

AGENDA NUMBER: 10.4  
SUBJECT: Sewage Disposal Riverbend Caravan Park and Camping Ground  
LOCATION/ADDRESS: Riverbend Caravan Park and Camping Ground  
NAME OF APPLICANT: N/A  
FILE REFERENCE: TRS5  
AUTHOR: Manager Development Services  
DISCLOSURE OF INTEREST:  
DATE OF REPORT: 18 August 2009

## BACKGROUND:

Council resolution 7849, May 2008 resolved in part as follows:

1. *"That Council construct an ablution facility at the Rivers Bend Caravan park in a central location on Area 3 (Rivers Bend Caravan Park – Conceptual Development Plan) as this area will be centrally located in the park and be positioned strategically to link with the improved stairs and lighting linking all three tiers of camping areas within the park.*
2. *That the ablution facility be constructed to service 40 serviced sites where the following fixtures are provided in accordance with the Caravan Parks and Camping Grounds Regulations as follows:*
  - *Mens: 3 water closets, 2 urinals, 4 hand wash basins and 4 showers.*
  - *Womens: 4 water closets, 4 hand wash basins and 4 showers.*
  - *Laundry: 2 washing machines and 2 troughs.*
  - *Facilities for persons with disabilities in accordance with AS 1428".*

## COMMENT:

The facility is being constructed on a spur which falls off to the north Blackwood River (40 metres) and east, a creek (50 metres). Initial planning provided for the installation of a standard septic tank and leach drainage system.

The soil in the caravan park is river silt over laid with topsoil and under laid by clay and rock. Test holes have been dug that indicate loamy clay with poor drainage and sandy soil of 100mm depth with shale and heavy clay beneath. The latter is "fill" and if drainage is located within this area, there is likely to be break out through the sides of the fill material.

Options for providing sewage have been explored as follows:

- a. Septic tank and field drainage or evaporation/transpiration beds:

In order of costs this may be the cheapest option together with operating costs. However, this option would use considerable land area for disposal fields, remain a potential source of contamination to the Blackwood River and should there be any failure would be internal to a caravan park and camping ground. From discussions with the Department of Health, there would be some resistance in approving this option as the quantity of sewerage and available land is minimal under the draft "Country Sewerage Policy". I have been unable to secure any firm quote to design and construct of a suitable system, but would place the rough order of cost of \$40k.

b. Aerobic Treatment Unit (ATU) and evaporation/transpiration beds:

A request to WML Consultants was referred to Technology Management Consultants whom provided a site visit and quote to install a treatment facility that would be "top of the line" and provide good security of waste water discharge and reuse of water. The disadvantage of this system was that it is still on site, have operating costs (ROC \$1K @ year) and would cost over \$200k to construct.

c. Private Pump Station and Pressure Main:

The advantage of a private pump station and pressure main is that sewerage is removed from the caravan park and camping ground so removing the potential conflict of land use and pollution of the Blackwood River. The disadvantage is the higher initial cost than an onsite system and the operational costs (ROC \$1k @ year). A call for quotes has indicated that the system could be installed for under \$65K.

Due to the proximity of the Riverbend Caravan Park and Camping Ground to the Blackwood River, its topography, the minimal land area for onsite disposal and the quantities of sewage involved, the preferred options are for a private pumping station and pressure main or an aerobic treatment plant. Based on the system least likely to cause an environmental issue within the caravan park and camping ground, smallest footprint, long term solution and cost, the recommended option is connection to deep sewerage via a private pumping station and pressure main.

This will involve the installation of a holding tank, private pump station together with a pressure main to deep sewerage in Grange Road.

**STATUTORY ENVIRONMENT:**

Health (Treatment of Sewage and Disposal of Effluent and Liquid Waste) Regulations 1974.

Caravan Parks and Camping Grounds Regulations 1997.

Draft Country Sewerage Policy and Technical Publication No 58 (TP58).

**POLICY IMPLICATIONS:** Nil.

**FINANCIAL IMPLICATIONS:**

Estimate \$65,000. A submission will be prepared for Council's first budget review to address the expected over budget amount. Expenditure anticipated for this aspect of the project was approximately \$21,000.

**STRATEGIC IMPLICATIONS:**

Provides a long term solution for sewage disposal for the caravan park and camping ground that a standard septic system would not be able to achieve.

**RECOMMENDATION:**

That Council approves the private pump station and pressurise main as the sewage disposal system for the Riverbend Caravan Park and Camping Ground at an estimated cost of \$65,000.

**8240 PINKERTON/DEAN**

That Council approves the private pump station and pressurise main as the sewage disposal system for the Riverbend Caravan Park and Camping Ground at an estimated cost of \$65,000.

**CARRIED 5/2**

Councillors voting for the motion: Dunnet, Bird, Boulter, Dean and Pinkerton.  
Councillors voting against: Camarri and Lorkiewicz.

AGENDA NUMBER: 10.5  
SUBJECT: Marinko Tomas Proposed Works  
LOCATION/ADDRESS:  
NAME OF APPLICANT:  
FILE REFERENCE: REC 6  
AUTHOR: Chris Wade – Works Manager  
DISCLOSURE OF INTEREST:  
DATE OF REPORT: 13 August 2009

Attachment: Proposed Parking Concept Plan.

### **BACKGROUND:**

Council allocated \$100,000 from its Royalties for Regions funding allocation in its 2009/10 budget for further works at Marinko Tomas Playground. There have been numerous suggestions and opinions as to what is required or what community members would like to see undertaken with these funds. The approach taken in this item and also discussed by Council in the budget compilation process was to take a step by step approach, dealing with current issues before embarking on new works.

### **COMMENT:**

Nannup Surveys (Mr Andy Pash) was engaged to carry out a feature survey and provide a concept plan for the area. This would also have to include upgraded school bus stop, caravan parking and removing dangerous trees/limbs in several areas. Mr Pash had available previous upgrade plans for the area.

The concept plan prepared by Nannup Surveys has addressed the above mentioned points and would need to be staged over two years as there is considerable works (over and above the \$100,000 allocation) and associated costs if Council adopts the plan.

The plan requires a retaining wall 40m long to be constructed adjacent to Warren Road to allow for caravan or truck parking on the upper level and passenger vehicle parking on the lower level.

Stage one would include:

- |                                 |          |
|---------------------------------|----------|
| • Retaining wall and earthworks | \$60,000 |
| • Tree removal                  | \$6,000  |
| • Shade structure               | \$20,000 |
| • Picnic tables                 | \$3,000  |
| • BBQ                           | \$5,000  |
| • Provision of soft fall        | \$6,000  |

Signed:

Dated 24 September 2009

Stage two the following year (budget dependant) would include:

- |                 |          |
|-----------------|----------|
| • Drainage      | \$15,000 |
| • Sealing works | \$50,000 |
| • Line marking  | \$5,000  |
| • Bus shelter   | \$12,000 |

Costs are only approximate at this stage.

These works are perhaps not exactly what some members of the community were initially anticipating with an emphasis being placed on gym/play equipment. Given that the Royalties for Regions funds are not permitted to be used for equipment, the opportunity is present to tidy up the entrance and make it safe and accessible for all park users.

Grant funds have been offered for gym/play equipment at this location per item 10.17 in the present agenda.

**STATUTORY ENVIRONMENT:** Nil.

**POLICY IMPLICATIONS:** Nil.

**FINANCIAL IMPLICATIONS:**

Council has allocated \$100,000 in its 2009/10 budget for this project. Stage two costs be will subject to 2010/11 budget consideration.

**STRATEGIC IMPLICATIONS:** Nil.

**RECOMMENDATION:**

That Council adopt the concept plan as supplied by Nannup Surveys and implement construction of the following items (Stage 1) in the present financial year utilising the \$100,000 allocation of Royalties for Regions funds.

- |                                 |          |
|---------------------------------|----------|
| • Retaining wall and earthworks | \$60,000 |
| • Tree removal                  | \$6,000  |
| • Shade structure               | \$20,000 |
| • Picnic tables                 | \$3,000  |
| • BBQ                           | \$5,000  |
| • Provision of soft fall        | \$6,000  |

**8241 PINKERTON/BIRD**

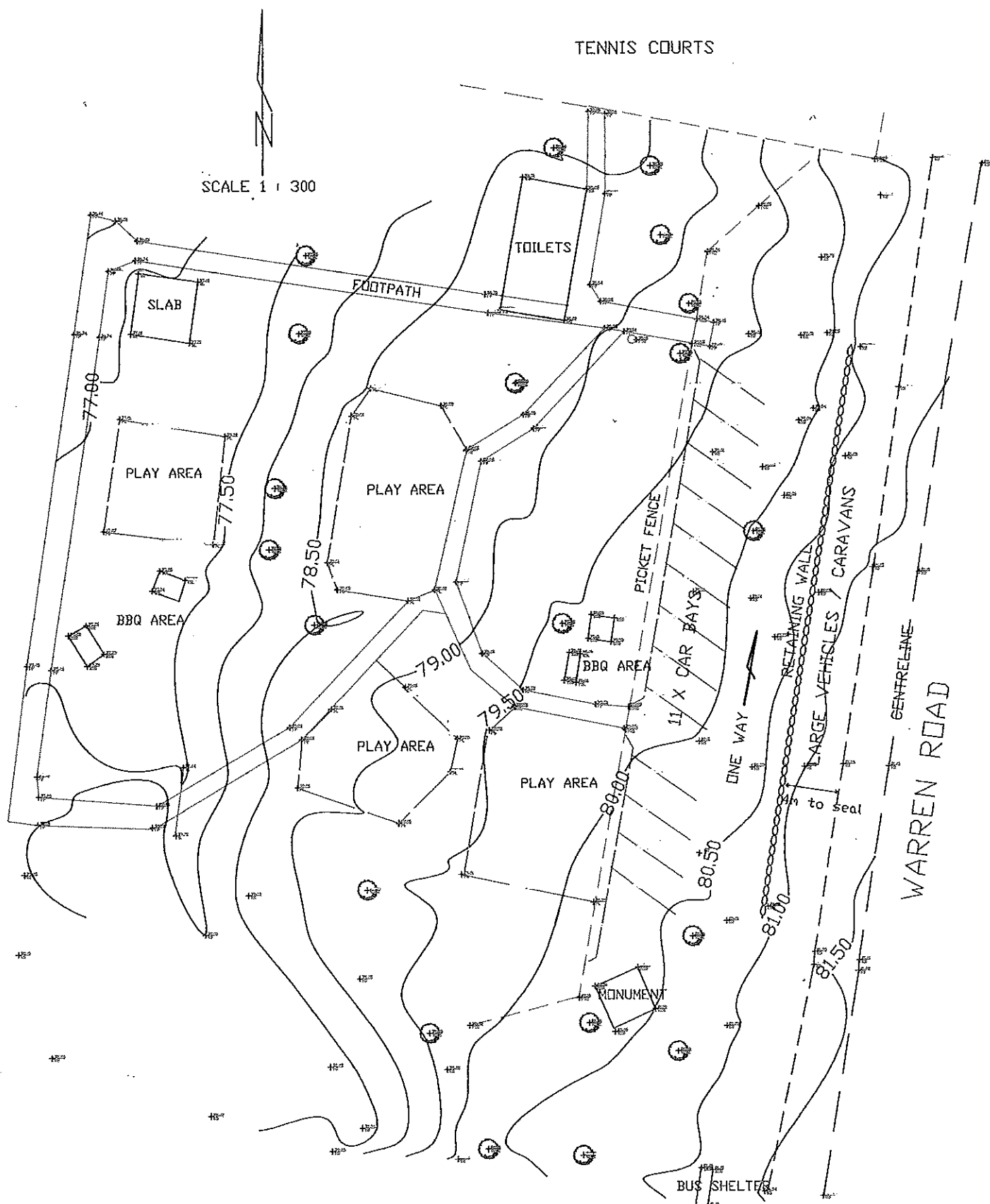
That Council adopt the concept plan as supplied by Nannup Surveys and implement construction of the following items (Stage 1) in the present financial year utilising the \$100,000 allocation of Royalties for Regions funds.

- |                                 |          |
|---------------------------------|----------|
| • Retaining wall and earthworks | \$60,000 |
| • Tree removal                  | \$6,000  |
| • Shade structure               | \$20,000 |
| • Picnic tables                 | \$3,000  |
| • BBQ                           | \$5,000  |
| • Provision of soft fall        | \$6,000  |

**CARRIED 7/0**

Signed:

Dated 24 September 2009



PROPOSED VEHICLE PARKING UPGRADE  
MARINKO TOMAS PARK  
WARREN ROAD-NANNUP

NANNUP SURVEYS  
13 COCKATOO DRIVE NANNUP  
WA 6275

SURVEYED	AP	JUL 2009
DESIGNED	AP	AUG 2009
DRAWN	AP	AUG 2009

AGENDA NUMBER: 10.6  
SUBJECT: Local Emergency Management Advisory Committee  
LOCATION/ADDRESS:  
NAME OF APPLICANT:  
FILE REFERENCE: FRC 10  
AUTHOR: Shane Collie – Chief Executive Officer  
DISCLOSURE OF INTEREST:  
DATE OF REPORT: 18 August 2009

Attachment: Local Emergency Management Advisory Committee (LEMC)  
Minutes 3 August 2009.

### **BACKGROUND:**

The above meeting was held and the minutes are attached. The minutes contain two recommendations as follows:

- 1. That the LEMC recommend to Council that Ms Gloria Millward be appointed to the role of Recovery Coordinator for the Nannup Shire.*
- 2. That the Nannup School be contacted to ask if a permanent school staff member could be appointed to the LEMC in the place of the Principal.*

### **COMMENT:**

#### Recommendation 1:

This recommendation stems from Council's direction at its May 2009 meeting when it was acting on the advice of the LEMC to seek (other than the CEO) a person to be the Community Recovery Coordinator. This acknowledges that the position of CEO is not the best suited to undertake this role given the demands that would be placed on the CEO position in an emergency situation.

This situation is common in other areas of the State and is supported by FESA and other emergency service entities. As such action was put in place to locate a suitable person to fill the role of Recovery Coordinator.

Mrs Gloria Millward was approached and has agreed to undertake this role. Gloria is considered to be well suited to this role in regard being a present LEMC member, a former Councillor and a prominent and well respected member of the community. The person in this role would need to establish and maintain good relationships with LEMC members/agencies, Council's CEO and Fire Management Officer, all of which are already in place.



Recommendation 1 on the appointment of Mrs Gloria Millward to the position of Community Recovery Coordinator is supported.

Recommendation 2:

This recommendation is operational in nature and does not need to be submitted to Council. The action on this item will occur as a matter of course with Council only having a role in confirming the committee appointment if a person is selected.

**STATUTORY ENVIRONMENT:** Emergency Management Act 2005.

**POLICY IMPLICATIONS:** Nil.

**FINANCIAL IMPLICATIONS:** Nil.

**STRATEGIC IMPLICATIONS:** Nil.

**RECOMMENDATION:**

That Council confirm the appointment of Mrs Gloria Millward to the position of Community Recovery Coordinator for the Shire of Nannup.

**8242 BOULTER/LORKIEWICZ**

That Council confirm the appointment of Mrs Gloria Millward to the position of Community Recovery Coordinator for the Shire of Nannup.

**CARRIED 7/0**

**SHIRE OF NANNUP**  
**Local Emergency Management Advisory Committee**  
**Monday 3 August 2009**  
**4.00pm Shire Offices**

<h1>MINUTES</h1>
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## 1 .OPENING

Cr J Lorkiewicz chaired the meeting and declared the meeting open at 4.05pm

## 2. ATTENDANCE & APOLOGIES

Cr J Lorkiewicz – Shire of Nannup  
Ms T Levick-Godwin - Deputy Chief Bushfire Control Officer/FMO  
Mr J Taylor – Nannup Police from 4.25pm  
Mr M Glynn – Nannup Police from 4.25pm  
Ms A Huxtable - Department for Child Protection  
Mrs E West – Nannup Country Womens Association  
Mrs G Millward – Nannup Country Womens Association  
Mr V Cheema - FESA  
Ms M Jones – Nannup Hospital  
Mr N Steere – SES  
Mr T Box – SES  
Mr R Payne – SES

### Apologies were received from:

Ms P Adams - Department for Child Protection  
Mr B Commins – DEC Busselton  
Mr G Kempton – DEC Manjimup  
Mr S Collie – Nannup Shire CEO

## 3. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

### T BOX/E WEST

That the meeting minutes of Local Emergency Management Advisory Committee meeting held 4 May 2009 be confirmed as true and correct.

**CARRIED**

## **5.6 National Service Medal Presentation -**

This was brought forward to the beginning of the meeting, the LEMC Chair Joan Lorkiewicz presented the FESA 15 year Service Medal to Tony Box of SES which allowed the photographer to leave before the meeting recommenced

## **4. BUSINESS ARISING FROM THE MINUTES**

### **4.1 Resource Log**

Updated information for the Resource Log was received from the Nannup Hospital with additional information to come from DCP, Nannup Police, and Nannup SES in the near future.

### **4.2 Water Supply in Nannup during emergencies**

A brief discussion took place regarding this. Updated information will be included in the Emergency Arrangements and the Resource Log.

### **4.3 Community Information Point – 5.5 refers**

## **5.0 GENERAL BUSINESS**

### **5.1 Nannup Recovery Coordinator**

Ms G. Millward was approached with regard to taking on the Recovery Coordinator role with the provision that an answer would be given at the LEMC meeting on August 3 2009. Ms Millward's response was in the affirmative with the provision that appropriate training could be undertaken and that Councillor C. Pinkerton would be confirmed as her 2IC.

Some discussion was held regarding a possible flood situation in Nannup with the town being split by the river, Ms Millward stated if that were the case that she would prefer to be on the North Nannup side of the river and that she would liaise with Ms Pinkerton by phone under those circumstances.

**Motion;**

**BOX/TAYLOR**

That the LEMC recommend to Council that Ms Gloria Millward be appointed to the role of Recovery Coordinator for the Nannup Shire.

**CARRIED**

## **5.2 Community Emergency Management Officer**

Mr V Cheema gave an overview of his position as the Community Emergency Management Officer for the South West and the contact that he would have with the Nannup LEMC.

## **5.3 Nannup Emergency Arrangements**

Mr V Cheema stated that there was work to be done on the Emergency Arrangements and that the LEMC membership would be requested to have input. Ms A Huxtable stated that there was a Critical Incident Policy for schools which needed to be included in the Arrangements. A brief discussion was held regarding the inclusion of the Nannup School Principal in the LEMC and the difficulty in that the Principals were not permanent.

**Motion;**

**PAYNE/JONES**

That the Nannup School be contacted to ask if a permanent school staff member could be appointed to the LEMC in the place of the Principal.

**CARRIED**

## **5.4 LEMC Exercise**

A desktop exercise will be held after the next LEMC meeting on Monday November 2 2009. The exercise will be to test the Evacuation Arrangements. Mr V Cheema, FESA will script the exercise with input from Ms T Levick-Godwin, Shire FMO and Ms A Huxtable, DCP with a planning meeting for the Exercise to be held before the next LEMC meeting. Mr M Glynn, Nannup Police offered help with scripting the exercise if needed.

It is hoped that the full membership of the LEMC will attend both the meeting and the exercise.

## **5.5 State Alert System**

Mr V Cheema will attempt to obtain more information for the LEMC.

## **6. NEXT MEETING**

The next meeting will be held at 4pm on Monday 2 November 2009 at the Shire Office.

## **7. CLOSURE OF MEETING**

There being no further business the meeting was closed at 5.05pm.

AGENDA NUMBER: 10.7  
SUBJECT: Strategic and Organisational Review  
LOCATION/ADDRESS:  
NAME OF APPLICANT: Shire of Nannup  
FILE REFERENCE: PSN 14  
AUTHOR: Shane Collie – Chief Executive Officer  
DISCLOSURE OF INTEREST:  
DATE OF REPORT: 8 July 2009

Attachments:

1. Draft Strategic and Organisational Review Report has been separately circulated.
2. Memorandum from Council's Manager Development Services on Planning/Building Issues (D2).
3. Draft Organisational Risk Management Strategy (D6).

### BACKGROUND:

Council at its December 2008 meeting passed the following resolution:

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

*Core Business – what is the core business? Any strategies to manage them more effectively?*

*Financial – any opportunities to prune/improve efficiency?*

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

Vern McKay LG Services was contracted to provide a report to Council on this matter. That report has now been finalised and would have been informally presented to Council on Monday 20 July 2009. The draft report was referred to by way of update at Council's Information Session in February and June 2009.

As reported in June 2009 recommendations are primarily in the following areas:

- Identification of Core Business and Discretionary Business Activities.
- Organisational Risk Assessment.
- User Pays Principle/Cost Recovery.
- Subsidisation of Organisations by Council.
- Rating Capacity.
- Governance Costs/Committees.
- Town Planning Resources.
- Organisational Staff Structure.
- Relieving Officers.

Signed:

Dated 24 September 2009

**COMMENT:**

The report recommendations are grouped into distinct areas with officer comment following each recommendation. Where recommendations are agreed with they are carried forward to the overall recommendations to this report. Where they are not agreed with or there are changes suggested these are noted. There are also additional officer recommendations contained in a separate heading (E) toward the end of this report.

It is assumed that all elected members have read and understood the report including the background detail which led to the formulation of the recommendations.

**REPORT RECOMMENDATIONS****Part A – General**

- A1 That the Council identifies strategies to stimulate and support the local economy that do not include staff redundancies.

**Officer Comment:**

The recommendation is somewhat vague in its application and ironically is not considered “core business” of Council. Market forces are the prime stimulus of local economies. Additionally Council continually is looking at opportunities to stimulate and support the economy and this occurs as a matter of course. Most recent example was the proposal to develop a growth strategy for the light industrial area which was discontinued after funding was not available and market forces intervenes in a positive manner.

A definitive statement on staff redundancies is also not favoured as it locks Council into a set position that it could find difficult to honour. Additionally staff employment matters are not the responsibility of Council.

This recommendation is not supported.

- 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.

**Officer Comment:**

The recommendation is supported with the qualification that such a statement is not definitive. For example Council has had to prune some expenditure areas and service levels in the current budget, and

generally looks at all areas each year.

## **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.

### Officer Comment:

The recommendation is not supported in its current form, though the principle is. The replacement recommendation seeks to strengthen the position by including the table which readily identifies the areas of core or statutory business and states them as being highest priority for resource allocation.

Adopting this position provides clear direction to staff, the community, and to external entities that Council's role and function commences with the tasks it has to undertake, and concludes with those that it would like to undertake.

## **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

### Officer Comment:

Note the LGCI is the Local Government Cost Index and is produced by WALGA similar to the Consumer Price Index (CPI). The LGCI has generally been a few percent higher than the CPI due in the main to business factors that impact on local government more so than other industries such as regulation, distance and the exposure to non profitable service provision.

This recommendation should be strengthened to state that Council actively seek to achieve the Grants Commission overall assessed rate capacity by reasonable incremental rate increases.

As stated at the June 2009 Council meeting Council has been advised by a number of different sources that it is rating too low. These sources include the independent Grants Commission, consultants Mr Ray Hadlow and Mr Vern Mc Kay, and by Council's own staff employed to advise on matters such as this.

Mr Hadlow states:

*"...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."*

The implication being that Council's external grants will drop if it does not increase its rating effort.

Mr McKay states:

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

The conscious disregarding of clear independent factual data is not supported by Council officers and leaves Council vulnerable to challenge on a number of fronts. Council's credibility is potentially reduced in the eyes of a range of stakeholders including its own staff, the community (as pointed out by Mr Hadlow) and by external bodies seeking structural reform if it chooses to not attempt to reach its rating capacity.

- 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.

Officer Comment:

This recommendation is strongly supported and the same comments in C1 above apply.

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

Officer Comment:

This recommendation is not required and this statement should be removed from Council's Forward Plan. The statement is not needed as Council statutorily collects 100% of rates with any unpaid being levied as a charge on the land and recouped in due course.

The 98% is a reference only to the collection year and does not impact on how rates are collected or the action taken in collecting them. For example officers are not instructed to "take all steps" to achieve the 98% benchmark by 30 June in any given year and it would be administratively cumbersome and costly to do so. Various fees and penalties apply to late ratepayers.

By not adopting this recommendation there will be no impact in the method of rate collection or the amount of rates collected in



any given year.

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

Officer Comment:

This recommendation is not required as it has already occurred. It is however recommended 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. Not undertaking training is self limiting in its application to providing good governance in the district and this principle is carried into replacement recommendation C4.

- 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.

Officer Comment:

This recommendation is supported even though this action already occurs.

- 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.

Officer Comment:

This recommendation is supported even though this action already occurs.

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

Officer Comment:

This recommendation is supported.

- 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.

Officer Comment:

This recommendation is supported with the addition of a broader scope for the contract review to include 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.

Additionally, despite the theory being correct, It is also unclear how the introduction of recycling has impacted (reduced) the workload of the contractor – this is important to form part of the contract review.

- 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.

Officer Comment:

This recommendation is supported and would include a review of the total cost of the facility (operating and capital) and the collection and disposal of all waste.

- 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.

Officer Comment:

This recommendation is supported with tipping fees set to recover total cost including operating and capital.

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

Officer Comment:

This recommendation is supported based on a tracking system to attribute actual costs against a particular development.

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

Officer Comment:

This recommendation is supported with some amendment.

It is proposed that with the completion of new ablution facilities at the Nannup Amphitheatre, the Riversbend Caravan Park and the proposed

TimeWood Centre, that a review of the number of ablution facilities and their use be undertaken. Such a review would determine if it is viable to retain some of the older ablution facilities particularly those in close proximity to the new ones. Opening times can 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.

Officer Comment:

This recommendation is supported.

- 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.

Officer Comment:

This recommendation is supported.

- 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.

Officer Comment:

This recommendation is supported.

- 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.

Officer Comment:

This recommendation is supported.

- 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.

Officer Comment:

While the plant committee already undertakes due diligence prior to making any recommendation on purchase to Council, this principle is acknowledged and supported.

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

Officer Comment:

This recommendation is supported with a pointer being added that this review is financially based and does not represent a review of the operational aspects of the lease, which is the subject of a separate process.

- 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.

Officer Comment:

This recommendation is supported with the inclusion of an additional sentence as follows:

*"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."*

- C20 That in finalising future budgets, the public works overhead amount shown as allocated be reconciled with actual amounts allocated across all programs.

Officer Comment:

The matter is an operational issue and does not require Council endorsement. It is intended to action the recommendation.

- C21 That public works overheads rates be reviewed at least quarterly to ensure that overheads are allocated appropriately.

Officer Comment:

The matter is an operational issue and does not require Council endorsement. It is intended to action the recommendation.

- C22 That in finalising future budgets, the plant operating cost amount shown as allocated be reconciled with actual amounts allocated across all programs.

Officer Comment:

The matter is an operational issue and does not require Council endorsement. It is intended to action the recommendation.

- C23 That plant operating cost rates be reviewed at least quarterly to ensure that plant costs are recovered.

Officer Comment:

The matter is an operational issue and does not require Council endorsement. It is intended to action the recommendation.

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

Officer Comment:

This recommendation is supported as a matter of principle however Council has not always been able to afford to fully fund its plant and machinery reserve. Every endeavour is made to fully cash back the plant reserve and most years it has been reasonably close, however there is no financial sense in allocating to a reserve fund if you have to borrow to do so.

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

Officer Comment:

This presently occurs therefore there is no need for this 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.

Officer Comment:

Council's Forward plan was reviewed as a precursor to the 2009/10 budget in April 2009. The document is again scheduled for review (and reprint) in April 2010 as it enters its third year.

Past practice has seen the Forward Plan refined from a financial perspective as it feeds into the budget process. That is to say that in the budget development process if Council is not in a position to fund matters contained in the Forward Plan they are prioritised out. This system has appeared to work well in that there are adequate checks and balances in the budget adoption process and Council's Forward Plan is not designed to be an "absolute" financial document.

The principle of the recommendation is supported however there is no point in reviewing the Forward Plan at this time of year with Council having just adopted its budget. The next review can pick up on the long term financial aspect of 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.

Officer Comment:

There is no need for this recommendation. Council adopted policy ADM 9 In August 2008 which sets out the process for covering for leave for the CEO position. Council is not responsible for the employment or management of other staff therefore this recommendation is operational in nature.

The principle put forward in this recommendation is supported and at the operational level a strategy will be developed (and likely submitted to Council in the form of an Information Report).

At present there are more informal arrangements in place to cover periods of leave. These consist mainly people able to be called on with the appropriate skills to cover absences of various positions in the organisation. Examples include Mr Wayne Jolley (Health/Building), Mr Kevin Waddington (Finance/Administration) and a variety of casual front counter and works staff.

Budget allowances are made annually for leave and are included in the overall salaries and wages area.

- 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.

Officer Comment:

This recommendation is supported in part, that being to address the backlog of work in the Development Services area.

The Memorandum from Council's Manager Development Services (attachment 2) refers to the backlog of work in this area, some aspects being of a statutory nature. While this can not be ignored some of these tasks may be able to be undertaken with an additional full time person in the Development Services area as proposed in recommendation D3 below.

If Council was willing to increase the allocation of funds in this area, whether that be by rate increases or cutting other service areas the combining of functions in the Development Services and Works area is not considered appropriate or efficient. Given that there is limited activity scheduled for Mowen Road in 2009/10 additional resources in the Works area can not be justified at this point in time.

Should this recommendation not be passed the works indicated in the Memorandum from Council's Manager Development Services will be

unable to be undertaken. This matter was raised only recently (30/6/09) when Council's Manager Development Services completed a review of a number of files and past practices in this area. Hence the initial indication that additional budget funds would be unlikely to be called upon has to similarly be reviewed.

This recommendation has of budget implications and would need to be considered as part of Council's first budget 2009/10 budget review.

- 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.

Officer Comment:

This recommendation is supported and strengthened. This recommendation is significant in terms of budget implications.

- 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.

Officer Comment:

This recommendation is not required as it remains an operational matter with the engagement of additional technical resources for this job at the discretion of Council's Works Manager through the existing and future Mowen Road budget funding allocations. Council members would be aware of the project management set up utilising WML consultants.

- 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.

Officer Comment:

This recommendation is supported. The main reasons for the support of this recommendation are the reduction in governance costs and duplication. The principle being that there are many issues that committees are dealing with that can be more effectively dealt with by officer report, that is using the officers available in a more efficient manner particularly when it comes to the servicing of committees.

Council still has the final decision making authority. The reverse of this is that it could be considered that community involvement is reduced, however committees should only be put in place if there is a demonstrated need for them, and operational issues do not qualify in this regard.

- 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.

Officer Comment:

This recommendation is strongly supported and work has commenced in the development of a matrix for this. Refer attachment 3.

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

Officer Comment:

While an operational matter not requiring Council endorsement, this recommendation is supported.

**ADDITIONAL RECOMMENDATIONS**

- 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  
Nannup Visitor Centre

Officer Comment:

Similar to recommendations C13 through to C19 Council does not have a handle on the potential income forgone when groups are leasing premises at nominal or nil rental. There is no intention of suddenly introducing commercial rental arrangements for any of the groups listed above, this recommendation is simply about knowing the degree of subsidisation that Council undertakes of community based organisations.

- 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.

Officer Comment:

Again this matter identifies where rental income is forgone on the basis of a community based activity.

- 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.

Officer Comment:

Similar to recommendations C13 through to C19 Council does not have a handle on the potential income forgone when groups are permitted to use premises with a fee waiver. Again there is no intention to amend any Council policy or not permit fee waivers at this stage, Council should be aware of the income it forgoes when facilities are used and fee waivers are granted.

- E4 That Council move toward a general user pays principle in the overall management for all assets under its care, control and maintenance.

Officer Comment:

While not wanting to be specific in respect of facilities (Waste Management recommendation C9 aside), it is considered that a user pays principle is an appropriate philosophical position for Council to adopt. This is based on the premise that facility users should pay a reasonable fee when using services or facilities being provided by Council. The default if this does not occur is that all ratepayers effectively subsidise the use of facilities which many do not use.

- 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.

Officer Comment:

While this may be an exercise in futility, it is difficult to receive a report of this nature advocating a significant change in the way that Council does business to gain greater efficiencies, when Council is faced with such an inequity as not being able to rate 85% of the land in its district. It is

unlikely that Council would have sustainability or capacity issues if it was able to rate State controlled land where commercial activities are being undertaken.

#### **STATUTORY ENVIRONMENT:**

Local Government Act 1995.

#### **POLICY IMPLICATIONS:**

There are a number of policy areas impacted such as fee waiver policies, aged care, relieving officers etc. The detail is covered in the text of this report.

#### **FINANCIAL IMPLICATIONS:**

As indicated in the body of this report the main financial implication is recommendation D3. A number of other recommendations if adopted will have some financial impact both positively and negatively. There will be a significant amount of staff time involved in the implementation of some recommendations if adopted, however they are anticipated to have longer term financial benefits.

A number of other recommendations relating to cost recovery and fee for service will have as yet indeterminable financial impacts.

#### **STRATEGIC IMPLICATIONS:**

The process of conducting this review involved Council's overall strategies, philosophical outlook and forward planning. Reviewing of Council's Forward Plan is integral to the outcome.

#### **RECOMMENDATION:**

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 endeavour not to 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.
- 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)
	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)
Cemetery operation	(Fees charged, maintenance undertaken)

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Dated 24 September 2009

	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

- 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.
- 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* when next reviewed (Approximately March 2010) give consideration to 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.
- 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.

#### **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

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Dated 24 September 2009

	implemented, studies and future planning undertaken)
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
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.
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- 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.
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- 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.



DRAFT REPORT

**SHIRE OF NANNUP  
STRATEGIC AND ORGANISATIONAL REVIEW**

VERSION 2      June 2009

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

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## 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~~ <sup>\$100,000</sup> 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 industry<sup>1</sup>, 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.

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<sup>1</sup> 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:

<b>Data</b>	<b>Details</b>
Area	2,953km <sup>2</sup>
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 (Unfied)	\$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." <sup>2</sup>

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.<sup>3</sup>

While the former 1960 Act was ultra vires based <sup>4</sup> 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."* <sup>5</sup>

The general function of a local government includes legislative and executive functions. <sup>6</sup> Legislative functions are the powers to make and enforce local laws for its district. <sup>7</sup> 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. <sup>8</sup> Section 3.18 of the current 1995 Act provides

<sup>2</sup> Australian Public Service Commission – Agency Health: Monitoring Agency Health and Improving Performance 2007 (see [www.apsc.gov.au](http://www.apsc.gov.au))

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

<sup>4</sup> Local governments could only provide services and do what the Act allowed.

<sup>5</sup> Local Government Act 1995, s.3.1

<sup>6</sup> Ibid, s.3.4

<sup>7</sup> Ibid, s.3.5

<sup>8</sup> 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 Deferments) 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 Vision<sup>9</sup> of the Shire of Nannup is:

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

The Mission<sup>10</sup> 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.

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<sup>9</sup> Shire of Nannup, Forward Plan 2008/09 – 2012/13, P.9

<sup>10</sup> *ibid*

For the purpose of this review, core business has been categorized as either statutory core business<sup>11</sup> or discretionary core business<sup>12</sup>. 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)

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

<sup>12</sup> 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 09/10<sup>13</sup> and likely to be well below the Local Government Cost Index (LGCI) of 4.4% for the year ending December 2008<sup>14</sup>. The Australian Governments current CPI forecasts are 1.75% to June 2010 and 1.5% to June 2011<sup>15</sup>. 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.

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

<sup>14</sup> WALGA Economic Briefing February 2009

<sup>15</sup> 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 <sup>16</sup> 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 <sup>17</sup>comparisons 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

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

<sup>17</sup> 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)<sup>18</sup>. 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

<sup>18</sup> 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:<sup>19</sup>

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				

<sup>19</sup> Australian Bureau of Statistics – see [www.abs.gov.au](http://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 <sup>20</sup> 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				

<sup>20</sup> Australian Bureau of Statistics – see [www.abs.gov.au](http://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 <sup>g</sup> ement 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 reform<sup>21</sup> 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.**

<sup>21</sup> 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	
	<b>Shire Contribution to Above Costs</b>	<b>\$120,000</b>	<b>\$413,000</b>	<b>\$528,000</b>	<b>\$378,000</b>	<b>\$168,000</b>
	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
<b>Sub-total</b>	<b>\$2,126,000</b>	<b>\$7,085,000</b>	<b>\$3,006,000</b>	<b>\$515,000</b>
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
<b>Total Council Cont'bn</b>	<b>\$413,000</b>	<b>\$528,000</b>	<b>\$378,000</b>	<b>\$158,000</b>

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					\$50,000
KUBOTA TRACTOR 9000E	Dec-05	\$65,000					
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				
<b>TOTAL</b>			<b>\$272,000</b>	<b>\$227,000</b>	<b>\$230,000</b>	<b>\$308,000</b>	<b>\$276,000</b>

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			
	<b>Council's Contribution to Bridge Works</b>	<b>\$24,000</b>	<b>\$24,000</b>	<b>\$24,000</b>	<b>\$24,000</b>	<b>\$24,000</b>
	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 Ggalitres 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:

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

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.

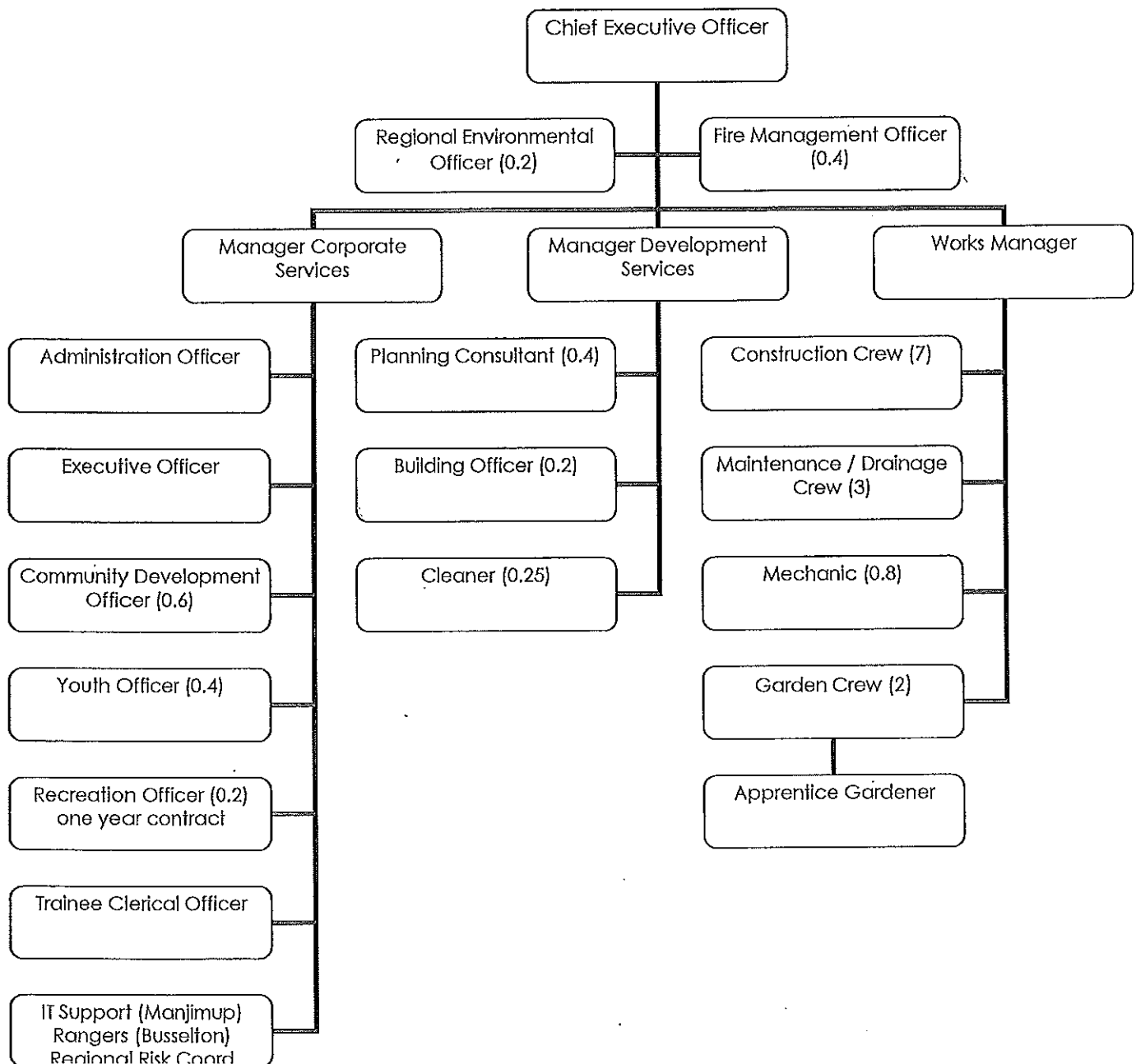
**Recommendation**

- 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
<b>Nannup</b>	<b>2953</b>	<b>156</b>	<b>406</b>	<b>1192</b>	<b>1045</b>	<b>825,000</b>	<b>11,227,000</b>	<b>23.45</b>
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
<b>Average of 30 selected shires</b>	<b>2845</b>	<b>235</b>	<b>679</b>	<b>949</b>	<b>743</b>	<b>1,135,400</b>	<b>4,212,133</b>	<b>24.2</b>

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 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 <sup>22</sup>	Coastal Management Plan Committee	Central Great Southern Salt Land Recovery Committee
Occupational Health & Safety Committee <sup>23</sup>	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 1995<sup>24</sup> 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

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

<sup>23</sup> 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).

<sup>24</sup> 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
Extreme	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.

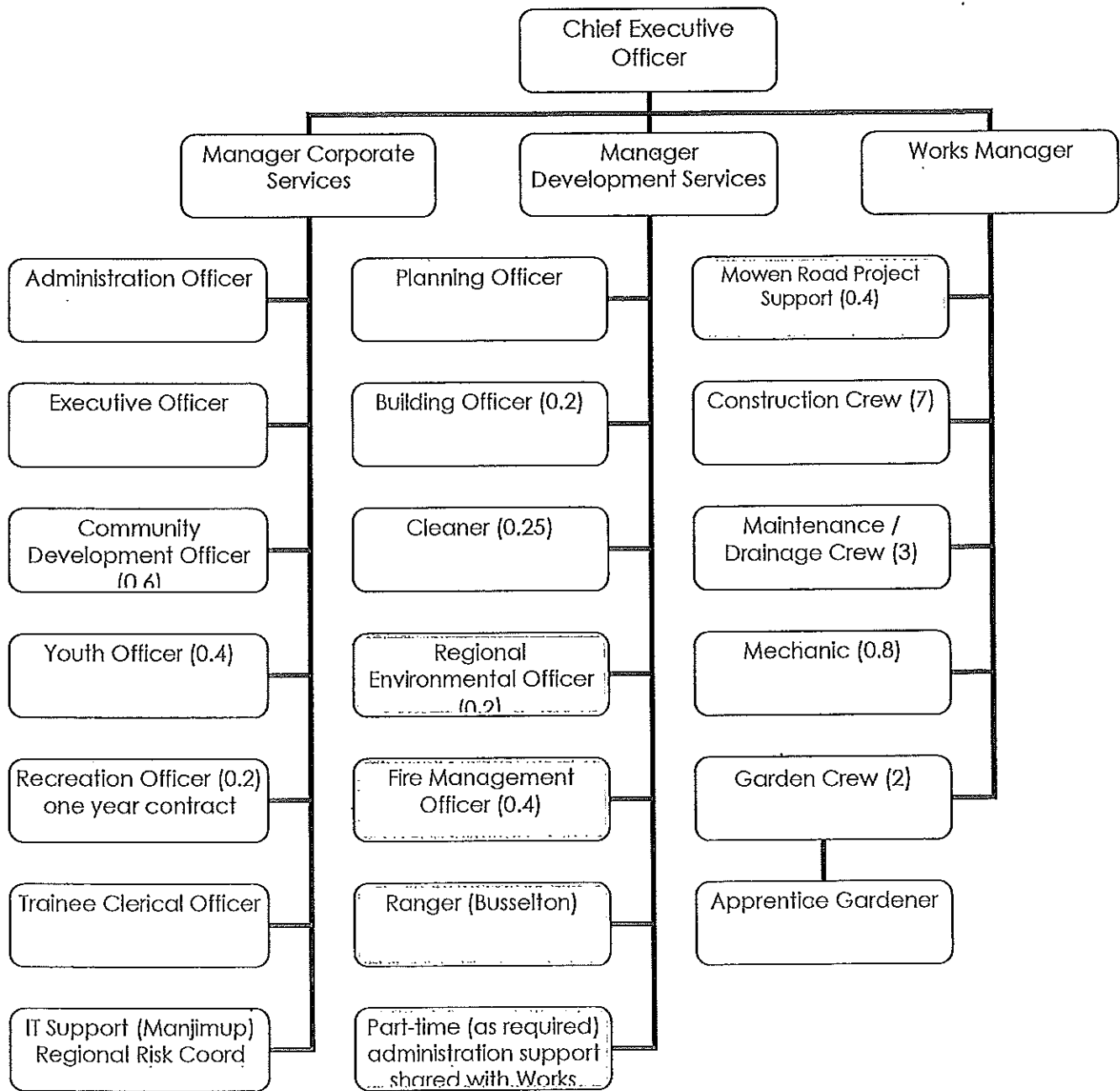
The council should consider a strategy to ensure that extended periods of absence of key staff is covered and funded. The alternative organisational structure resulting from the above changes is detailed below.

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.



## MEMORANDUM

**TO:** CEO  
**FROM:** MDS  
**SUBJECT:** BUILDING/PLANNING CATCH UP  
**FILE:** BLD9/TPL10  
**DATE:** 30 JUNE 2009

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### BUILDING

Currently there are limited building inspection service being undertaken by the Council. It is common practice to carry out a footing, "closed in" and final inspections together with any waste disposal inspections that may be required. The only site visit this Council is offering is on request for an occupancy certificate and waste disposal system inspection.

The result of this approach is that no building permit conditions are signed off and the building applications are not being finalised. Currently there are approximately 450 building applications not signed off. This is placing Council in a position that it has issued building permits with conditions and never followed up. The sign off on home occupation certificate is not a building inspection; however it could be considered evidence that Council has approved the building.

To rectify this situation it is proposed to employ a qualified building surveyor full time for three months to carry out inspections, provide reports and establish a baseline for building process including letters to those that have not commenced building within two years of the date of issue of building permits.

## **PLANNING**

Currently I have concerns with the administration of the planning process in this Council. In order to rectify the situation a review of the planning system is urgently required. Three keys areas will be considered:

1. Planning package in "synergysoft" being implemented.
2. All files being held by myself being integrated into the main Council filing system. This will require a stocktake of all files, establishing registers and cross referring all planning matters with the main file system.
3. Updating of the "syergysoft" program to incorporate Local Planning Scheme No 3 zoning.

To rectify this situation it is proposed to employ a person with planning administration experience full time for a period of two months.

The above recommended course of action is independent of employing an additional person for planning. This work is remedial to cover the shortfall in staffing in the Development Services area over previous years. The employment of additional staff is to meet current demand, not to rectify past shortfalls.

Under the current systems in place within the Council and the historical shortfall of resources in the Development Services area I am professionally uncomfortable in accepting responsibility for the building and planning functions. With the current resourcing this Council is not sustainable and is exposed to ongoing risk of litigation in the building, planning and lesser extent health areas.

I request that the employment of staff is factored into the funding of this Council and that recruitment commences now.

Regards,



**EWEN ROSS  
MANAGER DEVELOPMENT SERVICES**

1. TOWN PLANNING: DEVELOPMENT OF POLICY DIRECT COST TO COUNCIL

Serial (a)	Policy (b)	Position (d)	Priority (e)	Estimated Cost (f)	Running Total (g)
1	Nannup Local Planning Scheme No3 Amendment 1 (Flood Plan)	Draft for advertising	1	\$ 5,000	\$ 5,000
2	Draft Coastal Management Plan	With DPI final draft	1	\$ 1,000	\$ 6,000
3	Retaining walls (Residential)	Final advertising	1	\$ 1,000	\$ 7,000
4	Standard Conditions for Planning Approvals		1	\$ 5,000	\$ 12,000
5	Clearance Conditions for Subdivision		1	\$ 5,000	\$ 17,000
6	Development contributions, developers bonds and maintenance contributions		1	\$ 5,000	\$ 22,000
7	Delegations to Staff		1	\$ 5,000	\$ 27,000
8	Residential Development Policy	With consultant	1	\$20,000	\$ 47,000
9	Municipal Inventory, Heritage List and implementation		1	\$20,000	\$ 67,000
10	Implementation of Residential Development Guidelines/Scheme (Folly)		1	\$50,000	\$117,000
11	Rural Residential Development Policy including		1	\$20,000	\$137,000
12	Chalet/ Residential Accommodation Developments		1	\$20,000	\$157,000
13	Rural Strategy		1	\$20,000	\$197,000
14	Industrial Development Policy		1	\$10,000	\$207,000
15	Minimum Standards for Scheme Amendments		1	\$10,000	\$217,000
16	Road dedications • Middle Street – closure of legal road • Nash Road closure • Nannup Timber Mill • Agg Road • Tomas Road •		1	\$20,000	\$237,000

17	Tree Farms/Plantations			2	\$ 5,000	\$242,000
18	Demountable Buildings / Sea Containers & Other Similar Relocatable Storage Units			2	\$20,000	\$262,000
19	Building Envelopes Policy			2	\$ 5,000	\$271,000
20	Subdivision Fire Management Requirements			2	\$10,000	\$281,000
21	Car Parking Policy			2	\$10,000	\$291,000
22	Retaining Walls Industrial and Commercial			2	\$ 5,000	\$296,000
23	Extractive Industry Policy			2	\$10,000	\$306,000
24	Commercial Development Policy			2	\$10,000	\$316,000
25	Heritage Precinct	Advertised, comments with MDS		2	\$ 5,000	\$321,000
26	Relocated Dwellings – Conditions of Approvals			2	\$ 5,000	\$326,000
27	Dams Policy			2	\$10,000	\$336,000
28	Lane way development			2	\$ 5,000	\$341,000
29	Fencing Standards			2	\$ 5,000	\$346,000
30	Bed & Breakfast Accommodation Policy / Ancillary Accommodation			3	\$ 5,000	\$351,000
31	Street Stalls			3	\$ 2,000	\$353,000
32	Permitted land uses within Freehold State Forest			3	\$ 5,000	\$358,000
33	Community Buildings Policy			3	\$ 5,000	\$363,000

**2. COUNCIL AMENDMENTS – ALREADY COMMENCED AND MONIES RECEIVED NOT TRANSFERRED FORWARD**

Serial (a)	Policy (b)	Costs (c)
1	Amendment No 1 (Folly)	\$10,000
2	Amendment No 2 (Lot 10 Balingup)	\$ 2,000
3	Amendment No 3 (Lot 74 East Nannup Road)	\$ 2,000
4	Amendment No 4 (Nelson Location 853 Barrabup / Mowen Road)	\$ 2,000
5	Amendment No 5	
6	Amendment No 6 (Lot 3 of Nelson 778 Balingup-Nannup Road)	\$ 2,000
7	Amendment No 7 (Lot 1 Balingup – Nannup Road)	\$ 2,000
		\$20,000

**3. SUB DIVISIONS / MAJOR DEVELOPMENTS – COST INCURRED 2009/10 NOT CARRIED FORWARD**

Serial (a)	Activity (b)	Comment (c)	Cost (d)
1	Askino	Stage 1 and 2A on market, balance stage 2 and 3 under construction	\$20,000
2	Folly	Zoning stage	
3	Sexton Way	Applicant stage	\$20,000
4	Widdeson Road	Completed	\$10,000
5	Verve Energy	Application stage	\$30,000
			\$80,000

#### 4. ADMINISTRATION: ADDITIONAL TO CURRENT ALLOCATIONS

Serial (a)	Policy (b)	Position (c)	Comment (d)	Cost (e)
1	Synergysoft	No planning module activated	Required	\$ 2,500
2	Up date information for TPS1	Synergysoft not up dated for LPS No3	Required, project	\$ 5,000
3	Approval database	No approval databases integrated into a managerial system.	Needs to be developed, project	\$ 5,000
4	Bring up system	No bring up system and automatic mail out system for planning, health and building approvals	Needs to be developed, project	\$ 5,000
5	Land Purchase Inquiries	Review of current system		\$ 2,000
6				\$19,500

#### 5. COUNCIL ASSETS

Serial (a)	Policy / Activity (b)	Position (c)	Comment (d)	Cost (e)
1	Maintenance Plan	No assets maintenance/management plan to be established including reserve funding allocations	Required, has be previously contracted	\$ 5,000
2	Shire Rural Street Numbering project	Council has a responsibility to ensure all properties have an identifier.	Project previously suggested on hold	\$10,000
3	Caravan Parks and Camping Grounds	Long term development plans for caravan parks and camping grounds and funding to implement	Under discussion	
4	Accessibility Audit	Implementation of the accessibility audit to council assets including streets	Not funded as yet	
				\$15,000

## 6. SUMMARY

Serial (a)	Activity (b)	Income (c)	Expenditure (d)
1	Development of Policy		\$ 363,000
2	Council Amendments - LPS No3		\$ 20,000
3	Sub Divisions / Developments	\$37,000	\$ 80,000
4	Administration (Includes Planning and Building)		\$ 19,500
5	Council Assets (Under building)		\$ 15,000
6		\$ 37,000	\$497,500
7			\$460,500

## Catch up projects

Serial (a)	Activity (b)	Income (c)	Expenditure (d)
1	Review, Inspect, Report, Advise, Initiate correspondence for 450 building permits not completed	Nil	\$25,000
2	Review each lot and input zoning into synergy soft	Nil	\$ 5,000
3	Training of staff in development administration and implementation of the synergy soft planning package	Nil	\$10,000
4	Audit of recycling and waste bins and implementation of management systems	Nil	\$ 5,000
5	Total		\$45,000



Ref. No.	ASSET	THREAT CATEGORY	RISK What can happen and how can it happen?	VULNERABILITIES Potential Causes	POTENTIAL CONSEQUENCES Descriptors	CURRENT CONTROLS	LIKELIHOOD	CONSEQUENCE	RISK RATING	ADDITIONAL CONTROL MEASURES	REVISED LIKELIHOOD	REVISED CONSEQUENCE	RESIDUAL RISK RATING
1	Planning	External	Planning Error	Lack of continuity and peer review	Appeal and compensation	Nil	Almost Certain	Moderate	High	Employment qualified planner and additional support staff	Possible	Minor	Medium
2	Building	External	Building Error	Minimal resource being applied	Appeal and compensation	Employment of Building Surveyor	Almost Certain	Moderate	High	Increase resources	Possible	Minor	Medium
3	Health	External	Preventative measures not in place as no resources allocated	No resources allocated	Fatality	Reactive	Possible	Major	High	Resources allocated to area	Possible	Minor	High
4	Assets	External	Standards below minimum	Minimal resource being applied	Injury and devalue of asset	Reactive	Possible	Moderate	High	Inspection and maintenance program	Possible	Minor	Medium
5	Staffing	Internal	High staff turn over	Unacceptable work load, no continued professional development	Cost of recruitment and loss of corporate knowledge	Nil/ Good Will	Almost Certain	Moderate	High	Maintenance of staff levels to permit safe professional practices	Possible	Minor	Medium