

Shire of Broome Capacity Audit

Business Case

Project Number 3602-71

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Cover photograph of Cable Beach, Broome, courtesy of Tony Gilmour.

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Glossary

DAP	Development Application Panel
DLG	Department of Local Government
DoP	Department of Planning
EMS	Environmental Management Services
FIFO	Fly-in Fly-out
KLC	Kimberley Land Council
ILUA	Indigenous Land Use Agreements
ISA	Integrated Service Arrangement
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
Mtpa	Million tonnes per annum
MoU	Memorandum of Understanding
MRWA	Main Roads WA
RCG	Regional Collaborative Group
RNTBC	Registered Native Title Body Corporate
RTG	Regional Transition Group
SAR	Strategic Assessment Report
WA	Western Australia

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1 INTRODUCTION

The Shire of Broome is facing unprecedented change in its operating environment resulting largely from drivers outside of its control. The drivers are complex, with significant interaction between them. While a number of influences can be identified, the following drivers are the most significant:

- Development of the Browse Liquefied Natural Gas (LNG) field and associated land based precinct at James Price Point;
- Transfer of the responsibility for service provision in Indigenous communities to the Shire of Broome;
- Signing of the Yawuru Native Title Agreement which has released significant land for development;
- Legislative changes and local government reform; and
- Broome North residential and industrial development.

The Shire of Broome has appointed Cardno in association with Elton Consulting to assess the Shire's capacity requirements over the next ten years. This is to enable the Shire to mitigate the impacts of increased economic growth and increased demand for service delivery in its region.

This Business Case forms the final output of this capacity audit project. It identifies initiatives to mitigate the impact of these drivers, evaluates the efficacy of these initiatives and presents a plan for implementing the preferred alternatives.

The initiatives include actions that will be self-funded by the Shire of Broome and which are aimed at improving the Shire's capacity and organisational efficiency.

However, given that the impacts to be faced by the Shire are due to external drivers sponsored by the State and Commonwealth governments, it is equitable that initiatives required due to actions directly driven by external parties, be funded by these external parties.

In this regard, the Business Case will form the basis of funding submissions by the Shire of Broome to the Western Australia State Treasury and other organisations.

The research and evaluation completed has been rigorous, involving two interim reports:

- Report on Initial Findings, March 2011; and
- Capacity Evaluation, May 2011.

These reports have been used as the basis for three workshops held with senior Shire staff. The project has also included a series of interviews with stakeholders and consultation with Shire Councillors. This Business Case has been prepared with reference to:

- *Strategic Asset Management Framework Options Analysis*, Western Australia Department of Treasury and Finance, Exposure Draft, 2010;
- *Business Case Guidelines*, Western Australia Department of Treasury and Finance, 2005; and
- Industry best practice.

1.1 OVERVIEW

This Business Case includes three parts which define the problem, assess alternative options, and consider how the preferred option is to be put in place, as shown in Figure 1-1.

The options assessed in this Business Case typically involve operating expenditure which realises benefits that cannot be readily expressed in monetary terms. Therefore the evaluation of options is largely qualitative, though based on an in-depth assessment of the initiatives.

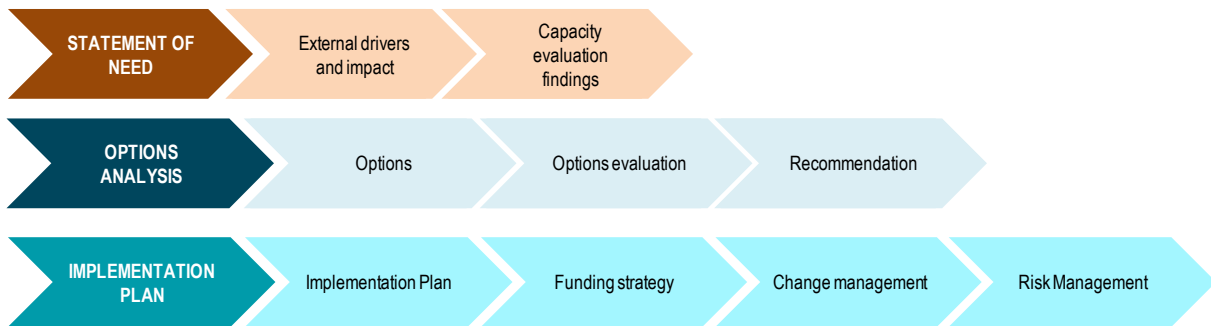


Figure 1-1 - Overview of business case structure

2 STATEMENT OF NEED

2.1 INTRODUCTION

The next decade will present significant challenges to the Shire of Broome as the Browse LNG field, and associated land based precinct at James Price Point, is developed; the Shire assumes responsibility for delivering services to Indigenous communities; and other reform and regulatory impacts take effect.

The most important drivers that will impact on the Shire over the next decade and the Shire's capacity to manage them have been described in the Capacity Evaluation report which preceded this Business Case. The Capacity Evaluation report forms a comprehensive Statement of Need. The following sections are a summary of the Capacity Evaluation report.

2.2 EXTERNAL DRIVERS AND THEIR IMPACT ON THE SHIRE OF BROOME

2.2.1 Browse LNG development

Browse Basin is an area located in the Indian Ocean northwest of the Kimberley region. The basin is reported to be able to support production of up to 35 – 50 Million tonnes per annum (Mtpa) of LNG. The State Government of Western Australia has proposed to develop an onshore LNG precinct to process natural gas from the Browse Basin gas fields ('the Precinct'), which would be located on a greenfield site on the south-western extremity of the Dampier Peninsula, approximately 60 kilometres north of Broome. The Precinct would be close to James Price Point and would be operated to process gas and associated products with an LNG production capacity of up to 50Mtpa.

The Department of State Development has recently released a Strategic Assessment Report for public comment which provides a high level assessment including social factors of the proposed development of the Precinct. Individual project proponents will also need to complete strategic assessments for their specific developments at James Price Point.

With the signing of the Goolarabooloo-Jabirr Jabirr Native Title Agreement in May 2011, a significant obstacle to the development of the on-shore facilities at James Price Point has been overcome. The Native Title Agreement relates to an area of 3,500 hectares encompassing the project site designated by the State Government. While the completion of this Native Title Agreement is an important precursor to development at James Price Point, significant State and Commonwealth approvals are still to be granted.

Natural gas from Browse Basin will be piped from the gas field through an undersea pipeline to onshore liquefaction plants. These plants will consist of gas processing 'trains', which produce LNG, condensate (light oil) and Liquefied Petroleum Gas (LPG) products; storage tanks to collect the LNG after processing, condensate tanks and LPG storage tanks.

The Precinct will also include a port area, consisting of jetties and berths for LNG, LPG and condensate tankers and a materials off-take facility for landing heavy equipment and supplies, and providing berths for tug boat operations.

In addition, a range of infrastructure, such as a water supply network, wastewater treatment facility, roads, offices and a construction camp, is also proposed to be developed to service the Precinct. The detail of the infrastructure to be located on site, or to provide access to the site, is still to be confirmed.

The James Price Point LNG facility will have significant and varied impacts on the Broome region and on the Shire of Broome Council (the Shire or the Council). There will be significant changes in employment and Shire demographics, with a significant increase in median working age, numbers of male workers and a Fly-in Fly-out (FIFO) itinerant workforce. These changes will impact on the services provided by the Council.

There will be an increase in private sector activities to provide products and services to the LNG Precinct, or in support of the corresponding population growth as a result of the development. The increase in population will increase demand for both Council and State Government services. Other impacts are likely to include:

- General environmental impacts such as vegetation clearing, water runoff, sediment deposition etc.
- Altered fire regimes;
- Improvements in road network to service the Precinct will lead to greater access to areas with current limited access, increasing visitations;
- Noise, atmospheric emissions, light spill and vibrations have potential for offsite impacts – also potential visual impact;
- Groundwater abstraction – if abstraction was required for the Precinct;
- Local population increases;
- Increased demand for labour;
- Use of infrastructure and services associated with increased activity;
- Impact on tourism through loss of access to areas, conflicting demand for accommodation, staff and services, etc;
- Increased demand for sport and recreational activities including fishing;
- Waste management – with increased demand for waste management facilities;
- Increased salaries and cost of living and housing prices; and
- Provision of services to the Precinct.

The impacts detailed above largely occur in the development and operational phases of the Browse LNG Precinct. However, there is additional significant impact on the Council currently and in the short to medium term in preparing, reviewing, contributing to and consulting on State strategic plans and mitigation strategies related to the development. For example, responding to the Strategic Assessment Report and providing information to the community.

The Strategic Assessment Report proposes several further investigations and mitigation strategies to be led by the Shire of Broome Council, or for which the Council is a key stakeholder and/or contributor.

While this development is still to be formally confirmed, some impacts on the community are already being felt, for example through property speculation and demand for industrial land.

2.2.2 Transfer of service provision in Indigenous communities to the Shire

In 2006 the Government of Western Australia and the Commonwealth Government signed a *Bilateral Agreement on Indigenous Affairs*. This Agreement commits each government to increased effort in Indigenous affairs, and includes a provision for local governments to take responsibility for providing local government services for Aboriginal communities.

The Western Australia State Government aims to transfer responsibility for service provision to Aboriginal communities to local government in a staged manner between 2014 and 2016. To determine the scope of the services to be provided to the communities, and the associated costs, the State Government is currently funding local governments to undertake investigations into the Aboriginal community infrastructure located in their operating areas and the level of services currently provided.

The Shire of Broome Council is currently undertaking this scoping and costing investigation. This study will quantify the existing infrastructure in the communities and determine the future likely costs of supporting this infrastructure and providing services.

In this initial phase of planning and preparing for the transfer of service provision responsibility, the following activities are likely to need to be undertaken by the Shire Council (in addition to the scoping and costing study which is currently underway):

- Consulting with Indigenous communities and stakeholders, particularly existing service providers;
- Determining the governance arrangements for management of the communities, service provision levels and an appropriate service delivery model. This is likely to require the appointment by the Council of an Integration Manager;
- Reviewing existing community spatial plans to determine the adequacy of planning and engineering and to identify environmental constraints; and
- Capital expenditure on infrastructure assets to bring them to compliance level. Additionally, land purchases will be required to create road reserves, easements, etc.

Following transfer of service provision responsibility, the Council will need to address the following impacts:

- Increased operating expenditure will be needed to fund service provision which will not be supported by rates recovery, requiring recurrent State government subsidies. The State has indicated that it will provide these necessary subsidies, though details have not been agreed. Funding for asset renewal and replacement will also need to be agreed;
- The Council will be liable to pay for cultural heritage approvals from the Traditional Owners prior to undertaking works and sourcing materials. This is a new impact on the Council that is created by the transfer of responsibility; and
- Additional staff and administration will need to be employed by the Council. This will have secondary impact, through increased demand on Council facilities such as office space, use of the works depot and demands on IT infrastructure.

The most significant financial impact of the transfer of service provision responsibility is funding the ongoing operating costs for services in the Indigenous communities. It is difficult to estimate the quantum of annual costs as there are many factors to account for including the nature and scope of the services provided. However,

preliminary analysis completed as part of this project indicates that the annual operating cost of serving the Indigenous communities in the Shire of Broome will be of the order of \$10-25 million, based on an approximate population of 2,000 persons.

2.2.3 Yawuru Native Title Agreement

The 2006 Rubibi (Yawuru) Native Title determination grants Native Title rights over an area of approximately 5,297 square kilometres of land and sea in the Kimberley Region (which includes the Broome township) to the Yawuru community. Subsequent to this determination, and following lengthy negotiations, in 2010 the Yawuru and Commonwealth Government representatives finalised two key agreements which provide security for the future of the Yawuru community, and unimpeded development of land in and around Broome for the next 25 years. The Indigenous Land Use Agreements (ILUAs) *'give expression to the determination of Native Title by the Federal Court of Australia and allow for the future development of Broome whilst also recognising and protecting Aboriginal heritage and the environment and providing compensation to the Yawuru Community for the loss and impairment of Native Title rights and interests'*.¹

The *Yawuru Area Agreement ILUA* and the *Yawuru Prescribed Body Corporate ILUA* resolve issues arising from the Native Title determination. Perhaps most importantly, these Agreements effectively release Government from any liability for further compensation in relation to those claims, and resolve heritage issues affecting land required for future development in and around Broome, thereby making land available for new housing construction.

Nyamba Buru Yawuru Ltd (a body corporate under the Corporations Act) is the organisation formed to receive and manage the assets and monies granted to the Yawuru people following the determination of Native Title in August 2010. Nyamba Buru Yawuru Ltd acts on behalf of the Yawuru Registered Native Title Body Corporate (RNTBC). A Prescribed Body Corporate under the Native Title Act 1993 (Cth), is a corporation established by Native Title holders to represent them and manage their Native Title rights and interests that have been determined to exist.

Through the Agreements, land has been freed for future development including:

- Residential (490 hectares);
- Tourism (28 hectares);
- Heavy and light industry (400 hectares);
- A future airport (957 hectares); and
- A further 100 hectares of determined exclusive Native Title land adjoining Coconut Wells also included as development land in the Agreement.

As Native Title holders, the Yawuru people have the right to compensation. In exchange for the extinguishing of Native Title and providing the government with the above mentioned land, the Yawuru are to receive monetary benefits in the vicinity of \$55 million, and about \$140 million in land.

As a signatory to the Yawuru Native Title Agreement, the Shire of Broome Council is well informed of the detail and extent of the land transfers outlined in the ILUAs. The Agreements are important to the Shire as they have

¹ Yawuru Area Agreement Land Use Agreement – Broome (2010)

been designed to allow the future development of Broome township, where previously development was constrained by a shortage of freehold land.

The Yawuru Native Title Agreement will impact on the Shire Council in the following ways:

- Planning and building approvals (and subdivision referrals) will be processed by the Council for the residential, commercial and industrial developments sponsored by Nyamba Buru Yawuru Ltd. Some areas of their land may also need re-zoning or Structure Plan approvals;
- The Council's planning officers will need to support Nyamba Buru Yawuru Ltd, particularly on strategic planning issues for land outside the current township area; and
- There will be increased assets under Council management, including parks, roads, street lighting, street furniture, stormwater and drainage as a result of developments carried out on Yawuru land. These assets will create a demand on Council resources for their operation, maintenance and renewal.

The additional demands on the Shire of Broome Council's capacity detailed above will be offset in part by increased rates revenue from properties developed on Yawuru land.

2.2.4 Broome North residential development

Broome North is a 700 hectare development area approximately 4 kilometres north of the existing Broome town site to the east of Cable Beach and to the north of the airport and the Roebuck Bay Estate . It is in the early stages of development. The gross subdividable area is 592 hectares which will be supported by 52 hectares of public open space. The project will provide the majority of Broome's medium to long-term residential land supply, and is estimated to ultimately house up to 13,000 people. In addition to residential land, the development will provide land for retail/commercial development, light industrial development, tourism, schools, public open space, parks and community facilities.

The State Government's land development agency, LandCorp, is responsible for land and infrastructure development at Broome North. LandCorp's role is to masterplan the development and oversee the necessary planning approvals and sales.

The Council has been involved in the planning process for Broome North. Pursuant to the Shire of Broome Town Planning Scheme, the Council required LandCorp to prepare a Local Development Plan before supporting subdivision.

The first residential land in Broome North was released early in 2011. This comprised 77 residential lots in the Waranyjarri Estate. An on-line registration of interest approach was used to manage this release.

While the stated aim of the Broome North development is to meet the medium to long term housing needs in Broome, LandCorp has not committed to a timetable for releasing land to the public. LandCorp note that releases will be dependent 'on market conditions' and 'is expected to take more than 20 years'².

LandCorp's current position as the most substantial holder of developable land in Broome means that, in addition to its stated approach of releasing land in response to market conditions, it is able to help create those market conditions to which it will respond. However, this near monopoly position is likely to change as more residential land becomes available through the Yawuru Native Title Agreement.

² <http://www.landcorp.com.au/project/broomenorth/feature/?nid=4&type=90#>

The development of Broome North will have the following impacts on the Shire of Broome Council:

- Planning and building approvals (and subdivision referrals) will need to be processed by Council staff for the residential and commercial land releases over the project's life span. However, the likely volume of approvals is not anticipated to be significantly higher than the approximately 150 lots currently processed by the Council each year;
- Increased assets such as parks, roads, street lighting, street furniture, stormwater and drainage will come under the management of the Council. These assets create demand on Council resources for their operation, maintenance and renewal; and
- There will be increased service requirements for rubbish collection, occupancy certification etc.

The additional demands on the Shire of Broome's capacity relating to infrastructure management and service provision will be offset in part by increased rates revenue. However, under the Western Australian Land Authority Act 1992, LandCorp does not have to pay rates on the land it holds, with rates only being payable once lots are created. Therefore, where land is developed but not sold to a private owner, no rates will be being paid to the Council.

Negotiations are currently in progress regarding the level of contributions LandCorp will make to the Council to fund community facilities. Initially, the Council had estimated that the required contribution would be in the order of \$50million. However, LandCorp has proposed a much lower figure of \$20 million.

2.2.5 Local government reform

In February 2009, the State Government released a local government reform strategy with the aim of implementing structural change and also improving business planning practices in local government. The Department of Local Government identified the reform as an opportunity *'to establish a stronger, more viable structure that better reflects the needs of our changing communities and our growing, modern and diverse State'*³.

The four key objectives of the reform are to:

- Amalgamate local government areas, where possible and appropriate;
- Reduce the number of Councillors to a maximum of ten per Council;
- Encourage a greater focus on regional long-term planning; and
- Strengthen the ability of local governments to deliver services to their communities.

While the reform process is voluntary, State Government encourages local governments to investigate the relevance and appropriateness of an amalgamation with their neighbouring Councils, to form either a Regional Transition Group (RTG) or Regional Collaborative Group (RCG).

The Shire of Broome entered into an agreement to form a RCG with the Shires of Derby-West Kimberley, Halls Creek and Wyndham-East Kimberley on 2 September 2010 to work collectively to achieve regional goals across the Kimberley region. The purpose of an RCG is to identify opportunities to collaborate and share core functions and services with neighbouring local governments without transitioning to an amalgamated Council. Functions and services could potentially include:

³ Regional Collaboration Group Information Sheet. Department of Local Government, Western Australia. Available at: <http://dlg.wa.gov.au/OpenFile.ashx?Mode=446E37686749376A356D684D2B6E6D6D4D6E555273773D3D&ContentID=70322F56346446684D31453D>

- Corporate services, including records, rating, finance, information technology, human resources and payroll, workforce planning;
- Strategic planning;
- Local laws, town planning schemes, integrated strategic planning (asset, financial and strategic community planning);
- Environmental health, natural resource management, building and development approvals;
- Economic development;
- Community planning (including engagement and representation);
- Road infrastructure and transport planning;
- Waste management; and
- Infrastructure planning and asset management.

The Council's participation in the West Kimberley RCG creates an immediate and short to medium term requirement to commit resources to ensure success of the Group. Given the nature of the Group's work, this commitment is required largely from the Shire of Broome's executive.

The Kimberley RCG is currently in the process of documenting a business plan for submission to the Department of Local Government which will assess whether a shared service arrangement would be beneficial to the region. There is a potential transfer of responsibility for delivery of certain services to the Kimberley RCG.

2.2.6 Legislative reform

In addition to the local government reform process, the following items of legislation important to the operation of the Shire of Broome are currently undergoing change:

- Health Act 1911 - this existing Act is currently being replaced with the Public Health Bill currently before Western Australia's parliament.
- (New) Building Act 2011 - the Building Bill is likely to come in to force as the Building Act 2011 later in 2011. This Act will replace the Building Regulations 1989 and parts of the Local Government (Miscellaneous Provisions) Act 1960. The Act will confirm the responsibility of local governments as the authority for issuing building permits. However, the Act will allow privately registered building surveyors to certify design compliance,
- The Food Act 2009 has recently been implemented. This piece of legislation regulates the sale of food in Western Australia and provides food safety regulation over the entire food supply chain.
- Development Application Panel (DAP) Regulation 2011 – establishes regional panels for assessing significant planning applications.

Legislative reform will have the following impacts on the Shire of Broome Council:

- The revised Food Act and Health Act require mandatory action from Council. In the short term, this is likely to create a resource challenge, particularly for staff and vehicles. Over the medium to long term, the challenge is likely to be a disproportionate increase in commercial premises compared to the resident/rateable population driven by the Browse LNG development. This disproportionate

increase in regulated premises to rateable population is likely to be a financial burden to the Council. The Council has already completed a large amount of work implementing the new Food Act.

- The implications of the Building Act are uncertain. The Council must maintain its building certification capability but there is opportunity to receive support from the private sector. However, it is not known whether the private sector will adequately be able to provide this service within the Shire.
- The impact of the establishment of Development Assessment Panels is uncertain, but is likely to include more comprehensive reporting and coordination requirements.

2.3 FINDINGS OF CAPACITY EVALUATION

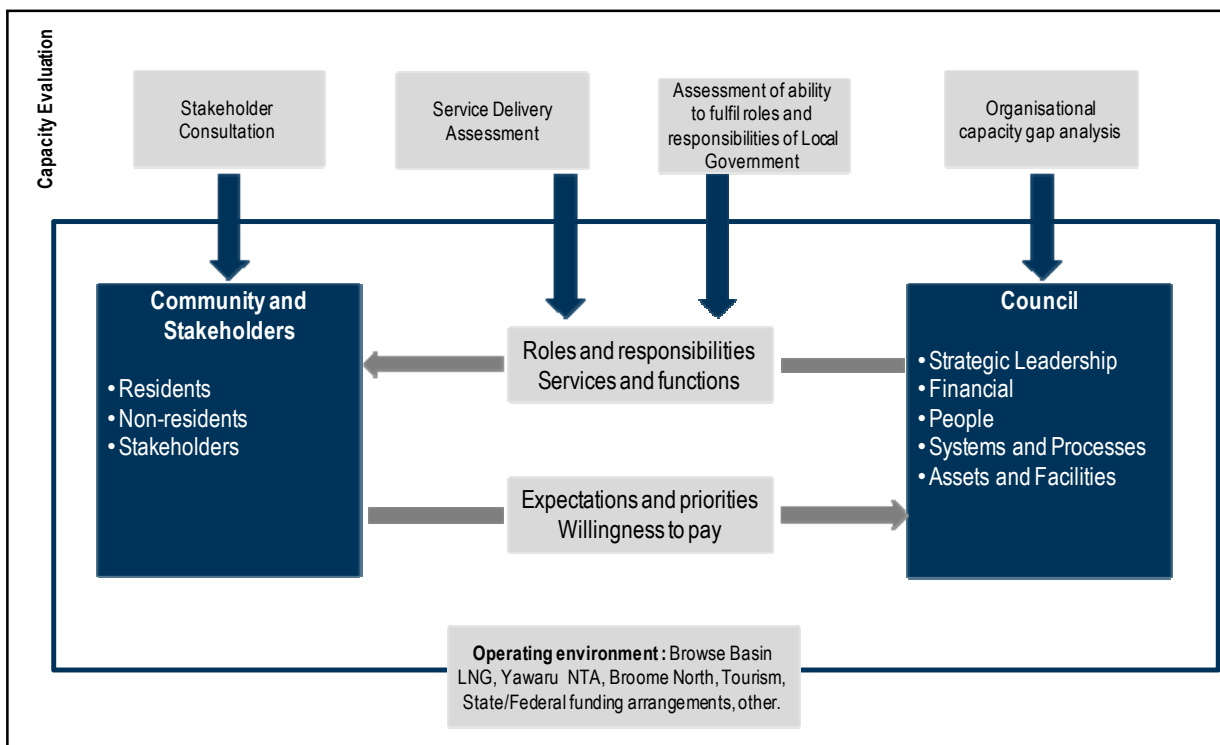
2.3.1 Methodology

The methodology employed to assess the capacity of the Shire of Broome Council to respond to and manage developments over the next ten years considers several key components of the interaction between local government and the community it serves. These are:

- *Stakeholder consultation* – views from State agencies, community groups and private organisations who are important stakeholders in the Council’s activities;
- *Assessment against the roles and responsibilities of local government* – a review of the Shire of Broome Council’s ability to fulfil the roles and responsibilities expected of it; and
- *Service delivery assessment* – evaluation of the Council’s performance in providing necessary services, and additional services desired by the community.

The methodology is illustrated in Figure 2-1:

Figure 2-1 - Capacity evaluation methodology



2.3.2 Findings from stakeholder consultation

To assist in understanding the performance of the Council and to provide context to its operating environment, stakeholders from State Government agencies, community interest groups and private operators were interviewed. The Stakeholders consulted included individuals from the following organisations:

- Broome Chamber of Commerce
- Broome Port Authority
- Kimberley Land Council
- Department of Housing and Works
- Chamber of Minerals and Energy of Western Australia
- Department of Planning
- Foundation Housing
- Woodside Energy Ltd
- Department of State Development
- LandCorp
- Nyamba Buru Yawuru Ltd
- Tourism WA
- Kimberley Development Commission

Based on the consultation undertaken with stakeholders, it is concluded that:

- There is strong recognition by key State agencies of the pressure that the Shire of Broome is facing due to the establishment of the Browse Basin LNG industry and other developments;
- Government and private sector stakeholders are concerned to ensure the Shire of Broome Council has the capacity to facilitate the development of the James Price Point precinct;
- Developments in the Shire will increase pressure on Council's planning resources, and the Shire Council needs to establish its strategic planning framework to assist in managing these developments;
- Some stakeholders believe that the Council can do more to provide leadership to nurture community identity and economic development, and should engage more with the community to determine the social, cultural, community and physical infrastructure required for the future of Broome based on values shared by the community; and
- Organisations that deal with the Shire on an operational basis have sound working relationships with Council officers, though there is perhaps a need for the relationships to be more formally documented, for example through signing Memoranda of Understanding (MoUs).

2.3.3 Roles and responsibilities of local government

To provide more definition to the less tangible aspects of the responsibilities of local government not set out in legislation, the Shire of Broome's services were reviewed against 'Declaration on the role of Australian Local Government' of the Local Government Association of Australia. This declaration sets out the roles and responsibilities to which 'all Australian local governments should aspire to in their efforts to achieve a more effective democratic process and secure the environmental, social and economic wellbeing of their constituents'.

The review found that the Council's ability to fulfil crucial roles and responsibilities expected of it will be impacted by the industrial developments occurring in the region over the next decade. The roles and responsibilities considered to be most critically impacted are the ability for the Council to:

- Exercise local autonomy;
- Provide leadership and advocacy;
- Foster local identity and civic pride; and
- Facilitate community development.

These conclusions are aligned with several conclusions drawn from the stakeholder consultation where it was noted that some believe the Council should provide increased leadership and engage more with the community to determine the infrastructure required for the future of Broome based on the community's shared values.

2.3.4 Service delivery assessment

Local government is required to deliver services to its community to meet legislative requirements and to fulfil community expectations. In its role as service provider, local government can be seen as a value chain that identifies service requirements, determines how best to provide these services, and then delivers these services.

An assessment of the Shire of Broome against this service delivery model was undertaken. However, a local government reform process is currently in process in Western Australia which includes initiatives aimed at improving aspects of local government service delivery therefore the assessment completed was broadly only to prevent overlaps with this reform process. The assessment identified the following initiatives for the Council to pursue to improve service delivery:

- Review operating expenditure on discretionary services;
- Formalise levels of service; and
- Implement service delivery strategies.

2.3.5 Organisational capacity gap analysis

The gap analysis in this report examines the Shire of Broome's organisational capacity in the face of changes in its operating environment over the next ten years. Capacity shortfalls have been identified due to both external drivers and the Council's current operating practices. The identified capacity shortfalls are summarised below.

Strategic Leadership

- The community expects the Council to take a more proactive role to set the future direction of the Shire;
- The Council requires significant current and short term resources to undertake the strategic planning and consultation identified in the Browse LNG Strategic Assessment Report; and
- The Council needs to establish the community's desired level of service provision for discretionary services so that it is able to ensure that these services are financially sustainable into the future.

People

- Increased demand for the Council's staff may lead to higher employment costs or a level of understaffing; and
- The Council lacks strategic resources in key areas that would help plan for the Shire's future, and have flow-on effects in reducing workload on operational staff. Furthermore, several operational areas are short-staffed and require additional resources to meet day to day demands.

Systems and processes

- Some staff within the Council experience difficulties with Synergysoft which impacts on their effectiveness. The reasons for these problems need to be established, and solutions found; and
- Few business areas have documented operating procedures.

Assets and facilities

- The Council needs to work to ensure that it maintains its in-house and externally sourced roads maintenance and construction skill base and receives adequate State funding;
- Establishing desired levels of service for the discretionary services provided by the Council based on community priorities will provide a framework to manage costs;
- Upgrade or relocation of the works depot should be investigated as it will assist engineering operations to work more effectively; and
- The Council has completed numerous studies into a new solid waste facility. To progress the delivery of the new landfill, a fulltime project officer should be employed.

Financial

- Current trends point to a declining financial sustainability over the next few years which will continue trends seen over recent years.

3 OPTIONS ANALYSIS

3.1 INTRODUCTION

The Statement of Need in Section 2 describes the challenges faced by the Shire of Broome Council over the next decade. The Options Analysis now proposes and evaluates options for mitigating the impact of these challenges.

The three options presented for evaluation are broad responses that include numerous individual initiatives. Each option represents a differing strategic approach by the Council, ranging from concentrating on 'business as usual' and being reactive to external change, to being increasingly proactive in mitigating the impact of the external drivers.

Because the response options presented are collections of initiatives, the evaluation has been applied to the individual initiatives rather than the response as a whole. The evaluation approach is necessarily qualitative. The evaluation tests the degree to which each response supports the strategic objectives outlined in the Shire of Broome Strategic Plan 2011-2016. This Strategic Plan has recently been released and sets out the Council's priorities over the next five years.

3.2 EXISTING INITIATIVES BY THE SHIRE OF BROOME

The Shire of Broome Council has recognised that it needs to take action to prepare for the considerable changes that will occur in its region over the next decade. Accordingly, it has commenced or completed the following measures specifically aimed at understanding and mitigating the impacts it faces:

- This Capacity Audit project which commenced in early 2011;
- Engagement of a communications consultant;
- Participation in the West Kimberley Regional Collaborative Group;
- A staff housing initiative in conjunction with other members of the Kimberley Regional Collaborative Group to improve staff recruitment and retention in the face of competition from the resources sector;
- Investigation into improving the benefit of the Shire's core IT system, Synergysoft, to staff;
- Scope and cost audit to gather information on the likely impact of delivering services to Indigenous communities; and
- Investigating the relevance of the Regional Cities Alliance to the Shire.

Because the aim of the Capacity Audit project is to recommend appropriate actions for the Council to take to mitigate the impact of future developments, these initiatives that have already commenced are included in the options evaluation. This allows these initiatives to be tested against other recommendations.

3.3 OPTIONS

Three broad strategies for mitigating the impact of the challenges faced by the Council have been considered. The three options represent an increasing level of proactive intervention by the Council to direct its future:

The three options are illustrated in Figure 3-1.

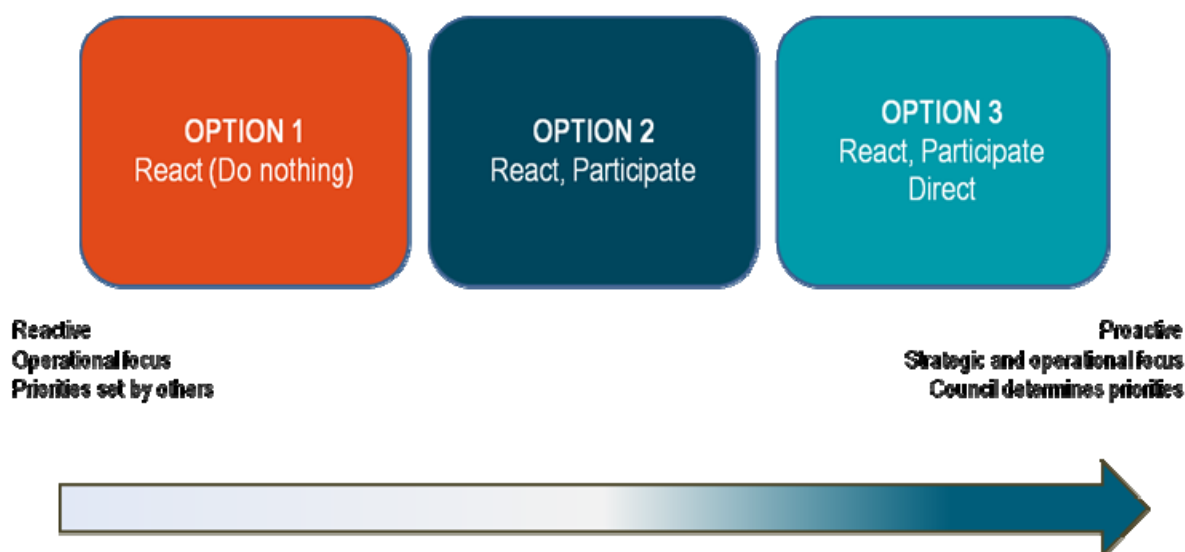


Figure 3-1 - Options considered

The three options offer a range of potential risks and potential benefits for the Council. A more reactive approach is lower risk in the short term, involving smaller increases in expenditure. However, such an approach may leave the Council exposed to the impact of the major changes anticipated in the medium and longer term. A more proactive approach requires higher funding, potentially placing pressure on the Council's financial capacity. However, a proactive approach may better position the Council in the medium and long term.

Each option is a collection of specific initiatives that the Council could choose to undertake, subject to the availability of funding and community support. The individual initiatives included in each option are detailed in Table 3-1.

Table 3-1 - Initiatives included in each option

Capacity challenge	Capacity initiatives	Option 1	Option 2	Option 3
Significant current and short term resources required to undertake the strategic planning and consultation identified as being required for the Browse LNG development	Several current to short term contract positions required to plan for Council's future given the significant impact of the Browse LNG development. Positions required:			
	▪ Communications officer		✓	✓
	▪ BLNG Development liaison officer		✓	✓
	▪ Social and cultural officer (sense of place, affordability, labour force restructure)		✓	✓
	Funding for the Shire Council's input into and management of SAR identified management strategies beyond the capabilities of the BLNG development liaison officer (e.g. detailed economic modelling)	✓	✓	✓
	Marketing and communication initiatives. E.g. advertising, newsletters, dedicated website	✓	✓	✓
	Dedicated project manager to progress the development of the new landfill. May be consultant or contract position		✓	✓

Capacity challenge	Capacity initiatives	Option 1	Option 2	Option 3
	Coastal recreational facilities for increased visitors accessing the Dampier Peninsula	✓	✓	✓
	Ranger services for the Dampier Peninsula including coordinating management. Investigate partnering with KLC and/or Traditional Owners and other agencies		✓	✓
	Indigenous traineeships in engineering works			✓
Staff retention	Council investigating PPP housing initiatives to offset staff cost, e.g. development of the McMahon Estate.		✓	✓
	Commit resources to understand what contributes to staff satisfaction.		✓	✓
	Office accommodation for additional resources		✓	✓
Transfer of service provision to Indigenous communities	Scope and cost audit (in progress)	✓	✓	✓
	Consultation with Indigenous communities and stakeholders (e.g. existing service providers).		✓	✓
	In-house legal advice to review potential Shire liabilities, legislative constraints, land tenure issues, governance structures	✓	✓	✓
	Determine governance arrangements for management of communities and service provision.	✓	✓	✓
	Trial governance model on selection of communities			✓
	Appoint Integration Manager		✓	✓
	Capture spatial/aerial information on communities and their hinterland / interlinks given inadequate base data		✓	✓
	Shire based review of community layout plans, rural road network and existing infrastructure to determine adequacy		✓	✓
Ongoing service provision (2012/13)	Capital expenditure to bring assets to compliance and municipal standards. Land dedicated to create road reserves, easements, etc.	✓	✓	✓
	Cultural heritage approvals from Traditional Owners to undertake works and source materials, e.g. gravel (New need created by transfer)	✓	✓	✓
	Guaranteed ongoing operating expenditure. Agreed arrangements for asset renewal and replacement.	✓	✓	✓
	Directorate and support staff and necessary accommodation for staff.	✓	✓	✓
Need to identify, respond to and manage community expectations	Office accommodation for additional resources		✓	✓
	Long term need for Council communication officer (in addition to Browse LNG specific resource) to assist with strategy development and information provision for all Shire areas		✓	✓
Long term financial sustainability of service delivery (mandatory and discretionary)	Engage the community to determine its priorities for service provision from assets and the desired level of service for non State/industry funded drivers. Aligns with WA and Commonwealth strategic reform initiatives	✓	✓	✓
	Develop Service Delivery strategies for each service area (including options for increased cost recovery / alternative revenue streams for discretionary services)	✓	✓	✓
Support regional initiatives	Establish RCG administrative functions for regional collaboration	✓	✓	✓
	Participate in Regional Cities Alliance	✓	✓	✓
Changing social demographics and	Shire economic development officer		✓	✓

Capacity challenge	Capacity initiatives	Option 1	Option 2	Option 3
need to maintain a sense of place	Ongoing recognition of Shire history and culture. May be through formation of dedicated group or support of existing local groups			✓
Compliance with Food and Health Act.	Additional Environmental Health resources required to meet mandatory requirements. Also, increasing need driven by Browse LNG development and transfer of Indigenous communities responsibility	✓	✓	✓
Compliance with EMS	Employ implementation staff for Environmental Management System (EMS). EMS also needs to be throughout all Council operations if adopted		✓	✓
	Investigate Indigenous traineeships opportunities (Council provides position, traineeship externally funded)			✓
Undertake required strategic planning to support TPS5 and to respond to proposals from Yawaru and other Native Title holders	Strategic planning officer and consultant funded studies. Coordinate with Dampier Peninsula land use planning		✓	✓
Broome North developments demand for services by new community	Determine and implement developer contributions (potential consultant position)		✓	✓
Miscellaneous	A dedicated resource for each division to document operating procedures, or consultant.		✓	✓
	Align Synergysoft with Council operating procedures. Work with IT service provider	✓	✓	✓
	Upgrade or relocate depot. Consider relocation and development of existing site. Potential for PPP.		✓	✓
	HR, OH&S, risk management, customer services, administration, etc. support for increased staff (especially if significant staff increase due to Indigenous communities transfer)	✓	✓	✓
	Review fleet utilisation to provide more accessibility for officers having to undertake site inspections	✓	✓	✓
	Arts/ Culture development officer		✓	✓
	Increased administrative support across all directorates. Consider along with executive support. To realise efficiencies by working smarter. E.g. PAs for Directors, admin officers to support professional staff. 1 FTE per directorate		✓	✓
	Traineeships for administrative positions above			✓
Developing and maintaining skills and capability to replace and renew roads	Seek work as provider of services to MRWA ISA contractor to maintain skill base		✓	✓
	Position Council as sub-contractor to MRWA for Cape Leveque Road and other precinct access and internal roads construction. Works and plant hire		✓	✓

3.4 EVALUATION FRAMEWORK

The Shire of Broome has formulated a vision, mission and set of values that help guide the direction of the Shire. These elements were recently revised as part of the formulation of the Strategic Plan 2011-2016 and are detailed in Table 3-2.

Table 3-2 - Shire of Broome vision, mission and values.

Vision

A thriving and friendly community that recognises our history and embraces cultural diversity and economic opportunity, whilst nurturing our unique natural and built environment.

Mission

To deliver affordable and quality Local Government services.

Values

Values of the organisation are demonstrated through the way employees behave, interact and think. Defining values and clearly articulating what these values look and feel like is very important and are the building blocks to ensuring a consistent customer and staff experience is delivered at all times. Values and the behaviour that they influence are also essential when creating a strong and well respected Corporate Brand both internally and externally. During the revision period of the current Plan, the following values have emerged which will be integrated into the performance management framework:

- Communication** Actively consult, engage and communicate with, and on behalf of the community.
- Integrity** Be honest, equitable and ethical in all our dealings.
- Respect** Recognise and respect the individual and unique requirements of all people, cultures and groups.
- Innovation** Drive change through leadership and energy.
- Transparency** Be open and accountable in all our activities.
- Courtesy** Provide courteous service and helpful solutions.

It is essential that the outcomes of this Business Case support the Shire of Broome’s vision, mission and values otherwise the outcome will be counter to the community’s needs and aspirations. The important link is the Shire’s Strategic Priorities. These Priorities are articulated in the Strategic Plan and are illustrated in Figure 3-2.



Figure 3-2 - Shire of Broome strategic priorities

Each Strategic Priority has a corresponding goal and supporting strategy as illustrated in Table 3-3.

Table 3-3 - Strategies supporting Shire of Broome Council's strategic priorities

Strategic Objectives	Goal	Strategies
Our People	Foster a community environment that is accessible, affordable, inclusive, healthy and safe	<ul style="list-style-type: none"> Encourage communication Identify affordable services and initiatives to satisfy community needs Create community spaces Encourage recreational activity Facilitate a safe environment Nurture and build social capital to increase community capacity
Our place	Help to protect the natural and built environment and cultural heritage of Broome whilst recognising the unique sense of place	<ul style="list-style-type: none"> Engage with local community by presenting realistic and sustainable land use strategies for the Shire within the state and national frameworks Ensure that our planning processes result in a built environment that reflects arid tropical climate design principles and historical built form Nurture and protect our unique natural environment for the benefit and enjoyment of current and future generations Preserve and promote the unique and significant historical and cultural heritage of Broome Retain and build on Broome's iconic tourism assets and reputation. Implement best practice asset management plans to optimise Shires' infrastructure whilst minimising life cycle costs As required under the Commonwealth Government's Bilateral Agreement, Council is able to mobilise resources to deliver municipal services to Indigenous communities that are compliant, effective and within Council's capacity.
Our prosperity	Create the means to enable local jobs creation and lifestyle affordability for the current and future population.	<ul style="list-style-type: none"> Work with agencies and others to ensure affordable and equitable services and infrastructure Encourage the provision of affordable land for residential, industrial, commercial and community use Implement key economic development strategies for the Shire which are aligned to regional outcomes working through recognised planning and development groups/committees
Our organisation	Continually enhance the Council's organisational capacity to service the needs of a growing community.	<ul style="list-style-type: none"> Develop an organisational culture that strives for service excellence Review and analyse strategic and operational plans Manage resource allocation Encourage community engagement Manage staff attraction and retention Improve systems, processes and compliance

The evaluation methodology qualitatively assesses the degree to which each option supports the strategies that underlie the Council's Strategic Priorities. The methodology is qualitative because it is not possible to express a monetary value of the benefit realised by implementing each initiative. Benefits are instead assessed by scoring each initiative for the level it helps to promote the Shire's strategy. The scoring criteria are set out in Table 3-4.

Table 3-4 - Evaluation scoring criteria against Shire of Broome strategic priorities

Score	Description
0	The initiative does not support the strategy, goal and objective at all
1	The initiative weakly supports the strategy, goal and objective
2	The initiative moderately supports the strategy, goal and objective
3	The initiative strongly supports the strategy, goal and objective

Each Strategic Priority and underlying strategy has been assigned an equal weighting as the Council feels that all are essential to achieve their overall strategic vision. The benefit of each initiative is therefore the sum of the individual scores for each strategy, and similarly, the benefit for each option is the sum of the scores for each initiative.

As the response options correspond to increasing levels of proactive action by the Council, it is inevitable that greater benefits will be delivered by Option 2 compared to Option 1 and Option 3 compared to Option 2. The scoring of benefits allows a qualitative comparison of the benefits of each option to its costs. On this basis, a judgement on the best value for money option may be made.

The following section presents the detailed scoring of each initiative against the Shire of Broome's strategies.

3.5 SCORING

The scoring of each initiative included in the option against the evaluation framework set out previously is detailed in Table 3-5.

Table 3-5 - Scoring of initiatives against Shire of Broome's strategic priorities

Drivers and challenge	Solutions	Potential funding source	Type	In progress	Total annual costs	Outcome based costs	Options			Our People					Our place					Our prosperity			Our organisation					Total score				
							Option 1 - React	Option 2 - React, Participate	Option 3 - React, Participate, Direct	Encourage communication	Identify affordable services and initiatives to satisfy community needs	Create community spaces	Encourage recreational activity	Facilitate a safe environment	Nurture and build social capital to increase community capacity	Engage with local community by presenting realistic and sustainable land use strategies for the Shire	Planning processes ...reflects and tropical climate design principles and historical built form.	Nurture and protect natural environment for current and future generations.	Preserve and promote historical and cultural heritage of Broome.	Retain and build on Broome's iconic tourism assets and reputation.	Implement best practice asset management plans	As required ... mobilise resources to deliver municipal services to Indigenous communities	Work to ensure affordable and equitable services and infrastructure.	Encourage the provision of affordable land.	Implement key economic development strategies aligned to regional outcomes	Develop an organisational culture that strives for service excellence.	Review and analyse strategic and operational plans.		Manage resource allocation.	Encourage community engagement.	Manage staff attraction and retention.	Improve systems, processes and compliance.
Browse LNG Precinct																																
Significant current and short term resources required to undertake the strategic planning and consultation identified as being required for the Browse LNG development	Several current to short term contract positions required to plan for the Council's future given the significant impact of the Browse LNG development. Positions required:	State funded contract positions until first project proponent approved. When proponent confirmed, position funded by proponent if still required																														
	▪ Communications officer		Outcome based	✓		150,000		✓	✓	3	1	1	2	2	1	3	0	1	1	1	0	1	0	0	2	1	0	0	3	1	1	25
	▪ BLNG Development liaison officer		Outcome based			150,000		✓	✓	2	1	1	0	0	1	2	1	2	1	1	1	1	1	1	3	1	2	2	2	1	1	28
	▪ Social and cultural officer (sense of place, affordability, labour force restructure)	Outcome based			120,000		✓	✓	2	2	2	1	2	3	3	1	1	2	1	0	1	0	0	1	1	1	1	3	1	0	29	
	Funding for the Council's input into and management of SAR identified management strategies beyond the capabilities of the BLNG development liaison officer (e.g. detailed economic modelling)	State funded	Outcome based			200,000	✓	✓	✓	3	1	2	0	1	1	2	1	2	0	1	0	0	1	2	2	1	0	0	2	1	0	23
	Marketing and communication initiatives. E.g. advertising, newsletters, dedicated website	State funded	Outcome based			100,000	✓	✓	✓	3	1	0	0	1	1	2	0	1	2	1	0	0	0	0	2	0	0	0	3	0	0	17
	Dedicated project manager to progress the development of the new landfill. May be consultant or contract position	Sate funded due to accelerated program	Outcome based			150,000		✓	✓	1	3	1	0	1	1	3	1	3	0	0	1	1	2	0	2	1	2	2	1	0	2	28
	Coastal recreational facilities for increased visitors accessing the Dampier Peninsula	Proponent funded / ILUA funded	Outcome based			2,500,000	✓	✓	✓	1	2	3	3	2	1	3	2	3	1	1	1	2	1	0	2	0	1	1	1	0	0	31
Ranger services for the Dampier Peninsula including coordinating management. Investigate partnering with KLC	Proponent funded	Ongoing		440,000			✓	✓	1	1	2	2	3	1	1	0	3	2	2	0	2	1	0	1	1	1	2	1	0	0	27	

Drivers and challenge	Solutions	Potential funding source	Type	In progress	Total annual costs	Outcome based costs	Options			Our People					Our place					Our prosperity			Our organisation					Total score									
							Option 1 - React	Option 2 - React, Participate	Option 3 - React, Participate, Direct	Encourage communication	Identify affordable services and initiatives to satisfy community needs	Create community spaces	Encourage recreational activity	Facilitate a safe environment	Nurture and build social capital to increase community capacity	Engage with local community by presenting realistic and sustainable land use strategies for the Shire	Planning processes ...reflects and tropical climate design principles and historical built form.	Nurture and protect natural environment for current and future generations.	Preserve and promote historical and cultural heritage of Broome.	Retain and build on Broome's iconic tourism assets and reputation.	Implement best practice asset management plans	As required ... mobilise resources to deliver municipal services to Indigenous communities	Work to ensure affordable and equitable services and infrastructure.	Encourage the provision of affordable land.	Implement key economic development strategies aligned to regional outcomes	Develop an organisational culture that strives for service excellence.	Review and analyse strategic and operational plans.		Manage resource allocation.	Encourage community engagement.	Manage staff attraction and retention.	Improve systems, processes and compliance.					
	and/or Traditional Owners and other agencies																																				
	Indigenous traineeships in engineering works	State funding	Ongoing		300,000				✓		0	2	2	1	1	3	0	0	2	2	1	1	2	2	0	1	2	1	2	3	2	1			31		
Staff retention	Council investigating PPP housing initiatives to offset staff cost, e.g. development of the McMahon Estate.	In progress. State and Shire, RCG contributions	Outcome based	✓				✓	✓	0	1	2	1	1	1	1	0	0	0	0	0	0	0	3	3	3	2	1	1	0	3	0			23		
	Commit resources to understand what contributes to staff satisfaction.	Shire	Outcome based			30,000		✓	✓	1	1	0	0	0	0	1	1	0	0	0	1	1	1	0	0	3	3	3	3	3	3	3			25		
	Office accommodation for additional resources. Existing office at capacity, therefore lease of new office required. Step change	State	Outcome based / ongoing			80,000		✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a				
Service provision to Indigenous communities																																					
Transfer of service provision	Scope and cost audit (in progress)	State / Commonwealth	Outcome based	✓		120,000	✓	✓	✓	0	1	1	1	1	1	2	1	2	3	1	2	3	2	0	1	1	2	2	1	0	0				28		
	Consultation with Indigenous communities and stakeholders (e.g. existing service providers).	State / Commonwealth	Outcome based			200,000		✓	✓	3	2	1	1	1	1	2	1	2	3	1	2	3	2	0	1	1	2	2	1	0	0				32		
	In-house legal advice to review potential Shire liabilities, legislative constraints, land tenure issues, governance structures	State / Commonwealth	Outcome based			150,000	✓	✓	✓	1	1	0	0	1	0	0	0	0	1	0	1	3	2	0	1	1	2	1	0	1	2				18		
	Determine governance arrangements for management of communities and service provision.	State / Commonwealth	Outcome based			40,000	✓	✓	✓	2	1	1	1	1	1	2	2	2	3	0	2	3	2	0	0	3	3	2	1	1	2				35		
	Trial governance model on selection of communities in advance of full transfer	State / Commonwealth	Outcome based			1,000,000			✓	3	1	1	1	1	1	2	1	2	1	1	2	3	2	0	0	3	3	2	1	1	2				34		
	Appoint Integration Manager	State / Commonwealth	Outcome based			200,000		✓	✓	3	2	1	1	1	1	2	1	2	3	1	2	3	2	0	1	1	2	2	1	0	0				32		
	Capture spatial/aerial information on communities and their hinterland / interlinks given inadequate base data	State / Commonwealth	Outcome based			150,000		✓	✓	1	2	3	1	1	0	0	0	0	1	0	1	3	2	0	1	1	2	1	0	1	2				23		
	Shire based review of community layout plans, rural road network and existing	State (in-house at DoP)	Outcome based			150,000		✓	✓	0	0	2	2	2	1	3	2	3	2	1	2	3	2	0	1	1	2	0	2	0	0				31		

Drivers and challenge	Solutions	Potential funding source	Type	In progress	Total annual costs	Outcome based costs	Options			Our People				Our place						Our prosperity			Our organisation						Total score								
							Option 1 - React	Option 2 - React, Participate	Option 3 - React, Participate, Direct	Encourage communication	Identify affordable services and initiatives to satisfy community needs	Create community spaces	Encourage recreational activity	Facilitate a safe environment	Nurture and build social capital to increase community capacity	Engage with local community by presenting realistic and sustainable land use strategies for the Shire	Planning processes ... reflects and tropical climate design principles and historical built form.	Nurture and protect natural environment for current and future generations.	Preserve and promote historical and cultural heritage of Broome.	Retain and build on Broome's iconic tourism assets and reputation.	Implement best practice asset management plans	As required ... mobilise resources to deliver municipal services to Indigenous communities	Work to ensure affordable and equitable services and infrastructure.	Encourage the provision of affordable land.	Implement key economic development strategies aligned to regional outcomes	Develop an organisational culture that strives for service excellence.	Review and analyse strategic and operational plans.	Manage resource allocation.		Encourage community engagement.	Manage staff attraction and retention.	Improve systems, processes and compliance.					
	collaboration																																				
	Participate in Regional Cities Alliance	Shire funded, seek reimbursement.	Ongoing	✓	5,000			✓	✓	✓	1	2	1	2	1	2	1	2	2	3	2	2	2	3	1	2	2	2	2	2	2	2	2	2	2	39	
Changing social demographics and need to maintain a sense of place	Shire economic development officer	Shire funded (note that position should look to maximise Shire income from non-rates sources). Possible KDC/DSD funding available	Ongoing		160,000				✓	✓	1	2	1	1	1	2	2	1	0	1	3	1	1	2	2	3	1	1	1	2	1	1	1	31			
	Ongoing recognition of Shire history and culture. May be through formation of dedicated group or support of existing local groups	State funding / Shire funded	Outcome based / Ongoing		120,000					✓		2	1	0	1	0	2	2	3	1	3	2	0	1	0	0	1	0	1	0	2	0	0	0	22		
Compliance with Food and Health Act.	Additional Environmental Health resources required to meet mandatory requirements. Also, increasing need driven by Browse LNG development and transfer of Indigenous communities responsibility.	Where need is linked to Indigenous communities service provision – State/Commonwealth. Proponent funded for LNG precinct	Ongoing		260,000			✓	✓	✓	0	1	0	0	2	0	0	0	1	0	0	1	3	2	0	0	2	1	2	0	2	2	2	19			
Compliance with EMS	Employ implementation staff for Environmental Management System (EMS). EMS also needs to be throughout all Council operations if adopted	LCDC, State/proponent for areas that EMS extends to due to external drivers	Ongoing		160,000				✓	✓	0	1	1	1	1	0	1	1	3	1	1	1	2	2	0	1	2	2	2	2	1	2	2	28			
	Investigate Indigenous traineeships opportunities (Council provides position, traineeship externally funded)	State / proponent / ILUA	Ongoing		120,000				✓		1	1	0	0	0	2	0	0	3	1	1	0	2	3	0	1	2	0	2	1	3	1	1	24			
Undertake required strategic planning to support TPS5 and to respond to proposals from Yawaru and other Native Title holders	Strategic planning officer and consultant funded studies. Coordinate with Dampier Peninsula land use planning	Shire (recovery through developer contributions). State agencies, e.g. DoP	Ongoing		160,000				✓	✓	0	1	1	1	0	0	2	2	2	2	2	2	0	1	1	1	2	2	2	2	2	2	1	1	28		
Broome North developments demand for services by new community	Determine and implement developer contributions (potential consultant position)	LandCorp	Outcome based						✓	✓	0	2	2	1	0	2	2	1	1	1	0	3	1	1	3	2	1	1	3	0	1	0	28				
Miscellaneous	A dedicated resource for each division to document operating procedures, or consultant.	Shire	Outcome based		60,000			✓	✓		1	0	0	0	1	0	0	0	1	0	0	2	2	2	0	0	3	2	3	0	2	3	22				
	Align Synergysoft with Council operating procedures. Work	Shire	Outcome based	ü				✓	✓	✓	0	0	0	0	0	0	0	0	0	0	0	2	2	1	0	0	2	2	2	0	2	2	15				

3.6 OUTCOME OF OPTION ANALYSIS AND RECOMMENDATIONS

Figure 3-3 details the benefit score and costs of each option evaluated. The costs detailed include both annual, operating costs and outcome based (i.e. one-off) costs.

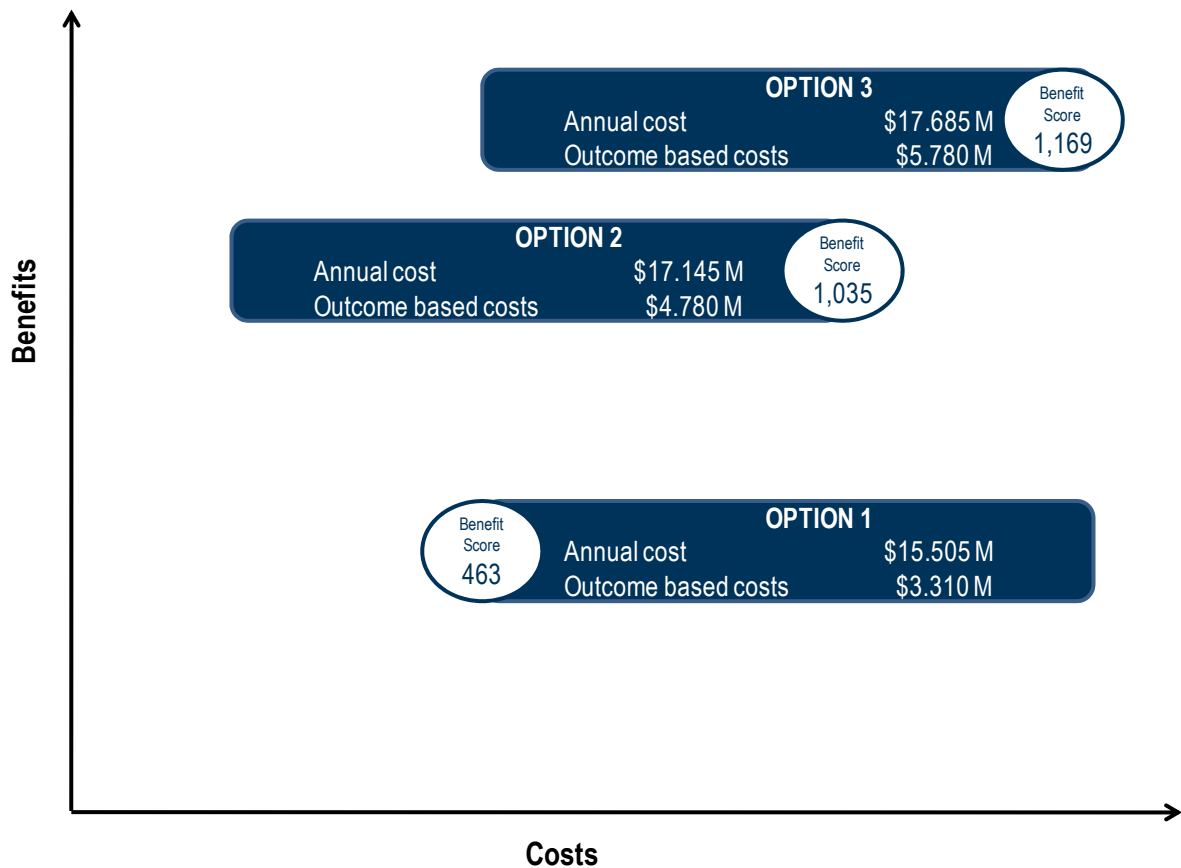


Figure 3-3 - Outcome of benefit evaluation

The findings of the evaluation demonstrate that:

- The approximately \$15 million of estimated annual operating expenditure required to deliver services to Indigenous communities significantly exceeds all other annual expenditure items;
- Option 1, the 'business as usual' alternative still incurs costs of \$3.31 million for one-off items and \$0.5 million in annual operating expenditure in addition to the estimated \$15 million in annual expenditure for service provision to Indigenous communities; and
- Option 2 and 3 deliver significantly higher benefits than Option 1 for a relatively small incremental increase in costs.

Due to the large quantum of operating expenditure for the provision of services to Indigenous communities, Figure 3-4 details the benefits and costs associated with each option with the items associated with this driver excluded.

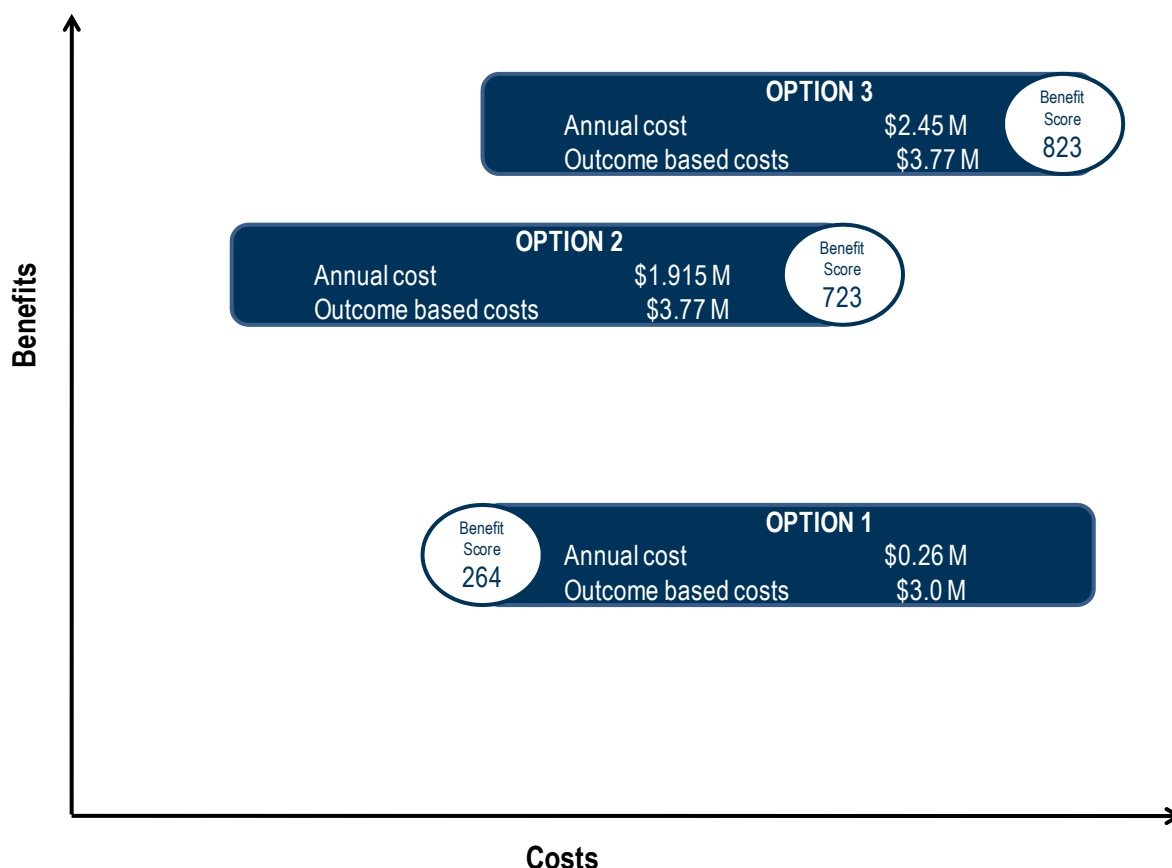


Figure 3-4 - Outcome of benefit evaluation less service provision items

This analysis demonstrates that, to move from the reactive Option 1 and the associated risks of failing to meet the needs of the community to the more proactive initiatives included in Option 2, a cost of around \$2 million per year is incurred, in addition to around \$3.7 million of costs for one-off initiatives.

Where the costs are due to actions of external agencies, these costs should be met by those external agencies. However, the Council also recognises the need to take the lead in addressing the challenges created by external operating environment so has proposed a range of initiatives to be self funded. The following section considers the financial impact on ratepayers of the proposed Council-lead initiatives.

3.7 FINANCIAL IMPACT OF COUNCIL LED INITIATIVES

Table 3-6 details the initiatives that the Shire of Broome Council proposes to lead to meet the challenges it faces over the next 10 years. This table excludes initiatives which are currently in progress that are being driven by, and funded by, the Shire as funding is already committed for these items.

The Council led initiatives total \$1.05 million in recurrent operating expenditure and \$270k in one-off expenditure items. The operating expenditure items, if all implemented, will have significant impact on ratepayers. An increase in operating expenditure of this amount would raise ratepayer bills by around 7.5% per annum, a substantial amount. The Council needs to carefully balance the likely impact on ratepayers of these initiatives with the benefits that they will achieve. It may be prudent for the Council to delay some initiatives it proposes to lead to mitigate the financial burden on the community.

Table 3-6 – Shire of Broome led initiatives

Drivers and challenge	Solutions	Type	Total annual costs	Outcome based costs
	Commit resources to understand what contributes to staff satisfaction.	Outcome based		30,000
Need to identify, respond to and manage community expectations	Long term need for Council communication officer (in addition to Browse LNG specific resource) to assist with strategy development and information provision for all Shire areas	Ongoing	160,000	
	Develop Service Delivery strategies for each service area (including options for increased cost recovery / alternative revenue streams for discretionary services)	Outcome based		150,000
Changing social demographics and need to maintain a sense of place	Shire economic development officer	Ongoing	160,000	
Undertake required strategic planning to support TPS5 and to respond to proposals from Yawaru and other Native Title holders	Strategic planning officer and consultant funded studies. Coordinate with Dampier Peninsula land use planning	Ongoing	160,000	
Miscellaneous	A dedicated resource for each division to document operating procedures. Or consultant.	Outcome based		60,000
	Upgrade or relocate depot. Consider relocation and development of existing site. Potential for PPP.	Outcome based		30,000
	Review fleet utilisation to provide more accessibility for officers having to undertake site inspections	Ongoing		
	Arts/ Culture development officer	Ongoing	140,000	
	Increased administrative support across all directorates. Consider along with executive support. To realise efficiencies by working smarter. E.g. PAs for Directors, admin officers to support professional staff. 1 FTE per directorate	Ongoing	180,000	
	Increased in-house legal capability	Ongoing	240,000	

3.8 RECOMMENDATION

Because of the significantly increased benefits associated with Options 2 and 3 compared to Option 1, it is recommended that the Shire of Broome Council implement the initiatives that compose Option 2 as a minimum, and where funding permits, implement the Option 3 initiatives also.

However, the Council must also weigh the financial impact on ratepayers of the initiatives it will support with the benefit they will deliver.

4 IMPLEMENTATION PLAN

4.1 IMPLEMENTATION PLAN

Table 4-1 sets out a systematic and structured approach for implementing the recommended option, Option 2, including details on responsibilities for implementation and likely timings.

Table 4-1 - Implementation plan

Drivers and challenge	Initiatives	Responsibility	Financial year for implementation	Implementation notes
<i>Browse LNG Precinct</i>				
Significant current and short term resources required to undertake the strategic planning and consultation identified as being required for the Browse Basin development	Communications officer	CEO	Complete	<ul style="list-style-type: none"> Consultant has recently been engaged to act in communications role. However, this role has wider scope than just the Browse LNG development. Need to identify overlap between roles and obtain funding from State for Browse related scope.
	BLNG Development liaison officer	Director Development Services or Deputy CEO	2011/12	<ul style="list-style-type: none"> The Shire has recently created a position with similar responsibilities as required for this role This newly created position should be funded by the State.
	Social and cultural officer (sense of place, affordability, labour force restructure)	Director Corporate and Community Services	2011/12	<ul style="list-style-type: none"> New project officer position. Ideally to be full time and based in Broome. However, consultant, particularly for research components may suffice.
	Funding for the Shire's input into and management of SAR identified management strategies beyond the capabilities of the BLNG development liaison person (e.g. detailed economic modelling)	Director Development Services or Deputy CEO	Ongoing	<ul style="list-style-type: none"> Input required will be ad-hoc as management strategies are progressed. For each new demand on Council resources, the State should provide adequate funding.
	Marketing and communication initiatives. E.g. advertising, newsletters, dedicated website	Communications officer	Ongoing	<ul style="list-style-type: none"> To be prepared on an as needed basis. Note some material is being produced by the recently awarded communications consultancy.
	Dedicated project manager to progress the development of the new landfill. May be consultant or	Director Engineering Services	2011/12	<ul style="list-style-type: none"> This position to take all responsibility for progressing the landfill from the Manager Environmental Health and Engineering Services staff. Perth based consultant may be suitable as the role is largely

Drivers and challenge	Initiatives	Responsibility	Financial year for implementation	Implementation notes
	contract position			facilitation and advancing the administrative work.
	Coastal recreational facilities for increased visitors accessing the Dampier Peninsula	Director Development Services	2012/13	<ul style="list-style-type: none"> Dampier Peninsula access strategy to be produced as outcome from Browse LNG SAR. This document should guide the recreational facilities requirements.
	Ranger services for the Dampier Peninsula including coordinating management. Investigate partnering with KLC and/or Traditional Owners and other agencies	Director Development Services	2012/13	<ul style="list-style-type: none"> Consult with KLC and traditional owners Review outcome of Dampier Peninsula access strategy Determine appropriate level of service and strategy for providing this service
Staff retention	Council investigating PPP housing initiatives to offset staff cost, e.g. development of the McMahon Estate.	Deputy CEO	2011/12	<ul style="list-style-type: none"> Continue initiative
	Commit resources to understand what contributes to staff satisfaction.	Director Corporate and Community Services	2011/12	<ul style="list-style-type: none"> Staff engagement survey, repeat annually
	Office accommodation for additional resources. Existing office at capacity, therefore lease of new office required.	Director Corporate and Community Services	2011/12	<ul style="list-style-type: none"> Determine if project based positions can be co-located with State agency Otherwise, lease of new office for Browse LNG project team
Service provision to Indigenous communities				
Transfer of service provision	Scope and cost audit (in progress)	Director Corporate and Community Services	Commenced	<ul style="list-style-type: none"> In progress
	Consultation with Indigenous communities and stakeholders (e.g. existing service providers).	Integration Manager	2011/12	<ul style="list-style-type: none"> State government has identified that consultation is an important part of determining appropriate governance arrangements. The Council must be involved in this consultation.
	Legal advice to review potential Council liabilities, legislative constraints, land tenure issues, governance structures	Director Corporate and Community Services	2011/12	<ul style="list-style-type: none"> Require specialist expertise in land tenure matters and local government rights Opportunity to partner with other local governments in a similar situation to obtain advice

Drivers and challenge	Initiatives	Responsibility	Financial year for implementation	Implementation notes
	Determine governance arrangements for management of communities and service provision.	CEO	2011/12	<ul style="list-style-type: none"> If possible, trial governance arrangement on one community in advance of Option 3 initiative Governance arrangements may vary for some communities
	Appoint Integration Manager	CEO	2011/12	<ul style="list-style-type: none"> Integration manager should be appointed soon so that they can be involved in the transfer process as early as possible Integration manager to report to the CEO and act as a project manager to identify the requirements on the Shire and how they are best addressed
	Capture spatial/aerial information on communities and their hinterland / interlinks given inadequate base data	Director Development Services / Director Engineering Services	2011/12	<ul style="list-style-type: none"> Aerial photography required to be linked to GIS
	Shire based review of community layout plans, rural road network and existing infrastructure to determine adequacy	Director Development Services / Director Engineering Services	2011/12	<ul style="list-style-type: none"> Community layout plans being reviewed by the State, however the Shire will need to review and have input Likely to be best achieved by allowing Shire input into the review of plans as soon as possible so that review may be performed concurrently with the State's review
	Capital expenditure to bring assets to compliance and municipal standards. Land dedicated to create road reserves, easements, etc.	Director Engineering Services	2011/12 – 2013/14	<ul style="list-style-type: none"> Extent and specifics of capital expenditure required is unknown at this stage but likely to be significant. Scope and cost audit will identify major items, however further condition assessment may be required.
Ongoing service provision (2012/13)	Cultural heritage approvals from Traditional Owners to undertake works and source materials, e.g. gravel (New need created by transfer)	Director Development Services / Integration Manager	Ongoing	<ul style="list-style-type: none"> New cost to Council created by the transfer. May be funded on an assumed ongoing sum or Council may be recompensed at the end of each year based on actual expenses
	Guaranteed ongoing operating expenditure. Agreed arrangements for asset renewal and replacement.	CEO	Ongoing	<ul style="list-style-type: none"> Essential that this funding is provided on an ongoing, intergenerational basis. Scope and cost audit will assist in identifying quantum of expenditure required
	Office accommodation for staff (not including in on-costs as a step-change and accommodation needs aren't comparable)	Director Corporate and Community Services	From 2012/13 - Ongoing	<ul style="list-style-type: none"> Accommodation needs likely to be determined by governance structure. 'Town manager' model will require accommodation in each town. Centralised administration will require accommodation in Broome Depots also required

Drivers and challenge	Initiatives	Responsibility	Financial year for implementation	Implementation notes
<i>Growth Driven capacity gap and regulatory changes</i>				
Need to identify, respond to and manage community expectations	Long term need for Council communication officer (in addition to Browse LNG specific resource) to assist with strategy development and information provision for all Shire areas	Director Corporate and Community Services	2011/12 or 2012/13	<ul style="list-style-type: none"> Communications officer responsible for all Council matters outside of Browse LNG project. Role to establish policies and procedures, as well as produce communication material
Long term financial sustainability of service delivery (mandatory and discretionary)	Engage the community to determine its priorities for service provision from assets and the desired level of service for non State/industry funded drivers. Aligns with WA and Commonwealth strategic reform initiatives	Director Engineering Services or Deputy CEO	2011/12	<ul style="list-style-type: none"> Engagement with the community should be through multiple complementary approaches, e.g. qualitative and quantitative surveys, focus groups, ratepayer committee, project specific consultation groups, feedback direct to Councillors etc.
	Develop Service Delivery strategies for each service area (including options for increased cost recovery / alternative revenue streams for discretionary services)	All operational Directors (reviewed by Deputy CEO)	2011/12 or 2012/13	<ul style="list-style-type: none"> Service Delivery Strategies to be in line with community expectations established above RCG Business Plan will identify opportunities for different service delivery methods for some service areas
Support regional initiatives	Establish RCG administrative functions for regional collaboration	CEO	Commenced	<ul style="list-style-type: none"> Ongoing
	Participate in Regional Cities Alliance	CEO	Ongoing	<ul style="list-style-type: none"> Involvement incurs additional travel and administration costs
Changing social demographics and need to maintain a sense of place	Shire economic development officer	Deputy CEO	2011/12 or 2012/13	<ul style="list-style-type: none"> Economic development identified as responsibility of new Deputy CEO office. Economic development officer to create additional revenue streams for the Shire by working with (and not displacing) the private sector

Drivers and challenge	Initiatives	Responsibility	Financial year for implementation	Implementation notes
Compliance with Food and Health Act.	Additional Environmental Health resources required to meet mandatory requirements. Also, increasing need driven by Browse LNG development and transfer of indigenous communities	Director Development Services	Likely to be 2011/12 - ongoing	<ul style="list-style-type: none"> Track premises and inspection numbers to determine appropriate time to employ additional resources in this area Likely to be significant growth disproportionate to permanent population following commencement of Browse LNG Precinct project
Compliance with EMS	Employ implementation staff for Environmental Management System (EMS). EMS also needs to be throughout all Council operations if adopted	Director Development Services	2011/12 or 2012/13	<ul style="list-style-type: none"> EMS yet to be adopted by the Shire Implementation staff mostly required for land management activities
Undertake required strategic planning to support TPS5 and to respond to proposals from Yawaru and other Native Title holders	Strategic planning officer and consultant funded studies. Coordinate with State Government funded Dampier Peninsula land use planning	Director Development Services	2011/12	<ul style="list-style-type: none"> Strategic planning officer currently engaged, however there is a significant short term volume of work required to complete these studies
Broome North developments demand for services by new community	Determine and implement developer contributions (potential consultant position)	Director Development Services	2011/12	<ul style="list-style-type: none"> Ongoing negotiations with LandCorp
Miscellaneous	A dedicated resource for each division to document operating procedures. Or consultant.	Director Corporate and Community Services	2011/12 or 2012/13	<ul style="list-style-type: none"> May be a project based position to drive initiative If using existing staff, there is a risk that this will be a second priority to day to day tasks
	Align Synergysoft with Council operating procedures. Work with IT service provider	Director Corporate and Community Services	Commenced	<ul style="list-style-type: none"> Initial meetings held with IT service provider Review of alignment with business systems now required
	Upgrade or relocate depot. Consider relocation and development of existing site. Potential for PPP.	Director Engineering Services	2011/12 or 2012/13	<ul style="list-style-type: none"> Business case to identify costs and benefits of alternatives Alternatives to include development of existing site

Drivers and challenge	Initiatives	Responsibility	Financial year for implementation	Implementation notes
	HR, OH&S, risk management, customer services, administration, etc. support for increased staff (especially if significant staff increase due to Indigenous communities transfer)	Director Corporate and Community Services	2011/12 - Ongoing	<ul style="list-style-type: none"> Need for support staff to be closely monitored and where possible, provided in advance of project based staff
	Review fleet utilisation to provide more accessibility for officers having to undertake site inspections	Director Corporate and Community Services	Commenced	<ul style="list-style-type: none"> In progress
	Arts/ Cultural development officer	Director Corporate and Community Services	2011/12	<ul style="list-style-type: none"> Position required as a priority to capitalise on opening of Civic Centre
	Increased administrative support across all directorates. Consider along with executive support to realise efficiencies by working smarter. E.g. PAs for Directors, admin officers to support professional staff. 1 FTE per directorate	Director Corporate and Community Services	2011/12	<ul style="list-style-type: none"> Immediate need for additional administrative capacity Actual role will vary with directorate. Most likely to be administration officer available to all staff to free existing administration staff to be able to act as PA to Directors.
	Increased in-house legal capability	Director Corporate and Community Services	2011/12	<ul style="list-style-type: none"> Determine appropriate delivery strategy – permanent staff or retained external firm
Developing and maintaining skills and capability to replace and renew roads	Seek work as provider of services to MRWA ISA contractor to maintain skill base	Director Engineering Services	2011/12 - Ongoing	<ul style="list-style-type: none"> Continue pursuing opportunities as they arise
	Position Council as sub-contractor to MRWA for Cape Leveque Road and other precinct access and internal roads construction. Works and plant hire	Director Engineering Services	2011/12 - Ongoing	<ul style="list-style-type: none"> Negotiate with MRWA

4.2 FUNDING STRATEGY

The recommended option includes actions that will be self-funded by the Shire of Broome and which are aimed at improving the Shire's capacity and organisational efficiency. However, as many of the impacts to be faced by the Council over the next decade are due to external drivers sponsored by the State and Commonwealth governments, it is equitable that outside contributions are sought. For example, initiatives required to be undertaken by Council due to actions directly driven by external parties should ideally be funded in whole or in part by these external parties.

Table 4-2 summarises the initiatives that agencies other than the Shire of Broome should fund. The Council should make submissions to these agencies to obtain the associated funding.

Table 4-2 - Funding strategy

Drivers and challenge	Solutions	Potential funding source	Total annual costs	Outcome based costs	
Significant current and short term resources required to undertake the strategic planning and consultation identified as being required for the Browse Basin development	Communications officer	State funded contract positions until first project proponent approved. When proponent confirmed, position funded by proponent if still required		150,000	
	BLNG Development liaison officer			150,000	
	Social and cultural officer (sense of place, affordability, labour force restructure)			120,000	
		Funding for the Shire's input into and management of SAR identified management strategies beyond the capabilities of the BLNG development liaison person (e.g. detailed economic modelling)	State funded		200,000
		Marketing and communication initiatives. E.g. advertising, newsletters, dedicated website	State funded		100,000
		Dedicated project manager to progress the development of the new landfill. May be consultant or contract position	State funded due to accelerated program		150,000
		Office accommodation for additional resources. Existing office at capacity, therefore lease of new office required. Step change	State		80,000
Transfer of service provision	Scope and cost audit (in progress)	State / Commonwealth		120,000	
	Consultation with Indigenous communities and stakeholders (e.g. existing service providers).	State / Commonwealth		200,000	
	In-house legal advice to review potential Shire liabilities, legislative constraints, land tenure issues, governance	State / Commonwealth		150,000	

Drivers and challenge	Solutions	Potential funding source	Total annual costs	Outcome based costs
	structures			
	Determine governance arrangements for management of communities and service provision.	State / Commonwealth		40,000
	Appoint Integration Manager	State / Commonwealth		200,000
	Capture spatial/aerial information on communities and their hinterland / interlinks given inadequate base data	State / Commonwealth		150,000
	Shire based review of community layout plans, rural road network and existing infrastructure to determine adequacy	State (in-house at DoP)		150,000
	Capital expenditure to bring assets to compliance and municipal standards. Land dedicated to create road reserves, easements, etc.	State / Commonwealth		TBC
Ongoing service provision (2012/13)	Cultural heritage approvals from Traditional Owners to undertake works and source materials, e.g. gravel (New need created by transfer)	State / Commonwealth	200,000	
	Guaranteed ongoing operating expenditure. Agreed arrangements for asset renewal and replacement.	State / Commonwealth	15,000,000	
	Office accommodation for staff (not including in on-costs as a step-change and not accommodation needs aren't comparable)	State / Commonwealth	40,000	
Long term financial sustainability of service delivery (mandatory and discretionary)	Engage the community to determine its priorities for service provision from assets and the desired level of service for non State/industry funded drivers. Aligns with WA and Commonwealth strategic reform initiatives	DLG funding available but Shire likely to need to co-fund		50,000
Compliance with Food and Health Act.	Additional Environmental Health resources required to meet mandatory requirements. Also, increasing need driven by Browse LNG development and transfer of Indigenous communities	Where need is linked to Indigenous communities service provision – State/Commonwealth. Proponent funded for LNG precinct	260,000	

Drivers and challenge	Solutions	Potential funding source	Total annual costs	Outcome based costs
Compliance with EMS	Employ implementation staff for Environmental Management Systems (EMS). EMS also needs to be throughout all Council operations if adopted	LCDC, State/proponent for areas that EMS extends to due to external drivers	160,000	
Broome North developments demand for services by new community	Determine and implement developer contributions (potential consultant position)	LandCorp		
Miscellaneous	HR, OH&S, risk management, customer services, administration, etc. support for increased staff (especially if significant staff increase due to Indigenous communities transfer)	State funded proportionate to increases Indigenous services transfer		

4.3 CHANGE MANAGEMENT PLAN

4.3.1 Communication strategy

The Shire will communicate the outcomes of this project and the recommendations of this business case through the following actions:

- Presentation by the project team of the Capacity Audit approach and outcomes to staff, the Executive and Council in mid July 2011. All staff will be encouraged to attend these sessions to understand the process and findings.
- Presentation sessions to include time for staff to pose questions to the project team.
- Making the Capacity Audit reports (Capacity Evaluation and Business Case) available to staff on the intranet.
- Time dedicated to 'open door' sessions where staff can approach the CEO with questions regarding the Capacity Audit project.
- A project 'champion' to be appointed from the Executive Management Group to progress the implementation plan.
- A dedicated email address to be created for staff to make enquiries following the initial presentation sessions. Email address to be responded to by the project champion.

4.3.2 Organisational structure changes

To accommodate the new positions created under Option 2, the following changes to the Council's organisational structure are recommended:

- Browse LNG project office to be created reporting to CEO or Deputy CEO composed of:
 - Browse LNG liaison manager;
 - Communications officer;
 - Social and cultural officer;

- The following new positions to be created reporting to the Director Corporate and Community Services:
 - Communications officer (permanent);
 - Arts/Culture development officer;
- The following new positions to be created in the Development Services Directorate:
 - Strategic planning officer, reporting to Planning Manager;
 - Landfill development manager, reporting to Director Development Services;
 - Dampier Peninsula rangers, reporting to Rangers Team Leader;
 - EMS implementation staff, reporting to Rangers Team Leader; or Director Engineering Services
- Economic development officer to report to Deputy CEO;
- In the short term, Indigenous communities Transition Manager to report to the CEO. In the long term, Indigenous communities directorate to be created; and additional administrative support to be included in each directorate.

4.4 RISK MANAGEMENT PLAN

If the Shire of Broome Council does not implement the initiatives in the recommended option (Option 2), there is significant risk that that the Council's strategic priorities will not be achieved and consequently, the needs of the community will not be met. To manage this risk, potential challenges to the successful implementation of the recommended option have been identified and a risk assessment completed. Strategies to mitigate these risks have been identified. The hazards, risks and mitigation strategies are summarised in Table 4-3. The risk assessment framework is presented in Appendix A.

Table 4-3 - Risk management plan

Potential challenge	Likelihood	Consequence	Risk	Mitigation Strategies
Required funding not received from outside agencies for some initiatives	Likely	Major	High	<ul style="list-style-type: none"> Business Case prepared to best practice and presents justified conclusions Implementation Plan identifies all required actions and responsible officers Councillors briefed and support Implementation Plan
Browse LNG Precinct does not proceed	Possible	Major	High	<ul style="list-style-type: none"> Remain informed of development progress by meeting regularly with proponents and Department of State Development If not proceeding appears probable, undertake impact review to assess existing priorities and programs
Implementation of initiatives is delayed	Likely	Moderate	High	<ul style="list-style-type: none"> Ensure Implementation Plan identifies all required actions and responsible officers Monitor progress against Implementation Plan regularly and enact remedial strategies where necessary
Indigenous communities transfer brought forward (1-2 years)	Possible	Major	High	<ul style="list-style-type: none"> Develop Transition Plans immediately after scoping and costing study complete Maintain regular communication with Department of Indigenous Affairs
Inability to reach agreement with State agencies on initiatives in a timely manner	Possible	Major	High	<ul style="list-style-type: none"> Dedicated negotiator with State agencies, most likely CEO, to reach agreement
Airport relocation delayed or does not proceed	Possible	Major	High	<ul style="list-style-type: none"> Airport Masterplan has strong timeframe with future development of current airport land contingent on commencement of new site

Potential challenge	Likelihood	Consequence	Risk	Mitigation Strategies
Staff turnover increases due to resource sector competition	Likely	Moderate	High	<ul style="list-style-type: none"> Continue to pursue staff housing initiatives Undertake staff engagement survey/analysis
Out of town strategic land use plan is not finalised in a timely manner	Likely	Moderate	High	<ul style="list-style-type: none"> Completion of strategic land use plan to be a priority for the new Planning position
Volume of planning and building approvals exceeds forecasts	Possible	Moderate	Medium	<ul style="list-style-type: none"> Continue to work with LandCorp, Yawaru LNG and proponents to forecast future demand to predict when alternative actions may be required Develop escalation plan

APPENDIX

Risk Assessment Framework

The Shire of Broome Risk Management Framework includes:

- A consequence matrix used to categorise the outcome of hazardous events;
- A likelihood matrix used to categorise the frequency of hazardous events;
- A risk scoring matrix that determines a level of risk associated with a hazardous event based on its likelihood and consequence; and
- A risk acceptance matrix which sets out the management required for risks of varying levels.

These elements are presented following.

Shire of Broome Council - Consequence Table (These consequences refer only to risks in the control of the Shire of Broome Council)

Consequence Measure & Level	Low	Minor	Moderate	Major	Critical
Reputation	Low impact, with low profile and no complaint	Low impact, with low profile, low media attention, possible complaint	Moderate impact and media attention, public embarrassment, public complaint	Damage to reputation, public embarrassment, high profile media attention, several public complaints, third party intervention	Irreversible damage to reputation, very high level of public embarrassment, very high media attention, many public complaints
Environment * (Shire property)	Slight effect on biological or physical environment that can be immediately corrected by the Shire, with ongoing management/monitoring required.	Minor short-term effects but not affecting ecosystem functions that can be corrected within 1-12 months by the Shire, with ongoing management / monitoring required.	Environmental damage with serious medium term environment effects requiring restitution or internal cleanup which can be managed by the Shire. Expected recovery from 1-3 years, with ongoing management required.	(Major Breach of legislation) Very serious, long-term environment impairment of ecosystem functions. Cleanup requiring third party with expected recovery between 3-5 years, with ongoing management required.	(Severe breach of legislation) Catastrophic irreversible environmental harm or permanent negative impact of ecosystem. Cleanup will require multiple stakeholders, all levels of the community and recovery time estimated to be greater than 5 years or irrecoverable, with ongoing management required.
Financial (Annually)	< \$10,000	\$10,000 - \$250,000	\$250,000 - \$2,000,000	\$2,000,000 - \$4,000,000	\$4,000,000
Interruption of Service	Little impact, business-as-usual. 1 hour – 1 day interruption.	Minor delays / impact, easily dealt with, still business-as-usual. 1 day to 1 week interruption	Some objectives effected or major deliverables delayed, can continue as usual with minor controls executed. 1 week – 1 month interruption.	Some of the strategic objectives cannot be achieved, business can still deliver but not to expected level. More than 1 month interruption.	Most strategic objectives cannot be achieved and business will not operate. Interruption of 1 – 3 months.
Health	Risk identified, near miss, change to process implemented.	Incident requiring First aid treatment.	Lost time injury - Medical treatment required.	Major Lost time injury, disablement or death.	Multiple deaths or severe permanent disablements

Compliance	Breach of policy or process requiring some response with no noticeable regulatory or statutory impact.	Identified breach of policy or process requiring additional work or minimal damage control. Some temporary non compliances with penalty, prosecution or fines unlikely. Low level legal issue.	Breach requiring investigation, mediation or restitution. Significant regulatory requirements imposed and/or fines likely.	Major regulatory breach or non - compliance with potential major penalty and/or termination of services involving external investigation or 3 rd party action, which results in tangible loss, likely prosecution by authority and reputation damage to the Shire.	Breach or non-compliance involving regulatory investigation and/or 3 rd party actions which results in litigation, criminal charges or significant damage or penalties, after investigation by authority. Very serious litigation, including class actions and very serious damage to the reputation of the Shire.
Asset (Built Environment)	Impact to any building or infrastructure with interruption to service for 1 – 24 hrs and/or reduced level of service to stakeholders due to maintenance for up to a week. (low risk, low priority)	Minor damage to any infrastructure asset class with interruption to service for 1– 7 days or reduced level of service to stakeholders due to repairs.	Moderate damage to any infrastructure asset class. Possible interruption to services for 1-4 weeks or temporary reduced level of service to stakeholders due to significant repairs.	Significant damage to one or more building. Moderate impact on road network. Loss or Interruption to operations / service and public for 1-3 months for restoration / or rebuilding (depending on impact in town/industry) and temporary reduced level of service for extended period.	Loss of one or more major building or major impact on significant roads due to natural disaster. Impact to operations and public for 3-12 months for restoration/or rebuilding (depending on impact in town/industry) and temporary reduced level of service for extended period.

*

Shire of Broome Council – Likelihood Table (These consequences refer only to risks in the control of the Shire of Broome Council)

LEVEL	DESCRIPTION	DEFINITION	OPERATIONAL FREQUENCY EXAMPLE	PROJECT FREQUENCY EXAMPLE	CHANCE OF OCCURRENCE
1	ALMOST CERTAIN	The event is expected to occur	More than once per year	The event is expected to occur in most circumstances	90%
2	LIKELY	The event will probably occur	At least once per year	The event will probably occur in most circumstances	70%
3	POSSIBLE	The event should occur at some time	At least once in 3 years	The event should occur at some time	50%
4	UNLIKELY	Could occur at some time	At least once in 10 years	The event could occur at some time	30%
5	RARE	May occur in exceptional circumstances	Less than once in 10 years	The event may occur only in exceptional circumstances	10%

Shire of Broome Council – Level of Risk (Risk Matrix)

Consequence Likelihood		LOW	MINOR	MODERATE	MAJOR	CRITICAL
		1	2	3	4	5
ALMOST CERTAIN	A	Medium	Medium	High	Extreme	Extreme
LIKELY	B	Low	Medium	High	High	Extreme
POSSIBLE	C	Low	Medium	Medium	High	High
UNLIKELY	D	Low	Low	Medium	Medium	Medium
RARE	E	Low	Low	Low	Low	Medium

Shire of Broome COUNCIL –Risk Acceptance (Risk Tolerance Table)

LEVEL OF RISK	RISK TOLERANCE	MANAGED BY	WHO IS RESPONSIBLE	ENTERED ONTO RISK REGISTER
Low	Acceptable	Periodic monitoring - via routine procedures	Staff member / Supervisor	No
Moderate	Acceptable with Regular Monitoring	Adequate controls and appropriate changes to procedures – with regular reviews	Supervisor / Manager	Yes
High	May be Acceptable with Urgent Management Attention	Action plan - specific reviews and monitoring	Manager / Director	Yes
Extreme	May be Unacceptable	Only acceptable with excellent controls if project / task / service MUST be undertaken with continuous monitoring	Director	Yes