/09 rate-in-the-dollar ¹⁷comparisons for neighbouring and regional shires. UV's are all reassessed annually and therefore are all aligned to the same date. However note that the comparison for GRV rates may be affected by the different dates that GRV's were assessed for each local government. Some also levy differential rates so a full comparison is not provided.

Shire	GRV Rate-In Dollar	UV Rate-In-Dollar
Augusta-Margaret River	12.0533c	0.2805c
Boyup Brook	13.8600c	0.4414c
Bridgetown-Greenbushes	8.2330c	0.2875c
Busselton	10.4223c	0.3198c
Donnybrook-Balingup	8.8312c	0.2665c
Manjimup	9.1520c	0.3949c
Nannup	9.9300c	0.2120c

The implications of the above on any future structural reform (amalgamation) are obvious with rates potentially doubling.

Recommendation

C2 That the Council review the relativities in rate contributions from the GRV and UV sectors to bring these more in line with the Local Government Grants Commission's assessment of the shire's rating capacity and with rates levied by neighbouring and regional local governments.

The 2008/09 Budget includes the following costs for salaries, wages and superannuation:

Salaries	Wages	Superannuation	Total
\$629,041	\$552,499	\$129,533	\$1,311,073

¹⁶ Background paper for the council briefing of 27 January in preparation for the WA Grants Commission Hearing, January 2009

¹⁷ Extracted from respective budget documents for 2008/09

These direct labour costs are therefore 1.52 times the 2008/09 budgeted rate income of \$860,629. Assuming that future wage increases will be wholly funded through rates, a 3% wage increase on its own will require a 4.56% rate increase.

A higher collection rate than the 95% target for rate levies each year is below what is likely to be achievable with approximately 98% achieved historically. This should be reviewed to the historic levels bearing in mind that rates are a charge on the land and follow ownership and recovery is ultimately all but guaranteed.

Recommendation

C3 That the Council increases the rate collection target to 98% in line with what has been achieved historically.

Sub-program 3.2 – Other General Purpose Funding

Ref	DETAILS OF ACTIONS REQUIRED	Estimated costs and completion year				
		08/09	09/10	10/11	11/12	12/13
A	Develop a rolling grant access program to continually be sourcing external funds	Staff resources and operating budget				
B	Actively seek sponsorship for projects and activities that are identified as beneficial to the community	Staff resources and operating budget				
C	Monitor or undertake hearings (as appropriate) for Grants Commission funds	Staff resources and operating budget				
2008/09 FAGs Income		(\$559,674)				
2008/09 Untied Road Grant		(\$358,347)				
2008/09 Other Income		(\$34,321)				
2008/09 Interest on Investments		(\$420,000)				
2008/09 Sundry Expenses		\$19,437				

Comment

No change is recommended to the three actions proposed. However, interest from investments of \$420,000 in 2008/09 includes \$400,000 interest on DOTARS funds held for Mowen Road and Jalbarragup Bridge. \$400,000 is the equivalent of 47% of annual rate levies.

Given the sharp decline in interest rates this financial year, the amount of \$400,000 is unlikely to be achieved by 30 June 2009. This is also a short-term source of revenue which will decline rapidly as capital funds are expended and not be available after 2009/10. With limited other sources of revenue, there will be greater pressure to either find other funding sources, to maximise existing funding (rates) or to dramatically reduce expenditures and associated services. The Council will need to develop clear strategies to address this.

Sub-program 4.1 – Members of Council

Ref	DETAILS OF ACTIONS REQUIRED	Estimated costs and completion year				
		08/09	09/10	10/11	11/12	12/13
A	Review the present Council ward boundaries and representation		Staff resources and operating budget			
B	Attendance at Councillor training modules and local government conferences is undertaken	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000
C	Review current financial reporting requirements to Councillors		Staff resources and operating budget			
D	Promote voter turnout at local government elections		Staff resources and Operating budget		Staff resources and operating budget	
E	Conduct orientation and introduction day for newly elected Council members		Staff resources and Operating budget		Staff resources and operating budget	
F	Conduct twice annual road/facility inspections	Staff resources and operating budget				
2008/09 Operating Expenditure		\$98,597				
Donations		\$16,100				
Average cost per elected member		\$12,325				

Comment

Action B – 'Attendance at Councillor training modules and local government conferences is undertaken' has an estimated annual financial cost of \$9,000, however the 2008/09 budget also includes \$6,000 for Local Government Week attendance – a total of \$15,000. Councillor training is essential to assist elected members to develop adequate skills to undertake their roles in a complex and diverse industry. There is a clear link to councillor training in the Shire's Mission to "... deliver quality ... representation in order to achieve our Vision".

An average cost of \$1,875 per elected member for training and conferences is not dissimilar to budgets for several other south west local governments (Bridgetown-Greenbushes \$1,091, Bunbury \$1,480, Collie \$1,909, Harvey \$1,923, Donnybrook-Balingup \$2,555)¹⁸. However, the council may wish to review the level of expenditure budgeted for this activity each year, particularly if stability in membership and retention of knowledgeable councillors continues. Members meeting fees and expense reimbursement allocations are generally moderate and not unreasonable.

Recommendation

C4 That the Council reviews its participation in and attendance at conferences in 2009/10.

A budget of \$16,100 is allocated for nominal donations to 8 to 10 community groups. The largest single donation is \$6,000 to the Nannup Music Club. There is unlikely to be much opportunity to review the donations without impacting on the services provided by these

¹⁸ See 2008/09 Budgets for these respective local governments

community groups, however all applications for funds should be supported by financial statements and budgets to establish the need for funding requested.

While there is no specific budget allocation involved, the large number of committees established by the council places a significant impost on staff in supporting these committees (agenda, attendance, minutes and report preparation for council). This is discussed in more detail in Part D of this report.

Sub-program 4.2 – Governance General

Ref	DETAILS OF ACTIONS REQUIRED	Estimated costs and completion year				
		08/09	09/10	10/11	11/12	12/13
A	Identify any areas of skills training required by staff	Staff resources and operating budget				
B	Ensure all staff performance reviews are undertaken in accordance with contracts	Staff resources and operating budget				
C	Review Council's local laws, policy manual and delegation register	Local laws by contract or internal staff resources in 2009/10. Delegations to be reviewed annually per statute and policy manual to be reviewed in 2008/09				
D	Conduct an induction process with all new staff	As new staff commence in any of these years				
E	Review this Forward Plan annually in March and reprint once every two years	Review	Review & Reprint	Review	Review & Reprint	Review
F	Implement five year Councillor and office equipment replacement program	\$24,000	\$22,500	\$16,500	\$16,500	\$23,000
G	Maintain a staff structure capable of the delivery of the Strategic Plan and essential Shire services and service	Operating budget				
H	Review the method of providing police licensing services	Staff resources and operating budget. The contract for the provision of police licensing services is 10 years and will extend beyond the current year Forward Plan				
I	Maintain Shire website	Staff resources and operating budget				
J	Review Customer Service Charter, Code of Conduct and Information Booklet	Customer Service Charter review 2008/09, Code of Conduct as statutorily required (within 12 months after ordinary elections) hence 2009/10 and 2011/12, Information Booklet reviewed annually				
K	Conduct once weekly inside staff meetings	Staff Resources				
L	Implement Shire Record Keeping Plan	Staff resources and operating budget				
M	Develop and implement an enterprise wide Risk Management Plan	Staff resources and operating budget				
N	Complete annual compliance audit report	Staff resources and operating budget				
O	Make loan repayments on Loan 31-Office Extensions	\$7,174				
P	Transfer adequate funds to reserve to fund future long service leave obligations	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Q	Transfer adequate funds to reserve to fund the five year Councillor and office equipment replacement program	\$15,000	\$15,000	\$15,000	\$20,000	\$20,000
2008/09 Operating Expenditure Budget		\$701,438				
Capital Expenditure		\$55,902				
Operating Income		\$45,050				

Comment

This area covers the general administration and governance areas of the organisation. Most of the actions listed (A, B, C, D, E, G, I, J, K, L, M, N and O) are either required statutory processes or good practices and are generally actioned using staff resources.

Action H 'Review the method of providing police licensing services' involves no specific additional budget and is good practice. (All processes should be regularly reviewed over time to improve efficiencies).

The use of Reserve Funds to meet future commitments is good financial practice. Accordingly, action P 'Transfer adequate funds to reserve to fund future long service leave obligations' should be maintained. However, the current liability and basis for the calculation of the \$20,000 to be transferred each year should be reviewed on an annual basis.

Recommendation

C5 That the current liability for long service leave be reviewed on an annual basis to ensure that the amount transferred to Reserve Funds is adequate.

Action F 'Implement five year Councillor and office equipment replacement program' and Action Q 'Transfer adequate funds to reserve to fund the five year Councillor and office equipment replacement program' are interrelated. The first reflects the actual purchase of equipment (which is generally funded from the Reserve) and the other is a regular transfer to the reserve to maintain this at the required level. The basis for the calculation of the \$15,000 to be transferred to the Reserve each year should be reviewed on an annual basis.

Recommendation

C6 That the 5-year Councillor and Office Equipment Replacement program be reviewed on an annual basis to ensure that the amount transferred to Reserve Funds is adequate.

Sub-program 4.3 – Civic Functions and Public Relations

Ref	DETAILS OF ACTIONS REQUIRED	Estimated costs and completion year				
		08/09	09/10	10/11	11/12	12/13
A	Establish and maintain the expanded role of Functions & Events committee	Staff resources and operating budget				
B	Invite members of the community to dinner following Council meetings	Operating budget				
C	Support the community Initiative of the procurement of a Strategic Events Officer	Staff resources and operating budget				
D	Produce monthly Shire notes and media releases	Staff resources and operating budget				
E	Conduct Australia Day awards presentations and Citizenship ceremonies	Operating budget				
2008/09 Operating Expenditure Budget						
- Australia Day Breakfast		\$500				
- Refreshments		\$15,500				

Comment

Nominal costs would be incurred for each of the five actions listed.

Sub-program 5.1 – Fire Prevention

Ref	DETAILS OF ACTIONS REQUIRED	Estimated costs and completion year				
		08/09	09/10	10/11	11/12	12/13
A	FESA Capital Equipment Replacement Program			\$90,000 Nannup Brook Light Tanker Replace		
B	Complete FESA Operating budget submission annually	\$60,000	\$64,000	\$66,000	\$68,000	\$70,000
C	Continue to lobby for and/or fund a part time Fire Management Officer	Council \$10,000 FESA \$10,000	Council \$10,000 FESA \$10,000	Council \$10,000 FESA \$10,000	Council \$10,000 FESA \$10,000	Council \$10,000 FESA \$10,000
D	Arrange for the undertaking of Annual Firebreak Inspections	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
E	Complete district Fire Management Plan	Staff resources and operating budget				
F	Review district Strategic Firebreaks	Staff resources and operating budget				
G	Maintain strong relations with DEC Fire Personnel					
2008/09 Operating Expenditure Budget		\$101,033				
2008/09 Operating Income (ESL)		(\$80,000)				

Comment

Fire control is a statutory core business obligation which is principally funded through the Emergency Services Levy (ESL). There is Council discretion in the extent of Municipal Funds allocated. Given the high risk of bush fire in the Shire, the Council will need to weight up this risk against the nominal cost (\$21,033) incurred, when reviewing this activity.

Sub-program 5.2 – Animal Control

Ref	DETAILS OF ACTIONS REQUIRED	Estimated costs and completion year				
		08/09	09/10	10/11	11/12	12/13
A	Review the provision of ranger services from the Shire of Busselton	Staff resources and operating budget				
B	Ensure all dogs within the district are registered	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
C	Provide animal control service in accordance with relevant legislation	Staff resources and operating budget				
2008/09 Operating Expenditure Budget		\$4,500				
2008/09 Operating Income Budget		(\$2,000)				

Comment

Animal control (dog control) is a statutory core business role of the Shire to which nominal resources of \$4,500 are allocated. This includes \$3,500 for contract ranger services. The cost estimate of \$1,000 each year to ensure all dogs are registered is also a nominal amount which would only cover licensing renewal/tags and postage and there is little opportunity to review this.

Sub-program 5.3 – Other Law Order & Public Safety

Ref	DETAILS OF ACTIONS REQUIRED	Estimated costs and completion year				
		08/09	09/10	10/11	11/12	12/13
A	Submit capital and operating grants to FESA for the Nannup SES					
B	LEMC participation	Staff resources and operating budget				
C	Finalise LEMC district arrangements, Local Recovery Plan and appoint Recovery Coordinator	Staff resources and operating budget				
2008/09 Operating Expenditure Budget		\$20,890				
Operating Income & Grants		(\$36,390)				

Comment

This activity principally covers operations of the Nannup SES which is fully funded through the ESL (\$15,390 in 2008/09). This too is statutory core business. However in 2008/09 \$5,500 is provided for Community Safety Program with the full amount of a grant of \$21,200 carried forward (most of which was expended in the prior year) and hence reflecting a surplus for this year.

Sub-program 7.1 – Health Inspection and Administration

Ref	DETAILS OF ACTIONS REQUIRED	Estimated costs and completion year				
		08/09	09/10	10/11	11/12	12/13
A	Undertake inspection of food premises at least twice annually	Staff resources and operating budget				
B	Implementation of Council's Health Local Laws	Staff resources and operating budget				
C	Undertake training programs to educate food proprietors of food safety standards	Staff resources and operating budget				
2008/09 Operating Expenditure Budget		\$43,566				
2008/09 Operating Income Budget		(\$3,500)				

Comment

This too is statutory core business requiring the council to undertake activities under the Health Act 1911, Food Act 2008, regulations to those Acts and the Shire's Health Local Laws. Council's discretion is limited to the amount of resources allocated; currently 0.5 of a full time equivalent. The biannual food premises inspections would be a minimum with more frequent inspections required for higher risk premises. Existing workloads and priorities means that this area is currently a low priority and actual time spend on this activity is well below the 0.5FTE in the staff establishment.

Sub-program 8.1 – Pre School

Ref	DETAILS OF ACTIONS REQUIRED	Estimated costs and completion year				
		08/09	09/10	10/11	11/12	12/13
A	Finalise feasibility report on early years community centre redevelopment	\$2,000				
B	Finalise funding for the anticipated Upgrade to the community pre school	Staff Resources				
C	That Council undertake the upgrade to the community pre school		\$250,000			
2008/09 Operating Expenditure Budget		\$5,834				
2008/09 Operating Income Budget		\$0				

Comment

Provision of pre-school facilities is non statutory core business and usually the responsibility of the Department of Education and Training (DET). DET provides staff to operate the facility and the operating costs incurred by the shire are generally nominal. Major capital expenditure of \$250,000 proposed for 2009/10 is significant; however this is cash-backed through the Kindergarten Reserve which at 30 June 2009 has an estimated \$234,093 available.

Australian Bureau of Statistics data for the last three Censuses reveals an increase in the 0-4 age group between 2001 and 2006, which is likely to result in an increase in demand for this service (although this is still below the number in that group in 1996). The 5 to 14 age group has declined over each of the last two censuses and may affect demand for occasional care. The following table is relevant:¹⁹

Age Group	1996 Census	2001 Census	1996 – 2001 Change	2006 Census	2001 – 2006 Change
0 – 4	87	59	- 28	72	+ 13
5 - 14	209	193	- 16	160	- 33
Total 0 - 14	296	252	-44	232	-20

Sub-program 8.2 – Aged and Disabled

Ref	DETAILS OF ACTIONS REQUIRED	Estimated costs and completion year				
		08/09	09/10	10/11	11/12	12/13
A	Implement and Review Disability Access and Inclusion Plan	Staff resources and operating budget	Staff resources and operating budget			
B	Assist the Danjangerup Cottages Committee in the construction of additional aged accommodation		\$40,000 In-kind or grant funding			
C	Include in works allowances for disabled and aged citizens such as tactile indicators for footpaths	As required when works are committed from budget				
2008/09 Operating Budget		\$61,390				
2008/09 Operating Income Budget		\$0				

¹⁹ Australian Bureau of Statistics – see www.abs.gov.au

Comment

Actions A and C are statutory core business although there is discretion as to the level of resources allocated.

Action B is discretionary core business. There is currently no council policy on contributions to aged accommodation and therefore no formal basis for determining what contribution should be made. It should be noted that 'in-kind' contributions also involve costs and these should be quantified.

Australian Bureau of Statistics Census data indicates a significant ageing in the shire's population between 1996 and 2006 ²⁰ as detailed in the following table. In 1996 19.4% of the population was aged 55 or more. In the following 10 years this increased to 33.6% of the population. This is likely to create a significant future demand for aged accommodation but the council needs to determine if this is a local government role or a State or Federal role.

Age Group	1996 Census	2001 Census	2006 Census	Increase 1996 - 2006	% Increase 1996 to 2006
55 - 64	112	163	241	129	115%
65 & over	110	112	160	50	45%
Total 55 & over	222	275	401	179	81%
Total Population	1143	1171	1192	49	
% of Total Pop'n	19.4%	23.5%	33.6%		

Recommendation

C7 That the Council develops a policy on contributions to aged persons' accommodation to support future expenditures on this activity.

The budgeted costs of \$61,390 relate to the Community Development Officer / Youth Officer positions. These are non statutory core business and both have significant involvement with the community and numerous projects in their roles.

Sub-program 9.1 – Staff Housing

Ref	DETAILS OF ACTIONS REQUIRED	Estimated costs and completion year				
		08/09	09/10	10/11	11/12	12/13
A	Develop a staff housing replacement strategy	Staff resources and operating budget				
B	Update and implement building maintenance plan	\$32,500	\$28,500	\$18,500	\$15,000	\$13,500
C	Make loan repayments on Loan 36 Lot 1302 Carey Street	\$9,216	\$9,216	\$9,216	\$9,216	
2008/09 Operating Expenditure Budget		\$11,329				
2008/09 Operating Income Budget		\$10,400				

²⁰ Australian Bureau of Statistics – see www.abs.gov.au

Comment

Provision of staff housing is non-statutory core business which is traditional and also essential to attract and retain key staff. Loan repayments are statutory/contractual obligations and need to be met. Building maintenance is essential to maintain the properties to a good standard; however the \$32,500 proposed in the forward plan was not funded, with only \$11,329 budgeted in 2008/09 of which only \$7,300 is building maintenance work. The council will need to determine whether it will fund the adopted maintenance plan in the future to maintain the buildings' integrity and ensure that their capital values are maintained.

If maintained in future there is the likelihood of surplus income over expenditure in 2012/13 & thereafter.

Sub-program 9.2 – Housing Other

Ref	DETAILS OF ACTIONS REQUIRED	Estimated costs and completion year				
		08/09	09/10	10/11	11/12	12/13
A	Make loan repayments on Loan 21 Grange Road duplex	\$2,560	\$2,560			
B	Review the status of Grange Road duplex (land and building) and make recommendation to Council on future action	Staff resources and operating budget				
C	Update and implement building maintenance plan	\$32,500	\$28,500	\$18,500	\$15,000	\$13,500
D	Implement discussions with the State housing authority on future State housing programs for the Nannup district	Staff resources and operating budget				
E	Review lease and tenant requirements for # 2 Brockman Street (Community House)		Staff resources and operating budget			
F	Finalise the removal of the dwelling located at # 8 Brockman Street	Income \$1,550				
G	Develop a capital replacement program for shire owned housing		Staff resources and operating budget			
2008/09 Operating Expenditure Budget		\$21,252				
2008/09 Operating Income Budget		(\$20,440)				

Comment

The three residential properties in this category are staff houses not currently required for that purpose. The council will need to consider whether the properties should be retained for this purpose or continue to be rented for non-staff purposes or sold. Provision of staff housing is non-statutory core business which is traditional and also essential to attract and

retain key staff. Loan repayments are statutory/contractual obligations and need to be met. Repayments on the loan will be finalised in 2009/10.

Building maintenance is essential to maintain the properties to a good standard; however the \$32,500 proposed in the forward plan was not funded, with only \$20,799 budgeted in 2008/09 of which \$14,000 is building maintenance work. The council will need to determine whether it will fund the adopted maintenance plan in the future to maintain the buildings' integrity and ensure that their capital values are maintained.

If maintained in future there is the likelihood of surplus income over expenditure in 2012/13 & thereafter.

Sub-program 10.1 - Waste Disposal and Recycling

Ref	DETAILS OF ACTIONS REQUIRED	Estimated costs and completion year				
		08/09	09/10	10/11	11/12	12/13
A	Implement/review townsite kerbside refuse collection service – review to include possible recycling collection Service	Approximately \$25,000 per annum normal kerbside pick-up funded by normal rubbish charges. Kerbside recycling service estimated at \$18,000 per annum, funding and implementation to be considered by Council 2008/09.				
B	Oversee the waste management and recycling contract at the Nannup Waste Disposal site	Operating budget				
2008/09 Operating Expenditure Budget		\$187,597				
2008/09 Operating Income Budget		(\$66,800)				

Comment

Waste disposal is statutory core business of local government, being a requirement of the Health Act 1911. The major cost of this service is an annual contract fee of \$110,000 paid to the tip site contractor. The exact details of that contract are unknown, however it is likely that this contract fee has not been reviewed since the introduction of kerb-side recycling to reflect the reduced volumes of recycling now dealt with by the contractor and this should be undertaken as a matter of priority.

Recommendation

C8 That the annual contract for tip site maintenance be reviewed to ensure that this reflects the reduced work of the contractor since introduction of kerb-side recycling.

The cost of providing waste disposal and recycling is readily ascertainable and this is one service that local government traditionally conducts as a 'user-pays' service. [This is supported by the Grants Commission in its assessment of grant need each year as it excludes waste and recycling services from the calculations, expecting these to be self-supporting – that is expenses should be recovered through charges and levies.] The Shire of Nannup is an exception to this, recovering only 35.6% of the cost through annual rubbish collection fees, annual recycling fees and nominal tipping fees (\$3,000 pa).

The two fees for rubbish and recycling appear to only cover weekly rubbish collection, fortnightly recycling collection and street bin litter and the town site solid waste collection as shown in the following table.

Weekly Waste Collection (340 x \$1.73 x 52)	\$30,586	
Fortnightly Recycling Collection (260 x \$3.22 x 26)	\$21,767	
Street Bin Collection	\$6,627	
Town site Solid Waste Collection	\$4,000	\$62,980
Rubbish / Recycling Fee		(\$63,800)

The balance of costs of operating this service (\$120,797 or 64.4% of costs) are recovered through the general rates levied. \$120,797 is equivalent to 14% of rates levied (see sub-program 3.1). This means that properties are contributing to the cost of waste disposal, in part based on their ratable value as detailed in the following table:

Rate Levies	Rubbish Fee	Recycling Fee	14% Rate-based Contribution	Total Contribution to Waste Costs
GRV Minimum Rate (\$507)	\$115	\$110	\$71	\$296
UV Minimum Rate (\$521)			\$73	\$73
Average GRV Rate (\$694)	\$115	\$110	\$97	\$322
Average UV Rate (\$1092)			\$153	\$153
Notional \$3,000 UV Rate			\$420	\$420

Assuming that the budgeted cost of \$187,597 is correct and if this was recovered through a single fee levied against the 340 properties receiving a rubbish service, an annual fee of \$551 would result. An argument could be developed for recovering part of the cost of dealing with waste from all properties (Health Act rate) and four south-west local governments do this, however there is significant current imbalance between annual fees and what is recovered through rates which need to be reviewed. The council should also be mindful that providing a service under one law (Health Act) and using other legislation (Local Government Act) to recover the cost of providing this service when the power to do so lies in the former Act may be open to challenge.

The fees levied by the Shire are at the lower end of rubbish fees (and health rates) charged across the south west. Nannup's percentage of costs recovered through fees is only 50% of the next lowest (Dardanup at 71.2%) with almost all others recovering between 98 and 100% from fees and specific rubbish levies. This is detailed in the following table:

Local Government	Rubbish Fee	Recycling Fee	Other fees	% Recovered
Nannup	\$115	\$110		35.6%
Augusta Margaret River	\$151	\$42	Health Act Rate GRV (\$0.015) Health Act Rate UV (\$0.0011) Minimum Health Rate \$118	99.4% (Including \$427,000 Capital)
Boyup Brook	\$150			N/A
Bridgetown-Greenbushes	\$74	\$75	Health Act \$93 per property	100%
Busselton	\$121 – 240ltr	\$50	\$133.10 Commercial	102.7%
Capel	\$146 (weekly collection)	\$41	\$104 if Fortnightly collection Health Act \$78 per dwelling	100%
Collie	\$165	\$82 dwelling		98.2%
Dardanup	\$171	\$104.50		71.2%
Donnybrook Balingup	\$81	\$45	\$134 Waste M'gement levy \$81 to \$88 Rural Collection	86.1%
Harvey	\$177		\$60 rural rubbish	98%
Manjimup	\$283.50 – 240ltr \$164.00 – 140ltr	\$75 (under consideration)	Pensioner Fee \$210.50 Pensioner Fee \$125.50	100%

The practice of providing a Tip Card which allows free access to dump at the land fill site should also be reviewed. Such a practice is unlikely to discourage waste reduction and tip passes have generally been withdrawn by most local governments or issued for a limited number of uses only.

A further example of low fees relates to fees charged to dispose of tyres at the land fill site. Disposal of tyres is regulated with retailers usually charging approximately \$7 per tyre for disposal. The Shire of Nannup charges \$1 per tyre dumped. This is just a fraction of the fees charged by neighbouring local governments as show in the following table. Anecdotal evidence indicates that large volumes of tyres originating from outside of the district are dumped at Nannup because of the low fee charged (and potential profits of \$6 per tyre less cartage to dispose of this at Nannup).

Local Government	Car Tyre	Small Truck Tyre	Large Truck Tyre	Loader Tractor Tyre
Shire of Nannup	\$1.00	\$1.00	\$1.00	
Shire of Augusta Margaret River	\$4.00	\$8.00	\$16.00	N/A
Shire of Bridgetown Greenbushes	\$2.50	\$2.50	\$2.50	N/A
Shire of Busselton	\$7.00	\$7.00	\$7.00	\$7.00
Shire of Donnybrook Balingup	\$6.00	\$6.00	\$12.50	N/A
Shire of Manjimup	\$3.50	\$5.50	\$12.50	\$75.00

Source: Respective 2008/09 Fees and Charges

Recommendation

C9 That the Council adopts a user-pays principle in recovering the cost of waste management to recover 100% of costs involved from household rubbish collection fees, recycling fees and tipping fees.

C10 That the Council review all land fill tipping fees to levels comparable to neighbouring local governments to achieve a reasonable recovery of costs and discourage dumping of waste from outside of the district.

Sub-program 10.2- Town Planning

Ref	DETAILS OF ACTIONS REQUIRED	Estimated costs and completion year				
		08/09	09/10	10/11	11/12	12/13
A	Finalise the site specific Coastal Management Plan for the southern portion of the Shire district	Grant sourced \$20,000 2007/08, Document to be finalised 2008/09				
B	Receive and action as required the final Augusta to Walpole Coastal Strategy	Staff resources and operating budget. If any actions lead to a requirement for future budget allocations they will need to be considered by Council in due course.				
C	Procure planning assistance	\$25,000	\$25,000	\$30,000	\$30,000	\$35,000
D	Undertake review of Local Planning Scheme 3			\$20,000		
	Ensure compliance with Local Planning					

Ref	DETAILS OF ACTIONS REQUIRED	Estimated costs and completion year				
		08/09	09/10	10/11	11/12	12/13
E	Scheme 3, Nannup Townsite Expansion Strategy and other associated legislative planning control documents	Staff resources and operating budget. Fees and charges				
F	Review Nannup Townsite Strategy document		\$15,000			
G	Address outstanding road closure /dedication issues	Staff resources and operating budget, though some legal fees, lodgement costs and compensation costs may arise throughout the process				
H	Develop residential design guidelines for new developments	\$10,000				
I	Develop a Community Infrastructure Plan		\$15,000			
J	Formulate a policy on planning approval conditions for tree plantations	Staff resources and operating budget				
2008/09 Operating Expenditure Budget		\$120,015				
2008/09 Operating Income Budget		(\$7,000)				

Comment

Town Planning is statutory core business – a requirement of the Planning & Development Act 2005 and the Shire of Nannup Town Planning Scheme No 3. The Council does have discretion as to the level of resources applied, however this is also influenced by just where the Shire is positioned with regards to statutory and strategic town planning issues (e.g. residential development guidelines, municipal inventory review) as well as planning policy development and the volume of statutory planning applications and subdivision development activity occurring.

The \$120,015 costs for 2008/09 include \$30,000 for contract statutory planning advice, \$10,000 for the Community Infrastructure Plan (proposed for 2009/10) and \$10,000 for the Municipal Inventory Review (not listed in the strategic plan until 2010/11; see sub-program 10.2 below).

Fees for town planning services are set by regulations and the Shire should adopt the maximum fees and ensure that these are applied to all developments.

Recommendation

C11 That the Council adopts maximum fees permitted by regulations for all planning and development applications.

Sub-program 10.3 - Other Community Amenities

Ref	DETAILS OF ACTIONS REQUIRED	Estimated costs and completion year				
		08/09	09/10	10/11	11/12	12/13
A	Review Council's Municipal Inventory			\$7,000		
B	Undertake Cemetery landscaping works		\$3,000			
C	Assess public conveniences provided by Council for any upgrade/maintenance requirements	Staff resources and operating budget				
2008/09 Operating Expenditure Budget		\$38,821				
2008/09 Operating Income Budget		(\$3,500)				

Comment

This area principally covers cemetery operations and public toilets. Cemetery operations are a statutory core business activity with a budget of \$22,089 in 2008/09. This includes \$14,034 for works carried forward from 2007/08. The provision of public toilets is a non-statutory but traditional/essential role with budgeted costs of \$16,732 in 2008/09. This includes \$3,000 for septic works carried forward from 2007/08. It is understood that there are eight separate public toilets open in the town at any one time and this practice may be an area that requires review.

Recommendation

C12 That the Council reviews the number of public toilets open to the public at any one time to minimise cleaning costs.

Sub-program 10.4 - Regional Development

Ref	DETAILS OF ACTIONS REQUIRED	Estimated costs and completion year				
		08/09	09/10	10/11	11/12	12/13
A	Retain membership of the South West Zone of WALGA	Staff resources and operating budget				
B	Maintain and promote a positive relationship with the South West Area Consultative Committee	Staff resources and operating budget				
C	Establish and maintain a good working relationship with the South West Development Commission	Staff resources and operating budget				
D	Review membership of the Warren Blackwood Strategic Alliance	\$5,000, if member status retained	\$5,000, if member status retained	\$5,000, if member status retained	\$5,000, if member status retained	\$5,000, if member status retained
E	Monitor and respond to the WALGA Systemic Sustainability Study	Staff resources and operating budget				
F	Maintain positive working relationships with neighbouring shires inclusive of officer and resource sharing	Staff resources and operating budget				
2008/09 Operating Expenditure Budget		\$5,000				
2008/09 Operating Income Budget		(\$0)				

Comment

This is non-statutory core business and discretionary expenditure for council. A \$5,000 contribution to the Warren-Blackwood Strategic Alliance (WBSA) is the only direct cost

associated with this sub-program. Given the recent decision for the WBSA to be the regional body to coordinate Royalties for Regions funding, membership of this group should be continued. The Minister's 5 February 2009 announcement on structural reform²¹ is likely to be the catalyst for an increase in resource sharing and regional cooperation between local governments and further resources may therefore be required under this sub-program.

Sub-program 11.1 - Public Halls, Civic Centre

Ref	DETAILS OF ACTIONS REQUIRED	Estimated costs and completion year				
		08/09	09/10	10/11	11/12	12/13
A	Complete any outstanding or corrective works required Town Hall storage facility and verandah entrance	\$10,000				
B	Refurbishment/upholstering of Town hall seating	\$25,000				
C	Install ceiling fans at Town Hall		\$5,000			
	2008/09 Operating Expenditure Budget	\$46,617				
	2008/09 Operating Income Budget	(\$750)				
	2008/09 Capital Works Timewood Centre	\$2,150,000				
	2008/09 Capital Income Timewood	(\$1,750,000)				
	2008/09 Capital Works Town Hall	\$108,559				
	2008/09 Capital Income Town Hall	(\$133,203)				

Comment

Works associated with provision of a town hall is non-statutory core business and discretionary expenditure for council.

[Construction of the Timewood Centre is in this sub-program in the 2008/09 budget but in 13.2 (Tourism) below in the Forward Plan. The Recreation Centre is under this sub-program in budget but see 11.2(A) below.]

Operating costs of \$46,617 all relate to the town hall. \$10,000 is included in this for external painting carried forward from 2007/08. Income from hire is estimated at \$750 resulting in only 1.6% of costs being recovered. The Grants Commission assessed the shire's revenue capacity for the whole recreation program as \$59,795. [Across the three sub-programs which reflect operating income, just \$4,100 in total is estimated to be recovered in 2008/09]. Council minutes detail various hire fee waivers throughout the year which should be reflected as hire income for the town hall and a donation expense against members of council.

Capital works associated with the town hall in 2008/09 have all been grant funded.

Recommendation

C13 That the Council reviews fees and charges for the town hall to maximise the return on this asset.

C14 Where hire fees are waived, the value of this be recorded as income for the town hall and a donation expense against Members of Council.

²¹ Minister for Local Government, Ministerial Circular No 01-2009, 5 February 2009.

Sub-program 11.2 (A) - Other Recreation and Sport

Ref	DETAILS OF ACTIONS REQUIRED	Estimated costs and completion year				
		08/09	09/10	10/11	11/12	12/13
A	Finalise the Recreation facilities study being undertaken by Jill Powell and Associates	Funded 2007/08				
B	Develop plans/design and seek funding for upgrade to the Recreation Centre	\$25,000				
C	Transfer funds to reserve to part fund the future upgrade of the Recreation Centre	\$20,000	\$50,000	\$50,000		
D	That Council undertake the upgrade to the Recreation (and Community) Centre per adopted plans and funding available			\$330,000		
E	Implement part loan funding for recreation Centre upgrade			\$50,000		
F	If external funding is sourced, implement part time sport and recreation officer	External funding \$20,000				
2008/09 Operating Expenditure Budget		\$85,435				
2008/09 Operating Income		(\$3,300)				
2008/09 Capital Expenditure		\$0				
2008/09 Capital Income		(\$25,000)				

Comment

Works associated with provision of a recreation centre is non-statutory core business and discretionary expenditure for council.

Operating costs of \$85,435 all relate to the recreation centre and includes a \$40,000 reserve transfer for the recreation centre (\$20,000 in item C in strategic plan). The balance of \$45,435 includes \$25,000 for plans to upgrade the building (item B above). Budgeted operating costs are therefore \$20,435 with income of only \$3,300 (16.1% of costs recovered). The income does not cover cleaning costs (\$4,448). The strategic plan includes significant capital expenditure associated with upgrade of the recreation centre in 2010/11 with annual transfers to reserves to partly fund this. The upgrade is likely to result in additional annual operating costs and the council should consider whether the usage of the centre justifies this expenditure.

Recommendation

C15 That the Council reviews fees and charges for the recreation centre to cover day to day cleaning and utility costs as a minimum and to maximise the return on this asset.

C16 Where hire fees are waived, the value of this be recorded as income for the recreation centre and a donation expense against Members of Council.

Sub-program 11.2 (B) - Other Recreation and Sport

Ref	DETAILS OF ACTIONS REQUIRED	Estimated costs and completion year				
		08/09	09/10	10/11	11/12	12/13
A	Develop concept plans for artistic bike racks as tourist features and pursue funding for implementation	\$3,000				
B	Undertake fill works and reticulate Forrest Park (Village Green area)	\$5,000				
C	Remove all remaining pipe fencing from Bowling Club/Village Green area	\$3,000				
D	Install white picket entry statement on Bridgetown Road entrance to town	Paid by developer				
E	Shire office front garden redevelopment		\$10,000			
F	Implement tree planting citizen recognition initiative	Staff resources and operating budget. A community driven program utilising volunteer resources.				
G	Relocate and reclad the bus shelter on Warren Road to the gravel pull in area	\$2,000				
H	Seal and kerb pull in area on Warren Road	\$15,000				
2008/09 Operating Expenditure Budget		\$34,000				

Comment

This is discretionary non-statutory expenditure.

Operating expenditure relates to:

- o \$7,000 bulbs for garden village theme
- o \$12,000 streetscape maintenance
- o \$15,000 for office entrance (assumed to be the same as the \$10,000 shire office front garden redevelopment (item E) in 2009/10)

Other works proposed for 2008/09 are likely to be in the Works budget.

Sub-program 11.3 (A) - Parks, Gardens and Reserves

Ref	DETAILS OF ACTIONS REQUIRED	Estimated costs and completion year				
		08/09	09/10	10/11	11/12	12/13
A	Upgrade seating at Football Oval Surrounds			\$6,000		
B	Reticulate old hockey oval				\$10,000	
C	Continue to provide assistance to the Golf Club in developing golf course	\$3,000 plus in kind works	\$3,000 plus in kind works			
2008/09 Operating Expenditure Budget		\$146,500				

Comment

Costs of maintenance of parks and reserves managed by the shire are statutory core business expenditures. There is discretion available in the standard of maintenance to be undertaken.

The \$146,500 operating budget includes \$3,000 for golf course and \$143,500 for parks, gardens and reserves maintenance. What is planned for "in kind works" is unknown, however if this includes staff, equipment or materials then there is a real dollar cost which needs to be reflected in expenditures.

Sub-program 11.3 (B) - Parks, Gardens and Reserves

Ref	DETAILS OF ACTIONS REQUIRED	Estimated costs and completion year				
		08/09	09/10	10/11	11/12	12/13
A	Complete entrance statement to Foreshore Park	\$35,000 inclusive of grant funds				
B	Finalise the naming of Foreshore Park	Staff resources and operating budget				
C	Construct Ablution Block at Foreshore Park	\$100,000				
D	Make recommendations to Council on future Foreshore Park development works	Staff resources and sub committee advice				
2008/09 Operating Expenditure Budget		\$12,000				
2008/09 Capital Budget		\$148,680				

Comment

Part of this expenditure may be statutory core business (maintenance of Foreshore Park) with discretion as to the level of maintenance undertaken. All capital works would be non-statutory core business.

The operating budget of \$12,000 is for Foreshore Park. The Capital budget covers:

- \$50,240 Foreshore Park entry statement
- \$98,440 Foreshore Park ablution block

There are no future costs planned (beyond 08/09).

Sub-program 11.4 - Library Services

Ref	DETAILS OF ACTIONS REQUIRED	Estimated costs and completion year				
		08/09	09/10	10/11	11/12	12/13
A	Develop appropriate strategies to ensure and guide the development of appropriate and equitable library services	Staff resources and operating budget				
B	Review physical upgrade of library in conjunction with remainder of front office layout	Staff resources and operating budget				
2008/09 Operating Expenditure Budget		\$20,591				
2008/09 Operating Income Budget		(\$50)				

Comment

Expenditure associated with provision of library services is non-statutory core business and discretionary expenditure for council. However if provided, the council has to do so in accordance with the Library Board of Western Australia Act and regulations to that Act and is unable to charge for this service. Library opening hours are covered by existing administration staff (with part of their costs allocated accordingly).

Sub-program 12.1 - Road Construction Program

Ref	DETAILS OF ACTIONS REQUIRED	Estimated costs and completion year				
		08/09	09/10	10/11	11/12	12/13
A	Develop and implement road construction capital works in accordance with Council's adopted program	\$1,592,000	\$1,100,000	\$885,000	\$735,000	\$515,000
B	Develop and implement footpath construction in accordance with adopted program	\$50,000	\$41,600	\$25,760	\$43,000	
C	Continue to lobby for road funding through the various sources available – Grants Commission, Regional Road Group, TIRES etc	Staff resources				
D	Manage the construction of Mowen Road	\$6,000,000	\$1,026,000	\$6,200,000	\$2,271,000	
	Shire Contribution to Above Costs	\$120,000	\$413,000	\$528,000	\$378,000	\$168,000
	2008/09 Expenditure Budget	\$4,125,054				
	2008/09 Income Budget	(\$4,082,103)				

Comment

Road Construction is statutory core business predominantly funded through external grants with council's discretion as to the level of shire resources allocated.

The strategic plan proposes \$120,000 of shire resources to be allocated to road construction in 2008/09 however the current budget only includes approximately \$43,000 of shire funds with all other expenditure covered by grants. Specific projects and anticipated funding for the remaining four years of the strategic plan are:

Project	2009/10	2010/11	2011/12	2012/13
Balingup Road RRG	\$45,000	\$45,000	\$45,000	\$45,000
Balingup Road Blackspot	\$100,000	\$0	\$0	\$0
Bridgetown Road	\$75,000	\$15,000	\$15,000	\$15,000
Stacey Road	\$85,000	\$85,000	\$85,000	\$85,000
Cundinup Kirup Road	\$0	\$45,000	\$0	\$45,000
Cundinup South Road	\$45,000	\$0	\$45,000	\$0
Cundinup West Road	\$75,000	\$15,000	\$15,000	\$15,000
East Nannup Road	\$80,000	\$80,000	\$80,000	\$80,000
River Road	\$80,000	\$80,000	\$80,000	\$0
Fouracres Road	\$75,000	\$75,000	\$75,000	\$75,000
Gold Gully Road	\$80,000	\$80,000	\$80,000	\$80,000
Governor Broome Road	\$0	\$75,000	\$75,000	\$75,000
Sears Road	\$0	\$100,000	\$100,000	\$0
Pneumonia Road	\$200,000	\$0	\$0	\$0
Mowen Road	\$1,026,000	\$6,200,000	\$2,271,000	\$0
Beggar Road (Tip Access)	\$30,000	\$0	\$0	\$0
Laneway at rear of CBD	\$30,000	\$10,000	\$0	\$0
Walter Street	\$0	\$70,000	\$0	\$0
Adam Street	\$50,000	\$0	\$10,000	\$0
Forrest Street	\$50,000	\$0	\$10,000	\$0
Jephson Street	\$0	\$50,000	\$10,000	\$0

Project	2009/10	2010/11	2011/12	2012/13
Dunnet Road	\$0	\$60,000	\$10,000	\$0
Sub-total	\$2,126,000	\$7,085,000	\$3,006,000	\$515,000
Less RRG Recoups	(\$210,000)	(\$180,000)	(\$180,000)	(\$180,000)
Less Road to Recovery	(\$177,000)	(\$177,000)	(\$177,000)	(\$177,000)
Federal Blackspot	(\$100,000)	\$0	\$0	\$0
MRWA Bridge	(\$200,000)	\$0	\$0	\$0
Mowen Road	(\$1,026,000)	(\$6,200,000)	(\$2,271,000)	\$0
Total Council Cont'bn	\$413,000	\$528,000	\$378,000	\$158,000

The \$413,000 of council funds proposed for 2009/10 is a \$370,000 increase over the \$43,000 allocated this year. It is difficult to see where an increase in expenditure of this level will be funded from shire resources. This represents a 43% increase in rates over the current year. When coupled with the likely significant reduction in investment income (see comment under sub-program 3.2 – *other general purpose funding* above), a funding shortfall of as much as \$750,000 is likely. Works planned for the 2010/11 year will further exacerbate this problem and result in a shortfall over 2008/09 funding of more than \$900,000 if works are to proceed.

Expenditure on Mowen Road construction in 2008/09 is budgeted at \$2,600,000 for which grant funding of \$2,700,000 was provided. This project has placed a significant additional workload on existing staff but the profit of \$100,000 has been used to balance the budget without any additional resources provided to support the manager affected by increased work demands of this major project.

Sub-program 12.2 - Road Maintenance Program

Ref	DETAILS OF ACTIONS REQUIRED	Estimated costs and completion year				
		08/09	09/10	10/11	11/12	12/13
A	Review adopted standards and guidelines for road maintenance	Guidelines for guide posts, shoulder maintenance and maintenance grading have been developed. Other standards may be developed over time in accordance with any perceived need. Those standards adopted are to be reviewed on an annual basis				
B	Maintain the ROMANs road asset management system at a level where the information is up to date, useful and relevant	Staff resources or contracted expertise through operating budget				
C	Transfer funds to reserve to part fund the future upgrade of the main street of Nannup	\$40,000	\$50,000	\$50,000	\$50,000	
D	Make loan repayments on Loan 32 Underground Power Warren Road	\$10,070	\$10,070	\$5,035		
E	Investigate the feasibility of a soil/material supply operation at the Shire Depot	Staff Resources				
F	Implement the rural street addressing and house numbers on kerbs program	\$10,000	\$10,000			
2008/09 Operating Expenditure Budget		\$402,946				
2008/09 Income Budget		(\$1,200)				

Comment

Road maintenance is statutory core business funded from shire resources at council's discretion with only nominal income through contributions to crossovers (\$1,200).

The \$402,946 expenditure in 2008/09 comprises:

Local road maintenance	\$350,000
Road verge maintenance	\$10,000
Street lighting	\$9,500
Street sweeping	\$6,000
Traffic counter placement	\$4,000
Gravel pit rehabilitation & search	\$10,000
Loan repayments	\$10,246
Crossover construction	\$1,200
Rural street numbering	\$4,000
Warren Road traffic nib (see 11.2(B) above)	\$15,000
Romans Road Inventory System	\$3,000
Transfer to Reserve	\$40,000

The shire received a FAGs road grant of \$358,000 in 2008/09. While this was an 'untied' grant, in essence the shire does not allocate any of its own resources to local road maintenance.

Sub-program 12.3 - Road Plant Purchases

Ref	DETAILS OF ACTIONS REQUIRED	Estimated costs and completion year				
		08/09	09/10	10/11	11/12	12/13
A	Review Plant Replacement Program annually	Staff resources and Plant Sub Committee role				
B	Transfer funds to reserve to fund future plant purchases	\$230,000	\$230,000	\$230,000	\$230,000	\$230,000
C	Implementation of the Plant Replacement Program	\$272,000	\$227,000	\$230,000	\$308,000	\$276,000
2008/09 Expenditure Budget		\$608,900				
2008/09 Income Budget		(\$572,896)				

Comment

Road plant purchases expenditure is non-statutory core business funded at council's discretion. The council has an adopted plant replacement program which proposed the following purchases over the 5-year life of the Forward Plan:

Plant Item	Purchased	Cost	08/09	09/10	10/11	11/12	12/13
CAT 12H GRADER	Oct-97	\$249,000				\$200,000	
VOLVO G930 GRADER	Nov-06	\$305,000					\$200,000
VOLVO L70D LOADER	Nov-00	\$175,563	\$175,000				
CAT 432 BACKHOE	Nov-05	\$145,000			\$67,000		
TOYOTA 4WD UTE NP 3010	Sep-04	\$25,622			\$10,000		\$7,000
FORD COURIER Space Cab NP3017	Oct-06	\$30,000					
KUBOTA TRACTOR 9000E	Dec-05	\$65,000					\$50,000
ISUZU 14 T TIPPER NP3003	Jan-05	\$130,991		\$90,000			
ISUZU 14 T TIPPER NP3004	Jan-07	\$145,000				\$100,000	
ISUZU 14 T TIPPER NP3005	Jan-05	\$130,991		\$79,000			
ISUZU 4.5 T TIPPER NP3019	Dec-07	\$95,369					
ISUZU CREW CAB NP3006	Dec-07	\$89,359					
FORD COURIER 4X4	Sep-05	\$26,000		\$8,000			

Plant Item	Purchased	Cost	08/09	09/10	10/11	11/12	12/13
PACIFIC ROLLER	Jun-89	\$80,360			\$140,000		
TRITON DUAL CAB	Jan-07	\$34,000	\$12,000		\$13,000		\$13,000
JOHN DEERE RIDE ON MOWER	Nov-06	\$15,700				\$8,000	
STEEL DRUM ROLLER	Nov-07	\$134,000					
TOYOTA 4X4 UTE	Sep-04	\$21,263	\$20,000				\$6,000
PIG TRAILER	Jan-06	\$40,000					
PIG TRAILER NO 2				\$50,000			
SKID STEER LOADER			\$65,000				
TOTAL			\$272,000	\$227,000	\$230,000	\$308,000	\$276,000

The program is based on trading: graders at 10,000 hrs; loader at 7,500 hrs; backhoe at 5,000 hrs, tractor at 6 years, trucks at 6 yrs / 240,000km and other vehicles at either 1 year/20,000km or 4 years.

The above table and other information sourced through the shire indicate that on average both graders are used for around 1200 hours per annum. On the face of it, it seems that the shire's graders are reasonably well utilized.

The loader and backhoe both involve major outlays when purchased/traded and advice should be sought on whether their current change-over at 7,500 hrs and 5,000 hrs (8 and 5 years respectively) represents good economic use of these plant items. Similar advice could be sought on other major plant items.

Recommendation

C17 That before purchasing any new major plant items, the Council reviews utilisation of all plant to determine if use of plant can be maximised and whether there are alternatives to purchase that will provide more economical benefits for the Shire.

Sub-program 12.4 - Parking and Parking Facilities

Ref	DETAILS OF ACTIONS REQUIRED	Estimated costs and completion year				
		08/09	09/10	10/11	11/12	12/13
A	Develop Reserve 27941 for the purposes of parking		Survey and Planning \$10,000	Construct \$50,000		
B	Act on Parking Plan recommendations in respect of traffic nibs in Warren Road (Removal or other course of action adopted)	\$15,000				
C	Review all existing parking policies in place prior to Local Planning Scheme 3	Staff resources and operating budget				
D	Implement adopted parking arrangements for the TimeWood Centre and Brockman Street	Report to be received	Unknown cost at this stage. Likely to involve staff resources and operating budget			
E	Receive report on parking options across Old Railway Bridge primarily for festivals/ events at Foreshore Park	Staff resources and operating budget		\$20,000 if implemented		
	2008/09 Operating Budget	\$0				

Comment

Parking expenditure is statutory core business funded from shire resources at council's discretion.

Item B was funded under road maintenance (see sub-program 12.2 above). Future major works associated with development of Reserve 27941 for parking are planned for survey and design in 2009/10 and construction in 2010/11. Other parking associated with events on Foreshore Park is under consideration.

Sub-program 12.5 - Bridge Program

Ref	DETAILS OF ACTIONS REQUIRED	Estimated costs and completion year				
		08/09	09/10	10/11	11/12	12/13
A	Replace bridges 4944 Agg Road and 3965 Dudinyillup Road with one bridge	Contained within current Main Roads WA bridge program				
B	Construction of a road linking the site of Bridge 4944 Agg Road and 3965 Dudinyillup Road	\$50,000				
C	Replace Bridge 3977 Scott Road by Upgrading Pneumonia Road	\$300,000	\$200,000			
D	Replace Jalbarragup Bridge		\$2,800,000			
E	Implement attached Main Roads WA Bridge Program	\$2,028,000	\$3,701,000	\$424,000	\$174,000	\$24,000
F	Consider the options for the future of the present Jalbarragup summer crossing site	Staff resources and operating budget	Unknown cost - works to be done in conjunction with bridge replacement			
	Council's Contribution to Bridge Works	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000
	2008/09 Op. Expenditure Budget	\$24,000				
	2008/09 Capital Expenditure Budget	\$2,004,000				
	2008/09 Capital Income Budget	(\$2,004,000)				

Comment

This is statutory core business with all capital works funded through Main Roads WA. The shire's contribution (\$24,000 pa) is for maintenance works on existing bridges.

Sub-program 13.1 - Rural Services

Ref	DETAILS OF ACTIONS REQUIRED	Estimated costs and completion year				
		08/09	09/10	10/11	11/12	12/13
A	Reinforce Council's position on the proposal to intercept 0.4 Gigalitres of water from Nannup Brook for the BRWS	Staff resources and operating budget				
B	Linkage are established and maintained with rural service bodies such as LandCare groups, NRM/BBG	Staff resources and operating budget				
C	Implement weed action reports for roads and Shire reserves	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500
D	Assess the viability of the ongoing employment of an Environmental Officer	Staff resources and operating budget				
E	Continue involvement with the Nannup Feral Pig Action group	Staff resources And operating budget				
F	Undertake actions and have regard to the Natural Environment Strategy assuming adoption by Council 2007/08	Staff resources and operating budget				
2008/09 Operating Expenditure Budget		\$64,016				
2008/09 Operating Income Budget		(\$33,763)				

Comment

Rural services generally covers non-statutory core business funded from shire resources at council's discretion. Expenditure of \$34,016 relates to the feral pig program and is almost fully funded (\$33,763). The remaining expenditure of \$30,000 relates to:

Weed control – road reserves	\$7,000
Consultancy LIA development	\$15,000
Environmental officer	\$8,000

It is understood that the LIA development consultancy was grant dependent which has been unsuccessful and will not eventuate at this time.

Sub-program 13.2 - Tourism and Area Promotion

Ref	DETAILS OF ACTIONS REQUIRED	Estimated costs and completion year				
		08/09	09/10	10/11	11/12	12/13
A	Retain a commitment and actively pursue the construction of the Donnelly River Tourist Icon	Staff resources and operating budget				
B	Support the Nannup Visitor Centre in its operations	The Visitor Centre premises and caravan parks operate on a minimal fee lease from Council enabling the self generation of income from visitors				
C	Construct the Nannup TimeWood Centre	\$2,100,000				
D	Establish and Implement a Management Committee for the TimeWood Centre	Staff resources and operating budget				

E	Finalise agreement with Nannup Clockworks for the use of the TimeWood Tower	Staff resources and operating budget				
F	Make available Welcome Kit for new Residents of the community	Staff resources and operating budget				
G	Support the Nannup Music Festival, Flower and Garden activities and other regular Nannup events	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
2008/09 Operating Expenditure Budget		\$24,000				
08/09 TimeWood Centre Capital Budget		\$2,150,000				
08/09 TimeWood Capital Income		(\$1,750,000)				

Comment

Tourism and area promotion is non-statutory core business funded from shire resources at council's discretion.

The \$24,000 operating budget in 2008/09 relates to festivals and events (principally road closures) and includes Bicycle Victoria and events project officer costs of \$3,000 each. The costs involved are closely linked to caravan parks costs below and need to be considered together with these.

Construction of the Timewood Centre is in sub-program 11.1 *public halls and civic centres* in the 2008/09 budget but in this sub-program in the Forward Plan. The council's planned contribution to this project is \$400,000. It is unknown if the balance of required funding for the project is secured.

Sub-program 13.3 - Caravan Parks

Ref	DETAILS OF ACTIONS REQUIRED	Estimated costs and completion year				
		08/09	09/10	10/11	11/12	12/13
A	Provide operating funds to areas of responsibility at the Nannup caravan parks					
B	Implement approved capital works items for caravan parks	Dependent on budget submissions from Nannup Visitor Centre				
C	Receive sub committee recommendations on future upgrade initiatives for the Nannup caravan parks	Unknown expenditure consideration				
2008/09 Operating Expenditure Budget		\$95,750				
2008/09 Capital Expenditure Budget		\$40,150				
2008/09 Grants		(\$12,000)				
2008/09 Transfer from Reserve		(\$40,150)				

Comment

Expenditure associated with caravan parks is non-statutory core business funded from shire resources at council's discretion. Net expenditure of \$83,750 is budgeted in 2008/09. Both caravan parks are leased to the tourist bureau however no income is received. If this practice is continued, the rent that could be obtained if leased on commercial terms should be recorded as income under this sub-program and a donation to the tourist bureau under members expenses to reflect transparency in this arrangement.

Approximately \$100,000 (net) was allocated to tourism, caravan parks and events in 2008/09 which equates to 11.6% of rates levied.

Recommendation

C18 That the Council reviews the lease arrangements for the caravan parks to maximise the return on these assets.

C19 In the event that commercial lease fees are not recovered, the value of this be recorded as income for the caravan parks and a donation expense against Members of Council to reflect greater transparency in this arrangement.

Sub-program 13.4 - Economic Development

Ref	DETAILS OF ACTIONS REQUIRED	Estimated costs and completion year				
		08/09	09/10	10/11	11/12	12/13
A	Review vacant freehold land parcels owned by the Shire of Nannup		Staff resources and operating budget			
B	In-conjunction with the SWDC look at developing a strategy for light industry attraction to the Sexton Way Light Industrial Area	Staff resources and operating budget—possible grant funding				
C	Develop a gap analysis of employment and retail opportunities in the district	Staff resources and operating budget -- possible grant funding				
D	Seek to promote and develop DOLA land through Landcorp or other State Government agencies	Staff resources and operating budget				
E	Identify and implement strategies to meet agreed objectives for the growth and development of the business and industry sectors of the Shire within the constraints of available resources	Staff resources and operating budget				
F	Undertake a feasibility study into the locating of a barrage on the Blackwood River	\$15,000				
2008/09 Operating Expenditure Budget		\$54,934				
2008/09 Operating Income Budget		(\$15,000)				

Comment

The majority of operating expenditure under this sub-program (\$39,934 less \$12,000 fees) relates to building control which is statutory core business funded from shire resources at council's discretion. Income of \$3,000 is received from sale of materials (gravel).

Item F relating to the barrage is also funded in 2008/09.

Program 14 – Other Property & Services

Other Property and Services is a program not included in the Forward Plan. This is mainly due to this program principally being a 'clearing' area where some expenses are initially costed with these costs then allocated across activities in other sub-programs. The two main sub-programs are public works overheads and plant operating costs. A third sub-program relates to private works undertaken by the shire.

Public works overheads generally relates to outside workers and cover costs such as sick leave, public holidays, superannuation, workers' compensation insurance, safety meeting costs and the manager's salaries. When an outside worker works on a job, his/her actual wage cost is charged to that job. In addition, a percentage is added to recover the overheads associated with the above cost items.

Plant operating costs such as mechanic's wages, parts, tyres and batteries, fuel and oils, licences and insurance and depreciation are accumulated here and each plant item is allocated an hourly cost which is then charged to each job when the plant is used.

In theory, all public works overheads and plant operating costs should be charged to jobs throughout the year and therefore come back to zero at year end. However in the 2008/09 budget there is a discrepancy in both public works overheads and plant operating costs that have been allocated which requires review/reconciliation.

Recommendation

- C20 That in finalizing future budgets, the public works overhead amount shown as allocated be reconciled with actual amounts allocated across all programs.**
- C21 That public works overheads rates be reviewed at least quarterly to ensure that overheads are allocated appropriately.**
- C22 That in finalizing future budgets, the plant operating cost amount shown as allocated be reconciled with actual amounts allocated across all programs.**
- C23 That plant operating cost rates be reviewed at least quarterly to ensure that plant costs are recovered.**

A third sub-program relates to private works that the shire undertakes. The 2008/09 budget has an expenditure budget of \$20,000 with an income budget of \$25,000 reflecting a 25% profit on works. There is no expenditure for the council to review in these three sub-programs.

Reserve Fund Transfers

The shire maintains a number of reserve funds for specific purposes. Details of these reserves and 2008/09 transactions are shown in the following table. The council should review allocations and balances accumulated to determine if they are adequate.

Reserve	Balance 1 July 2008	Transfer to Reserve	Transfer From Reserve	Balance 30 June 2009
Recreation Centre Reserve	\$137,051	\$40,000		\$177,051
Balingup Road Caravan Park Reserve	\$40,542		(\$40,150)	\$392
Long Service Leave Reserve	\$43,124	\$10,000		\$53,124
Plant & Machinery Reserve	(\$7,965)	\$250,000	(\$272,000)	(\$29,965)
Collocation Building Reserve	\$361,667		(\$25,000)	\$336,667
Foreshore Park Ablution Block Reserve	\$62,247			\$62,247
Office Equipment Reserve	\$22,414	\$15,000	(\$22,050)	\$15,364
Kindergarten Reserve	\$234,093			\$234,093
Main Street Upgrade Reserve	\$30,000	\$30,000		\$60,000
	\$923,173	\$345,000	(\$359,200)	\$908,973

C24 That the amount of plant depreciation allocated to jobs be the amount actually transferred to the Plant and Machinery Reserve.

The Plant and Machinery Reserve detailed a negative opening balance at 1 July 2008 and a further net transfer from this reserve during the year of \$22,000 for a negative balance of \$29,965 at 30 June 2009. It is not legally possible to over-draw on a reserve fund and this should be immediately corrected and can be achieved by reducing the transfer from the reserve this year by approximately \$30,000. The impact that this may have on the budget should be monitored.

If cash amounts are set aside for specific purposes, it follows that any interest earned on investing of those funds should also be transferred in to reserves. For 2008/09 \$900,000 invested at prevailing rates would earn approximately \$30,000 to \$35,000.

C25 That an amount equivalent to interest earned on Reserve funds be transferred to specific reserves.

Summary

This report includes a review of activities proposed in both the Forward Plan and Annual Budget. Some opportunities may be available to manage core business more effectively and to improve financial efficiency and these have been highlighted. However, if efficiencies are to be achieved through expenditure cuts, staff redundancies may result with undesirable impact on the wider community.

A significant capital works program and associated grant funding in 2008/09 has allowed the shire to reduce its own resources contributed to works and to use profit from major projects to fund normal operating activities. This indicates that the shire is significantly unsustainable even in the short-term.

An analysis of the 2008/09 Annual Budget and projecting current operating income (excluding specific purpose grants) and normal operating expenditure indicates that in 2009/10 there will be a significant reduction in funds available for works after normal expenditures are provided for. This is based on assumptions that existing costs, revenue and grants (FAGS) will increase by approximately 4% but \$400,000 income from investment of capital works funds for Mowen Road and Jalbarragup Bridge in 2008/09 will reduce to \$100,000 in 2009/10 and \$zero in 2010/11. No allowance has been made for the 'profit'

from Mowen Road which is likely to continue through until 2011/12 then cease. This is shown in the following Table:

	2008/09 Annual Budget	Est 2009/10 (see assumption above)	Est 2010/11 (see assumption above)
Operating Income	\$2,554,700	\$2,352,000	\$2,342,000
Less Operating Expenditure	(\$2,306,340)	(\$2,400,000)	(\$2,496,000)
Add specific one-off projects funded and operating projects c/fwd included in operating expenditure	\$207,000	\$215,000	\$223,000
Funds available for shire's contribution to capital works, infrastructure, vehicles change-over, reserve fund transfers, studies and specific projects	\$455,360	\$167,000	\$69,000

All things being equal, the shire will have a significantly reduced operating surplus in 2009/10 of approximately \$167,000 and this will reduce to \$69,000 in 2010/11 unless major adjustments are made to revenue streams. For 2009/10 the Forward Plan provides for the following major works to be undertaken, for which no specific funding is identified:

Major Projects Proposed	2009/10	2010/11
◦ Danjangerup Cottages	\$40,000	
◦ Staff Housing works	\$28,500	\$18,500
◦ Other Housing Works	\$28,500	\$18,500
◦ Cemetery Landscaping works	\$3,000	
◦ Town Hall Ceiling Fans	\$5,000	
◦ Road Construction	\$413,000	\$528,000
◦ Survey Reserve 27941 and Plan for Parking	\$10,000	
◦ Construct Parking reserve 27941		\$50,000
◦ Construct Parking across old Railway Bridge		\$20,000
◦ Review Local Planning Scheme 3		\$20,000
◦ Upgrade Oval Seating		\$6,000
Total Projects Proposed	\$528,000	\$661,000
◦ Transfers to Reserves	Unknown	Unknown
Estimated Municipal Funds Available	(\$167,000)	(\$69,000)
Minimum Shortfall (excluding Transfers to Reserve Funds)	\$361,000	\$598,000

The shire will be unable to undertake the works to the extent proposed above unless major structural change is made to increase revenues or alternative revenues (grants, debt) are sourced. The review of activities proposed in the Forward Plan should also include a review of income raised and fees and charges practices, particularly with regard to the apportionment and level of rates raised between UV and GRV assessed properties, the recovery of waste and recycling costs (user pays), fees for hall and recreation centre hire and the leasing of both caravan parks.

The *Forward Plan 2008/09 – 2012/13* does not include an overall financial plan for the corresponding period to demonstrate the shire's ability to fund 'core business' and the delivery of the programs and actions proposed. The pruning and stop-gap funding measures needed to finalise the 2009/10 budget bring into question the validity of the plan.

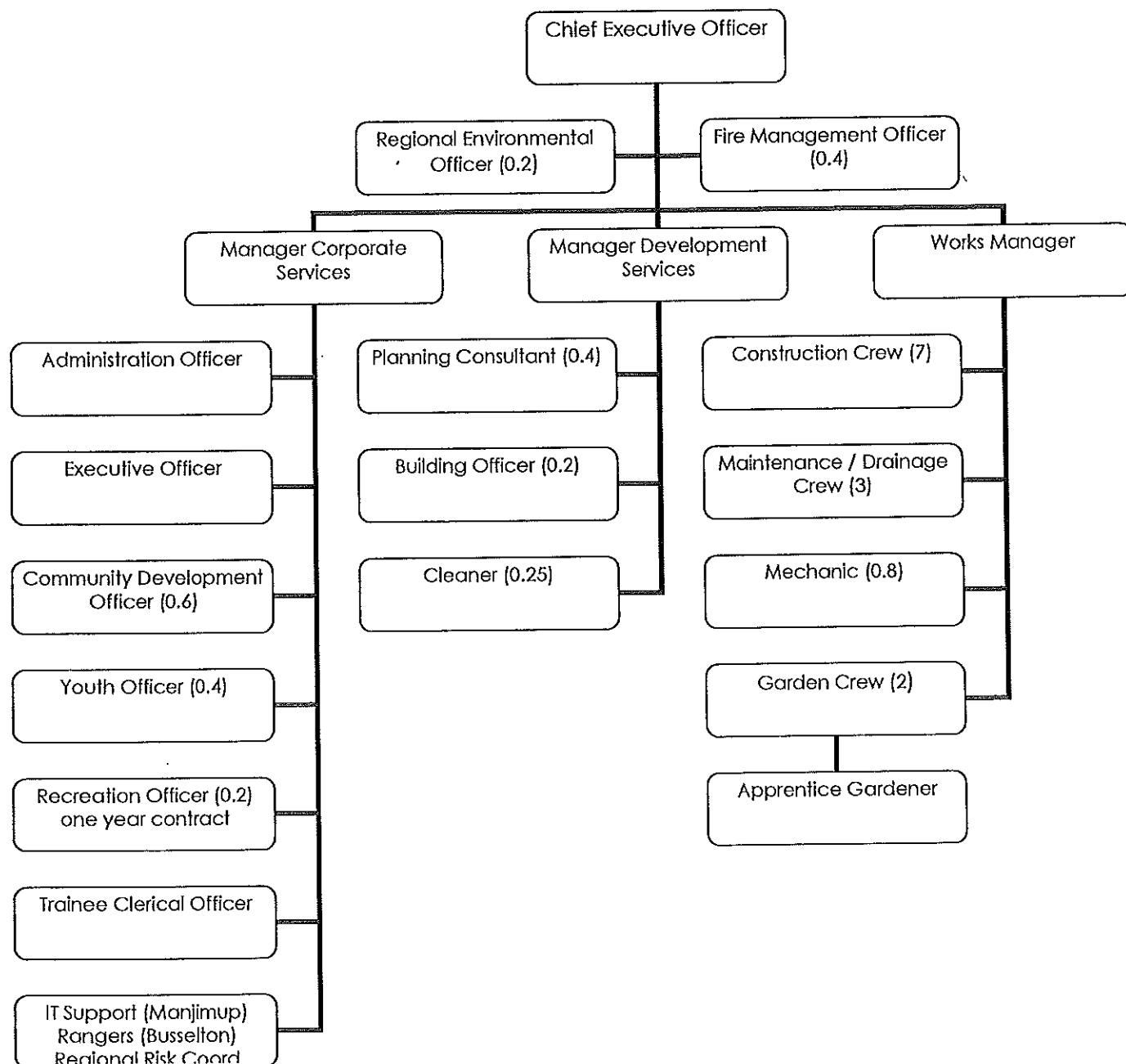
Recommendation

- C26** That as a priority, the *Forward Plan 2008/09 – 2012/13* be reviewed to include a long-term financial plan to demonstrate how the shire will fund day to day operations and other core business activities and projects included in the plan.

PART D – ORGANISATIONAL STRUCTURE

"... Staff mix – is it in line with what needs to be achieved?"

The shire has a flat organisational structure with three managers reporting to the Chief Executive Officer and various staff reporting to those managers. A total of 23.45 staff (plus some external support on an as needs basis) are employed under this structure as shown:



No two local governments are the same and accordingly staffing structures will vary between shires. However, there is often similarity in hierarchies and the shire's organisational structure and level of staffing is not dissimilar to other local governments of similar size. A comparison of shires and staffing levels is included in the following table:

COMPARISON OF 30 SELECTED SHIRES

SHIRE OF	AREA km2	SEALED ROADS km	UNSEALED ROADS km	POP'N	ELECTORS	RATES \$	TOTAL REVENUE \$	EMPLOYEES
Nannup	2953	156	406	1192	1045	825,000	11,227,000	23.45
Beverley	2310	241	516	1562	1785	1,896,000	3,953,000	25
Boddington	1900	102	184	1379	942	1,199,000	3,751,000	22.5
Boyup Brook	2838	210	788	1480	1158	1,604,000	4,063,000	27
Brookton	1626	203	440	978	701	1,026,000	6,211,000	26
Broomehill- Tambellup	2813	272	754	1137	843	1,303,000	4,771,000	26
Bruce Rock	2772	496	763	950	722	856,000	4,416,000	35
Carnamah	2835	167	469	749	432	994,000	4,340,000	24
Coorow	4137	301	662	1199	1161	1,925,000	4,663,000	28
Cranbrook	3390	345	762	1062	767	1,523,000	3,796,000	27
Cunderdin	1872	376	466	1250	895	1,192,000	3,314,000	21
Dowerlin	1867	196	773	702	570	691,000	3,375,000	25
Dumbleyung	2553	231	799	632	522	963,000	4,408,000	24
Goomalling	1845	219	470	935	754	1,114,000	4,153,000	29
Kellerberrin	1852	229	710	1183	880	950,000	3,305,000	25
Kent	6552	230	1200	574	480	1,366,000	4,530,000	23
Kondinin	7340	280	1189	968	686	1,402,000	7,105,000	27
Koorda	2662	245	840	430	327	668,000	3,256,000	19
Kulin	4790	294	1310	881	735	1,269,000	4,264,000	34
Mingenew	1927	191	327	471	365	884,000	2,929,000	18
Morowa	3528	195	850	824	496	889,000	3,644,000	24
Narembeen	3821	290	1150	906	628	1,085,000	4,475,000	27
Narrogin	1618	169	568	829	617	536,000	2,398,000	19
Pingelly	1223	203	384	1168	850	973,000	2,978,000	23
Qualradung	2000	288	654	1022	750	1,148,000	2,317,000	26
Three Springs	2629	179	593	664	522	1,050,000	5,631,000	18
Victoria Plains	2563	230	586	903	789	1,628,000	3,665,000	17
West Arthur	2850	190	664	858	648	1,112,000	2,836,000	21
Wickepin	1989	157	717	716	533	973,000	4,301,000	20
Williams	2295	166	388	863	689	1,018,000	2,289,000	23
Average of 30 selected shires	2845	235	679	949	743	1,135,400	4,212,133	24.2

Source: WA Local Government Directory 2006/07, Australian Bureau of Statistics Census 2006 & respective published budgets

Comment

Whether the shire's staffing levels and staff mix is in line with what needs to be achieved will depend on the core business (statutory and discretionary) the council wishes to undertake and the level of service delivery proposed.

Clearly a limited budget and available staff resources will restrict council's service delivery. In a small rural local government recruitment into some specialized professions can be difficult and all staff including the chief executive officer and managers have to be 'hands-on' and generally don't have the luxury of being able to delegate to subordinates. This restriction then often results in an unusual grouping of roles under one department whereas in a larger organisation there may be four or five separate departments/divisions where similar roles can be more closely aligned.

Core Business Responsibility

Responsibility for core business undertaken by the Shire of Nannup ultimately lies with the Chief Executive Officer but is shared across all divisions as detailed below:

CEO	Corporate Services Division	Development Services Division	Works Division
Municipal elections	Electoral Roll preparation	Health administration and control	Road construction / reconstruction
Membership of external organisations / participation	Property rating	Enforcement of Local Laws	Road and bridge maintenance
Governance/Political Activities	accounting policies, financial management, accounts paid, debts recovered, reserve funds, debt funding, future planning, annual budget, fees and charges, financial reporting, annual audit, equipment provided	Town planning services	Footpath construction and maintenance undertaken, street sweeping, verge maintenance and crossover construction
Elected member support	Vehicle licensing agency	Emergency management	Parks and reserves maintained
Agenda and minute preparation, committee attendance and support	Customer service	Committee attendance and support	Committee attendance and support
Establish suitable structure to deliver services and facilities	Committee attendance and support	Building Control	Garden maintenance of community assets
Staff resources allocated	Investment of funds	Building maintenance of community assets	Cemetery operation
Resource sharing and regional partnerships undertaken	Grants sourced and acquitted	Household rubbish collection, recycling services, refuse site	Depot provision, maintenance and staffing
Marketing and Public Relations	Councillor fees and expenses reimbursement, training	Public convenience provision and maintenance	Plant and equipment purchased and maintained
Human Resource Management	Allocation of donations and financial support to groups and local organisations	Public halls and recreation centre maintenance	Weed and feral pig control
Environment management, NRM and Landcare support	Animal control	Building management asset	Private works undertaken
Tourism and area promotion,	Disability Access and Inclusion Plan	Car parking	Infrastructure asset management
Forward planning and strategic planning	Community Development Officer Youth Officer Recreation Officer		Supervision of external contractors / service providers
Fire Control/LEMAC	Pre school facilities		
Legal Issues and Legal Agreements (Contracts)	Housing provided for staff and non-staff, aged accommodation		
Major Projects	Library services		
	Events support		
	Insurance policies and claims		

Chief Executive Officer (CEO)

The CEO is responsible for all staff. The structure provides for the three managers to report directly to the CEO and this is considered appropriate. A fourth department is unnecessary and a reduction to two would require some 'statutory' positions (planning, health & building) to report directly to the CEO placing additional demands on that position. This is undesirable.

In addition, a part-time Fire Management Officer (0.4FTE) and part-time Environmental Officer (0.2FTE) shared across the four shires in the Warren Blackwood Region also report directly to the CEO. This has probably occurred so that managers who are already spread fairly thinly across a range of functional areas are not further burdened by responsibility for additional activities.

Manager Corporate Services

In broad terms, this position manages all finance, administration, customer service, information technology, community development, youth, recreation, library, ranger and regional risk coordinator services.

Three staff (an Administration Officer, Executive Office and Trainee Clerical Officer) provide all finance, administration, customer service and library services. Based on current workloads a minimum of 2.5 experienced staff could be sufficient to cover these roles or two experienced staff plus a trainee as occurs now. The cost of 2.5 experienced staff would be similar to the current structure of three staff (including a full-time trainee). There is also social and community benefit in providing a traineeship opportunity for a local youth and this current staffing level is supported. However there is no capacity to provide administrative support to the other managers who have to perform their own clerical and administrative functions.

The Community Development Officer position was changed from a full-time role to 0.6 FTE and the balance of 0.4FTE allocated to a Youth Officer in October 2008. This current arrangement works well and both positions are involved in a large number of activities and events across the shire. The part-time Recreation Officer position (0.2) is a 12-month contract fully funded.

A ranger service is provided on an as needs basis from the Shire of Busselton and principally deals with animal control (dog) issues. A nominal budget of \$3,500 is allocated and is inadequate. Attending to a dog incident from over 60km away is an inefficient and inappropriate response.

The shire contributes a nominal \$4,500 to the provision of Regional Risk Coordinator. This position is likely to have improved the shire's safety practices and achieved savings in insurance premiums.

A recent lengthy period of absence of a key staff member has highlighted an issue with the provision of cover and relief for this absence with a number of budget issues. The main issues were detailed earlier in Part C of this report under *Program 14 – Other Property and Services*. The council should develop a strategy to fund and cover extended absences.

Recommendation

- D1 That the Council develop a strategy to cover unforeseen or extended staff absences which may include the creation of a specific cash reserve for that purpose.**
- D2 That the Council allocate sufficient budget to fund a part-time staff member to assist the Manager Development Services and Works Manager in their roles.**

Manager Development Services

This position is responsible for town planning, building control and health services as well as asset management/cleaning and maintenance.

The manager spends approximately 60% of his time on planning issues and is supported by a planning consultant (0.4FTE). Other specific planning projects are usually undertaken by contracting planning expertise (Town Site Strategy, Residential Design Guidelines and Community Infrastructure Plan). Planning is a growing area for the shire and the planning role would be better provided through a full-time dedicated planning officer who could also undertake some of the specific project roles. Specialist planning advice could continue to be obtained for high-level projects on an as needs basis.

Building licensing and control is supported by a part-time (0.2FTE) position. Activity in this functional area increased during 2008 and is now generally stable. Resources required are subject to building demand but the officer often has to work more than the one-day a week allocated.

There are approximately 13 – 14 premises that are subject to health licensing and inspection. The biannual food premises inspections would be a minimum with more frequent inspections required for higher risk premises. Existing workloads and priorities mean that this area is currently a low priority and required inspections are not regularly or routinely undertaken.

The manager has a building asset management and maintenance responsibility and is supported by a part-time Cleaner (0.25FTE but often work more) who cleans the administration centre, town hall, recreation centre and eight public toilets.

Council policies relative to development services require review with some not having been reviewed since 1996 due to insufficient resources in this area. Standard development, building and health conditions also need to be prepared so that council approvals are appropriately conditioned to ensure that development and building occurs to an appropriate standard.

The manager has to deal with all front counter enquiries relating to the department (planning, health and building) and undertakes the role with limited administrative, filing and typing support.

Recommendation

- D3 That the Council consider establishing a full-time planning officer position which could be funded from the contract planning and special planning projects budgets.**

Works Manager

Some 13.8 FTE staff report to the Works Manager. These include 7 construction staff, 3 maintenance/drainage staff, a garden crew of 3 staff and a part-time (0.8FTE) mechanic.

This department is supported in its functions by contractors and additional temporary staff for major projects such as Mowen Road construction. Bridge maintenance work and road edging is provided by the Shire of Manjimup. The structure and staff numbers are considered appropriate. However, works like maintenance grading are not undertaken to a formal schedule with a 'circuit' approach undertaken where the grader completes one circuit approximately each month. Some additional grading is undertaken in reaction to complaints and smaller roads graded on an as needs basis.

A minimalist approach is undertaken to road construction. No survey work is done and reconstruction rather than construction occurs.

Mowen Road has placed a significant impost on the Manager and this will continue through until 2011/12 when this project is scheduled to be completed. For the 6-months construction period, the manager has spent approximately 75% of his time on this project. This has meant that other day to day activities have not had sufficient attention or supervision with the risk of inefficiencies and waste occurring. In 2008/09 the shire made a \$100,000 'profit' out of the Mowen Road project. However this was not used to support the department with these funds used to fund the shires operating costs and hence subsidise rates. Part of future profit on this project should be used to provide support for the manager in his role.

The manager has to deal with all front counter enquiries relating to the department and undertakes the role with limited administrative, filing and typing support.

Recommendation

- D4 That the Council engage temporary technical engineering resources to support the Manager works during construction of Mowen Road and to be funded from the Mowen Road construction budget.**

Appointed Council Committees

The large number of committees established by the council places a significant impost on staff in supporting these. The need for and efficiency and effectiveness of many of the committees in assisting the Council to make informed decisions is questioned. Some committees are required by law, whereas others are discretionary and should be reviewed after October 2009 ordinary elections.

In addition to council appointed Committees, the Shire also participates in a number of external organisations and has nominees appointed to those groups. Committee appointments in October 2007 were made to the following:

Statutory Council Committees	Discretionary Council Committees	External (Non-Council) Committees
Audit Committee	Caravan Parks Advisory Committee	Augusta / Walpole Coastal Strategy
Bush Fire Advisory Committee	Chief Executive Officer Review Committee	Blackwood River Valley Marketing Association
Local Emergency Management Advisory Committee ²²	Coastal Management Plan Committee	Central Great Southern Salt Land Recovery Committee
Occupational Health & Safety Committee ²³	Community Groups Grants Committee	Nannup Visitor Centre Board
	Councillor PC Advisory Committee	Regional Road Group
	Foreshore Park Advisory Committee	Shannon D'Entrecasteaux National Parks Advisory Committee
	Functions and Events Committee	South West Zone WALGA
	Municipal Inventory Advisory Committee	TIRES
	Nannup Community Recycling and Waste Management Advisory Committee	Trees South West
	Plant Advisory Committee	Warren Blackwood Strategic Alliance
	Recreation Centre Advisory Committee	
	Streetscape Advisory Committee	
	TimeWood Centre Committee	

As the caravan parks are leased to the Nannup Visitors Centre, the role of the *Caravan Parks Advisory Committee* in a lessor/lessee situation should be reviewed. The Shire is staffed by well-qualified professional staff and any issues requiring decision come to the council through an officer report. Given that the council comprises just 8 members, officer advice and recommendation direct to council could eliminate several of the committees (eg Councillor PC Advisory Committee, Plant Advisory Committee) and be a more efficient and effective decision making process. In essence, processes are already in place to support the council's decision-making and some committees are likely to add a further level of unnecessary complexity to those processes with an impost on officers (and councillors).

The council should be mindful of financial interest provisions of the Local Government Act 1995²⁴ when making non-elected member appointments to committees. While there is no suggestion whatsoever of any breach of financial interest, appointing a person who holds a contract with the council on a committee that provides advice on matters for which they are contracted to provide a service, is considered highly inappropriate and places that committee member in a difficult and potentially compromising position. This comment also

²² Referred to in the Emergency Management Act 2005 as "Local Emergency Management Committee" S.3 and should be named as such.

²³ The committee should have the same name as the Act under which it is established "Occupational Safety and Health Committee" (emphasis on safety before health).

²⁴ Local Government Act 1995 Part 5, Division 6

applies to appointments of persons who may represent their "employer" on advisory committees.

Recommendation

D5 That when committee members terms of appointment cease on the next ordinary election day (17 October 2009) the Council review the need for current committees and only establish such committees that are required by law or which will improve the efficiency and effectiveness of and add value to the Council's decision-making processes.

Risk Management

Risk management involves the identification, prioritization and management of risks and the allocation of resources to minimise and control the probability of an adverse event. Risk management should be part of decision-making processes at both council and staff level. The process is not only applied to decisions taken but also in situations where no action is taken, to assess the risk of doing nothing or ignoring potential consequences of that. There is a real risk of litigation in acting contrary to professional advice and acceptable standards and possible risk of injury or worse in failing to maintain public assets and infrastructure to reasonable standards.

The shire has no risk management policies or processes in place and should develop these as a priority. There is an international standard (ISO 31000 – Risk Management – Principles and guidelines on implementation) as well as an Australian Standard (AS/NZS 4360:2004 Risk Management) which provides comprehensive guidelines on risk management.

A simple risk matrix can be developed to assess the risk likelihood and consequences of decisions (or failing to act). While various risk matrices are available, a basic model which could easily be adopted could include:

Risk Likelihood and Descriptors

RATING	DESCRIPTION
Almost Certain	The event is expected to occur once a year or more frequently
Likely	The event is expected to occur once every 3 years
Possible	The event is expected to occur once every 10 years
Unlikely	The event is expected to occur once every 30 years
Rare	The event is expected to occur once every 100 years

Risk Consequence Ratings and Descriptors

RATING	DESCRIPTION
Catastrophic	More than 5 fatalities In excess of \$2m loss
Major	1 to 5 fatalities \$500k to \$2m loss
Moderate	1 or more major injuries \$100k to \$500k loss
Minor	1 major injury \$10k to \$100k loss
Insignificant	No injuries < \$10k loss

Risk likelihood and risk consequence can be analysed in a matrix to determine the level of risk (low, medium, high or extreme) and the treatment required to address that risk as detailed in the following table:

Risk Analysis Matrix

LIKELIHOOD	CONSEQUENCE				
	Insignificant	Minor	Moderate	Major	Catastrophic
Almost Certain	Medium	High	High		
Likely	Medium	Medium	High	High	
Possible	Low	Medium	High	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Medium	Medium	High

Risk Treatment Strategy

RATING	LEGEND
	Improved actions, resources and strategies are required to be implemented IMMEDIATELY to reduce, transfer or control the level of risk
High	Existing actions, resources or strategies must be modified AS SOON AS POSSIBLE to reduce, transfer or control the risk
Medium	Take actions to reduce where benefit exceeds cost and / or continue to implement actions, resources and strategies to prevent and / or reduce the level of risk
Low	MAINTAIN current actions, resources and strategies to prevent the escalation of the level of risk

Recommendation

D6 That a risk management strategy be introduced into the decision-making processes as a matter of priority to assess the likelihood, consequences and treatment of decisions including failing to act.

Summary

A three department structure works and should be retained.

The Corporate Services Department is sufficiently staffed to undertake its current function although some minor transfer of roles between Corporate Services and Development Services could occur to place all regulatory services in the same division.

Town planning is a growth area for the shire and a full-time town planning position should be established to undertake the planning role. This could be funded from the contract planner and specific project funding.

Reporting responsibility of the two part-time positions reporting directly to the CEO should be transferred to the Manager Development Services. Responsibility for the contract ranger service provided through the Shire of Busselton should be transferred to the Manager Development Services. These changes are subject to full-time planning officer being employed and will group all 'statutory / regulatory' type functions under the one department.

Recommendation

D7 That subject to a full-time planning officer being appointed, the organisational structure be amended as detailed in the *Alternative Organisational Structure* chart below.

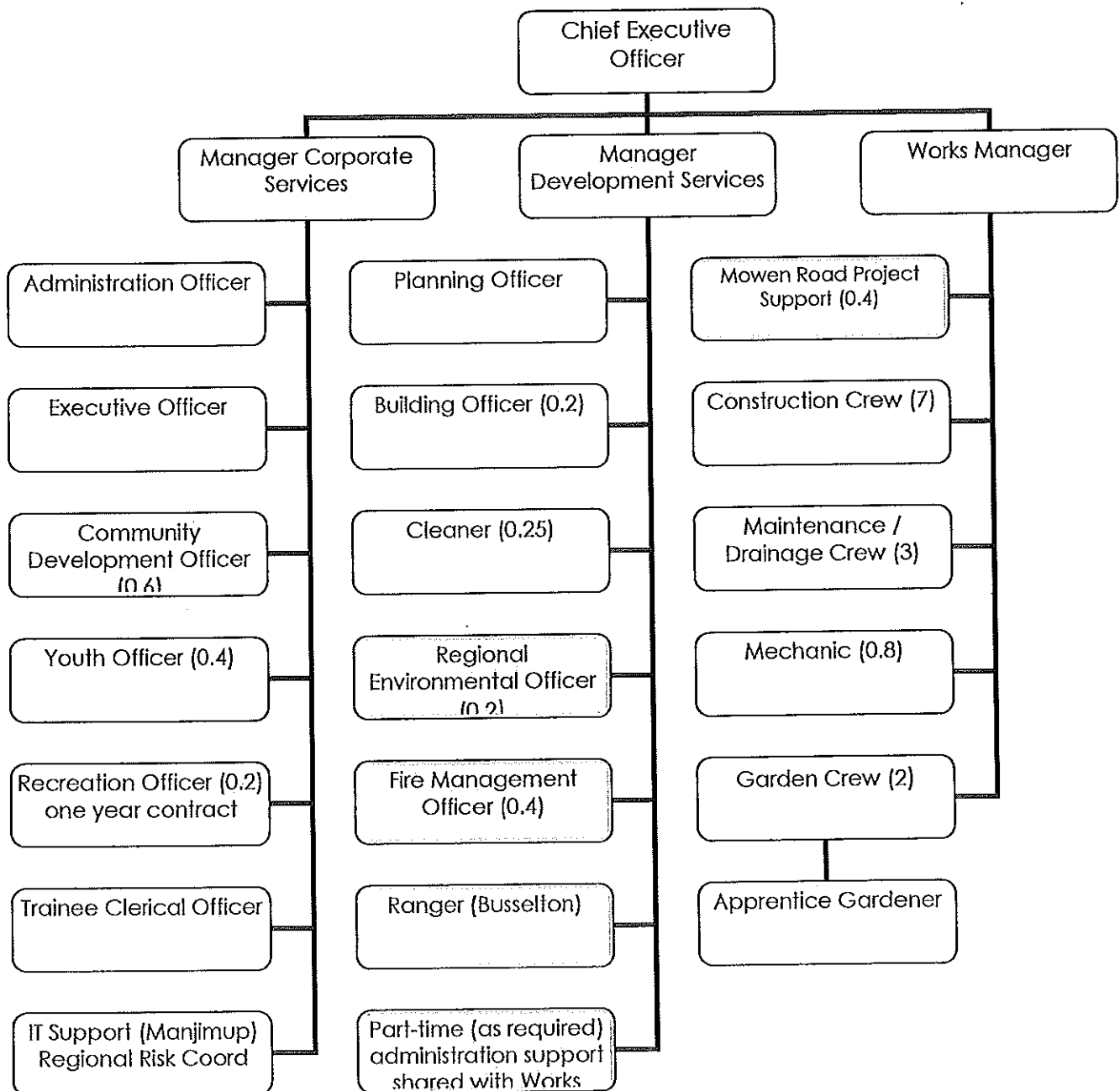
Support should be provided to the Manager Works in his role while he is occupied with the Mowen Road project. This should be funded from the profit made from this project each year.

The council should consider a strategy to ensure that extended periods of absence of key staff is covered and funded. The alternative organisational structure resulting from the above changes is detailed below.

In addition, the roles of and need for some of the discretionary committees should be reviewed to improve the efficiency and effectiveness of decision making, particularly where processes are already in place to inform and advise council.

The shire should also introduce risk management practices and strategies to its decision-making processes to minimise and control the risk of litigation or loss and injury.

ALTERNATIVE ORGANISATIONAL STRUCTURE



The above structure is subject to the 0.4FTE Planning Contract and some special planning projects being replaced with a full-time Planning Officer.

- 2 Grange Road
 - Community Kindergarten
 - Nannup Bowling Club
 - Nannup Telecentre
- E2 Where lease fees are waived for any of the premises listed in E1, the value of this be recorded as income for the appropriate area of Council's budget and a donation expense against Members of Council.
- E3 Where hire fees are waived for any Council premises, including the Shirley Humble Room, Nannup Amphitheatre etc, the value of this be recorded as income for the appropriate area of Council's budget and a donation expense against Members of Council.
- E4 That Council move toward a general user pays principle in the overall management for all assets under its care, control and maintenance.
- E5 That Council continue to lobby the State Government for financial compensation in respect of the inability to raise rates on State controlled land, despite commercial activities being undertaken on that land.

8243 DUNNET/LORKIEWICZ

That Council adopt the following recommendations from the Strategic and Organisational Review Report inclusive of five additional recommendations:

- A2 That given the Minister for Local Government's proposal to restructure local government, the Council examines expenditures and service levels at this time to ensure that the Shire's current position is not weakened in the face of potential amalgamation with other local government districts.
- B1 That Council adopt the position that its core functions are those listed and classified below and that those identified as statutory core business remain the highest priority for resource allocation and funding in comparison to those that are of a discretionary nature.

STATUTORY CORE BUSINESS	DISCRETIONARY CORE BUSINESS OR (STATUTORY CORE BUSINESS DISCRETION)
Property rating	(Mix and level or rating, annual increases, discounts and interest charges)
	Vehicle licensing agency
Investment of funds	(Where funds placed to maximise return and minimise risk)
	Grants sourced
Municipal elections	(Postal or voting in person, extent of some advertising)
Councillor fees and expenses reimbursement, training	(Fees set within statutory limits)
	Allocation of donations and financial support to groups and local organisations
	Membership of organisations
Establish suitable structure to deliver services and facilities, governance, accounting policies, financial management, future planning, annual budget, fees and charges, customer service, equipment provided	(Staff resources allocated, fees set, IT, equipment and other administration support provided, level of fees and charged adopted, reserve funds, debt funding)
	Building and garden maintenance of community assets
Fire control	(Extent that fire control legislation is enforced, resources allocated)
Animal control	(Extent that animal control legislation is enforced, resources allocated)
Emergency management	(Resources allocated)
Health administration	(Extent that health legislation and local law are enforced, inspections undertaken, resources allocated, licence fees levied)
	Early Childcare facilities
	Community Development Officer Youth Officer Recreation Officer
	Housing provided for staff and non-staff, aged accommodation
Disability Access and Inclusion Plan	(Resources allocated)
Household rubbish collection, recycling services, refuse sites provided	(Method and frequency of services, fees charged, management of refuse sites, local law enforced)
Town planning services	(Staff resources allocated, plans implemented, studies and future planning undertaken)
Cemetery operation	(Fees charged, maintenance undertaken)
	Public convenience provision and maintenance

Signed:

Dated 24 September 2009

	Resource sharing and regional partnerships undertaken
	Public halls and recreation centres provided, fees charged, upgrades and maintenance works undertaken
Parks and reserves managed	(Standard of maintenance, capital works and enhancements undertaken)
Library services	(Resources allocated)
	Road construction / reconstruction undertaken and own resources allocated
Road and bridge maintenance	Level of road and bridge maintenance undertaken and resources allocated
	Footpath construction and maintenance undertaken, street sweeping, verge maintenance and crossover construction
Car parking	(Local law enforced)
	Depot provision, maintenance and staffing
	Plant and equipment provided / owned
Asset Maintenance	
	Environment management, NRM and Landcare support
	Tourism and area promotion, events support, caravan park maintenance, enhancement and fees
Building control	(Resources allocated, maximum fees charged, progress inspections undertaken)
	Private works undertaken by Shire staff and fees charged

- C1 That the Council adopt the principle the future rate increases should be at or above CPI and more closely linked to the LGCI given that the latter has more relevance to local governments' costs, and that Council actively seek to achieve the Grants Commission overall assessed rate capacity by reasonable incremental rate increases.
- C2 That the Council review the relativities in rate contributions from the GRV and UV sectors to bring these more in line with the Local Government Grants Commission's assessment of the shire's rating capacity and with rates levied by neighbouring and regional local governments.
- C2a Council also analyse the assess the minimum rate against operating revenue to achieve the required benchmark for a local government of this size.

- C3 That Council in the next review of its Forward Plan remove reference to a percentage collection figure for rates.
- C4 That Council members, particularly any that may be newly elected in October 2009, attend training in appropriate areas in order to develop adequate skills to undertake their role.
- C5 That the current liability for long service leave be reviewed on an annual basis to ensure that the amount transferred to Reserve Funds is adequate.
- C6 That the 5-year Councillor and Office Equipment Replacement program be reviewed on an annual basis to ensure that the amount transferred to Reserve Funds is adequate.
- C7 That the Council develops a policy on contributions to aged persons' accommodation to support future expenditures on this activity.
- C8 That the annual contract for tip site maintenance be reviewed to ensure that this reflects the reduced work of the contractor since introduction of kerb-side recycling as well as other aspects of the contract operation including but not limited to:
- Application of user pays principle.
 - Viability of person on gate if insufficient fees collected.
 - Operation Times.
 - Scope of recycling activities.
 - Contract term and penalties if altered.
- C9 That the Council adopts a user-pays principle in recovering the cost of waste management to recover 100% of costs involved from household rubbish collection fees, recycling fees and tipping fees.
- C10 That the Council review all land fill tipping fees to levels comparable to neighbouring local governments to achieve a reasonable recovery of costs and discourage dumping of waste

from outside of the district.

- C11 That the Council adopts maximum fees permitted by regulations for all planning and development applications.
- C12 That following the completion of new ablution facilities at the Nannup Amphitheatre, the Riversbend Caravan Park and the proposed TimeWood Centre, that Council undertake a review of the number of ablution facilities and their use, with such a review determining if it is viable to retain some of the older ablution facilities, particularly those in close proximity to the new ones. Opening times to be assessed as part of that review.
- C13 That the Council reviews fees and charges for the town hall to maximise the return on this asset.
- C14 Where hire fees are waived, the value of this be recorded as income for the town hall and a donation expense against Members of Council.
- C15 That the Council reviews fees and charges for the recreation centre to cover day to day cleaning and utility costs as a minimum and to maximise the return on this asset.
- C16 Where hire fees are waived, the value of this be recorded as income for the recreation centre and a donation expense against Members of Council.
- C17 That before purchasing any new major plant items, the Council reviews utilisation of all plant to determine if use of plant can be maximised and whether there are alternatives to purchase that will provide more economical benefits for the Shire.
- C18 That the Council reviews the financial lease arrangements for the caravan parks to maximise the return on these assets.
- C19 In the event that commercial lease fees are not recovered, the value of this be recorded as income for the caravan parks and a donation expense against Members of Council to reflect greater transparency in this arrangement, and further, that an annual

financial statement be produced and submitted to Council which includes the total of any commercial lease payments forgone/waived, along with any capital or operating expenditure incurred by Council in the preceding 12 month period."

- C24 That the amount of plant depreciation allocated to jobs be endeavoured to be the amount actually transferred to the Plant and Machinery Reserve.
- C26 That Council's *Forward Plan 2008/09 – 2012/13* be reviewed by including a long term financial plan to demonstrate how the Shire will fund day to day operations and other core business activities and projects included in the plan plus another five years.
- D2 That Council acknowledge that additional resources are required in the Development Services area and that budget reviews over the coming 12 months will be required to recognise resources that are required to be allocated to address the backlog of work in this area.
- D3 That the Council acknowledge the requirement for a full-time planning officer position to be funded from the contract planning and special planning projects budgets, noting that if it appears that the financial impact of the position is going to be over the current budget allocation amount, then this impact be assessed as part of Council's 2009/10 budget reviews.
- D5 That when committee members terms of appointment cease on the next ordinary election day (17 October 2009) the Council review the need for current committees and only establish such committees that are required by law or which will improve the efficiency and effectiveness of the Council's decision-making processes.
- D6 That a risk management strategy be introduced into the decision-making processes as a matter of priority to assess the likelihood, consequences and treatment of decisions including failing to act.
- D7 That subject to a full-time planning officer being appointed, the organisational structure be amended as detailed in the *Alternative Organisational Structure* chart.

- E1 That Council ascertain commercial lease rates for leasable buildings it owns including but not limited to:
- Old Roads Board Building
 - 2 Brockman Street
 - Proposed TimeWood Centre
 - 2 Grange Road
 - Community Kindergarten
 - Nannup Bowling Club
 - Nannup Telecentre
- E2 Where lease fees are waived for any of the premises listed in E1, the value of this be recorded as income for the appropriate area of Council's budget and a donation expense against Members of Council.
- E3 Where hire fees are waived for any Council premises, including the Shirley Humble Room, Nannup Amphitheatre etc, the value of this be recorded as income for the appropriate area of Council's budget and a donation expense against Members of Council.
- E4 That Council move toward a general user pays principle in the overall management for all assets under its care, control and maintenance.
- E5 That Council continue to lobby the State Government for financial compensation in respect of the inability to raise rates on State controlled land, despite commercial activities being undertaken on that land.
- E6 That Council adopt the position that consistent with the desire to continue as ongoing autonomous local government entity that it considers that a Council with the size and demographics of Nannup to be best served by six elected members commencing from the next ordinary Council elections scheduled for 2011.

CARRIED 4/3

Councillors voting for the motion: Dunnet, Bird, Dean and Pinkerton.

Councillors voting against: Boulter, Camarri and Lorkiewicz.



Estimated Resident Population (ERP)

	1996 ERP	2001 ERP	Change 1996-2001	2006 ERP	Change 2001-2006	Change 1996-2006
Boyup Brook (S)	1,747	1,642	-6.0%	1,552	-5.5%	-11.2%
Bridgetown- Greenbushes (S)	4,034	4,188	+3.8%	4,119	-1.6%	+2.1%
Manjimup (S)	10,256	10,309	+0.5%	9,773	-5.2%	-4.7%
Nannup (S)	1,161	1,218	+4.9%	1,260	+3.4%	+8.5%

Discover your Community

No two local governments are the same and accordingly staffing structures will vary between shires. However, there is often similarity in hierarchies and the shire's organisational structure and level of staffing is not dissimilar to other local governments of similar size. A comparison of shires and staffing levels is included in the following table:

COMPARISON OF 30 SELECTED SHIRES

SHIRE OF	AREA km ²	SEALED ROADS km	UNSEALED ROADS km	POP'N	ELECTORS	RATES \$	TOTAL REVENUE \$	EMPLOYEES
Nannup	2953	156	406	1192	1045	825,000	11,227,000	23.45
Beverley	2310	241	516	1562	1785	1,896,000	3,953,000	25
Boddington	1900	102	184	1379	942	1,199,000	3,751,000	22.5
Boyup Brook	2838	210	788	1480	1158	1,604,000	4,063,000	27
Brookton	1626	203	440	978	701	1,026,000	6,211,000	26
Broomehill- Tambellup	2813	272	754	1137	843	1,303,000	4,771,000	26
Bruce Rock	2772	496	763	950	722	856,000	4,416,000	35
Carnamah	2835	167	469	749	432	994,000	4,340,000	24
Coorow	4137	301	662	1199	1161	1,925,000	4,663,000	28
Cranbrook	3390	345	762	1062	767	1,523,000	3,796,000	27
Cunderdin	1872	376	466	1250	895	1,192,000	3,314,000	21
Dowerin	1867	196	773	702	570	691,000	3,375,000	25
Dumbleyung	2553	231	799	632	522	963,000	4,408,000	24
Goomalling	1845	219	470	935	754	1,114,000	4,153,000	29
Kellerberrin	1852	229	710	1183	880	950,000	3,305,000	25
Kent	6552	230	1200	574	480	1,366,000	4,530,000	23
Kondinin	7340	280	1189	968	686	1,402,000	7,105,000	27
Koorda	2662	245	840	430	327	668,000	3,256,000	19
Kulin	4790	294	1310	881	735	1,269,000	4,264,000	34
Mingenew	1927	191	327	471	365	884,000	2,929,000	18
Morowa	3528	195	850	824	496	889,000	3,644,000	24
Narembeen	3821	290	1150	906	628	1,085,000	4,475,000	27
Narrogin	1618	169	568	829	617	536,000	2,398,000	19
Pingelly	1223	203	384	1168	850	973,000	2,978,000	23
Quairading	2000	288	654	1022	750	1,148,000	2,317,000	26
Three Springs	2629	179	593	664	522	1,050,000	5,631,000	18
Victoria Plains	2563	230	586	903	789	1,628,000	3,665,000	17
West Arthur	2850	190	664	858	648	1,112,000	2,836,000	21
Wickepin	1989	157	717	716	533	973,000	4,301,000	20
Williams	2295	166	388	863	689	1,018,000	2,289,000	23
Average of 30 selected shires	2845	235	679	949	743	1,135,400	4,212,133	24.2

Source: WA Local Government Directory 2006/07, Australian Bureau of Statistics Census 2006 & respective published budgets

Comment

Whether the shire's staffing levels and staff mix is in line with what needs to be achieved will depend on the core business (statutory and discretionary) the council wishes to undertake and the level of service delivery proposed.

Clearly a limited budget and available staff resources will restrict council's service delivery. In a small rural local government recruitment into some specialized professions can be difficult and all staff including the chief executive officer and managers have to be "hands-on" and generally don't have the luxury of being able to delegate to subordinates. This restriction then often results in an unusual grouping of roles under one department whereas in a larger organisation there may be four or five separate departments/divisions where similar roles can be more closely aligned.



NATURAL ENVIRONMENT STRATEGY

(Draft 4 December 2008).

Index

Introduction.....	3
Vision.....	4
Aims.....	4
Objectives.....	4
Natural Resource Management	4
NRM Background.....	5
Principles of NRM	5
NRM and the Shire of Nannup	6
Management of Natural Assets.....	7
Introduction.....	7
General.....	8
Biodiversity.....	8
Biodiversity of the South West	9
Threats to Biodiversity.....	9
Biodiversity and the Shire of Nannup.....	10
Water Resources	10
Air Quality	11
Soil and Land	11
Agriculture	12
Coasts.....	12
Landscape	12
Greenhouse Gas Emissions and Energy Efficiency.....	12
Purchasing Practices	13
Climate Change.....	13
Implementation	14
Reviewing the Strategy.....	14
Action Targets	15
APPENDIX 1	17
.....	

Introduction

The biota (the plant and animal life of a particular region or period) is by far the most important aspect of the integrity of this region. It is components of the biota that have guided the settlement and development, and made this area rich in history and diverse in enterprise. These aspects reflect a need to maintain this rich diversity for future generations to be able to experience the unique nature of this region.

The Shire of Nannup covers an area of 2,953 square kilometers of which 83.3% is State Forest, National Park or reserve with only 16.7% as private freehold land. The Shire and community of Nannup value this natural environment and the purpose of this document is to endeavour to ensure that proposed development is environmentally sustainable, that consumption of limited natural resources is minimised, and that the impact on the environment in delivering Shire services is minimised.

Council's Forward Plan 2006/7 – 2010/11 states as one of the key objectives, to protect and enhance the significant natural and cultural heritage assets of the shire and deliver to all our community a high quality of life which is based on sound environmentally sustainable principles. Further, Council intends to ensure greater involvement in sustainable natural resource management (NRM) and has given an undertaking to plan and manage urban growth, land use and provision of infrastructure to minimise adverse environmental effects. Failure to meet these objectives "may cause widespread destruction of the natural environment that leads to the breakdown of natural ecosystems, species extinction, adverse human health impacts, and ultimately to a loss of lifestyle values for residents in the south west" (Draft State of the Environment Report WA 2006). The district forms part of a world "hot spot" for biodiversity and our key environmental features should be protected as they are a distinct part of our identity.

The Natural Environment Strategy shapes our view of these natural assets, their value and the threats to these assets to be able to set priorities within the constraints of the Shire's resources, thus protecting important natural assets, and obtaining value for the expenditure of ratepayers' money

To achieve successful outcomes from this Strategy it is envisioned that the aims of the Strategy are accepted across communities, agencies and stakeholders. It needs a combined, coordinated approach to be sustainable and achieve the desired outcomes across the Warren-Blackwood region. This can only be achieved by partnerships and/or collaboration with other groups, agencies and stakeholders. Council must start somewhere and in the absence of a comprehensive State of the Environment Report for this region Council must focus on what it can achieve and not on other agencies, stakeholders or communities. In future reviews of the Strategy targets from non-Shire sources could be added so that a collaborative pathway is forged.

Vision

The vision of the Shire of Nannup is:

"To foster a community that acknowledges its heritage, values and lifestyles whilst encouraging sustainable development." (Forward Plan 2006/07-2010/11)

This vision sets the broad direction for the municipality with key components relating to the natural environment. This Strategy seeks to assist in implementing the Council's Forward Plan and to thus achieve this vision.

Aims

The aims of this Natural Environment Strategy are to:

- develop a local approach to important environmental issues in the Warren-Blackwood region;
- identify a range of strategies and actions that will improve environmental outcomes in the Shire;
- develop partnerships with stakeholders to more effectively integrate environmental outcomes; and
- encourage the best use of available information in decision-making.

Objectives

The broad principles to consider in environmental management are the sustainable management of natural resources and the protection of the biodiversity that may be affected by human activity.

Natural Resource Management

"Natural Resource Management (NRM) is the ecologically sustainable management of the land, water, air and biodiversity resources of the state for the benefit of existing and future generations, and for the maintenance of the life support capability of the biosphere" (WA NRM Council).

NRM objectives to be adopted by the Shire are to:

- provide leadership by demonstrating and encouraging environmental and sustainable behaviour;
- provide technical and community information where applicable;
- manage natural areas vested in the Shire based on NRM principles;
- ensure land-use planning is compatible with NRM; and
- support local groups in respect of NRM stewardship where applicable.

NRM Background

Modern environmental awareness probably began in the 1950s when a technological solution to pest management was highlighted as an environmental disaster and has evolved in more recent times with the idea that nature's resilience is not never-ending and her resources are not "free". After the UN sponsored environmental conference in Brazil (Rio Janeiro 1992) and with the unfolding world wide debates on climate change with the forming of the Kyoto Protocol (December 1997), a more critical look at how humanity uses the natural environment began. This has resulted in a cultural shift in thinking which is changing the legislative landscape of local government. The rise in environmental consciousness and community expectations to conserve our precious biological assets has prompted the preparation of this Strategy to address these issues and strategically plan for sustainable environmental outcomes for the municipality.

This Natural Environment Strategy is a reflection of these changing times and seeks to positively address NRM and biodiversity issues in the municipality. It introduces a new way of looking at Council's decisions and the Shire's everyday actions. It brings into our thinking the sustainability of our natural environment. It checks economic development against the sustainability of our natural resources upon which we rely for our survival.

Principles of NRM

The Shire of Nannup will adopt the following guiding principles of NRM:

- we recognize the value to humanity of the natural assets within our landscape, and we strive to protect and enhance those values wherever possible;
- wherever possible we focus on dealing with the cause not just the symptoms of the threats to our natural assets;
- all life forms have intrinsic value and warrant conservation independent of our needs, which means that the "precautionary principle" is an important consideration (see Appendix 1 for an explanation of the "precautionary principle");
- the prime responsibility for the management of natural resources is with the land owner/manager;
- the community has the right to be consulted on the decisions and actions that affect them in accordance with legislative requirements;
- decision-making processes should effectively integrate long- and short-term economic, environmental and social consequences, and be open and equitable; and
- NRM action priorities will be determined with stakeholder involvement, be based on the best available knowledge and on continuous improvement methods (adaptive management).

By adopting these principles a solid foundation for the implementation of the Council's NRM objectives is formed.

NRM and the Shire of Nannup

This strategy will enable the Shire to instigate "best management practices" in NRM by the integration of current science (using the best available information where possible and practical) with management requirements that will better account for the values of the natural assets that are within the influence of the Shire. The natural resources that are referred to as assets include:

- Biodiversity;
- waterways, wetlands and estuaries;
- water resources;
- agricultural lands;
- remnant vegetation;
- productive forests;
- mineral resources and basic raw materials;
- coasts;
- air;
- climate; and
- people, culture and infrastructure (including sustainable settlements).

Each of these asset fields have distinct values and threats that need to be identified in a local context and within the parameters of influence of Council. It is through community consultation, awareness raising, working in partnership and committing resources that the NRM objectives may be realised.

Council will seek to ensure the above assets are conserved and enhanced, and that best practice NRM and biodiversity outcomes are achieved through a number of planning processes including:

- seeking to meet the targets outlined in this Strategy;
- implementing the Council's Local Planning Policy – Managing the Natural Environment;
- Council developing and retaining effective partnerships;
- monitoring and lobbying; and
- using the best available information where possible and practical.

Management of Natural Assets

Introduction

Management of natural resources is concerned with the management of ecosystems for human purposes. In Australia, the management of natural resources, the components of ecosystems that are directly used by humans, has been documented as having three, broad, long term goals:

- healthy ecosystems and catchments in which the integrity of soils, water, and flora and fauna is maintained or enhanced wherever possible;
- innovative and competitive industries that make use of natural resources, within their capability, to generate wealth for social and economic well-being; and
- self-sustaining proactive communities that are committed to the ecologically sustainable management of natural resources in their region (National Natural Resource Management Taskforce, 1999).

From a human perspective, the biotic (of, or relating to living organisms) and abiotic (not living) components of ecosystems may be viewed as natural resources or environmental assets such as air, water, land, plants, animals and micro-organisms.

Two of these goals relate to people, the communities they live in, and the social and economical systems that nurture them. Thus, management of natural resources involves understanding, maintaining and, where necessary improving the interactions that people have with the biotic and abiotic components of ecosystems. The third goal indicates that management of natural resources also involves understanding, maintaining and, where necessary, improving the ways in which people relate to each other as part of communities that interact in these ecosystems. Decisions that may lead to the achievement of these goals will need to be informed by appropriate knowledge and ethics.

An ethical approach for explaining the relationship between people and their non-human surroundings is by considering human nature in three forms: self-centered (egocentric); a holistic approach (homocentric); and nature-centered (ecocentric). Sustainable management of natural resources is homocentric, constituting a blend of egocentric and ecocentric perspectives where as an ethical approach to biodiversity *tends* toward the ecocentric.

General

Council decision-making and Shire practice should:

- (i) Avoid unacceptable environmental damage.
- (ii) Actively seek opportunities for improved environmental outcomes, including that which provides restoration or enhancement.
- (iii) Take account of the availability and condition of natural resources, based on the best available information at the time.
- (iv) Conserve significant natural, indigenous and cultural features, including sites and features significant as habitats and for their floral, cultural, built, archaeological, ethnological, geological, geomorphological, visual or wilderness values.
- (v) Take into account the potential for economic, environmental and social (including cultural) effects on natural resources.
- (vi) Recognise that certain natural resources, including biological resources, are restricted to particular areas and that these geographical areas or land types may need to be identified and appropriate provision made to protect these resources.
- (vii) Take into account the potential for on-site and off-site impacts of land use on the environment, natural resources and natural systems.
- (viii) Support conservation, protection and management of remnant vegetation where possible, to enhance soil and land quality, water quality, biodiversity, fauna habitat, landscape amenity values and ecosystem function.
- (ix) Take into account the potential impacts from climate change on human activities including coastal and urban communities, natural systems and water resources.

Biodiversity

"Biodiversity is the variety of all forms of life – the different plants, animals and micro-organisms, the genes they contain and the ecosystems of which they form a part." (Department of Environment & Conservation, Naturebase 2007).

"Biodiversity represents the very foundation for human existence.

Beside the profound ethical and aesthetic implications, it is clear that the loss of biodiversity has serious economic and social costs. The genes, species, ecosystems and human knowledge that are being lost represent a living library of options available for adapting to local and global change.

Biodiversity is part of our daily lives and livelihood and constitutes the resources upon which families, communities, nations and future generations depend" (The United Nation's Global Biodiversity Assessment, 1995).

Biodiversity of the South West - The South West Province of Western Australia is listed as a global biodiversity "hotspot" (one of 34 worldwide). Western Australia has about 11,500 species of vascular plants with 80% being endemic to this area. In comparison Great Britain has about 1,600 species of vascular plant. In the South West Province, a total of 3,022 species of flora (2,625) and fauna (397) were listed as threatened or priority flora or fauna in 2007. This is an increase of 14% for flora and 28% for fauna since 1998 (State of the Environment Report WA 2007.).

Threats to Biodiversity - Extensive clearing of native vegetation, weed encroachment, "dieback", salinity and introduced feral animals are some of the threatening processes to this diversity.

Since European settlement, 1,233 exotic plant species have established as weeds in Western Australia, which is about half of the recognised weeds in all of Australia. There are only 92 formally declared weed species under State legislation. The Warren-Blackwood region has between 500 and 700 weed species identified (State of the Environment Report WA 2007). Weeds are a bigger threat to native species of flora and fauna than salinity. Weeds increase the risk of fire, reduce the amenity of recreational areas and increase maintenance costs (WA State Weed Plan 2001).

"Phytophthora dieback" (death or modification of vegetation by *Phytophthora cinnamomi*, an Oomycete or "water-mould" known to cause root rot in Australian flora species) has been called the "silent bulldozer". It has been listed in the worst 100 invasive species of the world. Of native flora in the region, 14% are highly susceptible and a further 40% are considered susceptible. This equates to 2,284 plant taxa and thus the disease poses a real threat of extinction for many species of flora and fauna. Local fauna considered threatened by changes to plant communities include the woylie (*Bettongia penicillata*), honey possum (*Tarsipes rostratus*), dibbler (*Parantechinus apicalis*), mardo (*Antechinus flavipes*), Gilbert's potoroo (*Potorus gilberti*), western spinebill (*Acanthorhynchus superciliosus*), ground parrot (*Pezoporus wallicus*), western bristlebird (*Dasyornis longirostris*), western whipbird (*Psophodes nigrogularis*), and many invertebrates (State of the Environment Report WA 2007).

Another form of "dieback" affecting some tree species (Flooded gum (*Eucalyptus rudis*) and Blackbutt (*Eucalyptus patens*) to name two) is thought to be the result of a possible combination of factors beginning with a lowering of natural resistance from water stress and/or possibly compounded by chemicals (fertilizers and spray residues) that may be present in the substrate, leaving the tree susceptible to severe damage from insect attack.

Effective biological diversity conservation is inextricably related to issues such as land use planning and development, green house gas abatement and the management of natural resources (State Sustainability Strategy 2003).

Biodiversity and the Shire of Nannup - This strategy will enable the Shire to make decisions in consideration of the protection or enhancement of indigenous biodiversity which is a key component of the Shire's natural environment. It will enhance Federal and State biodiversity strategies by concentrating on the local biodiversity issues within the Shire's influence.

This Strategy aims to integrate biodiversity conservation into the Shire's core business by providing a strategic, consistent and well-informed framework for decision making with regard to biodiversity.

When considering issues which may impact on the natural environment and in particular biodiversity, Council decision making and Shire practice should:

- (i) Give priority to protection of areas of high biodiversity and or conservation value and avoid or minimise any adverse impacts, directly or indirectly, on areas of high biodiversity or conservation as a result of changes in land use or development.
- (ii) Safeguard and enhance linkages between terrestrial and aquatic habitats which have become isolated, including the re-establishment of habitat corridors.
- (iii) Assist the return of areas of high biodiversity conservation value to the public estate or otherwise ensure the protection these areas through mechanisms including planning controls or conservation covenants.
- (iv) Support the use of management plans to protect areas of high biodiversity conservation value in the long term.

Water Resources

Water is fundamental to human life and the environment. Alteration of areas from their natural state inevitably results in detrimental changes to water quantity and quality (State of the Environment WA 2006). The careful management of water resources, both in terms of quantity and quality, is essential to support natural ecosystems as well as future growth and development. This includes water catchments, waterways, estuaries and the marine environment.

Council decision making and Shire practice should:

- (i) Protect, manage, conserve and enhance: wetlands; waterways; estuaries and marine environments; and other water resources which sustain catchments or have identified environmental values.
- (ii) Take account of the availability of water resources to ensure maintenance of water quantity and quality for existing and future environmental and human uses.
- (iii) Encourage best management practices through water sensitive designs that better manage stormwater quantity and quality; that reduce the impacts of stormwater flows; and control or remove pollutants and

nutrients so as to improve water quality, retain habitats, conserve water and provide for recreational opportunities and conservation functions through multiple use drainage systems.

- (iv) Ensure the provision of buffer zones around wetlands, waterways, estuaries and the coast, to maintain or improve the ecological and physical function of water bodies. Such buffer zones will aim to maintain the natural drainage function, protect wildlife habitats and landscape values, lessen erosion and facilitate filtration of sediment and wastes associated with surface run-off.
- (v) Consider flood risk and avoid intensifying the potential for flooding as a result of inappropriately located land uses and development.
- (vi) Progressively ensure that Council managed buildings adopt best practice.

Air Quality

Decision-making should reflect that the primary problems of local air quality are the result of domestic and industrial emissions, vehicle use and various land use practices used in the agriculture and forestry industries. The major local air quality issues are photochemical smog and haze from particulates (solid and liquid), sulphur dioxide, dust and air toxins.

Council decision making and Shire practice should:

- (i) Have regard to the potential for conflict between sensitive land uses and activities with air emission impacts.
- (ii) Encourage alternative methods or best management practices for all activities with air emission impacts, such as domestic fires and burning-off practices in agriculture and forestry industries.

Soil and Land

Council decision making and Shire practice should:

- (i) Consider the capability of land to accommodate different land uses with respect to; erosion hazard, absorptive capabilities of the soil, slope stability, potential for variable settlement or subsidence, active fault lines, and dune migration.
- (ii) Recognise and consider land that is degraded or contaminated, or has the potential to become so, and facilitate rehabilitation or remediation for appropriate future use.
- (iii) Ensure that land uses that may result in land contamination such as storage of chemicals, waste, and other toxic materials or liquid are not permitted unless it can be demonstrated that the proposed activities will not result in contamination of land use or adversely effect future land use.
- (iv) Identify existing and potential areas affected by salinity, acid sulphate soils, or other severe land degradation problems and, where appropriate,

facilitate measures such as vegetation retention, vegetation restoration, and prevention of inappropriate development in order to reduce impacts on land, buildings and infrastructure.

Agriculture

Council decision making and Shire practice should:

- (i) Protect and enhance areas of agricultural significance ("priority agriculture").
- (ii) Diversify compatible land use activities in agriculture areas based on principles of sustainability and recognizing the capability and capacity of the land to support those uses.

Coasts

Council decision making and Shire practice should:

- (i) Safeguard and enhance areas of environmental significance on the coast including the marine environment.
- (ii) Ensure use and development on coastal areas is compatible with sustainable use for conservation, recreation and tourism in appropriate areas.
- (iii) Take account of the location of areas of significance (marine and estuarine) for recreational and commercial fishing and aquaculture. This should include land based infrastructure that supports these industries.
- (iv) Seek to avoid or minimise any adverse impacts, directly or indirectly, on areas of significance for recreational and commercial fishing and aquaculture as a result of adjacent land use decisions and actions.

Landscape

Council decision making and Shire practice should:

- (i) Seek to identify and safeguard landscapes with high geological, geomorphological or ecological values, as well as those of aesthetic, cultural or historical value to the community, and encourage the restoration of those that are degraded.
- (ii) In areas identified in (i), consider the capacity of the landscape for development and incorporate appropriate planning, design and siting criteria to ensure the development is consistent and sensitive to the character and quality of the landscape.
- (iii) Consider the need for a landscape, cultural or visual impact assessment for land use or development that may have a significant impact on sensitive landscapes.

Greenhouse Gas Emissions and Energy Efficiency

Council decision making and Shire practice should:

- (i) Promote energy efficiency at all levels from development and urban design incorporating issues such as energy efficient building design and orientation of building lots for solar efficiency, to reducing general electrical consumption by best management techniques.
- (ii) Support the retention of existing vegetation and revegetation to reduce the carbon "foot print" of the community.
- (iii) Support the use of alternative energy regeneration, including renewable energy, where appropriate.
- (iv) Progressively ensure that Council managed buildings adopt best management practice.

Purchasing Practices

Purchasing should acknowledge quality, function, value for money, stability of supply, etc, have favourable environmental considerations, and reflect corporate social responsibilities in the providers. All purchasing by the Shire of Nannup must be in accordance with adopted Council policy ADM 4.

Council decision making and Shire practice should:

- (i) Only purchase products that are determined as necessary.
- (ii) Take into consideration the ecological and economic costs, impacts and benefits of a product or service over the whole of its life.
- (iii) Purchase products that are reusable or recyclable, designed for ease of recycling, re-manufacture or otherwise minimise waste.
- (iv) Purchase products that are reliable, durable and where possible easily upgraded or up dated.
- (v) Purchase products that where possible can be returned to the manufacturer for recycling and reuse (product stewardship).
- (vi) Choose energy efficient and or water efficient products.
- (vii) Where possible purchase products that are non-toxic and non-polluting.
- (viii) Where possible purchase in bulk or with minimal packaging.
- (ix) Purchase products and or services that have a suitable length of warranty for their purpose.
- (x) Purchase products manufactured in socially acceptable circumstances that are in accordance with Human Right's conventions, laws or treaties where labour considerations, social exclusion and equal opportunity are taken into account.
- (xi) Encourage minimal consumption in the work environment.

Climate Change

Climate change scenarios must be considered as an influence on any target set. Risk management strategies need to incorporate plans for dealing with the estimated climate changes. For example; an increase in extreme daily rainfall intensity needs appropriate strategies to accommodate this, or a decrease in annual rainfall needs consideration to be made of alternative potable water supplies, or a combination of increase in temperature coupled with a decrease in rainfall will affect available habitat.

Implementation

Implementation of this strategy will occur through Council decision making and the day to day process of carrying out Council's responsibilities within the constraints of the available resources and in accordance with legislative requirements.

Reviewing the Strategy

The Natural Environment Strategy should be a "living" document that will require review as required in the light of the changing environment in which it operates. It needs to be flexible as it will be influenced by changing priorities and availability of resources. Evaluation will improve the process as it measures the efficiency and effectiveness of implementation against the timely achievement of targets. Actions will be adjusted as required through adaptive management. This will assist Council to make informed choices on projects, management actions and targets as management of the natural resources continues to evolve.

Action Targets

This Strategy will set targets to give effect to the Shire's intention to:

- promote sustainable development;
- promote NRM; and
- reduce the impact of resource consumption on the environment and community.

Targets can be "aspirational targets" (long term, usually fifty plus years), "resource condition targets" (that are completed in ten to twenty years), or "management action targets" (that have a one to five year time frame). Targets set need to be specific, measurable, achievable, relevant, and time bound (SMART). These should not be static blueprints, but rather a continually evolving consensus of community views and aspirations. They should be refined as new data, concepts and opportunities arise. There must be an appropriate balance between certainty and flexibility.

Commitment	Timeframe	Indicators of success	Source of funds	Responsible parties
Review all reticulation and watering routines for Shire ovals, parks and gardens and evaluate alternative water sources and water management practices.	2009/10.	Lower rate of water usage per square metre.	Parks & Gardens budget.	Works Manager (WM).
Review all energy use and implement management practices to minimise energy use including development of a 10 year program to install energy efficient lighting and high-rating insulation in public buildings.	2009/10.	Lower costs for energy consumption.		Management Development Services (MDS).
Ensure that new buildings and refurbishments include energy efficient design and materials in accordance with the Building Code of Australia.	Ongoing.			MDS.
Ensure that land use and development protects and enhances the natural environment.	2007/08.	Adoption of this Natural Environment Strategy document.		Regional Environmental Officer (REO).
Plan and manage urban growth, land use and provision of infrastructure to minimise adverse environmental effects.	Ongoing.	Local Planning Policy - Managing the Natural Environment.		MDS.
Support and partner local Land Care Committees.	Ongoing.	NFPAG, BBG, LCDC.		REO.
Develop and implement a Climate Change Impacts and Risk Management Strategy inline with National and State strategies.	2010/11	Climate Change Strategy.		REO.

Investigate and consider alternative renewable energy sources to power Shire buildings and facilities.	2011/12.	Report to Council, note budget consideration aspect.		REO.
Undertake a biodiversity audit of Council controlled land	2010/11.	Reserves Assessment Report.	SWBP matched by funding in kind.	REO.
Identify high valued ecosystems, and prepare strategies to conserve and enhance these high valued ecosystems and habitats to maintain biodiversity.	2011/12.	Quantified targets for protection and retention of native vegetation for consideration during development processes.	SWBP matched by funding in kind.	REO.
Increase community awareness and participation in protection of the environment.	Ongoing.	To be determined.		REO.
Enhance and protect our natural environment and where practicable promote the use of local native vegetation.	Ongoing.	Inclusion of local species lists within developments and in the use of local species in remedial or mitigation requirements.		REO.
Review the policy on Rural Road Verge Vegetation Management and Clearing including for fence line clearing.	2008/09.	Roadside Conservation Policy.		REO.
Develop policies for revegetation following infrastructure works.	2008/09.	Revegetation Policy.		REO.
Develop policies for weed management and eradication.	2009/10.	Weed Management Policy.		REO.

APPENDIX 1

An Explanation of the Precautionary Principle

Over the last decade the principles of ecological sustainable development have inexorably become woven into environmental law, and the precautionary principle is no exemption. This has been because of governmental policies and practices and in part because of statute law, the highest form of government policy. However the inclusion of the principles in Australian legislation has been confined to objectives of statutes or agencies without any real guidance to decision makers as to whether and how to apply the core principles or what weight to give them. This has given rise to difficulties of interpretation and application.

The precautionary principle first appeared in the mid 1960's and was a measure by which to judge political decisions. In the 1970's it could be found in West German legislation in respect of environmental policies aimed at combating the problems of global warming, acid rain and maritime pollution.

Definition

The Intergovernmental Agreement on the Environment (1992) endorses the precautionary principle in the following terms:

Where there are threats of serious or irreversible environmental damage, lack of full scientific certainty should not be used as a reason for postponing measures to prevent environmental degradation. In the application of the precautionary principle, public and private decisions should be guided by:

- (i) careful evaluation to avoid, where practicable, serious or irreversible damage to the environment; and
- (ii) an assessment of the risk-weighted consequences of various options.

The precautionary principle has been described as a decision making approach which ensures that a substance or activity posing a threat to the environment is prevented from adversely affecting the environment, even if there is no conclusive scientific proof linking that particular substance or activity to environmental damage. The principle provides the philosophical authority to make decisions in face of uncertainty. In this way, it is symbolic of the need for change in human behaviour towards the ecological sustainability of the environment.

It is accepted that the precautionary principle is a guiding principle. The principle also has operational effect. The purpose of the principle is to 'encourage, perhaps even oblige, decision-makers to consider the likely harmful effects of

their activities on the environment before they pursue those activities' (The Precautionary Principle: A Fundamental Principle of Law and Policy for the Protection of the Global Environment, J. Cameron and J. Abouchar, 1991). The concept is linked to ideas of acceptable risk in attempting to deal with scientific uncertainty. It challenges scientific understanding and advocates caution in dealing with risk. Proponents of the precautionary principle acknowledge that the principle contains some ambiguities and uncertainties but strongly maintain that such problems do not discredit the principle.

Application

In applying the precautionary principle, these conceptual elements should be considered:

- ***The threshold – threats of serious or irreversible damage.*** The existence of threats is the threshold which must be satisfied before the principle is enacted. Uncertainties associated with scientific investigation, and the different disciplinary approaches adopted by scientists in assessing evidence, does not present a unified view of the consequences of a particular action. The precautionary principle takes into account the conflict within sciences and the social construction of acceptable risk.
- ***Lack of scientific certainty.*** 'No scientific method will be able to ask all the right questions, let alone find the answers about what we do to the environment. Science does not give absolute proof; it is intrinsically 'soft' and its results are always open to interpretation... Rather than commit society to a blind faith that scientific knowledge can and does address all uncertainties, mature and rational policy should recognise the inherent limitations of scientific knowledge. A greener science would make these limitations explicit, and so produce more critical public debate about the interventions in nature that are made in the name of economic necessity' ('How Science Fails the Environment', B. Wayne and S. Mayer, 138 New Scientist).

In terms of 'scientific rationality' there is within the society an obsessive attachment to scientific rationality and expertise. 'Among the illusions which have invested our civilization is an absolute belief that the solutions to our problems must be a more determined application of rationally organized expertise. The reality is that our problems are largely the product of that application' (Voltaire's Bastards – The Dictatorship of Reason in the West, J. R. Saul, 1992.). Modernist science tends, via reductionism, to focus more effort on the understanding of increasingly smaller parts of systems which results in the risk of making and acting on decisions that when viewed holistically are without sense or morality. The appropriate use of common sense, ethics, intuition, memory and reason can help to overcome this problem.

Lack of full scientific certainty will always exist because full scientific certainty is neither achievable nor provable. The precautionary principle is a step forward in the development of an environmental framework within which soundly based scientific data can be integrated with the political, economic and social pressures and considerations upon which decisions rest.

- ***Not to be used as a reason for postponing measures.*** 'Once the threshold test has been satisfied the burden of proof in relation to scientific questions falls on those wishing to engage in the activity. If the suggested threat cannot be disproved by evidence advanced by the proponent, then it is a factor to be taken into account in the cost benefit calculus' (Reconstituting Decision Making Process and Structures in Light of the Precautionary Principle, D. Farrier and L. Fisher, 1993). There is little guidance in the principle on how to weigh the conflict between environmental harm and economical benefit.
- ***The precautionary principle and ecologically sustainable development.*** The precautionary principle needs to be considered in the context of the wider principles and philosophies forming the concept of ecologically sustainable development. This is where development is defined as sustainable if 'it meets the needs of the present without compromising the ability of future generations to meet their own needs' (The Brundtland Report, 1987). Thus decision-makers need to; consider the economic, social and environmental implications of their actions on the community and biosphere, and adopt a long-term view rather than a short-term view. In this the precautionary principle ensures a better integration of environmental considerations in decision-making.

The precautionary principle is not absolute or extreme. It does not prohibit an activity until the science is clear. It does change the underlying presumption from freedom of exploitation to one of conservation. From: "Are Decision-makers too cautious with the Precautionary Principle?" The Hon Justice Paul L. Stein, Land and Environment Court of NSW Annual Conference 1999.



Local Planning Policy – Managing the Natural Environment

(Updated 12 September 2007)

1. Background and Issues

With the international debate on climate change and the resulting implications for the environment there is an evolving change in the legislative landscape that local government operates in. This Planning Policy is a result of this changing landscape. The Council needs to bring into its operations an awareness of the natural environment and the threats to the natural resource assets upon which we rely for our existence. This Planning Policy reviews TPS3 and other planning policies to ensure the inclusion of NRM principles into the planning framework.

There are many pieces of legislation, strategies and policies that are concerned with the sustainable management of natural resources and a large number of government agencies and other stakeholders that are involved in the regulation and management of issues associated with natural resource management.

This Policy follows from the Natural Environment Strategy.

2. Objectives

The objectives of this Policy are:

- promote conservation of ecological systems and the biodiversity they support including ecosystems, habitats, species and genetic diversity;
- assist in the conservation and management of natural resources, including air quality, energy, waterways and water quality, landscape, agriculture and minerals to support both environmental quality and sustainable development over the long term;
- adopt a risk-management approach which aims to avoid or minimize environmental degradation and hazards;
- prevent or minimise environmental problems which might arise as a result of siting incompatible land uses together; and
- outline what matters the Council will address through the planning system and outline which matters are addressed through other legislation and other agencies.

3. Areas of Application

The Policy applies throughout the Shire of Nannup to development applications, subdivision applications, strata applications, structure plans and scheme amendments as considered appropriate by Council. In this Policy, development applications and subdivision applications can also mean strata applications, structure plans and scheme amendments as appropriate by Council and are called "proposals" in this Policy.

4. Links to Town Planning Scheme/Local Planning Strategy

This Policy relates directly to the provisions set out in the Shire of Nannup Town Planning Scheme No. 1 (TPS1), the Draft Shire of Nannup Town Planning Scheme No. 3, the Council's Natural Environment Strategy, the guidelines provided in the Shire of Nannup Local Planning Strategy and also to the overall principles and guidelines set out in the State Government's Statement of Planning Policies, the Warren-Blackwood Regional Strategy and the Warren-Blackwood Rural Strategy.

5. Policy Measures

5.1 General

The above objectives provide the context for the Policy measures which are set out under the following headings:

- General;
 - Water Resources;
 - Soil and Land;
 - Biodiversity;
 - Land Management; and
 - Carbon Sequestration.
-
- (i) This Policy should be read in conjunction with the Shire of Nannup Natural Environment Strategy.
 - (ii) This Policy is intended to complement and be used in conjunction with relevant Legislation, the Council's Town Planning Scheme/s, the Council's Local Planning Strategy, other Local Planning Policies, and Western Australian Planning Commission (WAPC) Policies and Strategies and other guidelines that apply to planning and the management of natural resources.
 - (iii) The Council may require conditions for development or request conditions to be imposed on subdivision applications approved by the WAPC that require the preparation and/or implementation of environment management plans to be contained within a separate legal agreement with the proponent and or landowner.
 - (iv) The Council may require proponents and or the landowner to prepare, where appropriate, additional information that shows the "ecological footprint analysis" of the proposal. This could include: water management; acid sulphate soils management; fire management; waste management; and energy conservation.
 - (v) Where, in the opinion of the Council, a proposal may have a high likelihood for environmental impact, such as hydrological, biodiversity or geotechnical implications, a robust monitoring programme may be required to properly inform the decision-making prior to the Council determining the proposal.

5.2 Water Resources

- (i) A proponent may be required by Council to develop a Water Management Plan to show how the proposal will suitably address possible environmental effects on surface and ground water flow and quality.
- (ii) Nutrient levels in water resources are not to be increased as a result of the proposal. If in the opinion of the Council this is unavoidable the Council may determine and require relevant mitigation measures.

- (iii) Stormwater treatment should wherever possible and practical be at source and adopt best practice water sensitive design.
- (iv) Installation of wet stormwater basins as artificial ponds or lakes will not be supported unless the proponent can demonstrate long term cost effectiveness and sustainability of these structures. The Council requires the proponent to adopt best practice water sensitive design (unless there are significant constraints in the opinion of the Council).
- (v) Where lowering of groundwater levels or disturbance of waterlogged soils is proposed, a detailed and extensive assessment for the presence of acid sulphate soils or passive acid sulphate soils may be required.

5.3 Soil and Land

Where there may be a risk of creating or disturbing acid sulphate soils, a management plan may be required in accordance with Department of Environment and Conservation Guidelines.

5.4 Biodiversity

- (i) Subject to the nature and scale of the proposal, its location, proposed level of servicing and anticipated impacts on the natural environment, proponents are required to submit an appropriate level of assessment to ensure biodiversity values are identified and maintained, and where adverse impact is unavoidable there is a plan of mitigation.
- (ii) Clearing of high conservation value vegetation, wetlands or riparian vegetation is not supported unless in exceptional circumstances and where justified by the proponent subject to state and federal legislation.
- (iii) Linkages between high value conservation areas should be maintained and where possible enhanced to avoid isolation of these areas.

Council encourages the retention and regeneration of native vegetation and where appropriate, replanting areas adjacent to watercourses and in other areas with local native vegetation. This is in order to promote better overall natural resource management practices including maintaining and improving riverine ecosystem function and water quality.

As part of the application, Council will require the applicant to provide a statement confirming whether the application proposes any clearing of native vegetation on the application site generally and/or within the adjoining road reserve/s to achieve vehicular access. If native vegetation is proposed to be cleared, the site plan/plantation management plan will need to clearly identify these areas. The Council may seek advice from the Department of Environment and Conservation or relevant agencies in determining approval of the application. Should the Department of Environment and Conservation raise objections regarding the application, Council may refuse the application.

Council may impose planning conditions restricting the clearing of native vegetation or may require any clearing requests to be separately considered by the Department of Environment and Conservation as part of the Environmental Protection (Clearing of Native Vegetation) Regulations 2004.

Council encourages the applicant/operators to work in partnership with relevant government agencies, catchment management groups and the local community to develop relevant "best management practice".

5.5 Land Management

For "rural life-style" subdivisions (including rural residential, small rural holdings and conservation lots), the Council may require the proponent to prepare or financially contribute to an education programme for the new owners, prior to the issue of titles, concerning their obligations to the environment and community in such as stock and fencing, weeds, fire risk abatement and fire break maintenance.

5.6 Carbon Sequestration

As communities begin to adopt a carbon neutral approach to greenhouse emissions carbon sequestration in vegetation sinks will become a new enterprise that is expected to be subject to rigorous scientific studies, analysis and debate.

There is no doubt that plantations will act as a carbon sink while they grow. But it has been estimated that plantations for woodchips return the majority of their stored carbon to the atmosphere within ten years. The ultimate vegetation sink is a mixed vegetation stand that will be in situ for at least 100 years. This sort of vegetation sink will also provide the maximum protection for natural assets. Under the Kyoto Protocol Carbon Sequestration Rules there is a 100 year minimum level of permanency for the continued storage of carbon. In terms of forest size the *minimum* specifications are 0.2 hectare with 20% crown cover and a 2 metre height capacity of the tree species.

6. Administration

6.1 Need for applications

Development applications shall be assessed in accordance with the principles and objectives of this Policy, Council's Town Planning Scheme, Council's Local Planning Strategy and other relevant strategies/documents in the opinion of Council.

6.2 Application requirements

Depending on the nature and scale of the proposal, its location, proposed level of servicing and anticipated impacts on the natural environment, Council may require the submission of an appropriate:

- "ecological footprint analysis" (such as: water management, acid sulphate management, fire management, waste management, and or energy conservation);
- biodiversity assessment;
- statement confirming whether the application proposes any clearing of native vegetation; and
- water impact statement relating to water quantity and quality.

6.3 Procedural requirements

Council will:

- publicly advertise planning applications where legally required to under the operative Town Planning Scheme;
- publicly advertise planning applications as deemed appropriate by Council where there are likely environmental impacts; and
- seek comments, as determined by Council, from relevant government agencies, stakeholders, adjoining/nearby landowners and the community.

In the event that substantive objections are received against the application, the following will apply:

- objections from State Government authorities will require the matter to be considered by Council;
- where the objection is for matters not deemed relevant to Council, for the purposes of this policy (outlined in section X), then Council's Development Services section will assess the application based on all relevant information and advice in accordance with the policy, its Town Planning Scheme and the Local Planning Strategy; and
- where the objection falls within the range of relevant issues (section X), then Council's Development Services section will assess the application

based on all relevant information and advice in accordance with this policy, its Town Planning Scheme and the Local Planning Strategy and determine whether the matter needs to be considered by Council.

Applications that are recommended for refusal are to be determined by Council.

6.4 Implementation

Council expects applications, when approved, will be implemented under the principle of sustainable land management based on endorsed "best management practice/code of practice" documents and natural resource management targets for key land, water and biodiversity areas. Additionally, any approved application, if implemented, shall be carried out in full compliance with any conditions imposed with that planning approval.

7. Future Directions

Council will ensure consistency between the gazetted Town Planning Scheme of the district and the adopted policy. The policy will be reviewed as required.

8. Approval Authorisation

Authority to approve applications in conformity with this Policy are delegated to the Manager Development Services.

9. Endorsement

This Policy was adopted by Council on XXXX.