Securing Our Future...

REVISED REGIONAL BUSINESS PLAN EXECUTIVE SUMMARY

...bringing South East Avon communities together...

DCA
DOMINIC CARBONE AND ASSOCIATES

Government of **Western Australia**
Department of **Local Government**

1.0 INTRODUCTION

The Shires of Cunderdin, Quairading, Tammin and York resolved to review the Regional Business Plan – Future State as a result of the Shire of Beverley informing the SEARTG that it did not wish to participate in an amalgamation proposal.

The review is based on the information contained in the 2011-12 Annual Budgets of the SEARTG member local governments.

The SEARTG Board and the member local governments of Cunderdin, Quairading, Tammin and York wish to acknowledge the additional funding provided by the Department of Local Government to undertake the review.

This Executive Summary provides a high level overview and comparison of the two volumes of the Regional Business Plan; the Current State and the Future State, which incorporates the following supplementary reports-

1. Service Delivery Plans;
2. Rating Study;
3. Information Technology Reports – Current and Future States; and
4. Human Resources – Change Management Report.

2.0   GUIDING PRINCIPLES

The South East Avon Regional Transition Group (SEARTG), comprising of the Shires of Cunderdin, Quairading, Tammin and York, agreed to several key principles, which were listed in Schedule 2 to an agreement that was signed with the State of Western Australia, in developing a Regional Business Plan.   These include-

1. There be 4 wards in the proposed new local government, with the ward boundaries being based on existing local government district boundaries.

2. The period for transitional councillor representation for the proposed new local government be for up to two full electoral cycles (8 years).

3. Each ward within the proposed new local government will have at least one Place Centre.

4. A commitment to review the performance of the proposed new local government after an optimum period of time.

5. Progression of a preferred service subsidiary model under the *Local Government Act 1995*.

Key decision making principles agreed to by the SEARTG Board in preparing the Future State included-

1. Flexible adaptable services open to change.

2. Minimal displacement of workforce.

3. Local staff to make local decisions.

4. Local community input and governance.

5. Local plans and priorities.

3.0 COMMUNITY OVERVIEW

The community overview examines those external and internal matters that may impact on the operation of the local governments. External matters refer to the community profile, which includes the natural environment, demographics of the population, and the economy.   Internal matters refer to organisational issues, including representation, organisational structure and budget.

3.1   CURRENT STATE

The State and National forests provide a natural buffer between the 4 SEARTG local governments and local governments in the Perth outer metropolitan area.   The physical proximity of York to Perth makes it a gateway to the Perth region.

The economies of the SEARTG local governments are primarily agricultural based; however the Shire of York's is more diverse as it includes a larger retail and tourism employment sector. Changes to agricultural practices will lead to pressures for changes in land use, and the 4 local governments will see a strong growth in rural lifestyle lot subdivisions.

The population demographics are very similar across the 4 local governments.   All local governments are experiencing an aging population, with a large number in the 65 and over age group, ranging from 12% in Tammin to 18.3% in Quairading. These numbers are much higher than the State average of 11.9%.

The median weekly income, individually and on a per household basis, is lower than the State and National averages.   A significant proportion of the labour force across the 4 local governments is made up of blue collar workers, with the highest in Tammin of 31%.   The total number of business houses in each Shire has slightly declined over the last 8 years.

The four major towns of Cunderdin, Quairading, Tammin and York provide a range of recreational, educational and health facilities to their local communities.   There are community connections across the local governments for employment, health, education, commerce in rural equipment sales, and sporting activities.   The town of York is recognised as a regional centre in the Wheatbelt and a point of destination for tourists, being only 97 kilometres from Perth CBD.

The Shires of Cunderdin, Quairading and Tammin have a traditional functional structure within their respective organisations, whereas the Shire of York as a corporate structure.   At 30 June 2011 there was a combined total of 101 Full Time Equivalent (FTE) staff in the 4 local governments; ranging from 12 in Tammin to 45 in York.

3.2   FUTURE STATE

The whole of the proposed new local government will be located within the Avon catchment.

The main economy of the proposed new local government will be agricultural based, representing approximately 28.5% of the workforce.   The labour force will consist of approximately 2,800 workers, with 53.8% employed full time, 28% part time and 4.4% unemployed.

The population of the proposed new local government will be approximately 6,500 persons; projected to increase to 7,530 by 2021.   The estimated population demographics[1] are detailed in the table below.

Table 1

AGE GROUP	PERCENTAGE
0-14	21.85%
15-24	10.15%
25-34	9.60%
35-44	12.10%
45-54	15.88%
55-64	12.85%
65 plus	17.58%

Employment creation will need careful consideration, with a coordinated economic strategy for each place seen as essential to the economic success of the proposed new local government.

The organisational structure of the proposed new local government is predicated on a matrix management model, combining functional and place management model.   A 6 member Executive team is proposed, with each position being responsible for key areas operations.   These areas include-

1. Office of Chief Executive Services – those services to elected members, and organisational development and governance.
2. Financial Services - those services related to the financial control of the organisation including finance, human resources & payroll, information technology and records management.
3. Corporate Services - those services related to the corporate management of the organisation including place management, governance and compliance, youth, and ranger services.
4. Engineering Services – those services primarily provided on a regional basis to the community by the outside workforce including, engineering and roads, asset management, parks and gardens, and fleet management.
5. Development Services – those services provided on a regional basis to the community that relate to development matters, including planning, environmental services and emergency management services.
6. Health & Building Services – those services provided on a regional basis to the community that relate to building control, property maintenance, waste and recycling, and health services.

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[1] Source: Australian Bureau of Statistics 2010 Estimated Residential Population data

4.0 STRATEGIC DIRECTION

Strategic direction covers issues that impact on the local government's strategic management, governance and administration.   Key areas include governance (strategic planning, wards & representation, legislation); administration (CEO's, committees, reporting, corporate branding); community engagement and planning schemes.

4.1 CURRENT STATE

The Shires Tammin and York were the only local governments to have Strategic Community Plans at the time of preparing the Current State Report.   All local governments have a Plan for the Future in place and an analysis revealed the following common themes-

1. Development of Independent Living Units.
2. Recreation Facilities.
3. Caravan Park.
4. Community Facilities.
5. Asset Management.
6. Waste Management.
7. Land Development.

There are a number of shared service arrangements in place amongst the 4 local governments, to facilitate the provision of specialist services, including planning, health, building control, rangers, and environmental.

The number of councillors differs across the 4 local governments, with 6 councillors in Tammin and York, and 8 in Cunderdin and Quairading. All 4 local governments have no wards.   There is significant variation in the councillor to elector ratios amongst the 4 local governments, which is detailed in the table below.

Table 2

SHIRE	WARDS	NUMBER OF ELECTORS	NUMBER OF COUNCILLORS	COUNCILLOR/ ELECTOR RATIO	QUOTIENT	ROUNDING	% DEVIATION
Cunderdin	No Wards	895	8	1:111	8	8	**0%**
Quairading	No Wards	782	8	1:97	8	8	**0%**
Tammin	No Wards	251	6	1:41	6	6	**0%**
York	No Wards	2,441	6	1:406	6	6	**0%**
Total		**4,369**	**28**	**1:156**		**28**	

Governance costs for the 4 local governments, with a total of 28 elected members, amounts to $313,425.

All local governments use similar mechanisms to engage with their communities; utilising public meetings, community events, electors meetings, surveys, working groups, public notice boards, newsletters and their websites to communicate information.

Each local government delegates a range of its functions to the Chief Executive Officer, who then on-delegates specific powers and functions to other staff. There is no delegation of power or authority to any Committee established by each local government. All local government have formed a required Audit Committee, as required under the *Local Government Act 1995*. Except for York, all local governments have established a number of non-mandatory committees, which are in line with their operational requirements.

Only the Shire of York has an Executive Management team, which is comprised of 5 persons. With the exception of York, all local governments have similar salary packages for their respective Chief Executive Officers.

The administrative reporting processes are similar amongst the 4 local governments, with Council Officers reporting to the Chief Executive, and the reports presented to Council for consideration. These reports form the basis for the Council agenda and decision making, with Council meetings held monthly.

Corporate branding is not widely used, with only the Shires of Quairading, Tammin and York utilising branding to market their district and certain facilities.

The statutory planning documents for the Shires of Quairading, Tammin and York are in need of review to comply with the statutory review timelines.

There is no consistency amongst the 4 local governments in relation to the posting of revenues and expenditures in the governance program, specifically the treatment of grants and other contributions, and the expenditure in relation to grants received; and the allocation of administration costs made.

4.2 FUTURE STATE

The strategic direction of the proposed new local government will be based on a range of shared goals held by the 4 local governments.

The delivery of shared services by the proposed new local government, relating to planning and environmental services, will require a determination on whether they will continue post amalgamation.

Interim representation arrangements for the proposed new local government include-

1. Four wards based on existing local government boundaries;
2. Transitional councillor representation for up to two full electoral cycles (8 years); and
3. 9 elected members comprising of the following-

Table 3

LOCAL GOVERNMENT	REPRESENTATIVES	ELECTOR/ COUNCILLOR RATIO
Cunderdin	2	1:447
Quairading	2	1:391
Tammin	1	1:251
York	4	1:610

The interim representation model does not comply with the one vote one value principles prescribed within the *Local Government Act 1995*, as the percentage deviation does not meet the ±10% requirement in each ward*.* Governors Orders will be required to implement the interim representation model. Eventually the proposed new local government will need to undertake a ward boundary review and move to a system of representation that meets the requirements of the *Local Government Act 1995*.

The proposed new local government will establish 4 Community Consultative Committees as Committees of Council; one for each ward. Each Committee will be comprised of the elected members of the ward, and up to 4 community representatives appointed by the Council for a period of 2 years. The cost of providing administrative support to the Consultative Committees is estimated at $9,456 per annum. This cost has been incorporated into the Service Delivery Plans. An Audit Committee will also need to be established, as required by the *Local Government Act 1995*.

Governance costs for the proposed new local government, with a total of 9 elected members for the interim period, will amount to $211,600, saving approximately $101,825 on 2011/12 governance costs.

Council meetings will be held on a monthly basis, with agenda briefing sessions held one week prior to the Ordinary Council meeting. The meetings will be held on a rotational basis at each place centre.

Executive team meetings will be held weekly to report to the Chief Executive on projects and significant issues, and to review agenda reports.

The proposed new local government will need to produce a corporate branding strategy to develop a strong corporate image the communities will easily identify with. Costs for this strategy have been incorporated under the Transitional Considerations of the Regional Business Plan.

It is acknowledged that different community engagement strategies work more effectively with each individual community; one approach does not fit all is required. A community engagement strategy will need to be developed to ensure that each community is appropriately engaged with.

A Local Planning Scheme for the whole of the district of the proposed new local government is required so that the efficiency of planning staff is not affected by having to administer the provisions 4 different planning schemes.

5.0 SERVICES

Services refers to the type, level and cost of services delivered by the local governments.   It examines the areas of commonality and difference in service provision, and whether the current range of services reflects community and organisational needs.

5.1   CURRENT STATE

The 4 local governments utilise a range of service delivery methods for the provision of services, including in-house, use of contractors and the use of volunteers.   They are all dependent upon contractors and external professionals for the delivery of specific services.   Several shared service arrangements have been instituted where the skills and expertise of qualified professionals can be shared amongst the local governments.   The frequency of services offered to the communities range from-

1. Ad-hoc;
2. Daily;
3. Weekly;
4. Fortnightly;
5. Monthly;

6. Quarterly;
7. Seasonal;
8. Bi-Annual; and
9. Yearly.

There is some variation in the way each local government charges for a service provided. Some services are provided free of charge (funded through rates), some are either partly or fully subsidised by grants, and some are partly or fully recovered on a fee for service basis. All local governments promote the range, frequency and cost of services they deliver through a variety of publications as well as their websites.

Only the Shires of Tammin and York have a customer service charter in place.

Combined staff utilised by the 4 local governments for 2011/12 is 106 full time equivalents (FTE's).   The breakdown across key areas of operation include 23 FTE's in corporate governance services, 4 FTE's in parks and gardens, 16 FTE's in road maintenance, and 12 FTE's in road construction.

There are a range of different employment conditions across the 4 local governments.   A total of 10 senior officer positions are on employment contracts within the 4 local governments.   The Shires of Cunderdin, Quairading and Tammin utilise the standard employment conditions under the Local Government Industry Award 2010, and in addition offer a range of different over award and service pay incentives to attract and retain staff.   The Shire of York has collective workplace agreements in place for the administration and operations staff.

A variety of assets and capital items are utilised to deliver services to the 4 local government communities, ranging from general office space and computer equipment, through to heavy plant and equipment; and includes specialised buildings such as medical practices, dental clinics and childcare centres.

Local government staff and contractors make use of a broad range of facilities to provide services to the community. These include-

1. Civic centre/administration office;
2. Medical centres;
3. Childcare centres;
4. Dental clinics;
5. Vet clinics;
6. Depot facilities;
7. Refuse sites;
8. Town halls;
9. Museums;
10. Community Resource Centres;
11. Waste transfer stations;
12. Recycling centres;
13. Swimming pools;
14. Recreation centres; and
15. Youth Centres.

5.2 FUTURE STATE

The proposed new local government will provide regional and place based services. 23 service delivery plans, modelled around the organisational structure, have been compiled to describe those services that will be provided by the proposed new local government, their frequency, proposed fees that could be charged for the delivery of the service, and key service indicators to assist measure future performance. The service delivery plans ensure that all current services will continue and also identify new services to be provided.

The service delivery plans are aligned to the Strategic Community Plan and the Corporate Business Plan required under the *Local Government Act* 1995. They will also form the foundation for the Workforce and Long Term Financial Plans required.

The proposed new local government will need to develop a corporate wide customer service charter and link it to the service delivery plans, to ensure there is consistency in its application across the new organisation.

The total projected FTE's for the proposed new local government is 117.20 FTE's, an increase of 10.74 FTE's. The service delivery plans detail the number of employees involved in the delivery of each service.

The following positions of the proposed new local government are to be classified as senior employees, in accordance with Section 5.37 of the *Local Government Act 1995*-

1. Chief Executive Officer;
2. Manager Financial Services
3. Manager Corporate Services;
4. Manager Health and Building Services
5. Manager Development Services
6. Manager Engineering Services

All employees will be employed under standard employment conditions. A position evaluation system has been developed to ensure that horizontal and vertical alignment is achieved for each position within the proposed new local government, once established.

Similar assets and capital items will be required to deliver services to the communities. The service delivery plans identify the new capital requirements needed to ensure efficient service delivery is achieved under the new organisational structure and place based management model.

It is envisaged that there is sufficient accommodation available to house place based and regional services staff by utilising existing administration offices in each place. An allowance has been made in Section 11 of the Regional Business Plan Future State – Transitional Considerations for alterations and refurbishments for each place centre to accommodate the necessary changes.

The financial forecasts in the service delivery plans are based on each local governments 2011-12 annual budget and have been calculated utilising the following approaches-

1. Business Unit; and
2. Part of the local governments operations – identifying the funding required from general revenue, inclusive and exclusive of depreciation, after eliminating revenues and expenses relating to shared services amongst the 4 local governments.

The estimated savings in operations, based on the proposed organisational structure and service delivery model, is $134,908.

6.0 SYSTEMS

Systems refers to the management systems local governments have in place to facilitate the performance of their functions, including the provision of services. It examines the various management and IT systems local governments use to record, manage, deliver and operate their business activities, deliver services and perform their functions.

6.1 CURRENT STATE

The 4 local governments have common core systems in place, including financial, records, risk and asset management systems.

Three separate computerised financial accounting packages are utilised by the 4 local governments; with Tammin using QuickBooks, Quairading and York using SynergySoft, and Cunderdin using LGE.

All information technology (IT) systems, except for RoMan, Rates Online, Assets Online and Internet Banking, are centrally located at each local government's administration office.   IT technical support is provided remotely, with occasional on-site support provided when required. Each local government has a basic password structure in place when access IT systems.

Minimal intrusion protection is in place at each local government, exposing them to high level IT security risks.

Each local government subscribes to volume licensing for Microsoft software products.   All other software used is licensed through the payment of an annual support fee.

The Information Technology Current State report, prepared by Focus Networks, reveals that all 4 local governments have outgrown their existing IT support mechanisms. Based on the technology scorecard results in the IT Current State report, it is recommended that major infrastructure implementation occur at all 4 local governments to achieve a desired level of IT reliability and security.

The total current IT spend by the 4 local governments totals $98,779.

6.2 FUTURE STATE

The proposed new local government will need to implement the following systems-

1. Corporate IT System;
2. Financial Management System;
3. Online development and building application lodgement system;
4. Desktop mapping and Geographical Information System (GIS);
5. Integrated Planning System;
6. Asset Management System;
7. Risk Management System;
8. Customer Complaint System;
9. Freedom of Information System; and
10. Graffiti Management System.

The Information Technology Future State report, prepared by Focus Networks, provides a conceptual design for a secure corporate IT and voice communications solution for the proposed new local government, based on the organisational structure and the service delivery model. The cost of this solution is $1,368,728 including optic fibre connections, or $893,312 with ADSL connections.   An allowance has been made in Section 11 of the Regional Business Plan Future State – Transitional Considerations for this cost.

The proposed new local government will need to adopt a common financial platform that incorporates a fully integrated financial accounting software system and an online banking solution. It will also need to implement an Electronic document and Records Management System, together with an integrated content management system for website management.

A corporate website will need to be developed, which is consistent with and reflective of the corporate branding strategy adopted.   It is recommended that a corporate intranet site be developed to facilitate staff access to corporate information.

The cost of providing the Information Technology and Records Management Service is estimated at $353,314.

7.0 OPERATING MATTERS

Operating matters refers to those internal functions that support the local governments operations relating to the performance of its functions and service delivery.   Key areas include the financial framework, legal issues, and access to information.

7.1   CURRENT STATE

All local government have similar process and comply with the legislative requirement when compiling-

1. Plan for the Future;
2. Annual Budget;
3. Budget Review;

4. Annual Financial Report
5. Monthly Financial Reports, and
6. Annual Report.

Each local government has adopted a slightly different threshold when implementing the application of materiality, pursuant to the *Local Government Act 1995*, with percentage thresholds varying from 10% - 15%, and dollar thresholds varying from $5,000 to $10,000.

All local governments have a similar chart of account structure and similar processes for compiling the Rate Setting Statement.

No significant non-compliance issues were contained in the latest Compliance Audit Return submitted by each local government.

Each local government has appointed an auditor, and an audit committee, in accordance with the legislative requirements. There have been no significant qualifications in audit reports for the last three years.

All 4 local governments impose a uniform general rating system to distribute the rate burden.   All local governments, with the exception of York, derive the majority of their rates from rural properties.   York derives 53.9% of its rates from residential/commercial properties.   The total amount of rates levied by the 4 local governments in 2011/2012 was $7.2M.

The 4 local governments receive significant funding in the form of grants; a combined total of $2,030,633 in 2011/2012 was received in general purpose grants and $2,425,534 in road grants.

There are significant differences in the range, type and quantum of fees and charges levied by each local government. Fees and charges generated $2,751,051 in revenue for the 4 local governments in 2011/2012. The Shire of Quairading derived approximately $400,000 in fees and charges from its medical practice.   The Shire of York is the only local government to levy a service charge, as prescribed by the *Local Government Act 1995*.

Each local government has engaged LGIS as its insurance broker.   There are no outstanding complex insurance claims for any of the local governments.

Each local government has only 1 Australian Business Number (ABN) and is registered for GST.

Local bank branches and/or agencies are utilised by each local government in their respective town.   It would seem that the viability of the local banking system is dependent on continued patronage by each local government.

The Shire of Cunderdin has a reasonably high borrowing level of $981,189 as at 30 June 2011, but these levels will reduce significantly over the next 2-3 years. All other local governments have relatively small borrowing levels.

All local governments have a number of cash backed reserves where funds have been set aside to meet a specific purpose.

7.2   FUTURE STATE

The organisational structure and service delivery model will ensure that the proposed new local government will have sufficient resources to perform its functions and meet its statutory obligations.

The proposed new local government will be able to achieve rating parity within five years.   A separate rating study has been prepared to show how a differential rating system could be utilised over a four year period, and a uniform general rating system in the fifth year, to achieve rating parity and demonstrate what the potential impacts could be if this approach was implemented. The rating study model incorporates a 3% per annum compounded increase in rates over the five years.

Grant funding will still be a major source of revenue for the proposed new local government.   Financial Assistance Grants will be preserved at pre-amalgamation levels and increase by the annual growth in the general purpose pool, which is estimated at 4% per annum, for a period of five years. At the expiration of the preservation period, financial assistance grants are anticipated to decrease.   The proposed amalgamation may impact on the following grants-

1. Regional Road Group Grant – The extent of the impact is influenced by which regional road group the proposed new local government will reside in.   The Wheatbelt North has a 30% maximum cap per local government; whereas the Wheatbelt South has a maximum cap of $300,000 per local government.   If amalgamation proceeds, it is recommended that the proposed new local government become a member of the Wheatbelt North Regional Road Group.
2. Youth Grants – The Youth Friendly Communities grant program provides $10,000 per local government for youth activities that meet the criteria under the program.   Currently the 4 local governments can collectively receive up to $40,000 in funding. In an amalgamated state, the proposed new local government would only be eligible to apply for a maximum of $10,000 across the 4 communities.
3. Community Emergency Services Funding – Currently the CESM funding is provided under a 70:30 funding arrangement.   FESA has indicated that should amalgamation occur the CESM funding may move to a 60:40 split, with local government responsible for funding 40% of the arrangement.

The service delivery plans detail the types of fees and charges to be levied, and the anticipated amount.   The proposed new local government would review these fees and charges when preparing and adopting its first annual budget. The service charge currently imposed by the Shire of York for water services to properties in Buckingham, Chandos and Attfield Streets would continue to be imposed by the proposed new local government until the loan is repaid.

The proposed new local government would continue to engage LGIS as its insurance broker. Indicative premiums provided by LGIS show an anticipated increase in the cost of insurance cover in an amalgamated state.   These anticipated increases have not been incorporated in the

service delivery plans.   The proposed new local government will need to review the level of excess applicable to each insurance policy so that the most advantageous premium cost and excess/risk level is achieved.

In an amalgamated state it is imperative that banking services located in each town are supported, otherwise the respective communities may be at risk of losing such a service.

The combined total of outstanding loans as at 30 June 2012 is estimated to be $5,168,180; with $326,456 identified as self supporting loans.

The combined total of cash backed reserves held by the 4 local governments as at 30 June 2012 is estimated to be $5,132,818.   Some of the purposes of the reserve funds would need to be amended to more clearly reflect the intent of the reserve.

8.0 PEOPLE

People refers to organisation and the management of human resources, and those key areas that impact on the management and support of the organisations employees.

8.1   CURRENT STATE

The 4 RTG member local governments are not of sufficient size to warrant the employment of a dedicated human resource department.   The functions are performed by the Chief Executive of each local government, with assistance from other staff.   Recruitment is performed utilising a combination of internal and external resources, depending on the skill requirements of the position.

Minimal organisational change has occurred at the 4 local governments for a significant period and there have been no displaced employees as a result.   All of the local governments present a positive work culture, with the responsibility resting with the Chief Executive and senior officers to build staff morale.

The Shire of Cunderdin has a human resource manual in place to guide staff on human resource issues. The other RTG member local governments have a range of human resource policies in place which are considered appropriate given their size.

Each local government has a procedure manual to guide staff on day to day tasks, but they require review to ensure they reflect current work practices.   A series of other documents have been compiled to assist staff in their duties and include-

1.   Risk Management Framework;
2.   Code of Conduct;
3.   Community Safety and Crime Prevention Plan;
4.   Disability Access and Inclusion Plan;
5.   Equal Opportunity Management Plan;
6.   Regional Waste Management Plan;
7.   Formal Grievance Procedures.

Some areas of weakness across the 4 local governments include-

1.   No Governance Framework;
2.   No Fraud Control Plan.

The local governments use WA Local Government Association Workplace Solutions for advice on award interpretation.   Three of the local governments utilise the Local Government Industry Award 2010 as the basis for standard terms and conditions of employment; whilst the Shire of York has implemented two Collective Workplace Agreements, one that covers inside workers and one that covers outside workers.

A total of 106.46 full time equivalent staff are employed across the 4 local governments.   Combined employment costs for the local governments total $6.81M, of which $5.97M relates directly to salaries and wages.   The remaining balance represents other employment costs.

8.2 FUTURE STATE

The organisational structure for the proposed new local government provides for the employment of a designated full time human resource officer.   This position will be responsible for all human resource functions across the organisation, including employee attraction, retention and recruitment procedures and policies, leading and driving organisational change, and implementing an organisation wide training plan.

As part of the Regional Business Plan – Future State process, an HR consultant was engaged to prepare a series of draft human resource policies and procedures for consideration by the proposed new local government, including the recruitment process post amalgamation.

The service delivery plans reveal that an additional 10.74 Full Time Equivalent (FTE) positions will be required by the proposed new local government, increasing employee numbers to 117.20 FTE's.   The HR consultant has reviewed the remuneration for each position to ensure horizontal and vertical alignment has been achieved in the proposed new local government.

Specific issues that the proposed new local government will need to address include-

1. The preparation and implementation of a communications strategy to ensure that a comprehensive level of communications and consultation is achieved with the community and staff relating to potential changes that may result from amalgamation;
2. Mapping of all processes and documentation of all procedures to ensure processes can be aligned to the new organisational requirements;
3. Investigation of the potential impact on the exempt status relating to Housing fringe benefits.

9.0 PLANT FLEET AND DEPOT

This section provides an overview of the plant fleet and depot facilities and how they support the organisations delivery of services.

9.1 CURRENT STATE

The 4 local governments have a combined total of 16 passenger vehicles, and a range of light utilities that are used by staff to facilitate service delivery to the communities.

A significant amount of heavy plant is utilised by the 4 local governments, mostly relating to road construction and maintenance. There are some specialised items of plant that are utilised for waste collection, emergency services and mowing of recreation facilities.

The existing depot facilities meet the current service needs of the individual local governments.

9.2 FUTURE STATE

The service delivery plans detail the proposed new local government will require an additional 10 light vehicles to deliver regional and placed based services.

Heavy plant requirements will not significantly change in the short term.

A review of the Engineering and Roads Services works crews will need to be undertaken in the medium term (3 to 5 years); this review will allow a more accurate assessment to be made regarding heavy plant requirements in to the future.

The current depot facilities are considered adequate in the short term to meet the operational requirements of the proposed new local government.

10. INFRASTRUCTURE ASSET MANAGEMENT

This section analyses the management of infrastructure assets of the organisations, and their financial capacity to meet current and projected costs of maintaining, renewing and upgrading of existing infrastructure assets.

10.1 CURRENT STATE

The 4 local governments have finalised core Asset Management Plans, as part of the Regional Business Plan process, for the Buildings and Structures asset class.

All 4 local governments have manageable short term (5 years) funding gaps relating to Buildings and Structures, with Quairading having the highest gap of $56,000 per annum.   The Shire of Quairading has a significant funding gap over the medium term (10 years) of $391,000 per annum, having only 64% of the necessary funding to meet projected Buildings and Structures asset renewal requirements.

Financial modelling for the Roads and Bridges, and Footpaths Asset Management Plans has been completed, and the Asset Management Plans are close to being finalised.   The financial modelling shows that Cunderdin, Quairading and York have significant short and medium term funding gaps, which are in excess of $1.5M per annum.   It is evident the 4 local governments have funding gaps for the Road and Bridges, and Footpaths asset classes that are beyond their current financial capacity.

10.2 FUTURE STATE

The proposed new local government will have a combined short term (5 years) funding gap for the Building and Structures asset class of $62,000 per annum; and a medium term (10 years) funding gap of $793,000 per annum.   This means that the proposed new local government will need to invest an additional $793,000 per annum into renewing its Buildings and Structures assets to ensure facilities are maintained at a level where they can continue to meet the service needs of the communities.

The proposed new local government will have a combined short term funding gap for the Roads and Bridges, and Footpath asset classes of $6,081,000 per annum; and a medium term funding gap of $5,278,000 per annum.

11.0 INTERNAL BASELINE CAPABILITY

This section analyses the internal capability of the organisations. The Australian Business Excellence Framework (ABEF)[2] has been utilised to assess performance and capability in the 7 areas of Leadership, Strategy and Planning, Information Knowledge; People; Customer and Market Focus, Process Management Improvement and Innovation; and Success and Sustainability. The Business Excellence Gauge below assists in interpreting the results.

Achieving Excellence (Indicator 65% or more)	Approaching Excellence (Indicator between 31% and 64%)	Focus for Improvement (Indicator 30% or less)

11.1 CURRENT STATE

11.1.1 Leadership

This key area examines-

1. How the organisation develops and promotes an effective leadership system;
2. How good governance and role modelling is a day to day occurrence;
3. How it develops a culture and supports behaviours, which are consistent with its values;
4. How it encourages creativity and innovation and provides for organisational adaptation;
5. How the organisation contributes to the community, environment and demonstrates social responsibility and ethical behaviour.

Opportunities identified for improvement include-

1. Develop a regional governance framework with clearly identified delegations and leadership accountability;
2. Develop regional and local organisational policy and management practices;
3. Define organisational values to re-enforce both regional and local behaviours, with a leadership focus on improvement;
4. Develop an environmental plan;
5. Develop a community engagement policy and framework.

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[2] Source: SAI Global Ltd.

11.1.2 Strategy and Planning

This key area examines-

1. How the organisation defines direction strategies and communicates its purpose, vision and goals;
2. How it prepares itself for sustainable organisational success;
3. How the organisation selects, gathers and uses corporate knowledge;
4. The way in which the organisation turns direction into actionable plans that are aligned and measures for performance;
5. How the organisation performs gap analysis to achieve organisational goals and ongoing system improvement.

Opportunities identified for improvement include-

1. Based on Shire and Strategic Community Plans, build a Regional Strategic Community Plan aligned to local place plans.
2. Develop a Risk Management Plan;
3. Create a Corporate Business Plan and reporting mechanisms;
4. Create service plans, outlining role and service level.

11.1.3 Information and Knowledge

This key area examines-

1. How the organisation determines what data is required, how it is collected, analysed and shared to enhance the achievement of organisational goals;
2. How the organisation integrates a variety of information from various sources and uses that information in decision making at all levels;
3. How the organisation addresses the impact of variation to its operations;
4. How the organisation defines and addresses its knowledge requirements;
5. How the organisation uses knowledge in its activities and to improve organisational performance.

Opportunities identified for improvement include-

1. Develop and align performance indicators for leaders to monitor and review;
2. Develop a strategic regional approach to Information Technology systems;
3. Ensure data integrity through the development of collection guidelines;
4. Ensure knowledge is understood and captured through the process documentation, mentoring and coaching.

11.1.4 People

This key area examines-

1. How the organisation maximises potential of people through the culture that encourages performance, trust and respect, and promotes strong relationships;
2. How the organisation maintains communication mechanisms that support an open environment that allows all directional communication;
3. How the organisation provide a work environment conducive to maximising the potential of its people, and which recognises well being as a critical component of business success.
4. How the organisation aligns its people objectives with other objectives and enables the full potential of all people to be realised;
5. How all people are encouraged, monitored and recognised for contributing to achieving organisational goals and continually improving the organisation.

Opportunities identified for improvement include-

1. Review recruitment and induction processes;
2. Develop HR policies and guidelines;
3. Develop a workforce plan;
4. Develop training needs analysis and plan;
5. Develop performance management framework, aligning personal performance to business plans.

11.1.5 Customer and Market Focus

This key area examines-

1. How the organisation ensures an ongoing understanding of the needs and expectations of present and potential customers and markets;
2. How the organisation manages and evaluates relationships with its customers with respect to the value it creates for them;
3. The process for gathering customer feedback on its customer relationship management practices;
4. How the organisation measures customer perception of value and achievement of its goals for customer satisfaction.

Opportunities identified for improvement include-

1. Define customer, partner and stakeholder groupings and requirements to underpin service delivery plans and service levels;
2. Ensure customers, partners and stakeholders are surveyed systematically to review gaps and focus on improvement;
3. Develop a regional approach to customer standards;
4. Develop leadership accountabilities for partner and stakeholder relationships.

11.1.6 Process Management, Improvement and Innovation

This key area examines-

1. The organisations systems for identifying, defining, measuring and managing its processes;
2. Methods and support for innovation and improvement of the processes used by the organisation to achieve its goals;
3. Methods for determining the quality of products and services delivered to the customer;
4. Comparative performance of the organisations products and services.

Opportunities identified for improvement include-

1. Document end to end processes to support the matrix and place based management models;
2. Focus on process review and improvement.

11.1.7 Success and Sustainability

This key area examines-

1. How management measures and communicates the performance against the organisation's purpose and goals;
2. How well the organisation is performing as shown by its key performance indicators and other measures;
3. Indicators and other information the organisation uses to handle risk and organisational capability for sustainability of its success into the future;
4. How the organisation considers its relevance to the market and competitors.

Opportunities identified for improvement include-

1. Develop a regional performance framework and reporting processes.

11.2 FUTURE STATE

This section examines the potential capability of the proposed new local government in relation to the seven key areas and the opportunities identified for improvement.

11.2.1 Leadership

The key opportunities addressed include-

1. The proposed new local government will need to implement a range of delegations with clear leadership accountabilities to ensure Place Coordinators are able to perform their functions efficiently. A provision has been made in Transitional costs for a new delegation manual to be prepared.
2. The proposed new local government will need to implement a new policy manual with management practices to provide clear guidance to employees on the application of the policies.   A provision has been made in Transitional costs for a new policy manual and management practice manual to be prepared.
3. The proposed new local government will need to develop organisational values as part of the change management process in establishing the new organisation. A provision has been made in Transitional costs for a consultant to assist administer the change management program.
4. The Environmental service delivery plan identifies the preparation of an environmental plan/strategy as a key short term priority for the proposed new local government.
5. The proposed new local government will need to implement a community engagement and communications strategy to ensure the community and staff are engaged and kept informed during the amalgamation process.   A provision has been made in Transitional cost for a community engagement and communications strategy to be prepared based on the International Association of Public Participation standards.

11.2.2 Strategy and Planning

The key opportunities addressed include-

1. As a result of the Regional Business Planning process, all 4 local governments now have adopted Strategic Community Plans.   The 4 Plans can be used as a foundation for preparing a Strategic Community Plan for the proposed new local government; with the 4 existing Strategic Community Plans becoming local place plans.   A provision has been made in Transitional costs for a consultant to be engaged to facilitate the preparation of a Strategic Community Plan for the proposed new local government.
2. The Organisational Development and Governance service delivery plan identifies the preparation of a risk framework and risk management plan as a key short term priority for the proposed new local government.

3. The service delivery plans can be used as the foundation for building the Corporate Business Plan for the proposed new local government.
4. The 23 service delivery plans prepared during the Regional Business Plan process detail the role, frequency and level of service for the proposed new local government.

11.2.3 Information Knowledge

The key opportunities addressed include-

1. The service delivery plans identify service performance indicators, which are to be reported on annually to the Council and community of the proposed new local government.
2. A corporate Information Technology solution will be implemented for the proposed new local government.
3. A customer satisfaction survey prior to amalgamation is required so that a baseline measurement can be obtained on current service delivery performance.   This will allow comparisons to be made between existing and future performance on service delivery and customer satisfaction.   A provision has been made in Transitional costs for a community satisfaction survey to be conducted across the 4 local governments prior to amalgamation.
4. Process mapping and procedure documentation will need to be undertaken at each of the 4 local governments prior to amalgamation to ensure existing corporate knowledge is captured, with each process aligned to the organisational requirements of the proposed new local government.   A provision has been made in Transitional costs for the engagement of a consultant to undertake process mapping and procedure documentation.

11.2.4 People

The key opportunities addressed include-

1. The HR consultant engaged as part of the Regional Business Plan process has prepared a series of draft human resource policies, including the recruitment process, for the proposed new local government to consider.
2. A training needs analysis is required across the 4 local governments prior to amalgamation to identify the skills gap and develop a training plan for the proposed new local government.   This analysis and plan will form part of the workforce plan for the proposed new local government.
3. There is a need for the proposed new local government to prepare a Workforce Plan. Much of the foundational information can be sourced from the service delivery plans.
4. The HR consultant engaged as part of the Regional Business Plan process has prepared a draft position evaluation system, performance management system and a performance evaluation system for consideration by the proposed new local government.

11.2.5 Customer and Market Focus

1. The service delivery plans identify key customers, partners and stakeholders in the delivery of services.   There is a need for the proposed new local government to further develop and build on this, once established.

2. A customer satisfaction survey prior to amalgamation is required so that a baseline measurement can be obtained on current service delivery performance. This will allow comparisons to be made between existing and future performance on service delivery and customer satisfaction. A provision has been made in Transitional costs for a community satisfaction survey to be conducted across the 4 local governments prior to amalgamation.
3. There is a need for the proposed new local government to prepare a Customer Service Charter that documents the standards when delivering services.

11.2.6 Process Management, Improvement and Innovation

1. Process mapping and procedure documentation will need to be undertaken at each of the 4 local governments prior to amalgamation to ensure existing corporate knowledge is captured, with each process aligned to the organisational requirements of the proposed new local government. A provision has been made in Transitional costs for the engagement of a consultant to undertake process mapping and procedure documentation.
2. The proposed new local government will need to ensure it implements regular reviews of processes and procedures to identify areas of improvement.

11.2.7 Success and Sustainability

1. There is a need for the proposed new local government to further develop a series of performance indicators to measure its performance against the organisations purpose and goals.

12.0 TRANSITIONAL COSTS

This section examines and analyses the key transition tasks and associated costs that may be incurred should transition to an amalgamated entity take place. A number of the transitional costs identified will be eligible for funding under the Local Government Structural Reform Program, administered by the Department of Local Government, subject to approval by the Minister for Local Government.

TRANSITIONAL ISSUE	ASSOCIATED TASK	TRANSITIONAL COST
Sitting Fees for Appointed Commissioners	Sitting fees for Commissioners for 6 month period	$114,000
Travel costs of Commissioners	Travel costs for 6 monthly meetings plus 6 briefing sessions	$7,200
Recruitment of new Chief Executive	Engagement of external agency to undertake an independent recruitment process (does not include advertising costs).	$20,000
Chief Executive Recruitment Costs	Estimated relocation and training costs for new Chief Executive	$10,000
Chief Executive Contract Termination & Severance	Termination and severance in accordance with employment contract terms and Clause 11(4) of Schedule 2.1 of the *Local Government Act 1995*.	$200,000
Appoint Project Management Officer	Engagement of Project Management Officer to assist coordinate transitional matters relating to amalgamation	$100,000
Councillor Induction Process	Prepare new Councillor induction course and manual to address increased role	$10,000
Community Engagement Strategy	Engage consultant to prepare and coordinate a community engagement strategy to keep communities involved and informed through-out the amalgamation process	$20,000
Corporate Branding Strategy	Engage consultant to develop, prepare and implement corporate brand for new organisation	$80,000
Community Satisfaction Survey	Engage consultant to prepare and undertake community satisfaction survey across the 4 local governments prior to amalgamation	$15,000

TRANSITIONAL ISSUE	ASSOCIATED TASK	TRANSITIONAL COST
Desktop Publishing Software	Purchase desktop publishing software for internal production of print material and media information	$2,500
Administration Reporting	Engage consultant to assist with preparing new chart of accounts, development of management reporting systems in new corporate financial system, and document financial management procedures relating to new reporting system.	$20,000
New Stationery & Printing Requirements	Printing of new stationery including letterheads, cheques (including electronic encoding), business cards, with compliments slips, etc.	$40,000
Human Resource System & Integration	Purchase, implement and integrate Human Resource System with other Corporate Systems to facilitate HR function within new organisation	$40,000
Specialist Human Resource (HR)/Industrial Relations (IR) Advice	Engage HR/IR specialist to provide advice on HR/IR issues relating to new industrial agreements	$20,000
Change Management Program	Engage HR Specialist to assist Executive Team prepare and deliver change management program during transitional and post amalgamation stages, including provision for staff to have free access to counselling services.	$35,000
Staff Training	Provision for external training costs to train place based staff in new roles, and nominal provision across the new organisation	$44,000
Staff Uniforms	Provision of $500 per employee x 98 employees.	$45,000
Computer Hardware and Software	Purchase and implement IT infrastructure relating to a corporate It solution	$626,580
Optic Fibre Connections to Remote Locations	Engage contractor to install optic fibre connections to remote locations (place centres and depots/community centres) to ensure maximum connectivity is achieved.	$479,736

TRANSITIONAL ISSUE	ASSOCIATED TASK	TRANSITIONAL COST
Voice Communications	Purchase, install and configure Voice Over Internet Protocol (VOIP) communications system to permit direct telecommunications between place centres and other operating locations.	$91,262
Data Conversion and Integration	Engage computer support company(s) to extract data stored in all existing databases and integrate with new corporate databases.	$64,000
Records Management System	Purchase, configure and implement corporate level Electronic Document Management System (EDRMS)	$66,000
Conversion of hard copy records to electronic format	Engage contract/casual staff to scan and register paper records identified as high priority.	$50,000
New Website	Design and implement new corporate website based on corporate branding developed for new organisation.	$10,000
Web Based Development Application	Engage consultant to design, implement and integrate a web based development application lodgement module with corporate IT systems with a tracking function for applicants	$30,000
Desktop Mapping & GIS System	Purchase and implement a desktop mapping and GIS system that will assist staff undertake desktop assessments.	$31,000
Local Planning Scheme	Engage consultant to prepare new Local Planning Scheme for the new organisation.	$150,000
Local Planning Strategy	Engage consultant to prepare Local Planning Strategy for new organisation. A Local Planning Strategy is a high level planning document that is required by legislation to be prepared before a Local Planning Scheme is compiled.	$150,000
Developer Contribution Plan	Engage consultant to prepare a Developer Contribution Plan that sets out the method of contribution Developers are required to make when land is subdivided.	$100,000
New Emergency Services Vehicle	Purchase of a 4x4 utility for Community Emergency Services Coordinator Position	$42,000

TRANSITIONAL ISSUE	ASSOCIATED TASK	TRANSITIONAL COST
New Property Services Vehicle	Purchase of a light utility for Property Maintenance Coordinator Position	$22,000
Cunderdin Place Centre Refurbishment	Refurbishment of Cunderdin Place Centre to make fit for purpose	$105,000
Quairading Place Centre Refurbishment	Refurbishment of Quairading Place Centre to make fit for purpose	$20,000
Tammin Place Centre Refurbishment	Refurbishment of Tammin Place Centre to make fit for purpose	$20,000
York Place Centre Refurbishment	Refurbishment of York Place Centre to make fit for purpose	$50,000
New Compliance Officer Position Vehicle	Purchase of a passenger vehicle for Compliance Officer Position	$22,000
New Engineering Technical Officer Position Vehicle	Purchase of a passenger vehicle for Engineering Technical Officer Position	$25,000
New Asset Management Officer Position Vehicle	Purchase of a passenger vehicle for Asset Management Officer Position	$25,000
Workshop/Fleet Management System	Purchase, configuration and implementation of workshop/fleet management system to control servicing, accident repair costs, and fleet activities.	$10,000
Delegations & Authorisations Register	Preparation of Delegations and Authorisations Register for proposed new local government	$5,000
Policy Manual	Preparation of Policy Manual for proposed new local government	$8,000
Local Laws	Repeal and implement single suite of local laws for proposed new local government	$50,000
Process Mapping & Procedure Manual	Mapping and documentation of approximately 115 processes	$115,000
Legal Advice – Land Titles and Leases/Management Orders	Engage law firm to prepare documentation to transfer land titles, leases and management orders to new organisation	$15,000
New Signage	Purchase and erect new major signage in each proposed Ward to	$160,000

TRANSITIONAL ISSUE	ASSOCIATED TASK	TRANSITIONAL COST
	reflect new corporate branding	
Staff Uniforms	Purchase new staff uniforms for place based and regional services employees reflective of new corporate branding (34 positions)	$34,000
New Vehicle for Cunderdin Place Services	Purchase of a passenger vehicle for Cunderdin Place Coordinator	$30,000
New Vehicle for Quairading Place Services	Purchase of a passenger vehicle for Quairading Place Coordinator	$30,000
New Vehicle for Tammin Place Services	Purchase of a passenger vehicle for Tammin Place Coordinator	$30,000
New Vehicle for York Place Services	Purchase of a passenger vehicle for York Place Coordinator	$30,000
New Vehicle for Youth Services	Purchase passenger vehicle for Youth Officer position to facilitate regional service delivery	$22,000

13.0 STRENGTHS AND WEAKNESSES ANALYSIS

This section examines the strengths and weaknesses identified in the Current State and those that are apparent in the Future State.

13.1 CURRENT AND FUTURE STATE STRENGTHS

STRENGTHS	
COMMUNITY OVERVIEW – CURRENT STATE	**COMMUNITY OVERVIEW – FUTURE STATE**
▪ Each local government has a town that acts as the central hub for the provision of services to the community. ▪ There are community connections across the local governments for employment, health, education, commerce in rural equipment sales and sporting activities.	▪ The proposed new local government will have 4 towns that act as place centres, being the central hub for the provision of services to each community. ▪ There are shared connections across the communities of the proposed new local government for employment, health, education, commerce in rural equipment sales and sporting activities. ▪ The population of the proposed new local government will be approximately 6,500 persons, projected to increase to 7,530 persons by 2021.
STRATEGIC DIRECTION – CURRENT STATE	**STRATEGIC DIRECTION – FUTURE STATE**
▪ All 4 local governments have similar community engagement techniques. ▪ All 4 local governments have similar reporting mechanisms. ▪ There are common themes across the 4 local governments in relation to goals, facilities and services.	▪ The proposed new local government has an improved Councillor to Elector ratio of 1:588. ▪ The reduction in the number of elected members will result in cost savings. ▪ The proposed new local government's strategic direction will be based on a range of shared goals held by the 4 RTG member local governments.

STRENGTHS	
SERVICES – CURRENT STATE	**SERVICES – FUTURE STATE**
- The use of volunteers to assist in the delivery of specific services. - All 4 local governments are similar in the provision of services. - All 4 local governments participate in shared service arrangements within the group where benefits have been identified.	- There will be no reduction in services, with existing services being retained and improved where identified, and new services being introduced. - The proposed model for the delivery of services is designed on regional and place based delivery approaches. - Estimated operational savings are $134,908, inclusive of new service costs and improved service levels.
SYSTEMS – CURRENT STATE	**SYSTEMS – FUTURE STATE**
All local governments have common core systems in place.	- The proposed new local government will have an integrated corporate IT solution. - The IT Service Delivery Plan provides for a combination of weekly on-site and remote IT support. - The corporate IT solution for the proposed new local government will reduce the level of IT risk exposure and will also introduce new online services.
OPERATING MATTERS – CURRENT STATE	**OPERATING MATTERS – FUTURE STATE**
- All local governments have uniformity in operating structures and systems. - All local governments have current financial ratios that are better than the benchmarks. - All local governments adhere to legislative requirements.	- The proposed new local government's organisational structure will ensure it has sufficient capacity to perform its functions and meet its statutory obligations. - Rating parity is achievable within a 4 year period and complies with the legislative requirements. - Financial Assistance Grants will be preserved at levels immediately prior to amalgamation and increase by the percentage increase in pool funds. - As a larger local government, the proposed new local government will have greater capacity to attract grant funding. - The proposed new local government will have a certain level of uniformity with fees and charges levied for similar services.

STRENGTHS	
PEOPLE – CURRENT STATE	**PEOPLE – FUTURE STATE**
- A risk management framework is in place for all local governments. - All local governments have a planning framework in place. - Each of the local governments have a stable workforce.	- The organisational structure will allow employees in the proposed new local government to specialise. - The proposed new local government will have greater capacity to attract more specialised staff due to its size and complexity. - The organisational structure and place based model for the proposed new local government has assisted in minimising the displacement of employees. - The proposed organisational structure will better reflect the horizontal and vertical alignment of positions.
PLANT FLEET AND DEPOTS – CURRENT STATE	**PLANT FLEET AND DEPOTS – FUTURE STATE**
Nil.	Nil.
INFRASTRUCTURE ASSETS – CURRENT STATE	**INFRASTRUCTURE ASSETS - FUTURE STATE**
Nil.	The identification of potential operational savings may allow the proposed new local government to address some of its infrastructure backlog, and therefore reduce its funding gap.
INTERNAL CAPABILITY – CURRENT STATE	**INTERNAL CAPABILITY – FUTURE STATE**
Nil.	The majority of internal capability weaknesses identified in the current state assessment have been addressed in the future state.
TRANSITIONAL COSTS – CURRENT STATE	**TRANSITIONAL COSTS – FUTURE STATE**
Nil.	Nil.

13.2 CURRENT AND FUTURE STATE WEAKNESSES

WEAKNESSES	
COMMUNITY OVERVIEW – CURRENT STATE	**COMMUNITY OVERVIEW – FUTURE STATE**
▪ All 4 local governments include a larger proportion of their population in the 65 and over range than the State average of 11.9%. ▪ The small populations of each local government may impact on the degree of influence at political level, particularly when compared to metropolitan local governments and regional centres.	▪ The proposed local government will have a larger proportion of its population in the 65 and over range, which is estimated at 17.58%, when compared to the State average of 11.9%.
STRATEGIC DIRECTION – CURRENT STATE	**STRATEGIC DIRECTION – FUTURE STATE**
▪ There is a low Councillor to Elector ratio across the 4 local governments, with the average being 1:156.	▪ Nil
SERVICES – CURRENT STATE	**SERVICES – FUTURE STATE**
▪ All 4 local governments are reliant on contractors and external professional for the provision of specific services.	▪ Nil
SYSTEMS – CURRENT STATE	**SYSTEMS – FUTURE STATE**
▪ All 4 local governments rely on remote support for Information Technology. ▪ All 4 local governments have outgrown their IT systems and are in need of major upgrades. ▪ All 4 local governments have a high exposure to IT security risks.	▪ The cost of optic fibre may prohibit the consideration of this infrastructure. This will affect the communication capabilities of the proposed new local government between remote sites.

WEAKNESSES	
OPERATING MATTERS – CURRENT STATE	**OPERATING MATTERS – FUTURE STATE**
▪ There are significant variances in the range, type and quantum of fees and charges levied. ▪ The local banking industry is underpinned by the banking activities of each local government.	▪ Financial Assistance Grants are anticipated to decrease after the expiration of the preservation period by approximately $680,000. ▪ The proposed new local government will experience a reduction in Regional Road Group grants, due to the maximum grant restrictions imposed through the Wheatbelt Regional Road Group. ▪ Insurance data provided by LGIS indicates that insurance premiums will increase for the proposed new local government. ▪ Banking services in each Place may be affected by the change in banking practices that will result from amalgamation. ▪ The cash reserve funds inherited from the RTG member local governments may be impacted in relation to their purposes resulting from an amalgamation.
PEOPLE – CURRENT STATE	**PEOPLE – FUTURE STATE**
▪ There are no governance frameworks in place at any local government. ▪ There is no fraud control plans in place at any local government. ▪ Potential loss of exempt status in relation to Housing Fringe Benefit.	▪ There is a risk of loss of corporate knowledge held by existing CEO's. ▪ Some employees may be affected by being required to relocate to a new place of work under the place management model.
PLANT FLEET AND DEPOTS – CURRENT STATE	**PLANT FLEET AND DEPOTS – FUTURE STATE**
▪ Nil	▪ An additional 10 light vehicles will be required to facilitate the delivery of services under the place management model.
INFRASTRUCTURE ASSETS – CURRENT STATE	**INFRASTRUCTURE ASSETS – FUTURE STATE**
▪ Unless all 4 local governments take action to address their Buildings and Structures asset backlog, the funding gap will increase beyond their capacity in the short to medium term. ▪ The funding gap in relation to road infrastructure is currently beyond the financial capacity of all 4 local governments.	▪ The projected funding gap in relation to road infrastructure is beyond the financial capacity of the proposed new local government in the short term.

WEAKNESSES	
INTERNAL CAPABILITY – CURRENT STATE	**INTERNAL CAPABILITY – FUTURE STATE**
▪ The ABEF assessment undertaken identified a number of weaknesses in relation to internal capability common to all local governments.	▪ Nil
TRANSITIONAL COSTS – CURRENT STATE	**TRANSITIONAL COSTS – FUTURE STATE**
▪ Nil	▪ There is a high level of risk that all the transitional costs identified will not be funded under the Local Government Structural Reform Program.
RATE SETTING STATEMENT – CURRENT STATE	**RATE SETTING STATEMENT – FUTURE STATE**
▪ Nil	▪ Nil

14.0 SUMMARY

Based on the information contained in the Regional Business Plan, supplementary reports, the Findings listed in Section 14.1 and the Strengths and Weaknesses analysis detailed in Section 14.2, the following advantages and disadvantages will be realised from amalgamation-

<u>Advantages</u>

1. New and improved service delivery as detailed in Service Delivery Plans.

2. Protection of local identity through the Place Management model, detailed in the Service Delivery Plans.

3. The retention and delivery of local services through Place Centres.

4. Estimated operational savings have been identified.

5. The incorporation of modern technology in the way the proposed new local government will conduct its functions.

6. Greater capacity to attract and retain more specialised staff.

7. The governance model provides for local communities to have input into what occurs in their area through the use of Place Plans and the establishment of Consultative Committees in each Place.

8. An opportunity to create a more efficient and effective local government.

9. Greater capacity to address infrastructure backlog and reduce the funding gap.

10. Increased internal organisational capability resulting from improved systems and procedures.

<u>Disadvantages</u>

1. Reduction in capital road grant funding from Regional Road Group sources.

2. Financial Assistance Grants will decrease at the end of the 5 year preservation period.

3. Transitional costs associated with amalgamation may not be fully funded under the Local Government Structural Reform Program.

4. Potential loss of exempt status in relation to Housing Fringe Benefits.

Whilst it is understood that the amalgamation of the 4 local governments will have its challenges, the information in the Regional Business Plan supports the view that amalgamation will bring greater benefits to the residents of the proposed new local government.

Therefore it is recommended that the SEARTG Board-

1. Receive the Regional Business Plan; and

2. Refer the Regional Business Plan to the 4 RTG member local governments for consideration and determination on whether a formal amalgamation proposal to the Local Government Advisory Board should proceed.