Government of **Western Australia**
Local Government Advisory Board

LOCAL GOVERNMENT ADVISORY BOARD

Assessment of the Proposals for Amalgamation and Boundary Amendments involving the City of Geraldton-Greenough and the Shires of Mullewa and Chapman Valley

December 2010

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1. INTRODUCTION

The Local Government Advisory Board (the Board) received two proposals for amalgamations and a boundary amendment involving the City of Geraldton-Greenough, the Shire of Mullewa and the Shire of Chapman Valley.

Proposal A was referred to the Board by the Minister for Local Government on 21 January 2010 as part of the State Government's structural reform agenda for local government (refer to section 1.1).

Proposal B was submitted to the Board by the City of Geraldton-Greenough and the Shire of Mullewa on 26 March 2010, following a decision by the Shire of Chapman Valley to postpone discussions on an amalgamation of the three local governments until 2013.

The two proposals are as follows:

Proposal A: The amalgamation of the City of Geraldton-Greenough and the Shire of Chapman Valley and the Shire of Mullewa.

Proposal B: The amalgamation of the City of Geraldton-Greenough with the Shire of Mullewa and part of the Shire of Chapman Valley (Oakajee Port Area).

Maps illustrating both Proposals are included within the Information Paper prepared by the Board in June 2010. A copy of the Information Paper is included at Appendix 1.

Clause 2(b) of Schedule 2.1 of the *Local Government Act 1995* (the Act) allows for local governments to submit proposals for amalgamation and boundary amendments to the Board.

Clause 2(2) of Schedule 2.1 requires that a proposal:

(a) set out clearly the nature of the proposal, the reasons for making the proposal and the effects of the proposal on local governments;

(b) be accompanied by a plan illustrating any proposed changes to the boundaries of a district; and

(c) comply with any regulations about proposals.

Both Proposals met the above requirements and the Board resolved to deal with both Proposals concurrently.

1.1 LOCAL GOVERNMENT REFORM

In February 2009, the Minister for Local Government (the Minister) announced wide-ranging Local Government Reform Strategies with the intention for each local government within Western Australia to embrace the opportunity for voluntary amalgamations to achieve much needed structural reform within the State.

The Local Government Reform Steering Committee's (the Committee) Structural Reform Guidelines of February 2009 outlined the desired outcome of reform to be strong sustainable local governments, with benefits including:

- Increased capacity for local government to better plan, manage and deliver services to their communities with a focus on social, environmental and economic sustainability
- Increased capacity for local government to have adequate financial and asset management plans in place
- Enhanced efficiency in the processing of planning, building and other licence applications made by business and the community
- Greater ability to attract and retain staff including the provision of further career development opportunities
- Greater competition for positions on council and, in conjunction with other reforms, potential for enhanced governance capacity, and
- Larger local governments with greater capacity to partner with State and Federal Government, and the private sector, to further improve services to communities.

The Committee requested all local governments to complete a Reform Checklist in order to assess the current operations of each local government and to identify gaps in capacity which could impact on its ability to meet current and future needs.

The Checklist assessment categorised each local government based on the information contained in their checklists. A description of each category is included below:

Category 1: evidence indicates that there is existing organisational and financial capacity to meet current and future community needs. Local governments should still consider reform opportunities which enhance service provision to local and regional communities.

Category 2: structural reform including amalgamation/boundary adjustments and formalisation of regional groups should be considered to enhance organisational and financial capacity to meet current and future community needs.

Category 3: significant structural reform including amalgamation and formalisation of regional groupings is required to ensure long term community and organisational benefit in order that the needs of the current and future generations are met.

An assessment of each of the three local governments against the three categories is included in Table A below.

Table A

CATEGORY ASSIGNED AFTER COMPLETION OF REFORM CHECKLIST	
LOCAL GOVERNMENT	**Category**
City of Geraldton-Greenough	1
Shire of Mullewa	3
Shire of Chapman Valley	3

The Committee provided feedback to each local government outlining the key strengths and weaknesses identified in the checklists and encouraged local governments to consider options for improving their operational and strategic capacity.

The Minister requested that each local government make a submission to the Committee by 31 August 2009 regarding the council's informed decision on voluntary amalgamation, their preferred regional groupings and the number of elected members required within a range of six to nine. This deadline was extended to 30 September 2009.

1.2 PROPOSAL A

In response to the Minister's request for local governments to prepare reform submissions, the City of Geraldton-Greenough commissioned a report by consultants Syme Marmion & Co to examine options for reform in the greater Geraldton region.

This report assessed the advantages and disadvantages of two options identified by the affected local governments, being:

1. Amalgamate the City of Geraldton-Greenough with the Shires of Chapman Valley and Mullewa, and
2. Amalgamate the City of Geraldton-Greenough with the Shires of Chapman Valley, Mullewa and Irwin.

The Syme Marmion Report identified that amalgamation of the local governments in the region would be consistent with the Minister's objective to establish greater capacity for local governments to better plan, manage and deliver services to their communities with a focus on social, environmental and economic stability. The Report, recommended Option 1 be adopted as a minimum.

The Report was the catalyst for Proposal A and ultimately lead to a Memorandum of Understanding (MOU) between the three local governments to progress to an amalgamation by 1 July 2011.

The Councils of all three affected local governments resolved to support the amalgamation and signed an MOU to this effect on 26 March 2010. The MOU contained the framework for establishing the new entity, including:

- Elected representation
- Maintaining local identity
- Maintaining local work force
- Protecting local assets and funding
- Financial assistance grants
- Transitionary arrangements
- Regional grouping, and
- Future opportunity and regional governance.

A copy of the MOU is included at Appendix 3.

This proposal was consistent with the Committee's Structural Reform Guidelines and the Minister formally referred it to the Board on 21 January 2010.

On 17 February 2010 the Council of the Shire of Chapman Valley met and resolved to postpone discussions on the proposal and communicated this to the City of Geraldton-Greenough and the Shire of Mullewa.

The Shire of Chapman Valley identified the following reasons for their decision to postpone discussions:

- The Chapman Valley community no longer felt comfortable with the proposal, and
- It entered into the original agreement in the belief that reform would ultimately be achieved through forced amalgamations and it preferred to be a voluntary party to any amalgamation.

As part of its resolution the Council indicated its intention to recommence discussions on amalgamation in 2011 with the possibility of achieving worthwhile Local Government Reform by 2013. The actual intent of this resolution is somewhat open to interpretation, but clearly it meant that the Shire of Chapman Valley no longer had an appetite for amalgamation with the City of Geraldton-Greenough and the Shire of Mullewa from 1 July 2011.

Despite the Shire of Chapman Valley's decision, the amalgamation proposal referred to the Board on 21 January 2010 remained valid, and the Board is required to consider it in accordance with the provisions outlined in Schedule 2.1 of the Act.

The Board met on 8 April 2010 to consider both Proposal A and B and passed the following resolution in relation to Proposal A:

That in accordance with clause 3 of Schedule 2.1 of the *Local Government Act 1995*, the Local Government Advisory Board resolves to formally inquire into the proposal to amalgamate the City of Geraldton-Greenough, the Shire of Chapman Valley and the Shire of Mullewa.

Moved
Seconded
Carried by Absolute Majority

1.3 PROPOSAL B

Proposal B involves the amalgamation of the City of Geraldton-Greenough with the Shire of Mullewa and a boundary amendment affecting the Shire of Chapman Valley. The boundary amendment affecting the Shire of Chapman Valley includes an area of approximately 217 sq kms or 5.5% of the area of Chapman Valley.

For the purpose of identification the area has been described as the "Oakajee Port Area" but encompasses a substantial area outside the Oakajee Port and Industrial Estate (refer to map included in the Information Paper at Appendix 1).

Proposal B was developed by the City of Geraldton-Greenough and the Shire of Mullewa following the decision by the Shire of Chapman Valley to postpone discussions on amalgamation until 2011. A further MOU was developed between the City of Geraldton-Greenough and the Shire of Mullewa and a copy is included at Appendix 4. The Shire of Chapman Valley was not a party to the MOU.

This proposal was submitted directly to the Board by the City of Geraldton-Greenough and the Shire of Mullewa in accordance with the provisions of clause 2 of Schedule 2.1 of the *Local Government Act 1995*.

In its submission to the Board, the City of Geraldton-Greenough and the Shire of Mullewa agreed that the amalgamation should proceed without the involvement of the Shire of Chapman Valley.

The proposal contends that the purpose behind the proposed boundary amendment is to integrate the Oakajee Port, Oakajee Industry precinct and the Oakajee-Narngulu Corridor into one statutory entity. Additionally it was felt that the Greater Geraldton urban area which includes parts of the Shire of Chapman Valley (Park Falls, Waggrakine and White Peak) would benefit by consolidating into a single management authority.

The Board met on 8 April 2010 to consider both Proposal A and B and passed the following resolution in relation to Proposal B:

That in accordance with clause 3 of Schedule 2.1 of the *Local Government Act 1995*, the Local Government Advisory Board resolves to formally inquire into the proposal to amalgamate the City of Geraldton-Greenough, the Shire of Mullewa and part of the area with the current district boundary of the Shire of Chapman Valley.

Moved
Seconded
Carried by Absolute Majority

The Board resolved to progress with a formal inquiry into both proposals concurrently given the similarity of the proposals and the impact that any recommendation/s might have on the proposals individually.

It was also deemed a more effective use of the Board's resources to inquire into both proposals concurrently.

1.4 KEY STATISTICAL AND DEMOGRAPHIC DATA

The following data is included to provide a comparison of the size and other key local government statistics which are relevant to both proposals.

Under the Australian Classification of Local Governments the three local governments are classified as follows:

- City of Geraldton-Greenough - Urban Regional Small
- Shire of Mullewa - Rural Agricultural Small
- Shire of Chapman Valley - Rural Agricultural Small

Table B

KEY STATISTICAL DATA			
STATISTICS	**City of Geraldton-Greenough**	**Shire of Mullewa**	**Shire of Chapman Valley**
Area	1,776.63km^2	10,707km^2	4,007km^2
Population	37,895	878	1,069
Number of Councillors	12	7	8
Number of Electors	15,590	471	590
Number of Dwellings	14,041	448	416
Number of Employees	279.8	25	29

The Australian Bureau of Statistics (ABS) population data for local government districts shows that the populations of the City of Geraldton-Greenough and the Shire of Chapman Valley are increasing while the population of the Shire of Mullewa is in decline.

The ABS comparative population statistics for these three local governments from 2001 to 2009 are as follows:

Table C

POPULATION GROWTH		
LOCAL GOVERNMENT	**2001**	**2009**
City of Geraldton-Greenough	32764	37895
Shire of Mullewa	1118	878
Shire of Chapman Valley	876	1079

2. LOCAL GOVERNMENT ADVISORY BOARD

2.1 ROLE OF THE BOARD

The Local Government Advisory Board is a statutory body established under Section 2.44 of the *Local Government Act 1995* (the Act) to provide advice to the Minister for Local Government on amalgamations, district and ward boundary amendments and councillor representation.

The Board's major function is to assess proposals to change local government boundaries and their system of representation and make recommendations to the Minister for Local Government about these proposals. The Minister for Local Government can also direct the Board to conduct any other inquiries he considers necessary.

Clause 12 of Schedule 2.5 of the Act sets out the Board's powers of inquiry and they are as follows:

Powers of inquiry

(1) For the purposes of carrying out an inquiry under this Act, the Advisory Board may —

(a) by summons signed on behalf of the Advisory Board by its executive officer, require —

(i) the attendance before the Advisory Board of any person;

(ii) the production before the Advisory Board of any document;

(b) inspect any document produced before it, and retain it for such reasonable period as it thinks fit, and make copies of the document or any of its contents;

(c) require any person to swear to truly answer all questions relating to a matter being inquired into by the Advisory Board that are put by or before the Advisory Board (and for that purpose a member of the Advisory Board or its executive officer may administer any oath or affirmation);

(d) require any person appearing before the Advisory Board to answer any relevant question.

(2) A person is not excused from complying with a requirement under subclause (1) on the ground that the answer to a question or the production of a document might be incriminating or render the person liable to a penalty, but an answer given by a person that was required under subclause (1) to be given is not admissible in evidence against the person in any civil or criminal proceedings other than proceedings for perjury or for an offence against this Act arising out of the false or misleading nature of the answer.

2.2 MEMBERSHIP OF THE BOARD

Clause 2 of Schedule 2.5 of the Act makes provision for the membership of the Board and reads as follows:

Membership of Advisory Board

The Advisory Board consists of 5 members appointed by the Governor of whom —

(a) one person is nominated by the Minister;

(b) 2 persons are to be persons having experience as a member of a council appointed from a list submitted to the Minister by WALGA under clause 4(1);

(c) one person is to be a person having experience as the chief executive officer of a local government appointed from a list submitted to the Minister by the Local Government Managers Australia WA Division under clause 4(2); and

(d) one person is to be an officer of the Department nominated by the Minister.

The current membership of the Board is included in Table D below:

Table D

BOARD MEMBERS	
CHAIR	Cr Melvyn Congerton JP
MEMBERS	
WALGA Nominees	Cr Helen Dullard AM Mayor Ron Yuryevich AM RFD Mayor Paddi Creevey OAM (Deputy) Cr Moira Girando JP (Deputy)
LGMA Nominees	Ms Joanne Trezona Mr James Trail (Deputy)
Department of Local Government	Ms Wendy Murray Mr Tim Fowler (Deputy)

3. CONDUCTING THE INQUIRY

A proposal for amending local government district boundaries may be made by electors, local governments or the Minister for Local Government.

Clause 2 (2) of Schedule 2.1 of the Act sets out the requirements for proposals for amalgamations and boundary amendments and reads as follows:

Making a proposal

(1) A proposal may be made to the Advisory Board by —

(a) the Minister;

(b) an affected local government;

(c) 2 or more affected local governments, jointly; or

(d) affected electors who —

(i) are at least 250 in number; or

(ii) are at least 10% of the total number of affected electors.

(2) A proposal is to —

(a) set out clearly the nature of the proposal, the reasons for making the proposal and the effects of the proposal on local governments;

(b) be accompanied by a plan illustrating any proposed changes to the boundaries of a district; and

(c) comply with any regulations about proposals.

Provisions for dealing with proposals are set out in Clause 3 of Schedule 2.1 of the Act and reads as follows:

Dealing with proposals

(1) The Advisory Board is to consider any proposal.

(2) The Advisory Board may, in a written report to the Minister, recommend that the Minister reject a proposal if, in the Board's opinion —*

(a) the proposal is substantially similar in effect to a proposal on which the Board has made a recommendation to the Minister within the period of 2 years immediately before the proposal is made;

(aa) where the proposal was made by affected electors under clause 2(1)(d), that the majority of those electors no longer support the proposal; or

(b) the proposal is frivolous or otherwise not in the interests of good government.

** Absolute majority required.*

(3) If, in the Advisory Board's opinion, the proposal is —

(a) one of a minor nature; and

(b) not one about which public submissions need be invited,

the Board may, in a written report to the Minister, recommend that the Minister reject the proposal or that an order be made in accordance with the proposal.*

** Absolute majority required.*

(4) Unless it makes a recommendation under subclause (2) or (3), the Advisory Board is to formally inquire into the proposal.

At its meeting of 8 April 2010, the Board determined that the Proposals should not be dealt with under the provisions of clause 2 and 3 above, and as such, the provisions of clause 4 would apply and the Board would conduct a formal inquiry into both Proposals.

When a formal inquiry is conducted, the Board is required to give notice to affected electors and affected local governments about the inquiry.

Clause 4 of Schedule 2.1 of the Act contains provisions relating to a Notice of Inquiry and reads as follows:

Notice of inquiry

(1) Where a formal inquiry is required the Advisory Board is to give —

(a) notice to affected local governments, affected electors and the other electors of districts directly affected by the proposal; and

(b) a report to the Minister.

(2) The notice and report under subclause (1) are to —

(a) advise that there will be a formal inquiry into the proposal;

(b) set out details of the inquiry and its proposed scope; and

(c) advise that submissions may be made to the Board not later than 6 weeks after the date the notice is first given about —

(i) the proposal; or

(ii) the scope of the inquiry.

(3) If, after considering submissions made under subclause (2)(c), the Advisory Board decides that the scope of the formal inquiry is to be significantly different from that set out in the notice and report under subclause (1), it is to give —*

(a) another notice to affected local governments, affected electors and the other electors of districts directly affected by the proposal; and

(b) another report to the Minister.

(4)The notice and report under subclause (3) are to —

(a) set out the revised scope of the inquiry; and

(b) advise that further submissions about the proposal, or submissions about matters relevant to the revised scope of the inquiry, may be made to the Board within the time set out in the notice.

** Absolute majority required.*

The Notice of Inquiry was advertised in the *West Australian* and the *Geraldton Guardian* on Wednesday 23 June 2010 and in the *Mid West Times* on Thursday 24 June 2010.

A copy of the Notice is included at Appendix 2.

In carrying out a formal inquiry the Board is required to consider submissions made to it under clause 4(2)(c) of Schedule 2.1 of the Act and have regard, where applicable, to:

- Community of interests
- Physical and topographic features
- Demographic trends
- Economic factors
- The history of the area
- Transport and communication
- Matters affecting the viability of local governments, and
- The effective delivery of local government services.

The Board may also take into account any other matter it considers relevant as part of its inquiry.

The Board has developed the following guiding principles for each of the above factors:

3.1 COMMUNITIES OF INTEREST

Community of interest includes part of a district that share common interests, values, characteristics and issues giving rise to a separate sense of identity or community. Factors contributing to a sense of identity or community include shared interests and shared use of community facilities. For example sporting, leisure, religious and library facilities create a focus for the community.

The use of shopping areas and the location of schools also act to draw people together with similar interests. This can also give indications about the direct that people travel to access services and facilities. The external boundaries of a local government need to reflect distinct communities of interest wherever possible.

Neighbourhoods, suburbs and towns are important units in the physical, historical and social infrastructure and often generate a feeling of

community and belonging. The Board believes that wherever possible, it is inappropriate to divide these units between local governments.

3.2 PHYSICAL AND TOPOGRAPHIC FEATURES

Physical and topographic features may be natural or man made and will vary from area to area. They may include:

- Water features (such as rivers)
- Catchment boundaries
- Coastal plains and foothills
- Parks and reserves, and
- Man made features (such as railway lines or freeways).

These features can form identifiable boundaries and can also act as barriers to movement between adjoining areas. In many cases physical and topographic features are appropriate district and ward boundaries. The Board supports local government structures and boundaries that facilitate the integration of human activity and land use.

3.3 DEMOGRAPHIC TRENDS

Local governments should consider the following characteristics when determining the demographics within its locality:

- Population size
- Population trends
- Distribution by age
- Gender, and
- Occupation.

Current and projected population factors will be relevant as well as similarities and differences between areas within the local government.

3.4 ECONOMIC FACTORS

Economic factors can include any factor that reflects the character of economic activities and resources in the area including:

- Industries within the local area
- Distribution of community assets, and
- Infrastructure.

3.5 HISTORY OF THE AREA

The history of an area can be a relevant consideration, although the Board believes that in the majority of cases this will not be a primary justification for changing or retaining local governments and local government boundaries. The nature of historical ties between communities is important to understand, irrespective of where the local government boundaries lie.

A community within a local government may have a strong historical identity; alternatively there may be strong historical links between two or

more communities in adjacent local governments. It is important to note that historical identity is not lessened if an area does not have its own local government.

3.6 TRANSPORT AND COMMUNICATION

The transport and communication linkages between towns and other areas may be a significant barrier to movement and therefore an appropriate boundary between local governments.

Consideration of the following factors is important in any assessment of local government boundaries:

- Port access
- Neighbouring towns
- Railways, and
- Major roads.

3.7 MATTERS AFFECTING THE VIABILITY OF LOCAL GOVERNMENTS

Local Governments should have a significant resource base:

- To be able to efficiently and effectively exercise its proper functions and delegated powers and operate facilities and services
- To be flexible and responsive in the exercise of its functions and powers and operation of its facilities and services
- To employ appropriate professional expertise and skills, and
- To be capable of embracing micro-economic reform.

Each local government should have a diverse and sufficient rate base to ensure that general purpose grants do not represent the major revenue source.

3.8 EFFECTIVE DELIVERY OF LOCAL GOVERNMENT SERVICES

A broad range of factors can be relevant to the effective delivery of local government services and these are often directly relevant to those that also affect the viability of local governments. They include:

- The size and geographical spread of the population
- Management effectiveness and efficiency
- The availability of staff expertise
- Appropriate infrastructure and equipment, and
- Customer satisfaction and feedback.

4. CONSULTATION

4.1 MEETINGS WITH AFFECTED LOCAL GOVERNMENTS

Shire of Mullewa

The Board met with Councillors and senior staff of the Shire of Mullewa on 6 July 2010 at the Shire's Administration Offices in Mullewa.

At this meeting it was conveyed to the Board that the Shire of Mullewa and the City of Geraldton-Greenough have developed a strong rapport throughout the reform process and the Councillors and staff of the Shire are satisfied with the levels of collaboration and consultation with the City. This is reflected in the Memorandums of Understanding negotiated as part of the reform process.

During the course of discussions the Shire expressed strong views in relation to the Oakajee Port Area and is adamant that it should come under the control of one local government. The "Oakajee Port Area" consists of the Oakajee Port, the Industry Precinct and the Oakajee-Narngulu Corridor and the Shire of Mullewa believes this area should fall within the boundaries of a Greater Geraldton City Region.

The Shire contends that the Mullewa community relies on the City of Geraldton-Greenough to provide a number of services that the Shire cannot provide. The City provides a lifestyle and facilities for the community, including educational and medical services. It was revealed that a substantial number of ratepayers reside within the City and commute to the Shire for work and family purposes.

The Shire of Mullewa is firmly of the view that it will receive substantial and tangible benefits from being part of a larger local government which is also a major regional centre. It considers that a larger local government will be able to attract and retain local staff, provide a greater range and standard of services for the youth and Indigenous population of the Shire and that there would be a positive flow on effect for businesses based in Geraldton.

The Shire is keen to progress an amalgamation with the City of Geraldton-Greenough and also supports the boundary amendment.

Shire of Chapman Valley

The Board met with the Councillors and senior staff of the Shire of Chapman Valley on 7 July 2010 at the Shire's Administration Offices in Nabawa.

It was evident at this meeting that the Shire of Chapman Valley has a strong sense of ownership and commitment to the Oakajee Port project. The Shire has invested much time and effort dealing with the various stakeholders and established strong relationships with these stakeholders in the belief that it will inevitably benefit all communities in the Mid West. The Councillors and staff of the Shire expressed a strong

desire to continue its involvement with the Oakajee Project at a local government level. There is a fear that should any amalgamation or boundary amendment proceed, these relationships could fracture and threaten the progress of the Project.

The Council identified this as being the principle reason behind its decision to postpone discussions on the amalgamation and recommence negotiations in 2011 with the possibility of amalgamating in 2013.

Councillors and staff expressed concerns in relation to Proposal B, in that it did not incorporate the entire Oakajee Port Area. The proposed area left out a significant portion of land that would be part of the Project Area. The Shire of Chapman Valley believes that the Oakajee Port Project should fall under the control of a single local government.

The Shire of Chapman Valley conceded that residents and ratepayers of the Shire do rely on the City of Geraldton-Greenough to provide some services and facilities that the Shire cannot provide. They also pointed out that this had a positive effect on businesses in Geraldton and this should be acknowledged.

The Shire of Chapman Valley contends that its coastal and rural communities wish to retain their identity and have no desire to become a part of a Greater Geraldton City Region. This view was confirmed during the public meetings and in the submissions received by the Board. It was evident in discussions with the Shire that it considers itself a community-based local government and the amalgamation/reform issues are impacting on its day to day operations. The Shire is also of the view that either Proposal, if approved, would have a negative impact on local jobs, services and identity.

It was clear in discussions with the Shire of Chapman Valley, that the Council and community do not support Proposal B. Council has indicated that it remains supportive of an amalgamation with the City of Geraldton-Greenough and the Shire of Mullewa but not before 1 July 2013.

City of Geraldton-Greenough

The Board met with the Councillors and senior staff of the City of Geraldton-Greenough on 8 July 2010 at the City's Administration Offices in Greenough.

The City is firmly of the view that it is better positioned than the Shire of Chapman Valley to administer issues impacting on the Oakajee Port Project at the local government level. The City contends that it has the resources, expertise and structures to support the project from a local government perspective. The City cited a strong relationship with the Geraldton Port Authority (GPA) as a key consideration in deliberations over Oakajee. It was the preference of the City that the entire Oakajee Port, Industry Precinct and the Oakajee-Narngulu Corridor exist within the boundaries of a single local government. Proposal A or B (subject to a minor amendment) would achieve this objective.

The City confirmed the strong relationship it has built with the Shire of Mullewa during the reform process and believes a unified community encompassing the urban and rural areas will benefit from a single regional based local government.

The City of Geraldton-Greenough expressed its disappointment with the Shire of Chapman Valley's decision to delay discussions on amalgamation until 2013. The City believes that a single local government in the region would be able to provide rural communities with better services without any negative impact on their local identities.

The City is of the view that a single local government entity in the region will provide significant improvements to the standard and efficiency of service delivery and ensure a consistent approach to dealings with the business sector and Federal and State Government agencies.

4.2 MEETINGS WITH KEY STAKEHOLDERS

As part of its consultation process, the Board met with two key stakeholders; the Geraldton Port Authority (GPA) and Oakajee Port and Rail (OPR).

Geraldton Port Authority

The Board met with representatives of the GPA on 8 July 2010 to discuss the Proposals as part of its inquiry process. Mr Ian King, the Chairman of the GPA and Mr Peter Duplex, the Engineering Manager did not identify any concerns with the Shire of Chapman Valley and its involvement in the Oakajee Port development. The GPA indicated that it did not envisage any issues working with either the Shire of Chapman Valley or the City of Geraldton-Greenough should the Board make a recommendation which would result in such an outcome.

The GPA acknowledged that the Shire of Chapman Valley and the City of Geraldton-Greenough have a different approach to the manner in which they engage with stakeholders and their respective communities. This is understandable given the differences in populations and the complexity of operations of both local governments.

Mr King and Mr Duplex were both of the view that the Geraldton Port and Oakajee Port can co-exist in two local governments and did not believe such an arrangement would hinder the operations of the GPA.

Oakajee Port and Rail

The Board met with Mr John Langoulant, the Chief Executive Officer of Oakajee Port and Rail on 14 July 2010 to discuss the Board's inquiry. Mr Langoulant also made a written submission on behalf of OPR on 2 August 2010. At this meeting and in the submission to the Board, OPR indicated that it was comfortable with which ever local government the Oakajee Port and Rail Development may ultimately be located.

OPR suggested that the Board consider the time frame for the Inquiry and any recommendations it may make in relation to amalgamations or

boundary changes. OPR indicated its preference for any changes to be implemented in 2012 to lessen the potential for any disruption to the start-up phase of the project.

OPR indicated that it has developed positive working relationships with all local governments affected by the Oakajee development and any recommendations made by the Board should take into account the best interests of communities in the Mid West.

4.3 SUBMISSIONS FROM KEY STAKEHOLDERS

As a part of its consultation process, the Board also wrote to eight key stakeholders seeking any comments on the two Proposals and they were:

- Oakajee Port and Rail*
- Public Transport Authority
- Department of Transport
- Department of State Development
- Mid west Chamber of Commerce and Industry
- Mid West Development Commission
- Landcorp, and
- Geraldton Port Authority*

* *Note: The comments made by Oakajee Port and Rail and Geraldton Port Authority within their submissions are included in Section 4.2.*

An overview of the key issues contained in each of the submissions is detailed below:

Mid West Chamber of Commerce and Industry

The Mid West Chamber of Commerce and Industry (MWCCI) outlined their views regarding both proposals in a letter to the Board dated 6 July 2010.

MWCCI indicated that any amalgamation or boundary amendment within the region is primarily an issue for residents and ratepayers and would not have a significant impact on the members of MWCCI as they comprise individual and collective business proprietors. MWCCI indicated that it could comfortably work with any local government structure emanating from the Board's inquiry.

MWCCI's view is that whatever structure is implemented or retained, it would continue to seek economies of scale from local government. An example of this would be the potential outsourcing of local government services to local businesses.

MWCCI did not indicate a preference for either Proposal A or Proposal B, but is supportive of any local government reforms which would benefit local businesses and communities.

Department of State Development

The Department of State Development (DSD) made a written submission to the Board dated 6 August 2010. DSD is one of the principal State Government agencies responsible for coordinating the WA State Government's participation in the development of the Oakajee Port and rail infrastructure.

DSD outlined concerns over the area outlined in Proposal B as the Oakajee Port Area. DSD indicated that a significant portion of land, identified as the buffer zone of the estate, was not included in the proposed area. Their preference is for the entire Oakajee Port Area, Industry Precinct, Rail Infrastructure and buffer zone to be included within a single local government.

DSD is of the view that any recommendations for changes to local government boundaries should take into account the potential for disruption to the contractual and planning processes of the various key stakeholders involved in the Oakajee project.

As alluded to above, DSD has concerns about both Proposals and the impact they could have on the progress of the Oakajee Project.

Department of Transport

In a letter to the Board dated 6 August 2010, the Department of Transport (DoT) outlined its concerns and views on Proposal A and B. DoT are involved in the development of the Oakajee Industrial Estate, including the water port at Oakajee and the railway line linking the port at Oakajee with mines at Jack Hills and Weld Range.

DoT indicated that the only impediment to Proposal A was the proposed time of implementation, being 1 July 2011. It is anticipated that the State Government will sign an implementation agreement with Oakajee Port and Rail by mid-2011 and the WA Planning Commission will also be considering Landcorp's structure plan for the Oakajee Industrial Estate at this time. DoT's concerns mirror those of DSD i.e. the impact this proposal could have on the time frame for the implementation phase of the Oakajee Project.

DoT stated that it does not have any in-principle objections to the amalgamation of the City of Geraldton-Greenough, Shire of Mullewa and Shire of Chapman Valley.

DoT outlined opposition to Proposal B on the grounds that:

- It is not necessary for the City of Geraldton-Greenough to take over jurisdiction of the Oakajee Industrial Estate
- The proposed new boundary does not include the entire buffer zone. It favours an outcome that would result in the Oakajee Industrial Estate and buffer zone falling within the boundaries of one local government, and

- The City of Geraldton-Greenough do not require perceived jurisdiction over the Oakajee Industrial Estate to gain funding for roads and infrastructure.

DoT confirmed that funding for regional road infrastructure will still be granted irrespective of the local government structures in place.

DoT do not support Proposal B but indicated in-principle support for Proposal A provided any recommendations and relevant time frames do not have an adverse impact on any contractual and other planning issues associated with the Oakajee Project.

Landcorp

Landcorp's role in the Oakajee Project is that of landowner and developer of the Industrial Estate. Landcorp outlined its views regarding the proposals for amalgamation and boundary amendments in a letter to the Board dated 16 September 2010.

Landcorp has concerns about the implementation date if Proposal A is adopted. The WA Planning Commission is yet to approve Landcorp's structure plan for Oakajee Industrial Estate. It is anticipated that this will be reconciled by mid-2011. Landcorp has indicated that it would seek to ensure that this timeline is not affected by any local government reform.

Landcorp also identified that if Proposal B is recommended by the Board, the buffer zone of the Industrial Estate would be split between the Shire of Chapman Valley and the City of Geraldton-Greenough and as such does is less than ideal from a planning perspective.

4.4 PUBLIC HEARINGS AND PUBLIC SUBMISSIONS

The Board conducted an extensive public consultation process in accordance with clause 4 of Schedule 2.1 of the Act.

The Act requires that any hearing for the purpose of an inquiry is to be conducted in a way that makes it as easy as possible for interested parties to participate fully in the process. The Board held a public hearing in each of the three local governments to allow interested parties to make written and/or verbal submissions on the Proposals under consideration.

The venues and times for these public hearings were organised to ensure that affected residents were able to attend a hearing within close proximity to their place of residence. They were also held in the evening to ensure maximum participation and minimal conflict with people's work commitments.

The venues, dates and attendance numbers for the hearings are outlined in the following table:

Table E

PUBLIC HEARING VENUES, DATES & ATTENDANCE		
VENUE	**Date**	**Attendance**
Mullewa – Recreation Centre Dining Room	6 July 2010	≈20
Chapman Valley – Nabawa Community Centre	7 July 2010	≈200
Geraldton-Greenough – Greenough Council Chambers	8 July 2010	≈50

The majority of the attendees who spoke at the hearings also lodged written submissions. Some of the speakers also attended and spoke at more than one of the public hearings. In these instances where a person has conveyed their views to the Board in various formats it has been counted as a single submission.

The Board received 150 submissions on Proposal A, 152 submissions on Proposal B and 42 submissions which addressed both proposals.

The table below indicates the number of submissions which supported and opposed Proposal A:

Table F

SUBMISSIONS – PROPOSAL A		
	Support	**Oppose**
TOTAL	7	178

The principal reasons for supporting Proposal A are summarised below:

- The Shire of Chapman Valley is unviable and the amalgamation of all three local governments will allow the residents and ratepayers to receive benefits and services it is not in a position to provide to its ratepayers.
- The Shire of Chapman Valley would be better suited to an amalgamation with the City of Geraldton-Greenough, and not the Shire of Northampton which may occur in the immediate future.
- Of the two proposals being considered by the Board, this is the preferred option for the Shire of Chapman Valley.
- A new administration will be able to streamline services for the entire region.

The principal reasons for opposing Proposal A are summarised below:

- Centralisation of services within the City of Geraldton-Greenough will be detrimental to the rural areas of the Shires of Chapman Valley and Mullewa.

- A fear that representation in rural areas will be lost in a larger local government. A new council will not be able to be able to act in the best interests of town, coastal and rural areas.
- The residents and ratepayers of the Shire of Chapman Valley fear that the identity of the community will be lost should an amalgamation proceed.
- The Shire of Chapman Valley is a unique local government with a wide range of land use and industry. The current administration manages these vast interests adequately.

The table below indicates the number of submissions which support and oppose Proposal B:

Table G

SUBMISSIONS – PROPOSAL B		
	Support	**Oppose**
TOTAL	0	184

No submissions were received in support of Proposal B.

The principal reasons for opposing Proposal B are summarised below:

- Should the boundary amendment proceed, the remaining Shire of Chapman Valley will be unviable and unable to support the existing residents and ratepayers.
- The boundary amendment will result in a loss of community amenities, jobs and spirit within the remaining area of the Shire of Chapman Valley.
- The current communities within the Shire of Chapman Valley should receive the benefits of the Oakajee Port development.
- The Shire of Chapman Valley has the capacity from a local government perspective to support the Oakajee Port Development. Additionally, other local governments in the region will benefit from the development.
- There is a view that this boundary amendment is simply a “grab” for the rates and benefits arising from the Oakajee Port Development by the City of Geraldton-Greenough and the Shire of Mullewa.
- A change in administration may jeopardise any stakeholder agreements relating to the Oakajee Port Development.
- This boundary amendment will leave the Shire of Chapman Valley in a vulnerable position, which may lead to a forced amalgamation with the new local government entity, or perhaps the Shire of Northampton.
- The residents and ratepayers of the Shire of Chapman Valley have a strong belief that its interests are with Chapman Valley, not Geraldton-Greenough. There is a fear that rates will increase significantly should this boundary amendment proceed.

- The boundary amendment leaves a significant part of the buffer zone in the Shire of Chapman Valley. The entire Oakajee Industrial development should exist within one local government.

4.5 ANALYSIS OF PUBLIC SUBMISSIONS

Proposal A

There is minimal support for Proposal A in the public and stakeholder submissions. The three affected local governments no longer support the three way amalgamation. The prospect of a larger local government has lead to concerns that rural areas would be forgotten and would not receive the standard of services currently being delivered. This view is particularly strong in Chapman Valley, however that is not the case in Mullewa where there is little opposition to an amalgamation.

The submissions reflect a strong community spirit within the Shire of Chapman Valley and they believe this would be significantly threatened should an amalgamation involving the City of Geraldton-Greenough occur. In addition to this, significant support for the current Council and administration of the Shire Chapman Valley is a recurrent theme in many of the submissions.

Proposal B

There were no submissions received in support of Proposal B. The view is that the boundary amendment (if approved) will render the Shire of Chapman Valley unviable and no longer able to provide an adequate level of services to its ratepayers and residents. The submissions received from the Chapman Valley residents within the Oakajee Area indicated strong opposition to becoming a part of the new amalgamated entity and echoed the sentiments of other Chapman Valley residents that any benefits received from the construction of the Port and Industrial Area should flow to the Shire and not to the City of Geraldton-Greenough.

The key stakeholders have identified that a significant area of the buffer zone would remain in the Shire of Chapman Valley should a boundary amendment be recommended. They are of the view that should a boundary amendment proceed, it should include the entire Oakajee Project area within one local government. The division of the area between two local governments is not an effective outcome from a planning perspective.

The key stakeholders are concerned that should any boundary changes occur, they may impact on negotiations and result in delays and disruptions to the time frame for the project.

5. ASSESSMENT OF PROPOSALS – MATTERS CONSIDERED BY THE BOARD

Due to the similarity of both proposals the following assessment against the statutory matters under clause 5(2) of Schedule 2.1 addresses both Proposals.

5.1 COMMUNITIES OF INTEREST

Identifying community of interests can be a difficult exercise. Different sections of the community utilise different services and facilities based on a number of factors such as age, gender, mobility and the type of activity such as shopping, education and sporting activity. The Board's guiding principles require that, wherever possible the external boundaries of a local government should reflect distinct communities of interest.

In smaller rural local governments, communities of interest tend to be more apparent and identifiable due to their smaller populations and the "closeness" of their communities.

Residents of the Shire of Chapman Valley are of the view that a strong community of interest exists within the local government and they confirmed this in the number of public submissions received and their attendance at the public hearing in Chapman Valley.

While there may have been support for the community to amalgamate with the City of Geraldton-Greenough and the Shire of Chapman Valley during the early stages of the reform process that support no longer exists. Over 200 residents and ratepayers attended the public hearings in Chapman Valley to voice their opposition to both Proposals.

The majority of submissions received were from residents and ratepayers of the Shire of Chapman Valley expressing concern at the potential loss of community identity should an amalgamation or boundary amendment proceed.

Proposal B is seen as a threat to the Shire of Chapman Valley, the view being that it would divide the community and have a negative impact on their sense of identity.

Public hearings and public submissions indicated that most of the residents and ratepayers of the Shires of Chapman Valley and Mullewa access the City of Geraldton-Greenough's shopping centres, recreational areas, schools and libraries. Despite the dependence on facilities within Geraldton residents of the Shire of Chapman Valley were strongly opposed to any amalgamation or boundary amendment involving the City of Geraldton-Greenough.

There was no evidence during the inquiry that the residents of the Shire of Mullewa have any reservations about a loss of community identity should an amalgamation proceed under either Proposal A or Proposal B.

Some residents within the City of Geraldton-Greenough did express concern that the standard of services provided by the City may be affected should Proposal A be recommended. However, there was no indication that the residents are aggrieved with the City providing services and maintaining facilities used by non-ratepayers. In their submission to the Board, the City of Geraldton-Greenough indicated that an extension of services within the new local government boundaries under Proposal A or B would not reduce the standard or level of services it currently provides to its existing ratepayers.

While both proposals will have an impact on the communities within all three local governments, it is not considered that the community of interests that currently exist should be affected by an amalgamation or boundary amendment. While the boundaries of these local governments may change the physical communities will remain unchanged.

The communities in these three local governments will continue to interact in both a social and business context as they have always done.

5.2 PHYSICAL AND TOPOGRAPHIC FEATURES

The Board requires that a local government's district boundary should be clearly identifiable and should extend along clear and logical physical and topographic features.

Proposal A, if approved would see the current district boundaries of the three local governments form the district boundary of the new local government. The current boundaries are essentially determined by property boundaries which the Board considers less than ideal but it recognises that small rural local governments with large land areas have little option other than to follow property boundaries or deal with split rating which is not favoured.

Proposal B was identified as problematic in that it did not encompass the entire Oakajee Project area and would require an adjustment to the proposed boundary to ensure that the Project is included within a single local government. This is a minor issue and an amendment to rectify the proposal was not considered significant.

The Board agreed with the view of the key stakeholders that the Oakajee Port Area should be included within one local government. Further, there are no compelling physical or topographic features which support a recommendation for either Proposal A or B. The current local government boundaries are determined for the most part by property boundaries and regardless of any recommendation to amalgamate or amend boundaries, this situation is unavoidable.

5.3 DEMOGRAPHIC TRENDS

There are several measurements of demographic characteristics that the Board considers relevant to the Inquiry. Population growth, distribution by age, occupation and location are key indicators as to whether the current local government structure can support the demographic composition of

the region or whether an amendment to the local government structures in the region would better support the growth of the communities.

An analysis of population by age was conducted to compare the age demographic across the three local governments. Occupation was not considered a relevant determinant in assessing Proposal A and B.

The table below was compiled from information contained on the Australian Bureau of Statistics website:

Table H

POPULATION BY AGE						
PERSONS	**City of Geraldton-Greenough**		**Shire of Mullewa**		**Shire of Chapman Valley**	
	Pop	**%**	**Pop**	**%**	**Pop**	**%**
0 to 4 years	2 877	7.6	66	7.5	80	7.5
5 to 9 years	2 753	7.3	90	10.3	65	6.1
10 to 14 years	3 067	8.1	93	10.6	61	5.7
15 to 19 years	3 029	8.0	52	5.9	48	4.5
20 to 24 years	2 367	6.2	55	6.3	52	4.9
25 to 29 years	2 403	6.3	60	6.8	62	5.8
30 to 34 years	2 376	6.3	49	5.6	59	5.5
35 to 39 years	2 851	7.5	67	7.6	74	6.9
40 to 44 years	2 617	6.9	69	7.9	95	8.9
45 to 49 years	2 781	7.3	56	6.4	89	8.3
50 to 54 years	2 542	6.7	55	6.3	83	7.8
55 to 59 years	2 108	5.6	46	5.2	86	8.0
60 to 64 years	1 779	4.7	43	4.9	98	9.2
65 to 69 years	1 376	3.6	28	3.2	39	3.6
70 to 74 years	1 092	2.9	28	3.2	37	3.5
75 to 79 years	861	2.3	17	1.9	15	1.4
80 to 84 years	573	1.5	3	0.3	19	1.8
85 years and over	443	1.2	1	0.1	7	0.7
TOTAL	**37,985**	**100**	**878**	**100**	**1069**	**100**

Interestingly, the population by age data reveals a strong similarity in the age demographic of the three local governments on a comparative basis.

Given the relatively small populations of the Shires of Chapman Valley and Mullewa, demographic trends are not considered significant in assessing Proposal A or B.

5.4 ECONOMIC FACTORS

Geraldton is the regional and commercial centre for the Mid West.

Any recommendation for Proposal A or Proposal B would further consolidate the City's position and see it move closer to the establishment of a Greater Geraldton region.

The most significant issue impacting on both these proposals from an economic perspective is the Oakajee Project. The Project is significant and will have an enormous impact on the economy of the Mid West.

The key stakeholders have expressed concern regarding the timing of any amalgamation or boundary amendment that would impact on the Oakajee Project area. The argument is that the contractual and planning issues associated with the project could be delayed if the Board were to recommend any changes prior to the implementation phase scheduled for mid 2011.

5.5 HISTORY OF THE AREA

Early Regional History

The Yabbarro Tribe of Indigenous Australians were the first inhabitants of the region, based around the Greenough Flats area.

The area throughout this region was identified by European explorers as a place of abundant resources. The land, including the Moresby ranges, displayed strong pastoral potential.

The Town of Geraldton was proclaimed in 1850 and soon became the major seaport north of Fremantle. The first lots of land were made available for sale in 1851. Geraldton quickly evolved to be the regional capital of the Mid West, being the centre of the mining, fishing, wheat and tourism industries.

The Victoria District was identified as the region south of the Murchison River and north of Jurien Bay. Geraldton became the commercial and government capital for the Victoria District by 1857. The population of this area was approximately 100 at this time.

The Mullewa area developed through the 1890s following the discovery of gold in Murchison and the arrival of the railway line from Geraldton.

Local Government History

The table below outlines changes to the local government structures in the Mid West region since 1871:

Table I

LOCAL GOVERNMENT HISTORY IN MID WEST REGION	
DATE	**Event**
1871 (January)	The Geraldton, Greenough and Irwin Road Districts were formed.
1871 (February)	The Geraldton Municipality and the new Irwin Road Boards were formed.
1875 (August)	The Geraldton boundaries were altered to form the Murchison Road District.
1901	The Upper Chapman Road District and Upper Irwin Road District were created.
1911	The Mullewa Road District was established.
1919	The Upper Irwin Road District became the Mingenew Road District.
1951	The Geraldton and Greenough Road Districts were abolished to form the Geraldton/Greenough Road District.
1958	The Upper Chapman Road District became the Chapman Valley Road District.
1961 (July)	The *Local Government Act 1960* was implemented and as a result "Roads Boards" were classified as "Shires" and "Municipalities" were classified as "Towns".
1965	The Town of Geraldton transferred an area of land to the Geraldton/Greenough Road District thus facilitating the development of the Shire of Greenough.
1988	The Town of Geraldton gained City status, thus becoming the City of Geraldton.
2007 (July)	The City of Geraldton and the Shire of Greenough were abolished and a City of Geraldton-Greenough was created.

The Board has assessed various proposals regarding amalgamation and boundary amendments in the Mid West region since 1998.

Local Government Advisory Board Inquiries and Reports

1998 Inquiry – An Assessment by the Local Government Advisory Board in Response to Proposals from the Minister for Local Government, the Shire of Greenough and the Shire of Chapman Valley for Amalgamation and Boundary Change in Geraldton

The Board conducted an inquiry into three proposals regarding the Mid-West Region in 1998. The proposals were for:

1. The Amalgamation of the City of Geraldton, Shire of Greenough and part of the Shire of Chapman Valley to the west of the North West Coastal Highway (the site of the proposed Oakajee industrial development).
2. The Amalgamation of the City of Geraldton, the Shire of Chapman Valley and the Shire of Greenough to form one local government entity.
3. The abolition of the City of Geraldton, the Shire of Chapman Valley and the Shire of Greenough and the creation of two new districts using the Chapman River and the Geraldton-Mt Magnet Road as the boundary.

Proposal 1 was submitted to the Board by the Minister for Local Government, the Hon Paul Omodei. At the conclusion of its assessment of the proposal, the Board concluded that this option would stimulate future growth in industry and population in the region.

Proposal 2 was submitted to the Board by the Shire of Greenough and the Board determined that while it had merit, it was not the right time for an amalgamation to go ahead. The Board noted that the Shire of Chapman Valley may be required to consider amalgamation in the future unless its financial viability improved.

Proposal 3 was submitted to the Board by the Shire of Chapman Valley. The Board did not identify any benefits flowing from this option and it also did little to improve the circumstances of the affected local governments, residents and businesses in the region.

The Board ultimately recommended Proposal 1 to the Minister for Local Government on the basis that:

- It would establish a local government with a strong community of interest
- It would alleviate the pressure on the City of Geraldton to develop residential and industrial areas
- It would create a more equitable relationship between the users of local government facilities in the area, and
- It would allow for innovative planning and development in a larger area with greater funding.

Proposal 1 was defeated by a poll of electors in the Shire of Greenough and the status quo was retained.

2003 Inquiry – Assessment of the Geraldton/Greenough Proposal

The Board conducted a formal inquiry in 2003 into a proposal received from electors in the Shire of Greenough to transfer some rural and urban areas of the Shire to the City of Geraldton. The intent of the proposal was to expand the boundaries of the City of Geraldton to include additional

urban and other areas and the Shire of Greenough was to continue as a smaller, largely rural based local government.

At the conclusion of its assessment of the proposal, the Board rejected the proposal on the basis that:

- The Shire of Greenough would be unviable with the removal of the proposed area, and
- The Shire of Greenough would be unable to deliver services to the current standard with the removal of the proposed area.

However, the Board noted that the current local government boundaries did not adequately meet the needs of the region. In the Inquiry Report the Board stated that it "offers its support to the process being undertaken by the Shire of Greenough and the City of Geraldton to examine options for part or whole amalgamation of the two local governments." The Board held the view that reform in the region is important for the community and the future of Geraldton as a regional centre.

2006 Inquiry – Assessment of the Geraldton/Greenough Amalgamation Proposals

The Board conducted a formal inquiry in 2006 into two proposals received from the Shire of Greenough and the City of Geraldton to amalgamate these two local governments and establish a new entity. The Board inquired into these two proposals concurrently.

The Board did not immediately progress this inquiry as it was included as a recommendation in the Board's Structural and Electoral Reform Report of 2006. The Board commenced its inquiry once the Minister for Local Government released the Report in May 2006. The inquiry report was completed in August 2006 and recommended the amalgamation of the City of Geraldton and the Shire of Greenough to form the new City of Geraldton-Greenough.

The process for petitioning the Minister for a poll on the amalgamation was contained in a notice advising of the Minister's decision. A valid petition was received and a poll was held on 2 December 2006. There was insufficient voter turnout to constitute a valid poll.

The Minister ultimately accepted the Board's recommendation and the City of Geraldton-Greenough was to take effect from 1 July 2007.

LGAB's Report on Local Government Structural and Electoral Reform in Western Australia

In October 2005, the then Minister for Local Government and Regional Development the Hon John Bowler announced that the Local Government Advisory Board would undertake a review of structural and electoral reform in Western Australia.

In the preparation of this Report, the Board consulted with local governments, WALGA, LGMA and the general public to determine the views on structural and electoral reform within the regions.

The Board assessed structural reform options in accordance with the following Terms of Reference:

- The objectives and need for structural reform and an assessment of how structural reform can enhance the future economic, environmental and social sustainability of Western Australian communities.
- Identification of approaches that can be adopted by councils in achieving structural reform, ranging from local government amalgamation through to resource sharing.
- Identification of impediments to structural reform including but not limited to legislation impediments and options to overcome these impediments, which should include but not be limited to legislative changes and provision of financial and non-financial support by the State Government.
- The identification of local governments where amalgamations may be the most effective and efficient method of achieving future economic, environmental and social sustainability.
- The identification of local governments where the issues of future economic, social and environmental sustainability are more appropriately addressed by approaches rather than amalgamations. In particular, the issue of future sustainability of rural and remote communities should be recognised, as well as the increased costs of governance and coordination of services.
- The procedures and processes (legislative or otherwise) which need to be adopted to facilitate the implementation of the above changes.
- Any other issues that the Board may consider are relevant to structural reform, ranging from amalgamations through to resource sharing.

After its assessment in the Mid West Region, the Board made the following observations:

- The amalgamation of the City of Geraldton and the Shire of Greenough will create a local government entity that would be better positioned to manage population and industrial growth.
- The new entity when established would have the major infrastructure of the Geraldton Port, Regional Airport, major roads, rail links and industrial areas within its boundaries.
- An amalgamated local government would be better positioned to provide services and facilities as the regional centre with the ability to rate evenly.
- In due course, the Board should assess the impact of the Oakajee Industrial Estate on the region with the view to determine whether it should belong within the Regional Centre. This assessment could take place once the planning of the Industrial Estate is complete. This was anticipated to be within 2010-2012.

At the conclusion of the Board's assessment of the Mid West region, the Board recommended:

1. *That the Minister legislate to form a new City of Geraldton-Greenough by amalgamating the City of Geraldton with the Shire of Greenough as soon as possible*, and
2. *That the Minister submit a proposal to the Local Government Advisory Board in three years time for the development areas immediately north of the new local government (including residential areas and the Oakajee Industrial Estate) to be included within the new local government.*

The Board actioned Recommendation 1 and the City of Geraldton and Shire of Greenough were abolished, and the new City of Geraldton-Greenough was established on 1 July 2007. No further action was taken in relation to Item 2 above.

Summary

There is significant history attached to the Mid West region dating back to the proclamation of the town of Geraldton in 1850 and the development of the port in the 1860s. This established Geraldton as the regional centre of the Mid West and the capital of various industries within the region. While much of this history is significant to Western Australia, it has little impact in assessing the proposal, other than establishing Geraldton as a regional centre in the mining, fishing, wheat and tourism industries.

The history of the area was not raised in any of the submissions analysed by the Board. The general theme of concern was the loss of community identity as a result of the smaller local governments being subsumed into a single large entity.

The inquiries conducted by the Board in 1998, 2003 and 2006 and the Board's Structural and Electoral Reform Review of 2006 all support structural reform within the region. While many of the findings of the Board have been endorsed by local governments and other stakeholders, achieving structural reform through amalgamations in the area has not been an easy task.

While the Board acknowledges that all three local governments have a distinct and separate identity and history, the Board does not consider that an amalgamation or boundary amendment would have an adverse impact on the history of the region.

The loss or diminution of history is by and large an issue of perception rather than reality. Expanding urban areas and growing populations will ultimately change an area both geographically and historically. Change is always present but that does not mean that significant historical associations need be lost or downgraded.

Should either of these Proposals be recommended, there is no evidence to suggest that the historical significance of these areas will be adversely affected.

5.6 TRANSPORT AND COMMUNICATION

The Board's Guiding Principles identifies that transport and communication linkages between towns and other areas may constitute significant barriers to movement and provide appropriate boundaries between local governments.

There are already strong linkages between the affected local governments and this is set to increase with the development of the Oakajee Industrial Estate. These linkages will exist both through road and rail and extend to the various mining sites within the Mid West. The local governments are also supported through major highways and the Geraldton Regional Airport.

The development of Oakajee Port will increase the traffic throughout the northern Geraldton and coastal Chapman Valley areas. The Oakajee Industrial Estate will develop the necessary roads and railway lines to support this development.

The current road network between the three local governments is adequate to support travel between the various towns and communities. Travel from Geraldton to Nabawa is approximately 30 minutes, and travel from Geraldton to Mullewa is approximately 50 minutes. The current road network also has the capacity to support the growth in the region.

The Board was not able to identify any transport or communication issues which would have a negative impact on Proposal A or B.

5.7 MATTERS AFFECTING THE VIABILITY OF LOCAL GOVERNMENTS

Where boundary amendments of amalgamations are considered by the Board; any recommendation it makes must have due regard for the impact such a recommendation will have on the viability of affected local governments.

The City of Geraldton-Greenough believes that it will remain viable (actually more viable) should any recommendation be made on Proposal A or B. The City is adamant that it has the capacity to maintain the current standard and level of service delivery should an amalgamation or boundary amendment be recommended.

The financial assessment undertaken on Proposal A (see Section 7) reveals that the amalgamation of the three local governments would result in a financially viable entity.

The Board conducted a preliminary financial assessment of Proposal B early on in the inquiry process and determined that if Proposal B, was to be approved, it would have a significant and adverse impact on the financial viability of the Shire of Chapman Valley. The assessment revealed that the Shire of Chapman Valley would be faced with a reduction in its income of approximately $768,000 (not including grant income). It was estimated that the expenditure adjustment would be in the order of approximately $584,000 resulting in a shortfall of

approximately $184,000. Such an outcome would render the Shire of Chapman Valley unviable.

The City argued that should Proposal B be recommended by the Board, this would reduce the onus on the Shire of Chapman Valley to provide services to the coastal communities, allowing it to concentrate its resources on the rural sections in the remaining areas of the Shire. While there may be some logic in this argument, it was not supported by the Board.

5.8 THE EFFECTIVE DELIVERY OF LOCAL GOVERNMENT SERVICES

The City of Geraldton-Greenough indicated that structural changes would not affect its capacity to provide services to its communities should an amalgamation or boundary adjustment be approved. This applies to both Proposals A and B.

The Shire of Mullewa supports the City of Geraldton-Greenough's position on this matter and confirmed that it is unable to provide the level and diversity of services that would flow from an amalgamation with the City of Geraldton-Greenough.

The public submissions revealed that the Shire of Chapman Valley residents are more than satisfied with the standard of services provided by the Shire. One example cited was the effectiveness of the Shires road maintenance program.

The Board is of the view that Proposal A would deliver a better outcome in terms of service delivery for the residents of the Shire of Chapman Valley and the Shire of Mullewa.

Proposal B would severely restrict the capacity of the Shire of Chapman Valley to provide an acceptable level of services to its residents if a recommendation were to be made in favour of Proposal B.

6. OTHER MATTERS CONSIDERED BY THE BOARD

As a part of its inquiry process, the Board may consider other matters relevant to its inquiry. These matters are additional to those contained in Schedule 2.1.

The following matters were included for consideration in Proposal A and B:

6.1 WARDS AND REPRESENTATION

Proposal A and B have identified substantially different representation levels which is surprising, given the potential outcome for either proposal.

Proposal A

The MOU identifies a ward and representation structure which allows for:

- Ward and representation to be set for a period of eight years following the first election;
- Six wards within the City of Geraldton-Greenough would be retained with one councillor allocated to each ward;
- Two wards to be created based on the existing boundaries of the Shire of Chapman Valley and the Shire of Mullewa, with one councillor allocated to each new ward; and
- The election of a popularly elected Mayor.

Tabled below is the proposed councillor to elector ratio based on this structure:

Table J

PROPOSAL A – WARDS AND REPRESENTATION				
WARD	**Number of Councillors**	**Number of Electors**	**Councillor to Elector Ratio**	**% Ratio Deviation**
Port	1	3727	3727	-28.81
Hills	1	4236	4236	-46.40
Chapman	1	3417	3417	-18.09
Champion Bay	1	3016	3016	-4.23
Willcock	1	3223	3223	-11.39
Tarcoola	1	4406	4406	-52.27
Mullewa	1	482	482	88.34
Chapman Valley	1	641	641	77.85
TOTAL	**8**	**23148**	**2894**	

There are significant imbalances in this proposed structure. The Board requires local governments to maintain a percentage ratio deviation of plus or minus 10%. The proposed structure does not facilitate the retention of knowledge and experience amongst councillors as at least

half will be replaced every two years and this means that half the wards will not have experienced councillors. While this structure is consistent with the Government's structural reform objective to reduce councillor numbers, it demands a more balanced ward structure.

The proposal is to retain this structure for a period of two election cycles or eight years. Given the issues identified above, it is likely that a ward review would be considered necessary long before the mandatory review becomes due in 2019.

The total number of councillors under this proposed structure will be nine.

Proposal B

After the withdrawal of the Shire of Chapman Valley from the amalgamation process, the City of Geraldton-Greenough and the Shire of Mullewa developed Proposal B and entered into a Memorandum of Understanding addressing various matters, including a proposed ward and representation structure which allows for:

- Wards and representation to be set for a period of eight years following the first election
- Six wards within the City of Geraldton-Greenough to be retained with two councillors allocated to each ward
- One ward based on the existing Shire of Mullewa district boundary with two councillors to be allocated to this ward
- The extension of the Chapman Ward to incorporate properties west of the North West Coastal Highway in the former Shire of Chapman Valley
- The extension of the Hills Ward to incorporate all the properties to the east of the North West Coastal Highway in the former Shire of Chapman Valley, and
- The election of a popularly elected Mayor.

The total number of councillors under this proposed structure will be fifteen.

This structure will not deliver equitable representation, nor does it meet the Governments reform initiative for local governments to reduce councillor numbers to between six and nine. It does however, allow for a smoother transition to a more effective structure in 2019 after the expiration of two election cycles.

Tabled below is the proposed councillor to elector ratio based on this structure:

Table K

PROPOSAL B – WARDS AND REPRESENTATION				
WARD	**Number of Councillors**	**Number of Electors**	**Councillor to Elector Ratio**	**% Ratio Deviation**
Port	2	3727	1864	N/A
Hills*	2	N/A	N/A	N/A
Chapman*	2	N/A	N/A	N/A
Champion Bay	2	3016	1508	N/A
Willcock	2	3223	1612	N/A
Tarcoola	2	4406	2203	N/A
Mullewa	2	482	241	N/A
TOTAL	**14**			

* These figures are not available. These ward boundaries would change substantially under Proposal B.

6.2 APPOINTMENT OF COMMISSIONERS

The Minister for Local Government is responsible for recommending appointment of commissioners to the Governor. The number of commissioners that can be appointed is one, three or five. Where three or five commissioners are appointed, one must be appointed as the Chair of Commissioners.

Both the MOU's included a clause proposing the appointment of elected members rather than commissioners for the period 1 July 2011 until the inaugural election. The proponents have been advised that any recommendation for amalgamation with require the appointment of commissioners when local governments are abolished and a new local government is established. The term of commissioners will be until the inaugural election is held.

Should any amalgamation proceed the proponents have requested that five commissioners be appointed, four of which will be elected members from the former local governments and one independent person to be appointed as Chair of Commissioners.

7. FINANCIAL ANALYSIS

Member Governance Costs
Tables 1, 2 and 3 detail the actual and budgeted expenditure of the City of Geraldton-Greenough and the Shires of Mullewa and Chapman Valley in relation to expenses for elected members**.**

Table 1

ELECTED MEMBER COSTS – GERALDTON-GREENOUGH				
GOVERNANCE COST	**ACTUAL**			
	2007-2008	**2008-2009**	**2009-2010**	**2010-2011**
Attendance Fees	78,269	92,134	85,823	91,000
Allowance President	16,677	59,172	60,000	60,000
Allowance Deputy	4,467	14,583	15,000	15,000
Telephone/Travel etc	3,994	13,109	831	5,000
Training & Conference Expense	10,143	25,135	42,088	55,000
Refreshment and Entertainment	63,126	118,236	94,725	105,000
Election Expenses	58,858	0	45,757	15,000
Insurance	14,215	8,316	11,638	12,511
Subscriptions	24,404	26,300	26,469	29,120
Other	15,044	92,117	54,721	115,000
Administration Allocation	1,546,726	1,056,080	1,860,485	1,901,364
TOTAL COST	**1,835,923**	**1,505,182**	**2,297,537**	**2,403,995**
Number of Members	12	12	12	12

Table 2

ELECTED MEMBER COSTS - MULLEWA				
GOVERNANCE COST	**ACTUAL**			
	2007-2008	**2008-2009**	**2009-2010**	**2010-2011**
Attendance Fees	25,000	27,000	22,500	21,000
Allowance President	3,500	3,500	3,500	3,500
Allowance Deputy	0	0	0	0
Telephone / Travel etc	1,913	81	1,166	2,000
Training & Conference Expense	6,623	10,807	8,621	11,200
Refreshment and Functions	10,024	11,846	17,778	13,000
Election Expenses	1,385	0	1,274	4,000
Insurance	29,335	24,831	22,318	21,468
Subscriptions	10,880	8,736	9,543	15,175
Other	300	2,877	2,289	2,500
Administration Allocation	103,902	102,582	107,062	120,434
TOTAL COST	**192,862**	**192,260**	**196,051**	**214,277**
Number of Members	9	9	9	9

Table 3

ELECTED MEMBER COSTS – CHAPMAN VALLEY				
GOVERNANCE COST	**ACTUAL**			
	2007-2008	**2008-2009**	**2009-2010**	**2010-2011**
Attendance Fees	15,160	14,650	17,570	19,660
Allowance President	4,000	4,000	6,000	9,000
Allowance Deputy	1,000	1,000	1,500	2,250
Telephone/Travel etc	6,944	7,806	13,288	12,000
Training & Conference Expense	14,487	17,415	15,636	10,000
Refreshment & Entertainment	12,064	21,134	14,093	15,000
Election Expenses	7,158	0	1,144	4,000
Insurance	10,462	7,940	8,382	9,151
Subscriptions	10,405	10,336	12,571	12,372
Other	3,616	967	1,162	2,000
Administration Allocation	115,438	136,282	128,375	148,808
TOTAL COST	**200,734**	**221,530**	**219,721**	**244,241**
Number of Members	8	8	8	8

Table 4 shows a projected cost analysis of the newly constituted local government using the following parameters:

- Attendance fees @ $7,000 per councillor (savings of $68,660 for 20 councillors).
- Presidents/Deputy Presidents savings of approximately $15,000 per year.
- Telephone, Travel, IT allowances @ $2,500 per councillor.
- Conference and Training allowances @ $4,500 per councillor (savings of $29,000).
- Increase @ CPI of 3.4% and LGCI @ 1.6% = 5% increase ensuing years.
- Saving on reduced councillor numbers = total approximately $130,000 per year.

Table 4

ELECTED MEMBER COSTS – NEWLY CONSTITUTED LOCAL GOVERNMENT					
GOVERNANCE COST	**FORECAST**				
	2010-2011	**2011-2012**	**2012-2013**	**2013-2014**	**2014-2015**
Attendance Fees	131,660	63,000	63,000	63,000	63,000
Allowance Mayor	72,500	60,000	60,000	60,000	60,000
Allowance Deputy Mayor	17,250	15,000	15,000	15,000	15,000
Telephone / Travel etc	19,000	22,500	22,500	22,500	22,500
Training and Conference Expense	76,200	40,500	42,525	44,651	46,884
Refreshment and Entertainment	133,000	119,650	125,633	131,914	138,510
Election Expenses	23,000	50,000	0	55,000	0
Insurance	43,130	45,287	47,551	49,928	52,425
Subscriptions	56,667	33,500	35,175	36,934	38,781
Other	119,500	125,475	131,749	138,336	145,253
Administration Allocation	2,170,606	2,279,136	2,393,093	2,512,748	2,638,385
TOTAL COST	**2,862,513**	**2,854,048**	**2,936,226**	**3,130,012**	**3,220,737**
Number of Members	9	9	9	9	9

ORGANISATIONAL STRUCTURE

Current Workforce

Table 5 shows a summary of the workforce engaged by each local government.

Table 5

CURRENT WORKFORCE						
DESCRIPTION	**GERALDTON-GREENOUGH**		**MULLEWA**		**CHAPMAN VALLEY**	
	Number	**FTE's**	**Number**	**FTE's**	**Number**	**FTE's**
Chief Executive Officer	1	1	1	1	1	1
Deputy CEO / Executive Directors	5	5	1	1	1	1
Works / Infrastructure Managers	4	4	1	1	1	1
Other Managers	12	12	0	0	0	0
Administration Staff	160	150	6	5	6	5
Planning / Building etc	28	28	0	0	4	3.5
Outside Workforce	111	101	21	18.5	15	12.5
Project / Community Officers / Rangers	4	3	3	2.5	1	1
Pool / Other Managers	6	6	1	0.5	1	0.5
TOTAL	**331**	**310**	**34**	**29.5**	**30**	**25.5**

Proposed Workforce

Table 6 shows a summary of the workforce for the proposed newly constituted local government.

Table 6

PROPOSED WORKFORCE		
DESCRIPTION	**NEWLY CONSTITUTED LOCAL GOVERNMENT**	
	Number	**FTE's**
Chief Executive Officer	1	1
Place Managers	2	2
Deputy CEO / Executive Manager	7	7
Works Manager	6	6
Other Managers	12	12
Administration Staff	172	160
Planning/Building etc	32	31.5
Outside Workforce	147	132
Project/Community Officers / Rangers	8	6.5
Pool/Other Managers	8	7
TOTAL	**395**	**365**

Workforce Cost Analysis

Table 7 shows the workforce cost analysis based on retaining the entire workforce. All staff will be retained and the CEO's of the shires of Mullewa and Chapman Valley will be employed as Place Managers at the existing Shire offices.

Table 7

COMPARISON OF WORKFORCE COSTS				
DESCRIPTION	**GERALDTON-GREENOUGH**	**MULLEWA**	**CHAPMAN VALLEY**	**NEW LOCAL GOVERNMENT**
Salary or Wage	**17,709,171**	**1,624,651**	**1,495,346**	**20,829,168**
SGC Super 9%	1,656,410	62,606	77,216	1,796,232
Council Super	502,974	35,531	16,115	554,620
Workcare	716,292	22,504	46,390	785,186
FBT	172,000	25,000	18,165	215,165
Motor Vehicle	879,024	48,200	58,000	985,224
Housing Utilities	0	10,620	3,750	14,370
Housing Rental	0	9,050	1,500	10,550
Phone. IT	35,000	3,000	0	38,000
Training/Conference	418,913	13,466	5,680	438,059
Uniform	25,619	2,380	9,300	37,299
Sub Total	**4,406,232**	**232,357**	**236,116**	**4,874,705**
TOTAL	**22,115,403**	**1,857,008**	**1,731,462**	**25,703,873**

Table 8 shows a possible salary package for the new CEO of the proposed newly constituted local government. The Salaries and Allowances Tribunal has determined that the salary for the CEO of the City of Geraldton-Greenough should fall within the range of $195,627 to $264,672.

Table 8

CEO SALARY COSTS				
DESCRIPTION	**GERALDTON-GREENOUGH**	**MULLEWA**	**CHAPMAN VALLEY**	**NEW LOCAL GOVERNMENT**
Base Salary	197,397	136,348	117,042	450,787
Housing	0	12,000	0	12,000
Benefit value for provision of vehicle	16,670	16,500	15,000	48,170
Superannuation	26,250	25,906	14,045	66,201
Telephone/Utilities	1,000	1,500	1,750	4,250
Clothing allowance	0	600	500	1,100
Professional Membership	2,000	500	500	3,000
Conference/Training	0	3,000	1,680	4,680
TOTAL	**243,317**	**196,354**	**150,517**	**590,188**

GRANTS

Financial Assistance Grants

General Purpose Component

The Financial Assistance Grants are distributed by the WA Local Government Grants Commission to local governments each year based on the principles established under the *Local Government (Financial Assistance) Act 1995* (the Act). The General Purpose Grant and the Road Grant components are untied.

Under the Act, where two or more local governments are amalgamated into a single body, the General Purpose Grant will be maintained for each local government at the level prior to amalgamation and will increase by an escalation factor based on the overall increase in the General Purpose funding pool.

Table 9 provides a comparison of General Purpose Grants from 2007/2008 to 2010/2011 while Table 10 provides a forecast of the five year guaranteed funding for the newly constituted local government using estimates provided by the Grants Commission.

Table 9

COMPARISON GENERAL PURPOSE (GRANTS COMMISSION)							
LOCAL GOVERNMENT	**2007-2008**	**2008-2009**	**2009-2010**	**2010-2011**	**2007-2008**	**2008-2009**	**2009-2010**
	$	**$**	**% Increase**	**$**	**$**	**$**	**% Increase**
Geraldton-Greenough	2,345,995	2,515,192	7%	2,625,420	4%	2,816,488	7%
Mullewa	208,717	223,504	7%	233,577	5%	252,459	8%
Chapman Valley	182,842	195,795	7%	204,620	5%	219,511	7%
Combined	**2,737,554**	**2,934,491**	**7%**	**3,063,617**	**4%**	**3,288,458**	**7%**

Table 10

FORECAST GENERAL PURPOSE (GRANTS COMMISSION)						
LOCAL GOVERNMENT		**FIVE YEAR GUARANTEED FUNDING**				
	2010-2011	**2011-2012**	**2012-2013**	**2013-2014**	**2014-2015**	**2015-2016**
	$	**$**	**$**	**$**	**$**	**$**
Proposed New Local Government	3,288,458	3,450,904	3,623,449	3,804,621	3,994,852	4,194,595

Local Road Grant Component

Local governments also receive general purpose local road grants from the Commonwealth Governments which are also untied. Table 11 gives a comparison of Road Grants from 2007/2008 to 2010/2011 while Table 12 gives a forecast of the five year guaranteed funding for the newly constituted local government using a 5% increase.

Table 11

LOCAL ROAD GRANT FUNDING (GRANTS COMMISSION)							
LOCAL GOVERNMENT	**2007-2008**	**2008-2009**	**2009-2010**	**2010-2011**	**2007-2008**	**2008-2009**	**2009-2010**
	$	**$**	**% Increase**	**$**	**$**	**$**	**% Increase**
Geraldton-Greenough	963,388	1,059,985	10%	1,086,511	3%	1,147,565	6%
Mullewa	477,943	551,386	15%	555,247	1%	587,702	6%
Chapman Valley	413,545	414,308	0.2%	415,372	0.3%	438,278	6%
Combined	**1,854,876**	**2,025,679**	**9%**	**2,057,130**	**2%**	**2,173,545**	**6%**

Table 12

FORECAST LOCAL ROAD GRANT FUNDING (GRANTS COMMISSION)						
LOCAL GOVERNMENT		**FIVE YEAR GUARANTEED FUNDING**				
	2010-2011	**2011-2012**	**2012-2013**	**2013-2014**	**2014-2015**	**2015-2016**
	$	**$**	**$**	**$**	**$**	**$**
Proposed New Local Government	2,173,545	2,282,222	2,396,333	2,516,150	2,641,958	2,774,055

Country Local Government Fund

Table 13 details the level of funding to be allocated for the balance of the program i.e. to 2013/2014.

Table 13

CLGF FUNDING						
LOCAL GOVERNMENT	**2008-2009**	**2009-2010**	**2010-2011**	**2011-2012**	**2012-2013**	**2013-2014**
	$	**$**	**$**	**$**	**$**	**$**
Geraldton-Greenough	1,701,007	35,000	1,100,000	1,100,000	1,100,000	1,100,000
Mullewa	573,714	30,000	361,670	361,670	361,670	194,745
Chapman Valley	536,919	35,000	338,474	182,255	260,364	520,729
Combined	**2,811,640**	**100,000**	**1,800,144**	**1,643,925**	**1,722,034**	**1,815,474**

FINANCIAL CAPACITY

An analysis of the financial capacity of the existing local governments has been performed. The comparative analysis is based on the following assumptions:

- The proposed date for amalgamation is 1 July 2011.
- CPI indexation of 3.4% plus LGCI of 1.6% is used from 2011/12 for operational revenue and expenditure.
- A rates increase of 8% (average) but discounted to 7% due to Shires of Chapman Valley and Mullewa rates actually decreasing when the new rates are determined.
- General Purpose Grants forecast provided by Grants Commission analysis.
- Local Road Grants to increase by 5% per annum based on historical increases.
- Country Local Government Fund shows each council's allocation up to 2013/2014.
- Smaller increase in road funding and expenditure of 1% allowed.
- All current services and facilities are to be retained with no reduction in service level.
- Reserve fund estimates are taken from the City of Geraldton-Greenough future financial planning documents.
- Local government budgeting is based on a balanced budget approach.

Operating Revenue

- For the financial years 2011/2012 to 2013/2014 the Royalties for Regions grants through the Country Local Government Fund will increase the revenue capacity of the newly constituted local government.
- A 3% forecast has been used for fees and charges.
- A 1% forecast has been used for non-operating grants as this is difficult to predict.
- A 5% forecast has been used for all other revenue.
- Profit on disposal of assets has not been forecast.

Table 14

INCOME – GERALDTON-GREENOUGH				
DESCRIPTION	**2007-2008**	**2008-2009**	**2009-2010**	**2010-2011**
Rates	19,135,195	20,840,692	22,589,541	24,966,712
Operating Grants, Subs, Contrib.	8,664,031	7,298,901	8,489,158	7,993,777
Fees & Charges	10,747,384	11,376,993	14,356,835	15,190,346
Interest Earnings	1,667,569	1,390,039	1,361,657	1,322,427
Other Revenue	963,182	654,230	1,468,622	522,695
Sub Total	**41,177,361**	**41,560,855**	**48,265,813**	**49,995,957**
Non-Operating Grants, Subs, Contrib.	8,766,504	10,289,838	3,750,734	9,280,541
Profit on Disposal of Assets	1,577,461	780,525	3,905,850	4,476,579
Sub Total	**10,343,965**	**11,070,363**	**7,656,584**	**13,757,120**
Other Income	0	39,531,900	45,348,926	0
TOTAL INCOME	**51,521,326**	**92,163,118**	**101,271,323**	**63,753,077**

Table 15

INCOME – MULLEWA				
DESCRIPTION	**2007-2008**	**2008-2009**	**2009-2010**	**2010-2011**
Rates	1,355,059	1,441,523	1,521,574	1,584,650
Operating Grants, Subs, Contrib.	1,736,152	1,631,509	838,312	1,293,345
Fees & Charges	517,459	369,663	825,901	401,615
Interest Earnings	195,833	174,720	132,373	135,000
Other Revenue	2,501	145,658	300,903	287,683
Sub Total	3,807,004	3,763,073	3,619,063	3,702,293
Non-Operating Grants, Subs, Contrib.	450,023	1,736,986	1,272,694	1,079,167
Profit on Disposal of Assets	171,374	83,870	225,599	139,979
Sub Total	**621,397**	**1,820,856**	**1,498,293**	**1,219,146**
Other Income	0	0	0	0
TOTAL INCOME	**4,428,401**	**5,583,929**	**5,117,356**	**4,921,439**

Table 16

INCOME – CHAPMAN VALLEY				
DESCRIPTION	**2007-2008**	**2008-2009**	**2009-2010**	**2010-2011**
Rates	1,366,277	1,471,865	1,631,192	1,752,283
Operating Grants, Subs, Contrib.	1,479,089	1,969,500	1,555,524	1,592,883
Fees & Charges	711,744	832,781	1,527,279	446,763
Interest Earnings	65,557	63,307	63,608	77,453
Other Revenue	5,964	1,801	325	900
Sub Total	**3,628,631**	**4,339,254**	**4,777,928**	**3,870,282**
Non-Operating Grants, Subs, Contrib.	1,033,585	823,787	690,226	477,390
Profit on Disposal of Assets	76,112	140,668	110,844	196,585
Sub Total	**1,109,697**	**964,455**	**801,070**	**673,975**
Other Income	0	0	0	0
TOTAL INCOME	**4,738,328**	**5,303,709**	**5,578,998**	**4,544,257**

Table 17

INCOME – PROPOSED NEWLY CONSTITUTED LOCAL GOVERNMENT						
DESCRIPTION	**COMBINED**	**FORECAST**				
	2010-2011	**2011-2012**	**2012-2013**	**2013-2014**	**2014-2015**	**2015-2016**
Rates	28,303,645	30,284,900	32,404,843	34,673,182	37,100,305	39,697,326
Operating Grants, Subs, Contrib.	10,880,005	11,424,005	11,995,206	12,594,966	13,224,714	13,885,950
Fees & Charges	16,038,724	16,519,886	17,015,482	17,525,947	18,051,725	18,593,277
Interest Earnings	1,534,880	1,611,624	1,692,205	1,776,815	1,865,656	1,958,939
Other Revenue	811,278	851,842	894,434	939,156	986,113	1,035,419
Sub Total	**57,568,532**	**60,692,257**	**64,002,170**	**67,510,066**	**71,228,514**	**75,170,911**
Non-Operating Grants, Subs, Contrib.	10,837,098	10,945,469	11,054,924	11,165,473	11,277,128	9,589,899
Profit on Disposal of Assets	4,813,143	6,433,017	14,520,687	27,767,877	25,465,673	0
Sub Total	**15,650,241**	**17,378,486**	**25,575,611**	**38,933,350**	**36,742,801**	**9,589,899**
Other Income	0	0	0	0	0	0
TOTAL INCOME	**73,218,773**	**78,070,743**	**89,577,781**	**106,443,416**	**107,971,315**	**84,760,810**

Based on the various assumptions detailed previously, the forecast income for the proposed newly constituted local government (excluding non-operating grants) is estimated to increase from a combined $57.56m in 2010/11 to $75.17m in 2015/16. Revenue from rates levies has the largest impact on these figures increasing from $28.3m in 2010/11 to an estimated $39.69m by 2015/16.

Combined non-operating grants for the three local governments in 2010/11 are $10.83m. This is estimated to increase marginally to $11.27m by 2014/15 but will reduce to approximately $9.58m in 2015/16 due to the cessation of CLGF grants.

Significant profits on disposal of land assets held by City of Geraldton-Greenough is anticipated through to 2014/15 when all land held for sale is expected to have been sold. This has an effect on the total comprehensive income which peaks at $107m in 2014/15 and then adjusts to a level of $84.7m in the following year.

Operating Expenditure

- Operating expenditure is expected to remain relatively stable over the forecast period.
- A 1% forecast has been used for depreciation.
- Loss on disposal of assets has not been forecast.

Table 18

OPERATING EXPENDITURE – GERALDTON-GREENOUGH				
DESCRIPTION	**2007-2008**	**2008-2009**	**2009-2010**	**2010-2011**
Employee Costs	14,908,753	18,986,717	21,149,275	21,067,469
Materials and Contracts	11,312,572	14,165,675	14,082,352	22,595,990
Utility Charges	1,555,893	1,728,539	1,965,228	2,059,595
Depreciation on Non Current Assets	7,650,534	10,131,478	11,590,730	9,647,885
Interest Expenses	307,038	693,128	532,780	821,115
Insurance Expenses	573,289	535,535	577,001	633,879
Other Expenditure	781,685	2,840,035	1,693,710	3,991,377
Sub Total	**37,089,764**	**49,081,107**	**51,591,076**	**60,817,310**
Loss on Disposal of Assets	61,950	290,434	231,319	130,966
Fair Value Adjustment	1,260,391	629,413	0	0
Sub Total	**1,322,341**	**919,847**	**231,319**	**130,966**
TOTAL OPERATING EXPENDITURE	**38,412,105**	**50,000,954**	**51,822,395**	**60,948,276**

Table 19

OPERATING EXPENDITURE – MULLEWA				
DESCRIPTION	**2007-2008**	**2008-2009**	**2009-2010**	**2010-2011**
Employee Costs	1,145,964	1,369,402	1,410,368	1,333,382
Materials and Contracts	1,289,059	926,097	1,236,605	1,412,676
Utility Charges	126,070	98,763	142,085	150,156
Depreciation on Non Current Assets	1,118,559	1,131,086	1,268,936	1,258,677
Interest Expenses	21,723	15,708	10,394	6,238
Insurance Expenses	144,397	110,014	175,422	137,835
Other Expenditure	54,787	203,599	57,200	243,788
Sub Total	**3,900,559**	**3,854,669**	**4,301,010**	**4,542,752**
Loss on Disposal of Assets	5,485	19,978	18,987	0
Fair Value Adjustment	0	0	0	0
Sub Total	5,485	19,978	18,987	0
TOTAL OPERATING EXPENDITURE	**3,906,044**	**3,874,647**	**4,319,997**	**4,542,752**

Table 20

OPERATING EXPENDITURE – CHAPMAN VALLEY				
DESCRIPTION	**2007-2008**	**2008-2009**	**2009-2010**	**2010-2011**
Employee Costs	1,126,551	1,348,386	1,160,485	860,861
Materials and Contracts	1,211,656	2,181,990	2,273,979	1,583,093
Utility Charges	36,644	54,640	62,670	69,130
Depreciation on Non Current Assets	878,541	991,312	696,559	981,300
Interest Expenses	15,273	10,680	25,762	38,533
Insurance Expenses	92,028	111,247	130,717	135,419
Other Expenditure	42,052	34,864	47,071	47,390
Sub Total	**3,402,745**	**4,733,119**	**4,397,243**	**3,715,726**
Loss on Disposal of Assets	18,901	20,413	20,177	45,706
Fair Value Adjustment	0	0	0	0
Sub Total	**18,901**	**20,413**	**20,177**	**45,706**
TOTAL OPERATING EXPENDITURE	**3,421,646**	**4,753,532**	**4,417,420**	**3,761,432**

Table 21

OPERATING EXPENDITURE – PROPOSED NEWLY CONSTITUTED LOCAL GOVERNMENT						
DESCRIPTION	**COMBINED**	**FORECAST**				
	2010-2011	**2011-2012**	**2012-2013**	**2013-2014**	**2014-2015**	**2015-2016**
Employee Costs	23,261,712	24,424,798	25,646,037	26,928,339	28,274,756	29,688,494
Materials and Contracts	25,591,759	26,871,347	28,214,914	29,625,660	31,106,943	32,662,290
Utility Charges	2,278,881	2,392,825	2,512,466	2,638,090	2,769,994	2,908,494
Depreciation on Non Current Assets	11,887,862	12,006,741	12,126,808	12,248,076	12,370,557	12,494,262
Interest Expenses	865,886	1,675,113	2,497,641	2,562,466	1,383,966	1,353,164
Insurance Expenses	907,133	952,490	1,000,114	1,050,120	1,102,626	1,157,757
Other Expenditure	4,282,555	4,496,683	4,721,517	4,957,593	5,205,472	5,465,746
Sub Total	**69,075,788**	**72,819,996**	**76,719,498**	**80,010,344**	**82,214,315**	**85,730,208**
TOTAL OPERATING EXPENDITURE	**69,252,460**	**72,819,996**	**76,719,498**	**80,010,344**	**82,214,315**	**85,730,208**

Combined expenditure in 2010/11 is budgeted to be $69.25m. Under the various assumptions used, this is estimated to continue to increase each year when it is anticipated to be $85.73m by 2015/16. While most expenditure types will steadily increase over that period, interest expenses on planned borrowings will fluctuate from $865,000 in 2010/11 increase to a peak of $2.56m in 2013/14 and then fall to $1.35m in 2015/16. Any changes to the current proposed borrowing program will impact on interest expense estimates and overall total operating expenditure.

Net Surplus/(Deficit)

The following tables compare the surpluses or deficits for the three local governments over the years 2007/2008, 2008/2009, 2009/2010 and 2010/2011 and also a forecast to 2015/2016 using the balanced budget approach.

The Change in Net Assets reflects the reduction in Royalties for Regions grants and the average 7% in rate increases. The data also reflects the impact on the capital expenditure program after 2013/2014 when the Royalties for Regions grants will cease. Grants for the development of assets have been projected at a 1% increase per year less $1.8 million in 2015-2016.

Table 22

NET SURPLUS/DEFICIT – GERALDTON-GREENOUGH				
DESCRIPTION	**2007-2008**	**2008-2009**	**2009-2010**	**2010-2011**
Change in Net Assets - Operating	4,342,718	(7,659,573)	349,270	(6,475,736)
Grants, Subsidies, Contributions for Development of Assets	8,766,504	10,289,838	3,750,734	9,280,541
Non Cash Expenditure and Revenue				
(Profit)/Loss on Disposal of Assets	(1,515,511)	(490,091)	(3,674,531)	(4,345,613)
Movements/Adjustments		382,649	755,795	0
Depreciation Written Back	7,650,534	10,131,478	11,590,731	9,647,885
Capital Expenditure and Revenue				
Land for Resale	0	(1,990,173)	(8,265)	0
Infrastructure	(11,956,579)	(15,032,844)	(9,976,117)	(34,440,222)
Property, Plant and Equipment	(8,537,985)	(8,063,051)	(5,852,617)	(3,380,703)
Proceeds from Disposal of Assets	1,825,399	9,869,780	4,663,455	6,554,100
Principal Payment on Borrowings	(1,106,901)	(6,291,800)	(3,703,870)	(3,021,148)
Self Supporting Loan Principal Income	135,691	79,816	(20,089)	182,355
New Loan Borrowing	8,630,000	3,650,000	4,550,000	17,450,000
Transfer to Reserves	(5,964,247)	(6,625,776)	(11,770,990)	(9,061,623)
Transfers from Reserves	6,727,974	5,048,414	8,566,818	18,299,796
	8,997,597	**(6,701,333)**	**(779,676)**	**689,632**
Net Surplus/(Deficit) B/Fwd	(3,589,665)	5,407,932	(1,293,401)	0
Net Surplus/(Deficit) C/Fwd	5,407,932	(1,293,401)	(2,073,077)	689,632

Table 23

NET SURPLUS/DEFICIT – MULLEWA				
DESCRIPTION	**2007-2008**	**2008-2009**	**2009-2010**	**2010-2011**
Change in Net Assets	72,338	(27,704)	797,359	378,688
Grants, Subsidies, Contributions for Development of Assets	450,023	1,736,986		
Non Cash Expenditure and Revenue				
(Profit)/Loss on Disposal of Assets	(165,892)	(63,892)	(206,612)	(139,979)
Movements/Adjustments	41,488	58,155	105,804	0
Depreciation Written Back	1,118,559	1,131,086	1,268,936	1,258,677
Capital Expenditure and Revenue				
Land for Resale	0	0	0	0
Infrastructure	(1,231,790)	(1,379,439)	(1,463,731)	(1,166,101)
Property, Plant and Equipment	(700,778)	(721,375)	(1,572,001)	(1,530,295)
Proceeds from Disposal of Assets	257,046	157,940	338,864	215,150
Principal Payment on Borrowings	(85,867)	(91,177)	(96,445)	(38,905)
Self Supporting Loan Principal Income	0	0	0	0
New Loan Borrowing	0	0	0	0
Transfer to Reserves	(81,587)	(87,469)	(38,309)	(7,048)
Transfers from Reserves	0	0	12,512	0
	(326,460)	**713,111**	**(853,623)**	**(1,029,813)**
Net Surplus/(Deficit) B/Fwd	1,531,794	1,205,336	1,914,979	1,029,813
Net Surplus/(Deficit) C/Fwd	1,205,334	1,918,447	1,061,356	0

Table 24

NET SURPLUS/DEFICIT – CHAPMAN VALLEY				
DESCRIPTION	**2007-2008**	**2008-2009**	**2009-2010**	**2010-2011**
Change in Net Assets	283,097	(273,610)	471,352	305,435
Grants, Subsidies, Contributions for Development of Assets	1,033,585	823,787	690,226	477,390
Non Cash Expenditure and Revenue				
(Profit)/Loss on Disposal of Assets	(57,211)	(120,255)	(90,667)	(150,879)
Movements/Adjustments	8,964	78,889	62,577	0
Depreciation Written Back	878,541	991,312	696,559	981,300
Capital Expenditure and Revenue				
Land for Resale	(16,091)	0	0	0
Infrastructure	(1,399,467)	(719,799)	(1,532,054)	(1,863,669)
Property, Plant and Equipment	(785,133)	(876,659)	(977,420)	(581,855)
Proceeds from Disposal of Assets	275,068	588,406	250,682	434,000
Principal Payment on Borrowings	(76,406)	(73,071)	(53,275)	(135,184)
Self Supporting Loan Principal Income	0	0	0	0
New Loan Borrowing	0	200,000	440,000	100,000
Transfer to Reserves	(102,786)	(703,740)	(821,705)	(351,303)
Transfers from Reserves	68,568	116,440	724,763	367,777
	110,729	**31,700**	**(138,962)**	**(416,988)**
Net Surplus/(Deficit) B/Fwd	410,120	520,852	552,552	416,988
Net Surplus/(Deficit) C/Fwd	520,849	552,552	413,590	0

Table 25

NET SURPLUS/DEFICIT – PROPOSED NEWLY CONSTITUTED LOCAL GOVERNMENT					
DESCRIPTION	**BUDGET**	**FORECAST**			
	2010-2011	**2011-2012**	**2012-2013**	**2013-2014**	**2014-2015**
Change in Net Assets	(5,791,613)	(5,694,722)	1,803,359	15,267,599	14,479,872
Grants, Subsidies, Contributions for Development of Assets	9,757,931	10,945,469	11,054,924	11,165,473	11,277,128
Net Result	3,966,318	5,250,747	12,858,283	26,433,072	25,757,000
Non Cash Expenditure and Revenue					
(Profit)/Loss on Disposal of Assets	(4,636,471)	(6,433,017)	(14,520,687)	(27,767,877)	(25,465,673)
Movements/Adjustments	0	0	0	0	0
Depreciation Written Back	11,887,862	12,006,741	12,126,808	12,248,076	12,370,557
Capital Expenditure and Revenue					
Land for Resale	0	0	0	0	0
Infrastructure	(37,469,992)	(15,738,931)	(12,659,675)	(13,152,253)	(14,984,058)
Property Plant and Equipment	(5,492,853)	(24,238,769)	(22,969,570)	(16,772,750)	(18,359,195)
Proceeds from Disposal of Assets	7,203,250	15,602,600	31,202,600	48,748,600	35,051,029
Principal Payment on Borrowings	(3,195,237)	(6,433,783)	(9,141,771)	(23,666,577)	(5,618,693)
Self Supporting Loan Principal Income	182,355	162,738	66,567	70,824	54,627
New Loan Borrowing	17,550,000	21,300,000	12,500,000	0	1,000,000
Transfer to Reserves	(9,419,974)	(19,131,751)	(32,816,984)	(53,861,041)	(32,770,072)
Transfers from Reserves	18,667,573	18,414,206	26,398,438	44,507,475	15,950,536
	(757,169)	**760,781**	**3,044,009**	**(3,212,451)**	**(7,013,942)**
Net Surplus/(Deficit) B/Fwd	1,446,801	689,632	1,450,413	4,494,422	1,281,971
Net Surplus/(Deficit) C/Fwd	689,632	1,450,413	4,494,422	1,281,971	(5,731,971)

The 2010/11 Budget has been used as the base year to forecast the estimated surplus/deficit for end of the year to 2015/16. The net result for each year shows the change in net assets (the difference between revenue from ordinary activities and expenses from ordinary activities) and non-operating grants, subsidies and contributions. A low net result ($3.96m) in 2010/11 increases significantly over future years due to the effect of anticipated profits on sale of land.

Proceeds from the sale of land are to be used to retire debt and fund transfers to reserves in future years. This produces significant variations for these two activities. While loan borrowings are relatively high between 2010/11 and 2012/13, there are no planned loan borrowings in 2013/14 and only nominal borrowings of $1m in 2014/15.

The City of Geraldton-Greenough has advised that future estimates for land sales need to be treated with some caution until after such time as it has completed its review and financial remodelling of land sales based on changes to land development timelines and the deletion of some infrastructure projects (i.e. Recycling facility).

A net surplus is estimated for this year (2010/11) and in each of the next three years with a deficit of approximately $5.7m estimated in 2014/15, but these results are subject to the limitations associated with the forecasts and other assumptions referred to previously.

Infrastructure Expenditure to Total Asset Value

The increase in expenditure on infrastructure is dependent upon the Royalties for Regions grants up to 2013/2014. A percentage of 1% is used for the forecast figures. The Value of all assets is calculated by adding the planned capital expenditure less depreciation to the previous year total.

Table 26

CAPITAL EXPENDITURE – GERALDTON-GREENOUGH				
DESCRIPTION	**2007-2008**	**2008-2009**	**2009-2010**	**2010-2011**
Capital Expenditure	20,494,564	23,095,895	15,828,734	37,820,925
Value of all assets	228,700,340	280,265,876	329,179,689	367,000,614
% of funds available for asset renewal or replacement	9%	8%	5%	10%

Table 27

CAPITAL EXPENDITURE – MULLEWA				
DESCRIPTION	**2007-2008**	**2008-2009**	**2009-2010**	**2010-2011**
Capital Expenditure	1,655,364	1,822,061	2,762,504	2,696,396
Value of all assets	45,042,851	45,639,778	47,001,094	49,697,490
% of funds available for asset renewal or replacement	4%	4%	6%	5%

Table 28

CAPITAL EXPENDITURE – CHAPMAN VALLEY				
DESCRIPTION	**2007-2008**	**2008-2009**	**2009-2010**	**2010-2011**
Capital Expenditure	2,135,099	1,596,458	2,509,474	2,445,524
Value of all assets	76,697,610	73,834,605	75,487,505	78,375,931
% of funds available for asset renewal or replacement	3%	2%	3%	3%

Table 29

CAPITAL EXPENDITURE – PROPOSED NEWLY CONSTITUTED LOCAL GOVERNMENT						
DESCRIPTION	**COMBINED**	**FORECAST**				
	2010-2011	**2011-2012**	**2012-2013**	**2013-2014**	**2014-2015**	**2015-2016**
Capital Expenditure	42,962,845	43,392,473	43,826,398	44,264,662	44,707,309	45,154,382
Value of all assets	495,074,035	526,459,768	558,159,358	590,175,944	622,512,696	655,172,815
% of funds available for asset renewal or replacement	9%	8%	8%	8%	7%	7%

Infrastructure Expenditure to Total Asset Value

The increase in expenditure on infrastructure is dependent upon the Royalties for Regions grants up to 2013/2014. A percentage of 1% is used for the forecast figures. The Value of all assets is calculated by adding the planned capital expenditure less depreciation to the previous year total.

Table 26

CAPITAL EXPENDITURE – GERALDTON-GREENOUGH				
DESCRIPTION	**2007-2008**	**2008-2009**	**2009-2010**	**2010-2011**
Capital Expenditure	20,494,564	23,095,895	15,828,734	37,820,925
Value of all assets	228,700,340	280,265,876	329,179,689	367,000,614
% of funds available for asset renewal or replacement	9%	8%	5%	10%

Table 27

CAPITAL EXPENDITURE – MULLEWA				
DESCRIPTION	**2007-2008**	**2008-2009**	**2009-2010**	**2010-2011**
Capital Expenditure	1,655,364	1,822,061	2,762,504	2,696,396
Value of all assets	45,042,851	45,639,778	47,001,094	49,697,490
% of funds available for asset renewal or replacement	4%	4%	6%	5%

Table 28

CAPITAL EXPENDITURE – CHAPMAN VALLEY				
DESCRIPTION	**2007-2008**	**2008-2009**	**2009-2010**	**2010-2011**
Capital Expenditure	2,135,099	1,596,458	2,509,474	2,445,524
Value of all assets	73,697,610	73,834,605	75,487,505	78,375,931
% of funds available for asset renewal or replacement	3%	2%	3%	3%

Table 33

ANNUAL DEPRECIATION – PROPOSED NEWLY CONSTITUTED LOCAL GOVERNMENT						
DESCRIPTION	**COMBINED**	**FORECAST**				
	2010-2011	**2011-2012**	**2012-2013**	**2013-2014**	**2014-2015**	**2015-2016**
Annual Depreciation	11,887,862	12,006,741	12,126,808	12,248,076	12,370,557	12,494,262
Value of all assets	495,074,035	526,459,768	558,159,358	590,175,944	622,512,696	655,172,815
% of funds available for asset renewal or replacement	6%	2%	2%	2%	2%	2%

Road Asset Expenditure

Data provided by WALGA states that the required asset preservation expenditure level is approximately 4.7% as at 30 June 2009. The forecast expenditure figures have been provided by the three local governments. Mullewa and Chapman Valley expenditure on preservation closely matches the required expenditure. The City of Geraldton-Greenough expenditure is below the required asset preservation level and will require attention, regardless of whether Proposal A is recommended by the Board.

Table 34

ROAD ASSET EXPENDITURE – GERALDTON-GREENOUGH				
DESCRIPTION	**2007-2008**	**2008-2009**	**2009-2010**	**2010-2011**
Required Preservation Expenditure	5,082,971	6,291,945	9,104,630	9,519,674
Percent	3.50%	4.00%	4.70%	4.70%
Expenditure on Preservation	3,122,858	4,129,968	4,564,867	4,975,705
Percent	2.15%	2.63%	2.36%	2.46%
Total Value of Road Infrastructure	**145,227,755**	**157,298,637**	**193,715,540**	**202,546,265**

Table 35

ROAD ASSET EXPENDITURE – MULLEWA				
DESCRIPTION	**2007-2008**	**2008-2009**	**2009-2010**	**2010-2011**
Required Preservation Expenditure	1,373,720	1,588,780	1,885,101	1,939,908
Percent	3.50%	4.00%	4.70%	4.70%
Expenditure on Preservation	1,353,000	1,722,284	1,513,270	1,646,619
Percent	3.45%	4.34%	3.77%	3.99%
Total Value of Road Infrastructure	**39,249,137**	**39,719,506**	**40,108,527**	**41,274,628**

Table 36

ROAD ASSET EXPENDITURE – CHAPMAN VALLEY				
DESCRIPTION	**2007-2008**	**2008-2009**	**2009-2010**	**2010-2011**
Required Preservation Expenditure	2,422,711	2,769,839	3,306,719	3,394,311
Percent	3.50%	4.00%	4.70%	4.70%
Expenditure on Preservation	2,397,000	1,846,000	2,447,340	2,460,750
Percent	3.46%	2.67%	3.48%	3.41%
Total Value of Road Infrastructure	**69,220,302**	**69,245,982**	**70,355,715**	**72,219,384**

Table 37

ROAD ASSET EXPENDITURE– PROPOSED NEWLY CONSTITUTED LOCAL GOVERNMENT						
DESCRIPTION		**FORECAST**				
	2010-2011	**2011-2012**	**2012-2013**	**2013-2014**	**2014-2015**	**2015-2016**
Required Preservation Expenditure	14,853,893	15,448,049	16,065,971	16,708,610	17,376,954	18,072,032
Percent	4.70%	4.70%	4.70%	4.70%	4.70%	4.70%
Expenditure on Preservation	9,083,074	9,537,228	10,014,089	10,514,794	11,040,533	11,592,560
Percent	2.87%	2.90%	2.93%	2.96%	2.99%	3.01%
Total Value of Road Infrastructure	**316,040,277**	**328,681,888**	**341,829,164**	**355,502,330**	**369,722,423**	**384,511,320**

Loan Borrowings

The forecast borrowings are from the City of Geraldton-Greenough financial planning documents. The Shires of Mullewa and Chapman Valley have forecast no new borrowings.

Table 38

LOAN BORROWINGS – GERALDTON-GREENOUGH				
DESCRIPTION	**2007-2008**	**2008-2009**	**2009-2010**	**2010-2011**
Council raised for own works	11,147,787	9,701,762	10,692,750	24,768,523
Self Supporting	357,892	280,995	324,087	489,839
Existing Debt Levels	**11,505,679**	**9,982,757**	**11,016,837**	**25,258,362**

Table 39

LOAN BORROWINGS –MULLEWA				
DESCRIPTION	**2007-2008**	**2008-2009**	**2009-2010**	**2010-2011**
Council raised for own works	290,668	199,491	103,045	64,140
Self Supporting	0	0	0	0
Existing Debt Levels	**290,668**	**199,491**	**103,045**	**64,140**

Table 40

LOAN BORROWINGS – CHAPMAN VALLEY				
DESCRIPTION	**2007-2008**	**2008-2009**	**2009-2010**	**2010-2011**
Council raised for own works	210,701	337,630	724,355	689,171
Self Supporting	0	0	0	0
Existing Debt Levels	**210,701**	**337,630**	**724,355**	**689,171**

Table 41

LOW BORROWINGS – PROPOSED NEWLY CONSTITUTED LOCAL GOVERNMENT						
DESCRIPTION	**COMBINED**	**FORECAST - PRINCIPAL**				
	2010-2011	**2011-2012**	**2012-2013**	**2013-2014**	**2014-2015**	**2015-2016**
Principal Outstanding	25,521,834	40,388,051	43,746,280	20,079,703	15,461,010	9,842,317

Reserve Funds

The forecast reserve funds are from the City of Geraldton-Greenough financial planning documents.

Table 42

RESERVE FUNDS				
DESCRIPTION	**2007-2008**	**2008-2009**	**2009-2010**	**2010-2011**
Geraldton-Greenough	12,199,551	13,776,912	16,981,084	6,960,448
Mullewa	561,587	649,056	674,853	681,901
Chapman Valley	306,882	894,181	991,123	974,649
Total	**13,068,020**	**15,320,149**	**18,647,060**	**8,616,998**

Table 43

RESERVE FUNDS – PROPOSED NEWLY CONSTITUTED LOCAL GOVERNMENT						
DESCRIPTION	**COMBINED**	**FORECAST**				
	2010-2011	**2011-2012**	**2012-2013**	**2013-2014**	**2014-2015**	**2015-2016**
Cash Backed Reserves	8,616,998	7,223,809	13,142,355	21,995,921	38,315,458	43,467,932

Financial Position

- The financial forecast is based on prior year's percentage increases/decreases. The calculated forecast ratios are subjective but give some indication of the viability of the newly constituted local government.

- The budgeted forecast of a combined financial position shows a current ratio of 3.26 which is better than the benchmark level of >1.

Table 44

FINANCIAL POSITION – GERALDTON-GREENOUGH				
DESCRIPTION	**2007-2008**	**2008-2009**	**2009-2010**	**2010-2011**
Equity	**240,229,421**	**282,327,001**	**331,770,477**	**337,403,000**
Current Assets	26,655,581	18,170,425	21,451,880	9,350,080
Current Liabilities	(7,204,020)	(12,605,381)	(12,282,305)	(1,000,000)
Net Current Assets/Liabilities	19,451,561	5,565,044	9,169,575	8,350,080
Non Current Assets	231,452,864	283,417,544	331,441,142	338,069,965
Non Current Liabilities	(10,675,004)	(6,655,587)	(8,840,240)	(9,017,045)

Table 45

FINANCIAL POSITION – MULLEWA				
DESCRIPTION	**2007-2008**	**2008-2009**	**2009-2010**	**2010-2011**
Equity	**47,291,085**	**49,000,367**	**49,797,726**	**48,494,638**
Current Assets	2,955,007	3,997,555	3,638,367	1,297,366
Current Liabilities	(524,809)	(544,414)	(715,873)	(615,465)
Net Current Assets/Liabilities	2,430,198	3,453,141	2,922,494	681,901
Non Current Assets	45,063,649	45,664,044	47,025,888	47,966,406
Non Current Liabilities	(202,762)	(116,818)	(150,656)	(153,669)

Table 46

FINANCIAL POSITION – CHAPMAN VALLEY				
DESCRIPTION	**2007-2008**	**2008-2009**	**2009-2010**	**2010-2011**
Equity	**74,221,702**	**74,771,879**	**75,933,457**	**77,392,430**
Current Assets	1,008,296	1,564,139	1,650,930	1,427,149
Current Liabilities	(369,626)	(327,888)	(636,866)	(452,500)
Net Current Assets/Liabilities	638,670	1,236,251	1,014,064	974,649
Non Current Assets	73,748,638	73,890,620	75,543,898	77,054,776
Non Current Liabilities	(165,606)	(354,992)	(624,505)	(636,995)

Table 47

FINANCIAL POSITION – COMBINED	
DESCRIPTION	**COMBINED 2010-11**
Equity	**483,198,361**
Current Assets	12,074,595
Current Liabilities	(2,067,965)
Net Current Assets/Liabilities	10,006,630
Non Current Assets	482,999,440
Non Current Liabilities	(9,807,709)

Financial Ratios

- The City of Geraldton-Greenough and the Shires of Mullewa and Chapman Valley Debt Ratio, Rate's Coverage Ratio, Outstanding Rates Ratio, Gross Debt to Revenue Ratio and Gross Debt to Economically Realisable Assets Ratio are within acceptable benchmarks.

- The Shires of Mullewa and Chapman Valley ratios for the Untied Cash and Current Ratios are within acceptable benchmarks.

- The City of Geraldton-Greenough's Current Ratio is under the benchmark indicating insufficient liquidity. The Untied Cash to Trade Creditors Ratio is below the benchmark. An overdraft position was declared.

- An Underlying Result Ratio has been included for 2009/2010 which measures the degree a local government is generating revenue, after depreciation, to apply to future asset renewal.

- The City of Geraldton-Greenough and the Shire of Mullewa show ratios that indicate operating deficits which means that insufficient revenue is being generated to provide for operating expenses and the consumption of existing assets. Over the medium and longer term, if these ratios are not brought into line with acceptable benchmarks these local governments will experience difficulty in maintaining their asset base.

- The City of Geraldton-Greenough acknowledges the implications of maintaining its cash ratios at the level described below. The strategy to improve these ratios involves the review of its reserve levels which have been noted as being high and the utilisation of the cash flow expected from its land development activities which should yield in excess of $50 million over the next 5 years.

Table 48

FINANCIAL RATIOS – GERALDTON-GREENOUGH					
DESCRIPTION	**Bench Mark**	**2007-2008**	**2008-2009**	**2009-2010**	**AVERAGE**
Current	>1.0	0.06	0.21	0.30	0.19
Underlying Current				-0.07	
Untied Cash to Trade Creditors	>1.0	-0.36	0.25	1.00	0.30
Debt	<1.0	0.06	0.05	0.06	0.06
Debt Service	<0.10	0.14	0.08	0.09	0.10
Gross Debt to Revenue	<0.60	0.24	0.06	0.22	0.17
Gross Debt to Economically Realisable Assets	<0.30	0.13	0.04	0.09	0.09
Rate Coverage	>0.27	0.51	0.48	0.48	0.49
Outstanding Rates	<0.05	0.05	0.03	0.03	0.04

Table 49

FINANCIAL RATIOS – MULLEWA					
DESCRIPTION	**Bench Mark**	**2007-2008**	**2008-2009**	**2009-2010**	**AVERAGE**
Current	>1.0	2.27	3.38	2.21	2.62
Underlying Current				-0.19	
Untied Cash to Trade Creditors	>1.0	2.27	6.04	1.68	3.33
Debt	<1.0	0.02	0.01	0.02	0.02
Debt Service	<0.10	0.03	0.03	0.03	0.03
Gross Debt to Revenue	<0.60	0.08	0.05	0.03	0.05
Gross Debt to Economically Realisable Assets	<0.30	0.04	0.02	0.01	0.02
Rate Coverage	>0.27	0.31	0.26	0.30	0.29
Outstanding Rates	<0.05	0.06	0.07	0.06	0.06

Table 50

FINANCIAL RATIOS – CHAPMAN VALLEY					
DESCRIPTION	**Bench Mark**	**2007-2008**	**2008-2009**	**2009-2010**	**AVERAGE**
Current	>1.0	2.18	2.04	1.13	1.78
Underlying Current				0.08	
Untied Cash to Trade Creditors	>1.0	3.59	4.95	1.74	3.43
Debt	<1.0	0.01	0.01	0.02	0.01
Debt Service	<0.10	0.03	0.03	0.02	0.02
Gross Debt to Revenue	<0.60	0.06	0.11	0.18	0.12
Gross Debt to Economically Realisable Assets	<0.30	0.04	0.06	0.11	0.07
Rate Coverage	>0.27	0.29	0.28	0.34	0.31
Outstanding Rates	<0.05	0.03	0.03	0.03	0.03

Contracts, Leases and other Agreements

The City of Geraldton-Greenough and the Shire of Mullewa were asked to identify any contracts, leases or agreements which might be impacted by a recommendation supporting Proposal A.

Neither of these local governments identified any significant issues which would be impacted by an amalgamation, other than CEO salaries which must be dealt with in accordance with the relevant provisions of the *Local Government Act 1995*.

The City of Geraldton-Greenough advised that should any amalgamation occur, it would modify its current Collective Agreement to cover relevant employees.

Note: The question of contracts etc was also posed to the Shire of Chapman Valley as part of the Board's examination of Proposal B. There were no significant issues identified and it has been assumed that this would apply to Proposal A.

Summary

The financial analysis was undertaken on Proposal A as this was the Board's preferred option.

A detailed financial analysis was not undertaken in relation Proposal B as it was established in the early stages of the Inquiry that the boundary amendment included in Proposal B would have a significant and adverse impact on the Shire of Chapman Valley's viability as it would have reduced its income capacity by approximately $768,000 (not including grant income). It was estimated that the expenditure adjustment would be in the order of approximately $584,000 resulting in a shortfall of approximately $184,000.

The information contained in the financial analysis demonstrates that Proposal A, if recommended would result in a financially viable local government.

The City of Geraldton-Greenough's current ratio is somewhat of a concern as it indicated poor liquidity and raises questions about its short term funding capacity. The City has advised that this issue is being addressed through a review of its reserve levels and future cash flows from land developments which are estimated to yield in excess of $50m in the next five years.

The Shire of Chapman Valley and the Shire of Mullewa are reliant on grants to supplement their income base (refer Table 15 and 16) which is not uncommon for small rural local governments. The majority of their financial ratios, do however, fall within acceptable benchmarks.

8. CONCLUSION

This Inquiry presented a number of challenges due to the circumstances which lead to two separate proposals being submitted to the Board for consideration.

It was established in the early stages of the Inquiry that Proposal B was always going to be problematic, given the financial impact on the Shire of Chapman Valley.

There was no support from the public or key stakeholders for Proposal B due to the perceived impact on the operations of the Shire of Chapman Valley. The key stakeholders all expressed concerns with the area under consideration as a boundary amendment, although this was a minor consideration. The time frame associated with the project was a significant issue and one which was viewed as having a negative impact on the progress of the Oakajee Project from a contractual and planning perspective.

The City of Geraldton-Greenough wrote to the Board on 15 September 2010 proposing a reduction in the area of the boundary amendment within Proposal B. The Board considered the approach but decided not to take any further action on the matter.

Proposal A was the Board's preferred option, however the Shire of Chapman Valley's decision to postpone discussions on the amalgamation and consider a revised time frame of 2013 ultimately resulted in rejection of the proposal by the City of Geraldton-Greenough and the Shire of Mullewa.

The Board had no option but to consider both proposals concurrently and this was less than ideal due to the deteriorating relationship between the proponents. The public hearings were well attended, particularly in the Shire of Chapman Valley where sentiment for the amalgamation moved from one of support, to one of total rejection.

The financial analysis undertaken on Proposal A shows that the amalgamation of the three local governments could be achieved without any financial detriment to the new local government. From a reform perspective the amalgamation of the three local governments would be a logical outcome.

The Board recognises that structural reform initiatives such as amalgamations are voluntary and while it supports Proposal A, it would be forcing the Shire of Chapman Valley into an outcome that it no longer supports in the medium term.

While the Board could still progress a recommendation supporting Proposal A it could only do so in the knowledge that none of the proponents support such a recommendation.

The most appropriate outcome, given the circumstances outlined above, is a recommendation to amalgamate the City of Geraldton-Greenough with the Shire of Mullewa. The Board is aware that both of these local governments support such a recommendation and are keen to progress to amalgamation on 1 July 2011.

The Board supports the proposal to appoint a popularly elected mayor but does not support a ward structure whereby one councillor is allocated to each ward. The Board supports an interim ward structure which reflects the City of Geraldton-Greenough's existing ward structure and an additional ward (Mullewa Ward) which will comprise the existing district boundary of the Shire of Mullewa.

The Board supports the allocation of two councillors to each ward to ensure the stability of the Council. This ward structure should remain in place for a maximum period of two election cycles or 8 years when a ward review will be required under the relevant provisions of the Act.

As this recommendation is significantly different to the outcomes envisaged by either Proposal A of B, the Board must comply with the provisions of Clause 6(2) of Schedule 2.1 of the *Local Government Act 1995* which states –

> *The Advisory Board is not to recommend to the Minister the making of an order that is significantly different from the proposal into which it formally inquired unless the Board has —*
>
> *(a) given* notice to affected local governments, affected electors and the other electors of districts directly affected by the recommendation of its intention to do so;*
>
> *(b) afforded adequate opportunity for submissions to be made about the intended order; and*
>
> *(c) considered any submissions made.*
>
> ** Absolute majority required.*

This Report cannot be referred to the Minister for Local Government for consideration until the notice is given to affected local governments and affected electors and the Board has considered any submissions received.

9. RECOMMENDATIONS

Recommendation 1:

In accordance with Clauses 6 and 10A of Schedule 2.1 of the *Local Government Act 1995*, the Local Government Advisory Board recommends to the Minister for Local Government that orders be made to:

a) Abolish the City of Geraldton-Greenough and the Shire of Mullewa on 30 June 2011 and establish a new local government by amalgamating the former City and Shire from 1 July 2011.

b) Name the new local government the City of Greater Geraldton

c) Implement a ward structure comprising the existing ward structure and ward names of the City of Geraldton-Greenough and create a new ward to be named the Mullewa Ward, the boundary of which will be the district boundary of the Shire of Mullewa.

d) Specify that each ward will have two councillors, fourteen (14) in total with the Mayor to be elected by electors of the new local government.

Recommendation 2:

The Minister for Local Government consider appointing two commissioners from the elected members of the Council of Geraldton-Greenough and two commissioners from the elected members of the Council of the Shire of Mullewa.

Recommendation 3:

The Minister for Local Government consider the appointment of an independent Chair of Commissioners.

APPENDIX 1

Information Paper

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

INFORMATION PAPER

The Proposals for Amalgamation and Boundary Amendments involving the City of Geraldton-Greenough, Shire of Mullewa and Shire of Chapman Valley

June 2010

INFORMATION PAPER

The Proposals for Amalgamation and Boundary Amendments involving the City of Geraldton-Greenough, Shire of Mullewa and Shire of Chapman Valley

June 2010

Prepared by:

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All or part of this document may be copied. Due recognition of the source would be appreciated.

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THE PROPOSALS FOR AMALGAMATION AND BOUNDARY AMENDMENTS INVOLVING THE CITY OF GERALDTON-GREENOUGH, THE SHIRE OF MULLEWA AND THE SHIRE OF CHAPMAN VALLEY

This document has been prepared by the Local Government Advisory Board and is intended as a guide to the range of issues to be considered as part of its inquiry into the above proposals.

The Local Government Advisory Board (the Board) has received the following two amalgamation proposals:

A: A proposal for the amalgamation of the City of Geraldton-Greenough and the Shires of Chapman Valley and Mullewa.

B: A proposal for the amalgamation of the City of Geraldton-Greenough, Shire of Mullewa and part of the Shire of Chapman Valley (Oakajee Port Area).

Maps illustrating both proposals are included as attachments to this paper.

Proposal A aims to establish one local government entity for the region, comprising the area of the City of Geraldton-Greenough, the Shire of Chapman Valley and the Shire of Mullewa. A single local government will be better positioned to provide more effective service delivery to the region and an improved capacity to partner funding programs with the State and Commonwealth Government.

Proposal B aims to establish a single local government comprising the area of the City of Geraldton-Greenough, the Shire of Mullewa and part of the Shire of Chapman Valley. The benefits of this proposal are as identified in Proposal A.

The Board has resolved to inquire into both proposals concurrently. As part of the inquiry process, members of the public (individuals and groups) are invited to participate by attending public hearings. The dates and venues of the hearings are as follows:

PUBLIC HEARING

Shire of Mullewa	
Venue	Mullewa Recreation Centre Dining Room Mullewa
Date	Tuesday, 6 July 2010
Time	7.00pm – 9.00pm

PUBLIC HEARINGS

Shire of Chapman Valley	
Venue	Nabawa Community Centre Nabawa
Date	Wednesday, 7 July 2010
Time	7.00pm – 9.00pm
City of Geraldton-Greenough	
Venue	Council Chambers – City of Geraldton-Greenough Offices Cnr Sandford and Cathedral Avenue Geraldton
Date	Thursday, 8 July 2010
Time	7.00pm – 9.00pm

Note: public hearings provide an opportunity for the public and other interested parties to express their views on one or both proposals. This will be treated by the Board as a formal submission/s. ***It is not a forum for debate on the proposal.*** *The Board may also grant private hearings on request.*

The Board welcomes community participation in its inquiry. Written submissions can be mailed, faxed or e-mailed to the address below. There are two public submission forms (one for each proposal) included as an attachment to this paper that can be completed and returned to the Board.

Local Government Advisory Board
GPO Box R1250 PERTH WA 6844
Fax: (08) 9217 1555
E-mail: advisory.board@dlg.wa.gov.au

Submissions should be received by the Board by 4.00pm on Thursday, 5 August 2010.

For more information on completing a submission or the inquiry process, please contact Ross Earnshaw on 9217 1510 or ross.earnshaw@dlg.wa.gov.au or Ainslie Perrigo on 9217 1483 or ainslie.perrigo@dlg.wa.gov.au

BACKGROUND INFORMATION

In February 2009 the Minister for Local Government (the Minister) announced wide ranging local government reform strategies which included the opportunity for local governments to consider voluntary amalgamations.

Proposal A involves abolishing all three existing local governments and creating a new local government with external boundaries defined by the current boundaries of the existing local governments. The City of Geraldton-Greenough, the Shire of Mullewa and the Shire of Chapman Valley submitted a joint proposal in response to the State Government local government reform agenda.

On 21 January 2010, the Minister referred the proposal to the Board.

Proposal B was submitted to the Board on 26 March 2010 by the City of Geraldton-Greenough and the Shire of Mullewa. This proposal involves abolishing both the City of Geraldton-Greenough and the Shire of Mullewa and creating a new local government with external boundaries defined by the current boundaries of these local governments and part of the Shire of Chapman Valley identified as the Oakajee Port area (see attached maps).

The Board is a statutory body established under section 2.44 of the *Local Government Act 1995* (the Act) and is responsible for inquiring into proposals for amalgamations and boundary changes in accordance with Schedule 2.1 of the Act.

At its meeting of 8 April 2010, the Board resolved to conduct an inquiry into both proposals concurrently, in accordance with the provisions of Schedule 2.1 of the Act.

ASSESSING THE PROPOSAL

Under the Act, the Board is required to take into account the following factors when assessing proposals for amalgamations and boundary changes:

- Community of interests
- Physical and topographic features
- Demographic trends
- Economic factors
- The history of the area
- Transport and communication
- Matters affecting the viability of local governments, and
- The effective delivery of local government services.

The Board will consider these factors and any others it considers relevant to the inquiry including the name of the new local government, ward boundaries,

names of wards, the number of elected members and the method of electing the Mayor or Shire President.

GUIDING PRINCIPLES

The following information is intended as a guide to the range of issues the Board will take into account in its assessment. However, public submissions need not be limited by these factors and can address any area of interest relevant to the inquiry.

Community of Interests

Community of interests includes parts of a district that share common interests, values, characteristics and issues giving rise to a separate sense of identity or community. Factors contributing to a sense of identity or community include shared interests and shared use of community facilities. For example, sporting, leisure and library facilities create a focus for the community.

The use of shopping areas and the location of schools also act to draw people together with similar interests. This can also give indications about the direction that people travel to access services and facilities. The external boundaries of a local government need to reflect distinct communities of interest wherever possible.

Neighbourhoods, suburbs and towns are important units in the physical, historical and social infrastructure and often generate a feeling of community and belonging. The Board believes that wherever possible, it is inappropriate to divide these units between local governments.

Physical and Topographic Features

Physical and topographic features may be natural or man-made and will vary from area to area. They may include:

- water features (such as rivers)
- catchment boundaries
- coastal plains and foothills
- parks and reserves, and
- man-made features (such as railway lines or freeways).

These features can form identifiable boundaries and can also act as barriers to movement between adjoining areas. In many cases physical and topographical features are appropriate district and ward boundaries. The Board supports local government structures and boundaries that facilitate the integration of human activity and land use.

Demographic Trends

Local governments should consider the following characteristics when determining the demographics within its locality:

- population size
- population trends
- distribution by age
- gender, and
- occupation.

Current and projected population factors will be relevant as well as similarities and differences between areas within the local government.

Economic Factors

Economic factors can include any factor that reflects the character of economic activities and resources in the area including:

- industries within the local area
- distribution of community assets, and
- infrastructure.

History of the Area

The history of an area can be a relevant consideration, although the Board believes that in the majority of cases this will not be a primary justification for changing or retaining local governments and local government boundaries. The nature of historical ties between communities is important to understand, irrespective of where the local government boundaries lie.

A community within a local government may have a strong historical identity; alternatively there may be strong historical links between two or more communities in adjacent local governments. It is important to note that historical identity is not necessarily lessened if an area does not have its own local government.

Transport and Communication

The transport and communications linkages between towns and other areas may be a significant barrier to movement and therefore an appropriate boundary between local governments.

Consideration of the following factors is important in any assessment of local government boundaries:

- port access
- neighbouring towns
- railways, and
- major roads.

Matters Affecting the Viability of Local Governments

Local government should have a sufficient resource base:

- to be able to efficiently and effectively exercise its proper functions and delegated powers and operate facilities and services
- to be flexible and responsive in the exercise of its functions and powers and operation of its facilities and services
- to employ appropriate professional expertise and skills, and
- to be capable of embracing micro-economic reform.

Each local government should have a diverse and sufficient rate base to ensure that general purpose grants do not represent the major revenue source.

Effective Delivery of Local Government Services

A broad range of factors can be relevant to the effective delivery of local government services and these are often directly relevant to those that also affect the viability of local governments. They include:

- the size and geographical spread of the population
- management effectiveness and efficiency
- the availability of staff expertise, and
- appropriate infrastructure and equipment.

FINAL DECISION

On completion of its inquiry the Board will submit its inquiry report with recommendations to the Minister for Local Government for his consideration.

Should the Board recommend in favour of Proposal A or B, it must notify electors their right to petition the Minister for a poll on the recommendation. The poll provisions apply only to electors of amalgamating local governments, not to electors affected by a boundary amendment (Proposal B).

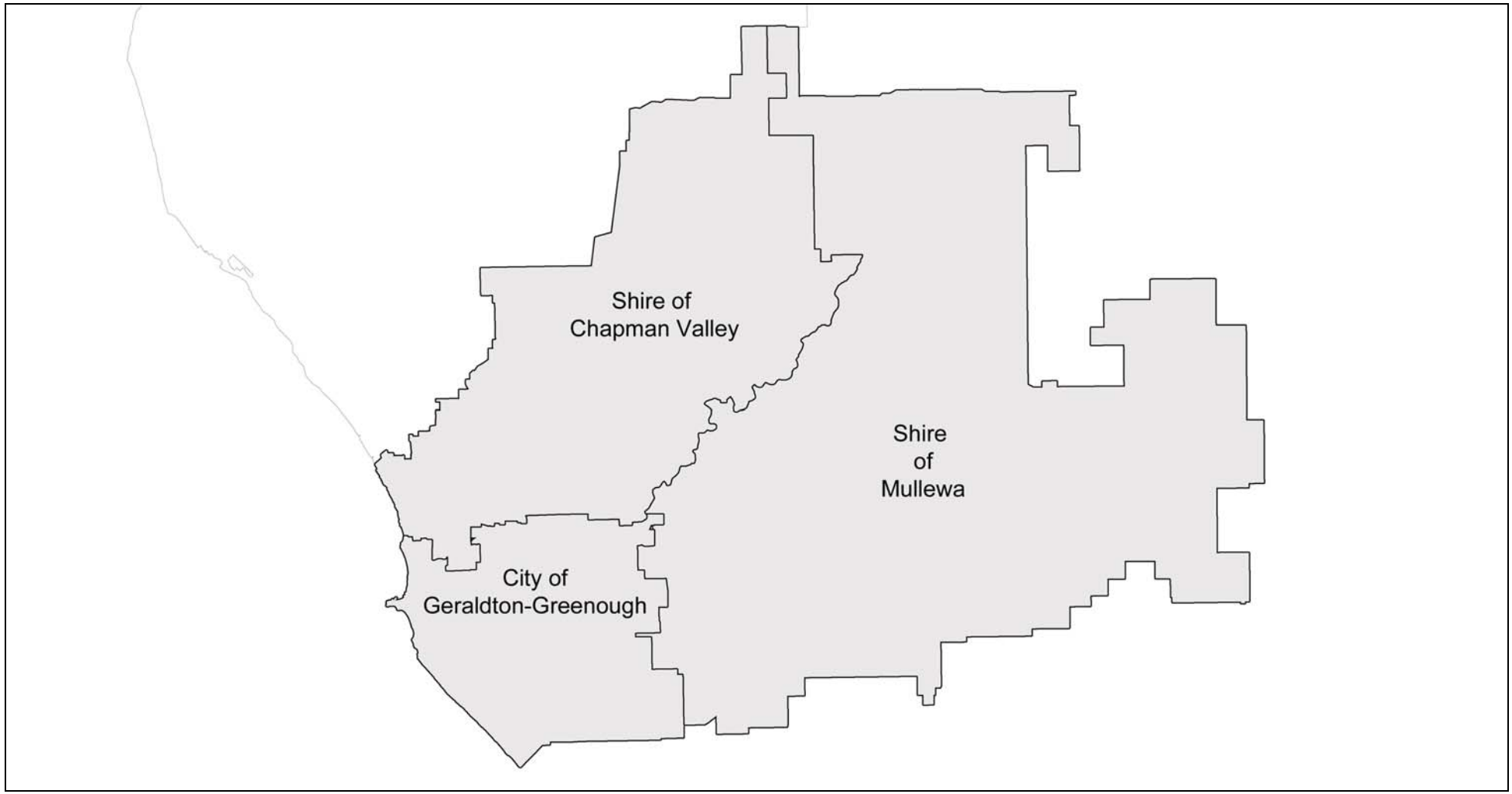
A valid petition must contain the signatures of either 250 or 10% (whichever is the lesser) of electors of one of the districts. If a petition contains the required number of signatures the Minister is required to put the Board's recommendation to a poll. A poll can be conducted in one or more of the affected local governments.

A valid poll requires at least 50% of electors of an affected local government to vote. If one or more of the polls returns a majority "no vote" for the Board's recommendation to amalgamate, the result is binding of the Minister and the amalgamation will not proceed.

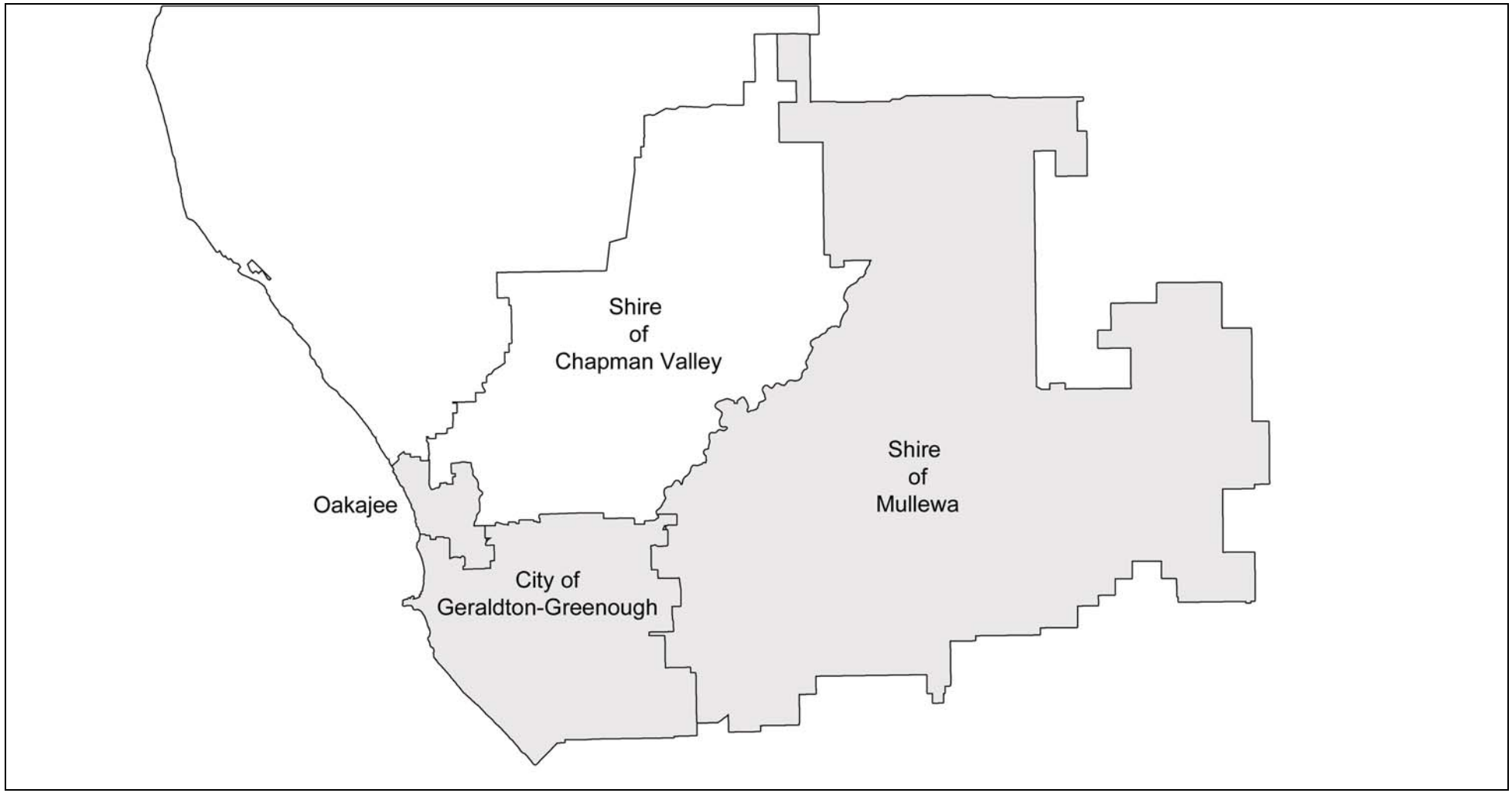
If a poll is not requested, is invalid or returns a majority "yes vote", the Minister can either accept or reject the Board's recommendation in favour of the amalgamation.

In the event that the Board recommends against an amalgamation or boundary amendment, the Minister must accept the recommendation and the amalgamation will not proceed.

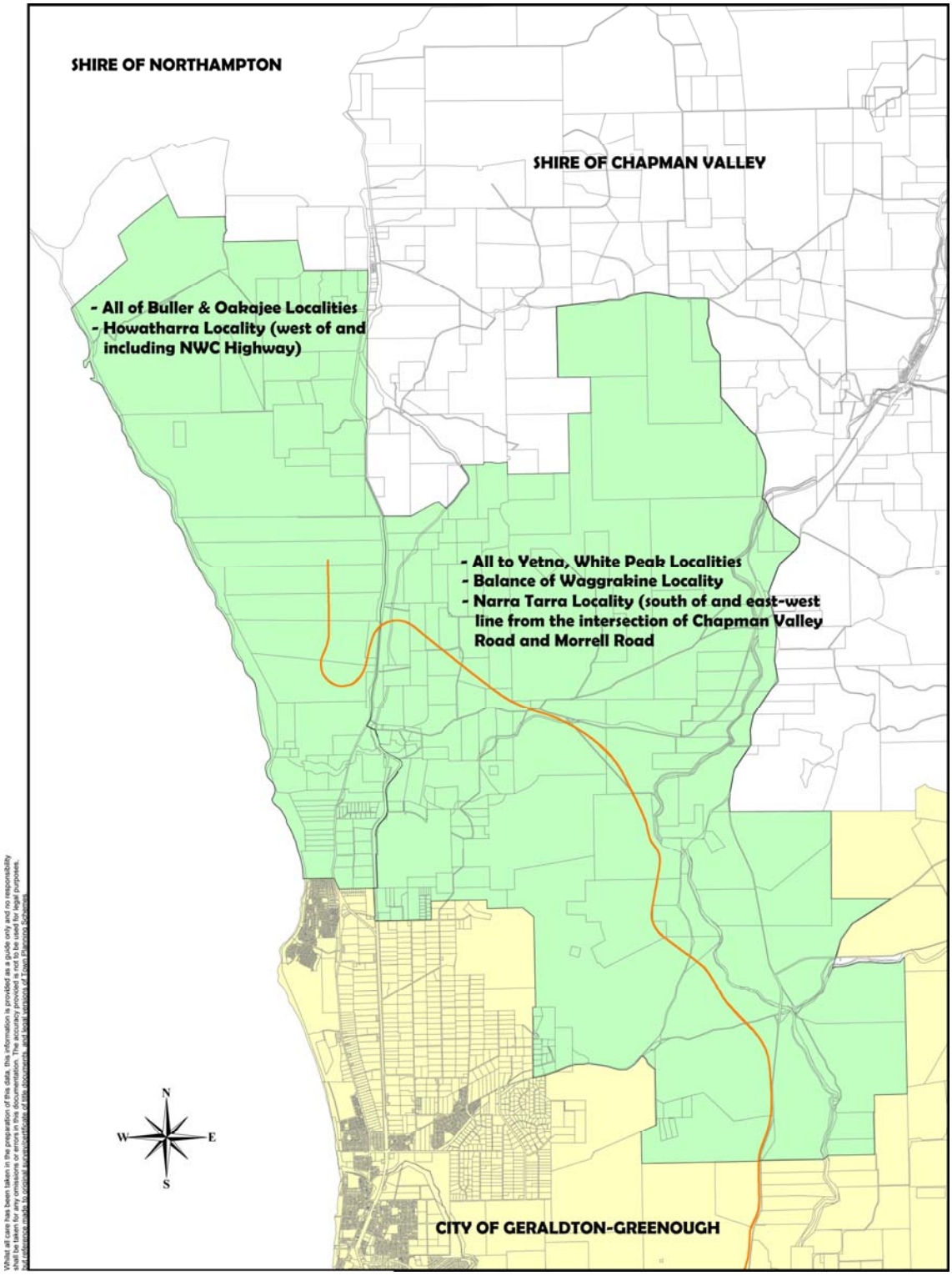
ATTACHMENT ONE: MAP OF PROPOSAL A



ATTACHMENT TWO: MAP OF PROPOSAL B



ATTACHMENT THREE: MAP OF OAKAJEE PORT AREA



* Map provided by the City of Geraldton-Greenough.

Government of **Western Australia**
Local Government Advisory Board

Public Submission Form – Proposal A

I/We _____
(Name)

Of _____
(Address)

PROPOSAL TO AMALGAMATE THE CITY OF GERALDTON-GREENOUGH AND THE SHIRES OF MULLEWA AND CHAPMAN VALLEY

Do you agree with the proposal? **Yes** **No**
(Please circle response)

Please provide reasons for your answer:

_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
(Please attach further documentation if required)

Any other comments:

_____
_____
_____
_____
_____
_____
_____

Signed: _____ Date: _____

Do you wish this information to remain private & confidential: **Yes** **No**

Please return submissions to:
Local Government Advisory Board
GPO Box R1250
PERTH WA 6844
Fax: 9217 1555
Email: advisory.board@dlg.wa.gov.au
By **4.00pm, Thursday 5 August 2010**

Government of **Western Australia**
Local Government Advisory Board

Public Submission Form – Proposal B

I/We _____
(Name)

Of _____
(Address)

PROPOSAL TO AMALGAMATE THE CITY OF GERALDTON-GREENOUGH, THE SHIRE OF MULLEWA AND PART OF THE SHIRE OF CHAPMAN VALLEY (OAKAJEE PORT AREA)

Do you agree with the proposal? **Yes** **No**
(Please circle response)

Please provide reasons for your answer:

_____
_____
_____
_____
_____
_____
_____
_____
_____

(Please attach further documentation if required)

Any other comments:

_____
_____
_____
_____
_____
_____
_____

Signed: _____ Date: _____

Do you wish this information to remain private & confidential: **Yes** **No**

Please return submissions to:
Local Government Advisory Board
GPO Box R1250
PERTH WA 6844
Fax: 9217 1555
Email: advisory.board@dlg.wa.gov.au
By **4.00pm, Thursday 5 August 2010**

APPENDIX 2

Notice of Inquiry

Government of **Western Australia**
Department of Local Government
Local Government Advisory Board

NOTICE OF FORMAL INQUIRY

NOTICE OF FORMAL INQUIRY INTO THE PROPOSALS FOR AMALGAMATION AND BOUNDARY AMENDMENTS INVOLVING THE CITY OF GERALDTON-GREENOUGH, THE SHIRE OF MULLEWA AND THE SHIRE OF CHAPMAN VALLEY

The Local Government Advisory Board (the Board) has received the following two proposals to amend the district boundaries of the City of Geraldton-Greenough, the Shire of Mullewa and the Shire of Chapman Valley:

Proposal A: Amalgamation of the City of Geraldton-Greenough, the Shire of Mullewa and the Shire of Chapman Valley.

Proposal B: Amalgamation of the City of Geraldton-Greenough with the Shire of Mullewa, including a boundary amendment involving part of the Shire of Chapman Valley (Oakajee Port Area).

The Board has resolved to conduct a formal inquiry into both proposals concurrently.

The Board is a statutory body established under section 2.44 of the *Local Government Act 1995* (the Act) and is responsible for inquiring into proposals for amalgamations and boundary changes in accordance with the provisions of Schedule 2.1 of the Act.

In undertaking a formal inquiry into the proposals the Board will take into consideration the following factors when making its assessment of the proposals:
Communities of interest; physical and topographic features; demographic trends; economic factors; the history of the area; transport and communication; matters affecting the viability of local governments; effective delivery of local government services; and any other matter considered relevant to the inquiry.

The Board invites public participation in this inquiry and has developed an information paper to assist interested parties in understanding the inquiry process and how to prepare submissions on the proposals.

The Board will be conducting public hearings on the dates, times and venues listed below:

Shire of Mullewa, Mullewa Recreation Centre Dining Room
Tuesday 6 July 2010, 7.00pm – 9.00pm

Shire of Chapman Valley, Nabawa Community Centre
Wednesday 7 July 2010, 7.00pm – 9.00pm

City of Geraldton-Greenough, Council Chambers, Geraldton
Thursday 8 July 2010, 7.00pm – 9.00pm

The Board may also grant private hearings on request. The public hearings provide an opportunity for the public and other interested parties to express their views on the proposal. The hearings are not a forum for debate on the proposals.

For further information on public or private hearings, making a written submission or to request an information paper, please contact:

Ross Earnshaw on Ph: (08) 9217 1510 or by email: ross.earnshaw@dlg.wa.gov.au or

Ainslie Perrigo on Ph: (08) 9217 1483 or by email: ainslie.perrigo@dlg.wa.gov.au

Alternatively, you can contact the Department of Local Government on freecall 1800 620 511.

The information paper and public submission forms are also available on the Board's website: www.dlg.wa.gov.au/AdvisoryBoard.

Written and email submissions must be forwarded to the:
Local Government Advisory Board
GPO Box R1250, PERTH WA 6844
Fax: (08) 9217 1555 or Email: advisory.board@dlg.wa.gov.au
The closing date and time for receipt of submissions is 4pm on Thursday, 5 August 2010.

adcorp F43122

APPENDIX 3

MEMORANDUM OF UNDERSTANDING

PROPOSAL A

MEMORANDUM OF UNDERSTANDING

ON THE VOLUNTARY STRUCTURAL REFORM

Parties to the Memorandum

1. The City of Geraldton-Greenough;
2. The Shire of Chapman Valley; and
3. The Shire of Mullewa

Intent

All Parties recognise the importance of a strong working relationship for the benefit of the region's economy and the wellbeing of the community.

All Parties place a high value on mutual cooperation and consultation on issues of common interest and which may affect one or other of these organisations.

Management

All Parties agree to set up a joint Transitionary Arrangements Management Committee consisting of:

- Two (2) Councillors of the City of Geraldton-Greenough;
- Two (2) Councillors of the Shire of Chapman Valley; and
- Two (2) Councillors of the Shire of Mullewa.

The Committee will obviate the need for Commissioners.

The Committee will also include the Three (3) Chief Executive Officers as Ex-officio members.

The City will provide the Secretariat and administrative support of the Committee.

The Committee will meet on no less than 4 times per annum and will be chaired on a rotational basis and will function on a consensus model.

The Terms of Reference for the Management Committee will be:

- to facilitate the transitionary arrangements for the amalgamation;
- to set up a framework and draft the Merged Entity 2010/11 Financial Year Budget;
- to set up the Plan for the Future for the emerged entity;
- to develop an employment structure for the commencement of the new entity;
- to consult with the community where required on key issues; and
- to report quarterly to the respective Local Government Councils on the status and outcomes of the Memorandum.

Review

All Parties agree that continual review, monitoring and reporting to the Memorandum is essential to maintaining its effectiveness. The Memorandum will require the Management Committee to report on a quarterly basis to the respective Councils on its operations.

Life of the Memorandum

All Parties acknowledge that the Memorandum will provide a framework for the transition through to the formal Amalgamation. All Parties agree that unless determined otherwise the Memorandum will be disbanded upon the election of the new merged Local Government Council.

Variations and New Initiatives to the Memorandum

All Parties acknowledge that for the Memorandum to remain as a living working document it must have the capacity to be reviewed, updated and amended. This can be achieved at any time by the mutual agreement and consent by all Parties.

Not a Legal Document or Contract

The Memorandum of Understanding can not be implied as, or applied as a legal document or formal instrument of contract. All Parties acknowledge and agree that no legal recourse can be sought from the application or otherwise of this document.
The intent is to provide a transparent and mutually agreed framework to assist with the ongoing relationship and communication between the City and the Port.

Commitments to the Memorandum

All Parties support for the voluntary amalgamation with the Shire(s) of Mullewa and Chapman Valley as identified in the Structural Reform Review of Syme Marmion & Co.

All parties acknowledge that the key to a successful merger is the application of the following key principles and outcomes:

a. Elected Representation
   i. an additional ward structure be considered based on the existing Shires boundaries;
   ii. each new ward have an allocation of one (1) Councillor; and
   iii. ward boundaries be retained for eight (8) years (or two terms) from the creation of the new entity.
b. Maintaining Local Identity
   i. development and support of a Revised Community Advisory Committee for Chapman Valley and Mullewa in accordance with the paper prepared by the Reform Steering Committee, June 2009, "options for community representation and maintaining local identity".;
   ii. review the opportunities for facilitating additional associations; and
   iii. a local office be maintained at Nabawa and Mullewa and headed by a Place Manager.
c. Maintaining Local Work Force
   i. a local office would be maintained by the new entity providing the following services:
      - Customer services;
      - Rates Collections;
      - Licensing;
      - Dog registrations;
      - Submissions for applications, licenses and public notices;
      - Outreach Library services;
      - Provision will also need to be considered for Community Liaison, Development, Landcare, Ranger Services as determined; and
      - In certain cases there will be consideration given for Indigenous Services and engagement.
   ii. The new entity may also consider implementing customer service centres future urban district centres; and
   iii. A depot would be maintained in Nabawa with the following functions:
      - Parks maintenance Crew (servicing open space in Nabawa, Nanson, Yuna and verge vegetation);
      - Road and drainage maintenance crew; and
      - Technical support capacity.
   iv. A depot would be maintained in Mullewa with the following functions:
      - Parks maintenance crew;
      - Roads and drainage maintenance crew;
      - Road construction crew; and
      - Technical support capacity.
d. Protecting Local Assets and Funding
   i. all assets will be managed and maintained in accordance to the best practice model of Aus-Spec in accordance with agreed Service Level Agreements;
   ii. all assets and infrastructure will be budgeted in accordance with the WAAMI principles through a 5 year budget process;
   iii. *all existing reserves and restricted funds would be maintained into the future for their* current specified purpose and within the prescribed boundaries; and
   iv. it is understood that both the Shires own houses in their respective communities. If a future Council changed the purpose or disposed of these properties all funds would be placed in a restricted fund/reserve for the purpose of special project and improvement with those communities.
e. Financial Assistance Grants
   i. the agreement of Local Government that for the purpose of assessing the Financial Assistance Grants the newly merged local governments will be assessed as the former City of Geraldton and Shire of Greenough and the additional merging Shires of Chapman Valley and Mullewa for a period of no less than five (5) years following the creation of the new local government; and
   ii. the agreement of the Government to contribute an amount of no less that $5Million (over an above any financial assistance grants or Royalties for Regions payments which would otherwise have been made available) to enable the improvements to infrastructure and information technology and communications to support the servicing of the distinct local communities.
f. Transitionary Arrangements
   i. that the dismissal of Councillors and use of Commissioners through the transitory period is not supported; and
   ii. that the current staffing and Executive Management be continued though the transitionary period.
g. Governors Orders
   i. the agreement of the Government to enshrine the commitments detailed as part of the Governors Orders or legislation as required to formalise the mergers.
h. Number of Elected Members
   It is proposed to reduce the total number of elected members to nine (9), effective from the first Local Government Election for the new district based on the following:
   i. governance arrangement set for a period of no less that (8) eight years following the first election;
   ii. retention of (6) six wards based on the existing City of Geraldton-Greenough with one (1) Councillor per ward;
   iii. creation of (2) two wards based on the existing Shires of Chapman Valley, Mullewa and with one (1) Councillor per ward; and
   iv. the election of a popularly elected Mayor.
i. Regional Grouping
   The participating Local Government confirm their intent to work collaboratively within a regional grouping comprising the local governments within the Batavia Region of Councils incorporating the Shires Chapman Valley, Northampton and Irwin and to also include the Shire of Mullewa.
j. Future Opportunity – Regional Governance
   The participating Local Governments give notice of their support for further investigations for a future Regional Local Model based on the voluntary merger of all the Northern Country Zone local governments into a single entity being conditional on the following principles:
   i. such a model be based on the discussion paper developed through the Northern Country Zone of WALGA;
   ii. the State Government agreeing to its own corresponding reform through the transfer of powers and service provisions currently provided by the State Government; and
   iii. the Minister for Local Government facilitating a Whole of Government Review through Cabinet to investigate and identify the processes and changes required to facilitate such a proposal as described in the discussion paper.

Execution of the Memorandum of Understanding

On this day Thursday 26 November 2009 the duly responsible signatories representing the Parties hereby Endorse and Give Effect to this Memorandum of Understanding

Cr I Carpenter
Mayor
City of Geraldton-Greenough

Mr A Brun
Chief Executive Officer
City of Geraldton-Greenough

Cr J Collingwood
President
Shire of Chapman Valley

Mr D Sellengor
Chief Executive Officer
Shire of Chapman Valley

Cr N Messina
President
Shire of Mullewa

Mr T Hartman
Chief Executive Officer
Shire of Mullewa

*Please see the following pages for a larger text version.

MEMORANDUM OF UNDERSTANDING
ON THE VOLUNTARY STRUCTURAL REFORM

Parties to the Memorandum

1. The City of Geraldton-Greenough;
2. The Shire of Chapman Valley; and
3. The Shire of Mullewa

Intent

All Parties recognise the importance of a strong working relationship for the benefit of the region's economy and the wellbeing of the community.

All Parties place a high value on mutual cooperation and consultation on issues of common interest and which may affect one or other of these organisations.

Management

All Parties agree to set up a joint Transitionary Arrangements Management Committee consisting of:

- Two (2) Councillors of the City of Geraldton-Greenough;
- Two (2) Councillors of the Shire of Chapman Valley; and
- Two (2) Councillors of the Shire of Mullewa.

The Committee will obviate the need for Commissioners.

The Committee will also include the Three (3) Chief Executive Officers as Ex-officio members.

The City will provide the Secretariat and administrative support of the Committee.

The Committee will meet on no less than 4 times per annum and will be chaired on a rotational basis and will function on a consensus model.

The Terms of Reference for the Management Committee will be:

- to facilitate the transitionary arrangements for the amalgamation;
- to set up a framework and draft the Merged Entity 2010/11 Financial Year Budget;
- to set up the Plan for the Future for the emerged entity;
- to develop an employment structure for the commencement of the new entity;
- to consult with the community where required on key issues; and
- to report quarterly to the respective Local Government Councils on the status and outcomes of the Memorandum.

Review

All Parties agree that continual review, monitoring and reporting to the Memorandum is essential to maintaining its effectiveness. The Memorandum will require the Management Committee to report on a quarterly basis to the respective Councils on its operations.

Life of the Memorandum

All Parties acknowledge that the Memorandum will provide a framework for the transition through to the formal Amalgamation. All Parties agree that unless determined otherwise the Memorandum will be disbanded upon the election of the new merged Local Government Council.

Variations and New Initiatives to the Memorandum

All Parties acknowledge that for the Memorandum to remain as a living working document it must have the capacity to be reviewed, updated and amended. This can be achieved at any time by the mutual agreement and consent by all Parties.

Not a Legal Document or Contract

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The Intent is to provide a transparent and mutually agreed framework to assist with the ongoing relationship and communication between the City and the Port.

mmitments to the Memorandum

All Parties support for the voluntary amalgamation with the Shire(s) of Mullewa and Chapman Valley as identified in the Structural Reform Review of Syme Marmion & Co.

All parties acknowledge that the key to a successful merger is the application of the following key principles and outcomes:

a. Elected Representation
   i. an additional ward structure be considered based on the existing Shires boundaries;
   ii. each new ward have an allocation of one (1) Councillor; and
   iii. ward boundaries be retained for eight (8) years (or two terms) from the creation of the new entity.
b. Maintaining Local Identity
   i. development and support of a Revised Community Advisory Committee for Chapman Valley and Mullewa in accordance with the paper prepared by the Reform Steering Committee, June 2009, "options for community representation and maintaining local identity".;
   ii. review the opportunities for facilitating additional associations; and
   iii. a local office be maintained at Nabawa and Mullewa and headed by a Place Manager.
c. Maintaining Local Work Force
   i. a local office would be maintained by the new entity providing the following services:
      - Customer services;
      - Rates Collections;
      - Licensing;
      - Dog registrations;
      - Submissions for applications, licenses and public notices;
      - Outreach Library services;
      - Provision will also need to be considered for Community Liaison, Development, Landcare, Ranger Services as determined; and
      - In certain cases there will be consideration given for Indigenous Services and engagement.

ii. The new entity may also consider implementing customer service centres future urban district centres; and
iii. A depot would be maintained in Nabawa with the following functions:
- Parks maintenance Crew (servicing open space in Nabawa, Nanson, Yuna and verge vegetation);
- Road and drainage maintenance crew; and
- Technical support capacity.

iv. A depot would be maintained in Mullewa with the following functions:
- Parks maintenance crew;
- Roads and drainage maintenance crew;
- Road construction crew; and
- Technical support capacity.

d. Protecting Local Assets and Funding
i. all assets will be managed and maintained in accordance to the best practice model of Aus-Spec in accordance with agreed Service Level Agreements;
ii. all assets and infrastructure will be budgeted in accordance with the WAAMI principles through a 5 year budget process;
iii. *all existing reserves and restricted funds would be maintained into the future for their* current specified purpose and within the prescribed boundaries; and
iv. it is understood that both the Shires own houses in their respective communities. If a future Council changed the purpose or disposed of these properties all funds would be placed in a restricted fund/reserve for the purpose of special project and improvement with those communities.

e. Financial Assistance Grants
i. the agreement of Local Government that for the purpose of assessing the Financial Assistance Grants the newly merged local governments will be assessed as the former City of Geraldton and Shire of Greenough and the additional merging Shires of Chapman Valley and Mullewa for a period of no less than five (5) years following the creation of the new local government; and
ii. the agreement of the Government to contribute an amount of no less that $5Million (over an above any financial assistance grants or Royalties for Regions payments which would otherwise have been made available) to enable the improvements to infrastructure and information technology and communications to support the servicing of the distinct local communities.

f. Transitionary Arrangements
i. that the dismissal of Councillors and use of Commissioners through the transitory period is not supported; and
ii. that the current staffing and Executive Management be continued though the transitionary period.

g. Governors Orders
i. the agreement of the Government to enshrine the commitments detailed as part of the Governors Orders or legislation as required to formalise the mergers.

h. Number of Elected Members
It is proposed to reduce the total number of elected members to nine (9), effective from the first Local Government Election for the new district based on the following:
i. governance arrangement set for a period of no less that (8) eight years following the first election;
ii. retention of (6) six wards based on the existing City of Geraldton-Greenough with one (1) Councillor per ward;
iii. creation of (2) two wards based on the existing Shires of Chapman Valley, Mullewa and with one (1) Councillor per ward; and
iv. the election of a popularly elected Mayor.

i. Regional Grouping
The participating Local Government confirm their intent to work collaboratively within a regional grouping comprising the local governments within the Batavia Region of Councils incorporating the Shires Chapman Valley, Northampton and Irwin and to also include the Shire of Mullewa.

j. Future Opportunity – Regional Governance
The participating Local Governments give notice of their support for further investigations for a future Regional Local Model based on the voluntary merger of all the Northern Country Zone local governments into a single entity being conditional on the following principles:

i. such a model be based on the discussion paper developed through the Northern Country Zone of WALGA;
ii. the State Government agreeing to its own corresponding reform through the transfer of powers and service provisions currently provided by the State Government; and
iii. the Minister for Local Government facilitating a Whole of Government Review through Cabinet to investigate and identify the processes and changes required to facilitate such a proposal as described in the discussion paper.

Execution of the Memorandum of Understanding

On this day Thursday 26 November 2009 the duly responsible signatories representing the Parties hereby Endorse and Give Effect to this Memorandum of Understanding

Cr I Carpenter
Mayor
City of Geraldton-Greenough

Geraldton-Greenough
Climate of Opportunity

Mr A Brun
Chief Executive Officer
City of Geraldton-Greenough

Cr J Collingwood
President
Shire of Chapman Valley

Mr D Sellenger
Chief Executive Officer
Shire of Chapman Valley

Cr N Messina
President
Shire of Mullewa

mullewa
an everlasting outlook

Mr T Hartman
Chief Executive Officer
Shire of Mullewa

APPENDIX 4

MEMORANDUM OF UNDERSTANDING

PROPOSAL B

MEMORANDUM OF UNDERSTANDING
ON THE VOLUNTARY STRUCTURAL REFORM

Parties to the Memorandum

1. The City of Geraldton-Greenough; and
2. The Shire of Mullewa

Intent

Both Parties recognise the importance of a strong working relationship for the benefit of the region's economy and the wellbeing of the community.

Both Parties place a high value on mutual cooperation and consultation on issues of common interest and which may affect one or other of these organisations.

Previous Agreements

This Agreement supersedes and voids the previous Memorandum of Understanding signed on 26th November 2009.

Management

Both Parties agree to set up a joint Transitionary Arrangements Management Committee consisting of:

- Two (2) Councillors from the City of Geraldton-Greenough; and
- Two (2) Councillors from the Shire of Mullewa.

The Committee will obviate the need for Commissioners.

The Committee will also include the Two (2) Chief Executive Officers as Ex-officio members.

The City will provide the Secretariat and administrative support for the Committee.

The Committee will meet on no less than 4 times per annum and will be chaired on a rotational basis and will function on a consensus model.

The Terms of Reference for the Management Committee will be:

- to facilitate the transitionary arrangements for the amalgamation;
- to set up a framework and draft the Merged Entity 2010/11 Financial Year Budget;
- to set up the Plan for the Future for the emerged entity;
- to develop an employment structure for the commencement of the new entity;
- to consult with the community where required on key issues; and
- to report quarterly to the respective Local Government Councils on the status and outcomes of the Memorandum.

Review

Both Parties agree that continual review, monitoring and reporting to the Memorandum is essential to maintaining its effectiveness. The Memorandum will require the Management Committee to report on a quarterly basis to the respective Councils on its operations.

Life of the Transitionary Committee

Both Parties acknowledge that the Memorandum will provide a framework for the transition through to the formal Amalgamation. Both Parties agree that unless determined otherwise the Transitionary Committee will be disbanded upon the creation of the new merged Local Government Council.

Variations and New Initiatives to the Memorandum

Both Parties acknowledge that for the Memorandum to remain as a living working document it must have the capacity to be reviewed, updated and amended. This can be achieved at any time by the mutual agreement and consent by both Parties.

Not a Legal Document or Contract

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The intent is to provide a transparent and mutually agreed framework to assist with the ongoing relationship and communication between both Parties.

Commitments to the Memorandum

Both Parties support the voluntary amalgamation.

Both parties acknowledge that the essential and conditional elements to a successful voluntary merger is the application of the following key principles and outcomes:

a. the merger of the entire Shire of Mullewa and the City of Geraldton-Greenough and the transfer from the Shire of Chapman Valley, via Ministerial Boundary Adjustments effective as soon as practical or no later than 1 July 2011 to the newly merged entity the following localities:
   i. all of Buller, Oakajee, Yetna and White Peak;
   ii. the balance of Waggrakine;
   iii. all land in Howatharra west of (and including) the North West Coastal Highway; and
   iv. all land in Narra Tarra south of (and east-west line from) the intersection of Chapman Valley Road and Morrell Road.

b. Elected Representation
   i. an additional ward structure be considered based on the existing Shire of Mullewa boundary;
   ii. each ward shall have an allocation of two (2) Councillor; and
   iii. ward boundaries be retained for eight (8) years (or two terms) from the creation of the new entity.

c. Maintaining Local Identity
   i. development and support of a Revised Community Advisory Committee for Mullewa in accordance with the paper prepared by the Reform Steering Committee, June 2009, "options for community representation and maintaining local identity".;
   ii. review the opportunities for facilitating additional associations; and
   iii. a local office shall be maintained at Mullewa and headed by a Place Manager.

d. Maintaining Local Work Force
   i. a local office would be maintained at Mullewa townsite by the new entity providing the following services:
      - Customer services;
      - Rates Collections;
      - Licensing;
      - Dog registrations;
      - Submissions for applications, licenses and public notices;
      - Outreach Library services;
      - Provision will also need to be considered for Community Liaison, Development, Landcare, Ranger Services as determined; and
      - In certain cases there will be consideration given for Indigenous Services and engagement.
      - The new entity may also consider implementing customer service centres and/or future urban district centres across the new local government area;
   ii. A depot would be maintained in Mullewa with the following functions:
      - Parks maintenance crew;
      - Roads and drainage maintenance crew;
      - Road construction crew; and
      - Technical support capacity.

e. Protecting Local Assets and Funding
   i. all assets will be managed and maintained in accordance to the best practice model of Aus-Spec in accordance with agreed Service Level Agreements;
   ii. all assets and infrastructure will be budgeted in accordance with the WAAM! principles through a 5 year budget process;
   iii. all existing reserves and restricted funds would be maintained into the future for their current specified purpose and within the originally prescribed geographic boundaries; and
   iv. it is understood that the Shire of Mullewa owns houses in their community. If a future Council changed the purpose or disposed of these properties all funds would be placed in a restricted fund/reserve for the purpose of special projects and improvements within the proposed Mullewa ward.

f. Financial Assistance Grants
   i. the agreement of Local Government that for the purpose of assessing the Financial Assistance Grants the newly merged local governments will be assessed as the former City of Geraldton and Shire of Greenough and the additional merging Shire of Mullewa for a period of no less than five (5) years following the creation of the new local government;
   ii. the agreement of the Government to contribute an amount of no less that $5Million (over an above any financial assistance grants or Royalties for Regions payments which would otherwise have been made available) to enable the improvements to infrastructure and information technology and communications to support the servicing of the distinct local communities; and
   iii. the Government to contribute an additional $2.23 million, being the amount of funding cut from the 2009/10 financial year from the Country Local Government Fund.

g. Policy implications
   i. The City of Geraldton-Greenough and the Shire of Mullewa put in place a set of structural reform policies that reflect principles agreed in the MOU in relation to:
      - maintaining local identify;
      - maintaining local work force;
      - protecting local assets and funding;
      - untied road funding grants; and
      - financial assistance grants.

h. Transitionary Arrangements
   i. that the dismissal of Councillors and use of Commissioners through the transitory period is not supported and that we have in place two elected members from the City of Geraldton-Greenough and two from Shire of Mullewa;
   ii. however, if commissioners are required then the group should consist of two commissioners from the current City of Geraldton- Greenough and two from the Shire of Mullewa and one other government appointed commissioner; and
   iii. that the current staffing and Executive Management be continued though the transitionary period.

i. New Merged Council
   i. The newly merged Council is to take effect as of 1 July 2011.

j. Governors Orders
   i. the agreement of the Government to enshrine the commitments detailed within this MOU as part of the Governors Orders or legislation as required to formalise the mergers.

k. Number of Elected Members
   It is proposed to reduce the total number of elected members to fifteen (15), effective from the first Local Government Election for the new district based on the following:
   i. governance arrangement set for a period of no less that (8) eight years following the first election;
   ii. retention of (6) six wards within the City of Geraldton-Greenough comprising two (2) Councillor per ward;
   iii. creation of (1) one ward based on the existing Shire of Mullewa local government area comprising two (2) Councillors for this ward;
   iv. the extension of the Chapman Ward to incorporate all properties west of the North West Coastal Highway in the former Shire of Chapman Valley;
   v. the extension of the Hills Ward to incorporate all the properties to the east of the North West Coastal Highway in the former Shire of Chapman Valley; and
   vi. the election of a popularly elected Mayor.

l. Regional Grouping
   the newly merged entity shall be defined as being a Regional Group in its own right and funded in accordance with the Country Local Government Fund;

m. Future Opportunity – Regional Governance
   Both Local Governments give notice of their support for further longer term investigations for a future Regional Local Model based on the voluntary merger of all the Northern Country Zone local governments into a single entity being conditional on the following principles:
   i. such a model be based on the discussion paper developed through the Northern Country Zone of WALGA;
   ii. the State Government agreeing to its own corresponding reform through the transfer of powers and service provisions currently provided by the State Government; and
   iii. the Minister for Local Government facilitating a Whole of Government Review through Cabinet to investigate and identify the processes and changes required to facilitate such a proposal as described in the discussion paper.

Execution of the Memorandum of Understanding

On this 27 March 2010 the duly responsible signatories representing the Parties hereby Endorse and Give Effect to this Memorandum of Understanding.

Cr I Carpenter Mayor City of Geraldton-Greenough	Geraldton-Greenough Climate of Opportunity	Mr A Brun Chief Executive Officer City of Geraldton-Greenough
Cr N Messina President Shire of Mullewa	mullewa an overlooking nature	Mr T Hartman Chief Executive Officer Shire of Mullewa

**Please see the following pages for a larger text version.*

MEMORANDUM OF UNDERSTANDING
ON THE VOLUNTARY STRUCTURAL REFORM

Parties to the Memorandum

1. The City of Geraldton-Greenough; and
2. The Shire of Mullewa

Intent

Both Parties recognise the importance of a strong working relationship for the benefit of the region's economy and the wellbeing of the community.

Both Parties place a high value on mutual cooperation and consultation on issues of common interest and which may affect one or other of these organisations.

Previous Agreements

This Agreement supersedes and voids the previous Memorandum of Understanding signed on 26th November 2009.

Management

Both Parties agree to set up a joint Transitionary Arrangements Management Committee consisting of:

- Two (2) Councillors from the City of Geraldton-Greenough; and
- Two (2) Councillors from the Shire of Mullewa.

The Committee will obviate the need for Commissioners.

The Committee will also include the Two (2) Chief Executive Officers as Ex-officio members.

The City will provide the Secretariat and administrative support for the Committee.

The Committee will meet on no less than 4 times per annum and will be chaired on a rotational basis and will function on a consensus model.

The Terms of Reference for the Management Committee will be:

- to facilitate the transitionary arrangements for the amalgamation;
- to set up a framework and draft the Merged Entity 2010/11 Financial Year Budget;
- to set up the Plan for the Future for the emerged entity;
- to develop an employment structure for the commencement of the new entity;
- to consult with the community where required on key issues; and
- to report quarterly to the respective Local Government Councils on the status and outcomes of the Memorandum.

Review

Both Parties agree that continual review, monitoring and reporting to the Memorandum is essential to maintaining its effectiveness. The Memorandum will require the Management Committee to report on a quarterly basis to the respective Councils on its operations.

Life of the Transitionary Committee

Both Parties acknowledge that the Memorandum will provide a framework for the transition through to the formal Amalgamation. Both Parties agree that unless determined otherwise the Transitionary Committee will be disbanded upon the creation of the new merged Local Government Council.

Variations and New Initiatives to the Memorandum

Both Parties acknowledge that for the Memorandum to remain as a living working document it must have the capacity to be reviewed, updated and amended. This can be achieved at any time by the mutual agreement and consent by both Parties.

Not a Legal Document or Contract

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The intent is to provide a transparent and mutually agreed framework to assist with the ongoing relationship and communication between both Parties.

Commitments to the Memorandum

Both Parties support the voluntary amalgamation.

Both parties acknowledge that the essential and conditional elements to a successful voluntary merger is the application of the following key principles and outcomes:

a. the merger of the entire Shire of Mullewa and the City of Geraldton-Greenough and the transfer from the Shire of Chapman Valley, via Ministerial Boundary Adjustments effective as soon as practical or no later than 1 July 2011 to the newly merged entity the following localities:
    i. all of Buller, Oakajee, Yetna and White Peak;
    ii. the balance of Waggrakine;
    iii. all land in Howatharra west of (and including) the North West Coastal Highway; and
    iv. all land in Narra Tarra south of (and east-west line from) the intersection of Chapman Valley Road and Morrell Road.
b. Elected Representation
    i. an additional ward structure be considered based on the existing Shire of Mullewa boundary;
    ii. each ward shall have an allocation of two (2) Councillor; and
    iii. ward boundaries be retained for eight (8) years (or two terms) from the creation of the new entity.
c. Maintaining Local Identity
    i. development and support of a Revised Community Advisory Committee for Mullewa in accordance with the paper prepared by the Reform Steering Committee, June 2009, "options for community representation and maintaining local identity".;
    ii. review the opportunities for facilitating additional associations; and
    iii. a local office shall be maintained at Mullewa and headed by a Place Manager.
d. Maintaining Local Work Force
    i. a local office would be maintained at Mullewa townsite by the new entity providing the following services:
        - Customer services;
        - Rates Collections;
        - Licensing;
        - Dog registrations;
        - Submissions for applications, licenses and public notices;
        - Outreach Library services;
        - Provision will also need to be considered for Community Liaison, Development, Landcare, Ranger Services as determined; and

ii. The new entity may also consider implementing customer service centres future urban district centres; and
iii. A depot would be maintained in Nabawa with the following functions:
- Parks maintenance Crew (servicing open space in Nabawa, Nanson, Yuna and verge vegetation);
- Road and drainage maintenance crew; and
- Technical support capacity.

iv. A depot would be maintained in Mullewa with the following functions:
- Parks maintenance crew;
- Roads and drainage maintenance crew;
- Road construction crew; and
- Technical support capacity.

d. Protecting Local Assets and Funding
i. all assets will be managed and maintained in accordance to the best practice model of Aus-Spec in accordance with agreed Service Level Agreements;
ii. all assets and infrastructure will be budgeted in accordance with the WAAMI principles through a 5 year budget process;
iii. *all existing reserves and restricted funds would be maintained into the future for their* current specified purpose and within the prescribed boundaries; and
iv. it is understood that both the Shires own houses in their respective communities. If a future Council changed the purpose or disposed of these properties all funds would be placed in a restricted fund/reserve for the purpose of special project and improvement with those communities.

e. Financial Assistance Grants
i. the agreement of Local Government that for the purpose of assessing the Financial Assistance Grants the newly merged local governments will be assessed as the former City of Geraldton and Shire of Greenough and the additional merging Shires of Chapman Valley and Mullewa for a period of no less than five (5) years following the creation of the new local government; and
ii. the agreement of the Government to contribute an amount of no less that $5Million (over an above any financial assistance grants or Royalties for Regions payments which would otherwise have been made available) to enable the improvements to infrastructure and information technology and communications to support the servicing of the distinct local communities.

f. Transitionary Arrangements
i. that the dismissal of Councillors and use of Commissioners through the transitory period is not supported; and
ii. that the current staffing and Executive Management be continued though the transitionary period.

g. Governors Orders
i. the agreement of the Government to enshrine the commitments detailed as part of the Governors Orders or legislation as required to formalise the mergers.

h. Number of Elected Members
It is proposed to reduce the total number of elected members to nine (9), effective from the first Local Government Election for the new district based on the following:
i. governance arrangement set for a period of no less that (8) eight years following the first election;
ii. retention of (6) six wards based on the existing City of Geraldton-Greenough with one (1) Councillor per ward;
iii. creation of (2) two wards based on the existing Shires of Chapman Valley, Mullewa and with one (1) Councillor per ward; and
iv. the election of a popularly elected Mayor.

i. Regional Grouping
The participating Local Government confirm their intent to work collaboratively within a regional grouping comprising the local governments within the Batavia Region of Councils incorporating the Shires Chapman Valley, Northampton and Irwin and to also include the Shire of Mullewa.

j. Future Opportunity – Regional Governance
The participating Local Governments give notice of their support for further investigations for a future Regional Local Model based on the voluntary merger of all the Northern Country Zone local governments into a single entity being conditional on the following principles:

i. such a model be based on the discussion paper developed through the Northern Country Zone of WALGA;
ii. the State Government agreeing to its own corresponding reform through the transfer of powers and service provisions currently provided by the State Government; and
iii. the Minister for Local Government facilitating a Whole of Government Review through Cabinet to investigate and identify the processes and changes required to facilitate such a proposal as described in the discussion paper.

Execution of the Memorandum of Understanding

On this day Thursday 26 November 2009 the duly responsible signatories representing the Parties hereby Endorse and Give Effect to this Memorandum of Understanding

Cr I Carpenter
Mayor
City of Geraldton-Greenough

Geraldton-Greenough
Climate of Opportunity

Mr A Brun
Chief Executive Officer
City of Geraldton-Greenough

Cr J Collingwood
President
Shire of Chapman Valley

Mr D Sellenger
Chief Executive Officer
Shire of Chapman Valley

Cr N Messina
President
Shire of Mullewa

mullewa
an everlasting outlook

Mr T Hartman
Chief Executive Officer
Shire of Mullewa

- NOTES -

If you would like more information
please contact us.

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