



**LATE
ATTACHMENT
ORDINARY MEETING**

**ITEM 7.1.1
SUNSHINE COAST REGIONAL COUNCIL:
DE-AMALGAMATION COST TO CREATE A
NEW NOOSA COUNCIL**

**APPENDIX A – DELOITTE TOUCHE
TOHMATSU DE-AMALGAMATION REPORT**

Wednesday 14 March 2012

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**Sunshine Coast Regional
Council**

**De-amalgamation cost to create a new
Noosa Council**

8 March 2012

De-amalgamation Cost App A Sunshine Coast Council Report

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Executive Summary

Local Government Elections held on 15 March 2008 established the Sunshine Coast Regional Council (SCRC). The SCRC was formed from the amalgamation of Noosa Shire Council, Caloundra City Council and Maroochy Shire Council. The Noosa Independence Alliance (NIA) has been campaigning to re-establish the Noosa Council and the Liberal National Party (LNP) has announced that, if elected at the next Queensland State election, it would commence the process which would consider whether Noosa Council should be re-established. The SCRC is looking to gain a better understanding of the financial implications of any de-amalgamation on the SCRC, and has commissioned this report to estimate the costs associated with de-amalgamation.

An implementation plan was developed to identify the costs to separate and re-establish Noosa Council. Ten distinct work streams were identified in the plan, and delivery options were considered for each work stream. These work streams were then costed based on a combination of benchmarking against publicly available information, referencing information provided by SCRC and Deloitte analysis.

This report separates the costs into those that will be incurred by SCRC, and those that will be incurred by the new Noosa Council. Based on this approach, the cost of a de-amalgamation process to the SCRC is estimated to fall between \$2.054 million and \$8.226 million, while the costs to the new Noosa Council are estimated to be between \$14.596 million and \$23.259 million. Accordingly the total costs of the de-amalgamation are estimated to be between \$16.650 million and \$31.485 million. The range of the cost estimate is largely driven by the estimated range of ICT costs and costs associated with the loss of economies of scale and efficiencies.

While the costs to SCRC include an estimate of the potential costs associated with a loss of scale and a reduction in efficiencies, there are a number of potential costs, such as a loss of council services, which have not been explicitly estimated as they are difficult to quantify. While these costs have not been quantified they should be taken into account when considering the costs associated with de-amalgamation.

The detailed workings and the assumptions behind these estimates are presented in this report. It should be noted that for the purposes of this report it has been assumed that the new Noosa Council will be the same size and will provide the same services and perform the same functions as the previous Noosa Shire Council. To the extent that the new Noosa Council is larger or is performing different functions the costs estimate will likely be different.

For the purposes of this report, a high level approach is undertaken to estimate the costs, and the future financial viability of the new Noosa Council is not considered. It should be noted that this report does not offer any comment or advice in relation to the merits of de-amalgamation.

1 Background

1.1 Council Amalgamation Process

In 2007, the ongoing regulation and review of local government in Queensland under the Size, Shape and Sustainability (SSS) process was replaced with the more structured amalgamation reforms which proposed the reduction of local councils from 157 to 73. The process was meant to build strong councils, able to cope with the growth of Queensland.¹

The *Local Government (Reform Implementation) Act 2007* was passed on 10 August 2007, which acted on a report from the Local Government Reform Commission (the Commission). The Commission proposed amalgamation of a number of councils, with many indigenous and remote councils unaffected.

As part of the amalgamations, Noosa Shire Council was to amalgamate with Caloundra City Council and Maroochy Shire Council to form the Sunshine Coast Regional Council (SCRC). Elections held on 15 March 2008 established the new council. However, plebiscites conducted by the Australian Electoral Commission showed significant opposition to the amalgamation process. Nearly 70% (22,532) of the 32,735 registered voters in Noosa Shire cast a vote and, of those that voted, over 95% (21,488) voted 'no' to the question "Do you support the Queensland Government's decision to amalgamate your Council with other Council areas?"²

1.2 De-Amalgamation Proposal

The possibility of a de-amalgamation of Noosa Council from SCRC has been furthered by the LNP. The current Shadow Minister for Local Government and Sport, David Gibson, has proposed the following four point plan to address the de-amalgamation issue:

1. Within a hundred days of winning government, the LNP would direct a Boundary Commissioner to 'consider communities' and boundaries for a new Noosa Shire
2. Ratepayers of the proposed new local authority will bear the full costs of the de-amalgamation process
3. The State Government will check the financial modelling put forward by the Noosa Independence Alliance so that if necessary, adjustments can be made to reflect the full cost of the process
4. Once the boundaries and the financial position have been identified, residents living within the proposed new council will, by a simple majority, vote whether or not they wish to establish a new Noosa Council³.

¹ Hussey, G. 2007, Qld Govt. Vows to Push Ahead with Council Amalgamations, available at: <http://www.abc.net.au/7.30/content/2007/s1995502.htm>.

² Australian Electoral Commission. 2011, Results of plebiscites on council amalgamations, available at: http://www.aec.gov.au/Elections/referendums/Advisory_Referendums/qld_council_2007/results.htm.

³ Gibson, D. 2011, Noosa it's up to the Local Community, available at: <http://candqld.com.au/news/noosa-its-up-to-local-community>.

1.3 Purpose of this Report

The SCRC has commissioned this report to estimate the cost to SCRC and the new Noosa Council of de-amalgamating and re-establishing Noosa Council as a new operational council entity. This report will identify and estimate the high level costs associated with de-amalgamating and re-establishing Noosa Council. The report will note where there are potential costs that cannot be quantified.

2 Methodology

The process for estimating the high level costs associated with de-amalgamating and re-establishing Noosa Council involved:

1. Developing an implementation plan
2. Identifying any options for separating and re-establishing Noosa Council
3. Costing the different components of the implementation plan.

2.1 Develop implementation plan

The development of the implementation plan (Appendix A) was used to identify the costs to separate and re-establish Noosa Council. The implementation plan consists of 10 work streams:

1. Governance
2. Marketing, communications and change
3. Industrial Relations (IR)
4. Planning and accountability
5. Legal
6. Operations
7. Information Communication Technology (ICT)
8. Insurance
9. Accounting and financial
10. Tax.

2.2 Identify options

For each work stream, consideration was given to the duration of time that it would take to complete a particular activity, and whether there were options in terms of how the particular activity could be achieved. Where there were options that would manifest in different cost estimates these were documented to allow them to be costed separately.

2.3 Detailed costing

The costs of the different components of the implementation plan were estimated. The costs have been estimated based on:

- Publicly available information
- Information provided by SCRC
- Deloitte analysis.

In addition to the costs associated with the different work streams, consideration was given to the consequential costs of de-amalgamation and whether the costs were a one-off or an annual cost.

The remainder of the report is set out as follows:

- Section 3 outlines the assumptions that have been relied upon to estimate the costs associated with the different steps in the process
- Section 4 steps through the detailed costs to SCRC for each of the work streams identified in the implementation plan
- Section 5 steps through the detailed costs to the new Noosa Council for each of the work streams identified in the implementation plan
- Section 6 provides a summary of the estimated costs to separate and re-establish a new Noosa Council.

3 Assumptions

To estimate the costs of separating Noosa Council from SCRC and establishing it as a standalone council, a number of assumptions have been made in terms of the size of the new Noosa Council, the size of the remaining SCRC and the process to facilitate the separation. These assumptions have been applied to the development of the implementation plan and the detailed costings of the different activities.

In developing the assumptions, consideration has been given to the functions and services provided by Noosa Shire Council prior to the amalgamation. A determination or review of the future financial viability of the new Noosa Council is out of scope.

3.1 Noosa Council

Consideration has been given to what the new Noosa Council will look like. In particular, the following were considered:

- Other councils in Queensland relevant for benchmarking purposes
- Size and density of the new council
- Functions the new council will perform.

3.1.1 Benchmarking

The Australian Classification of Local Governments (ACLG) categorises councils using population, population density and the proportion of the population that is classified as urban. Under this classification system the previous Noosa Shire Council was classified as Urban Regional Medium (URM), that is, it has a population density of more than 30 persons per square kilometre; it is part of an urban centre with a population less than 100,000 and predominantly urban in nature; and has a population between 30,001 and 70,000.

Bundaberg and Rockhampton councils pre-amalgamation were also classified as URM and are considered suitable comparators for benchmarking purposes. Post the 2008 amalgamations the most comparable councils are Gympie and Tablelands, however, it is noted that they have a significantly lower population density.

3.1.2 Size and population density

Pre-amalgamation Noosa Shire Council had:

- An area of approximately 869 square kilometres
- A population of approximately 49,672
- Approximately 28,333 rateable properties
- A Mayor and nine councillors
- A Chief Executive Officer (CEO) and four executives
- Approximately 500 full time equivalent (FTE) employees.

The NIA has indicated that the new Noosa Council could possibly include Peregrin Springs, Eumundi, Doonan and Verrierdale.⁴ For the purposes of this report, it has been assumed that the new Noosa Council will be the same size and have the same population density as the pre-amalgamation Noosa Shire Council. However, in line with other councils of comparable size, the number of councillors will be reduced to eight. Following the transfer of staff from SCRC, it is assumed the new Noosa Council will have 470 FTE employees. Employee numbers are discussed in section 4.3.5.

3.1.3 Functions

Prior to the 2008 council amalgamations, Noosa Shire Council provided the following services:

- Planning and development functions
- Transport and traffic functions
- Construction and maintenance of roads
- Water supply and sewerage services
- Maintenance of stormwater and drainage network
- Waste and recycling services
- Environmental related functions (e.g. vegetation management, management of reserves)
- Community related functions (e.g. youth, seniors programs and public health)
- Recreational facilities (e.g. management of beaches, parks, and pools)
- Libraries
- Animal shelters/pound
- Other business activities including a childcare centre, caravan parks, quarry services and Sunrise Shopping Centre.

With the exception of water supply and sewerage services, which were transferred to Unitywater, it is assumed that the new Noosa Council will provide the same range of services as Noosa Shire Council previously did. It should be noted that the new Noosa Council will have participation rights in Unitywater.

3.2 Sunshine Coast Regional Council

Besides considering the size and density of SCRC following the separation of Noosa Council, consideration has also been given to which councils are relevant for benchmarking purposes.

3.2.1 Benchmarking

Following the 2008 council amalgamations SCRC became the fourth largest council in Queensland by population. Assuming a separation of Noosa Council, SCRC may become the fifth largest council in Queensland as its population will be very similar to Logan City Council. For benchmarking purposes both the Moreton Bay Regional Council and Logan City Council have been used as they are the closest in size to the post de-amalgamation SCRC.

⁴ http://www.freenoosa.com/index.php?option=com_content&view=article&id=2&Itemid=3#q5

Table 1 SCRC, Logan and Moreton Bay population and area comparison

Council	Population	Area (sq km)
SCRC post de-amalgamation	281,262	2,257
Logan City Council	282,673	957
Moreton Bay Regional Council	382,280	2,011

3.2.2 Size and population density

The current SCRC has:

- An area of approximately 3,126 square kilometres
- A population of approximately 330,934
- Approximately 108,566 rateable properties
- A Mayor and 12 councillors
- A CEO and four executives
- Approximately 2,256 FTE employees.

Following the re-establishment of Noosa Council, it is assumed that the post de-amalgamation SCRC would have:

- An area of approximately 2,257 square kilometres
- A population of approximately 281,262
- Approximately 80,233 rateable properties
- A Mayor and 12 councillors
- A CEO and four executives
- Approximately 1,786 FTE employees.

The area, population and rateable properties of the de-amalgamated SCRC have been estimated by subtracting the assumed area and population for the new Noosa Council (these are consistent with the pre-amalgamation Noosa Shire Council).

As Moreton Bay Regional Council and Logan City Council have a Mayor and 12 councillors, it has been assumed that SCRC will continue to have 12 councillors. Logan City Council has a CEO and four executive directors, accordingly, it has been assumed that SCRC will continue to have a CEO and four executive directors.

Employee numbers have been estimated by considering the percentage reduction in area, population and rateable properties and the assumed number of FTE employees for the new Noosa Council. This is discussed in section 4.3.5.

4 SCRC Costs

The direct and indirect costs to SCRC of re-establishing Noosa Council have been estimated by considering the different streams of work that would be required to facilitate the de-amalgamation, namely:

- Governance
- Marketing, communications and change
- IR
- Planning and accountability
- Legal
- Operations
- ICT
- Insurance
- Accounting and financial
- Tax.

4.1 Governance

The governance work stream covers the actions required to establish the legal entity, to elect councillors, appoint a CEO, appoint an executive team, and establish a project team which will be responsible for running the de-amalgamation process on a day to day basis.

4.1.1 Relevant legislation

It is assumed that the de-amalgamation of Noosa Council will be facilitated by a regulation under section 20 of the *Local Government Act 2009* (Local Government Act). That is, the regulation will be used to transfer the relevant assets and liabilities, and to do anything else necessary to implement the local government change. The legislation will be prepared by the Queensland Government.

Based on previous legislation that has been used to implement council amalgamations and boundary changes, we have assumed that the following steps will need to occur:

- After notification of the regulation in the Government Gazette, the section of the regulation that requires fresh elections will come into effect
- It is expected that the legislation will require the establishment of a Joint Transitional Committee
- The councillors for the new Noosa Council will appoint a CEO
- As per section 196 of the Local Government Act the CEO will appoint an executive in consultation with the councillors
- The new Noosa Council CEO and executive will establish a project team
- The new Noosa Council project team will facilitate the de-amalgamation process with assistance from other SCRC employees and external advisors.

It is expected that the changeover day on which the regulation re-creates the Noosa Council local government area and transfers assets, liabilities and staff will be set by the regulation. Additionally, the regulation will be used to rename, possibly reclassify, and change the divisions of the remaining area of the SCRC.

4.1.2 Election Costs

As it has been assumed that the post de-amalgamation SCRC will continue to have a Mayor and 12 councillors, the boundaries of the divisions will change. As a result, an election may be held to elect councillors for the revised divisions.

The Law, Justice and Safety Commission considered the cost of Council elections in its report *A new Local Government Electoral Act: Review of the local government electoral system (excluding BCC)*. The total cost of the 2008 local government elections for all Queensland councils (excluding BCC) was \$11.9 million. Taking into consideration increases in the consumer price index (CPI) and wage costs, the Electoral Commission of Queensland (ECQ) has estimated that the costs for the 2012 Council elections will be between \$13.5 million and \$14 million.

The cost of an election is dependent on the size of the council and whether or not the council holds full postal or attendance elections. The cost of an election for the post de-amalgamation SCRC has been estimated by determining the proportion of the 2012 election costs attributable to the council based on the council's estimated population.

Table 2 Post de-amalgamation SCRC population as a percentage of all councils (excl. BCC)

Council	Population	Population %
All Councils (excl. BCC)	3,422,315 ⁵	100%
Post de-amalgamation SCRC	281,262	8.22%

If an election is held, the election costs to the SCRC have been estimated to be between \$1,109,494 and \$1,150,586 based on SCRC's post de-amalgamation population. However, as it is not definite that an election will be held, the costs to SCRC could range between nil and \$1,150,586.

4.1.3 Councillors' remuneration

For the purposes of determining the costs associated with establishing a new Noosa Council, it has been assumed that the SCRC will continue to have a Mayor and 12 councillors post de-amalgamation.

The *Local Government (Operations) Regulation 2010* requires that the Local Government Remuneration and Discipline Tribunal (the Tribunal) determine the remuneration to be paid to mayors, deputy mayors and councillors. Remuneration levels for councillors are set based on a percentage of the annual base salary payable to a Member of the Queensland Legislative Assembly. The current annual base salary for a Member of the Queensland Legislative Assembly is \$137,149.

The level of remuneration depends on the category that the particular council is assigned to. The council's category is determined by considering the workload required to manage different councils.

⁵ Queensland local government comparative information 2009-10

Following the re-establishment of the new Noosa Council, the population of SCRC will reduce by approximately 15%. As a consequence, it may be reclassified from a Category 8 council to a Category 7 council. A reclassification would result in a reduction in councillors' remuneration. The remuneration for Category 7 and Category 8 councils is detailed in the table below.

Table 3 Remuneration for Category 7 and Category 8 councils

Council Category	Mayor	Deputy Mayor	Councillor
Category 7	\$171,436	\$116,577	\$102,862
Category 8	\$192,009	\$133,035	\$116,577
Difference	\$20,573	\$16,458	\$13,715

If the SCRC was reclassified as a Category 7 council, the Mayor and councillors at SCRC would have the following reduction in remuneration. This reduction represents a potential cost saving to SCRC.

Table 4 Possible reduction in SCRC Mayor and councillor remuneration

Position	Number of Positions	Cost Estimate
Mayor	1	\$20,573
Deputy Mayor	1	\$16,458
Councillors	11	\$150,865
TOTAL		\$187,896

4.1.3.1 Summary

Following any de-amalgamation, the cost of the Mayor and councillors' remuneration for the SCRC could remain at its current level or be reduced by \$187,896 if the SCRC is reclassified. The table below summarises the potential cost saving.

Table 5 Summary of estimated Mayor and councillor remuneration costs for SCRC

Item	Cost Estimate
SCRC Councillors	(\$187,896) – \$0

4.1.4 Joint Transitional Committee

It is assumed that the legislation will require the establishment of a Joint Transitional Committee (Committee). Previous legislation that has effected boundary changes and council amalgamations has required the establishment of such a committee⁶. The primary purpose of the Committee is to decide the assets, liabilities and employees that will transfer to the new Noosa Council.

⁶ Refer to *Local Government (Allora, Glengallan, Rosenthal and Warwick) Regulation 1994* and *Local Government (Maroochy and Noosa) Regulation 2003*.

The number of councillors on the Committee reflects the magnitude of the local government change. For the 2008 council amalgamations, the *Local Government Reform Implementation Act 2007* required the committees to be made up of:

- Two councillors from each of the merging local governments
- Up to three union representatives
- The Interim CEO after their appointment by the committee.

In comparison, for the 2004 Maroochy and Noosa boundary changes, the Committee consisted of:

- Two councillors from Maroochy Shire Council
- Two councillors from Noosa Shire Council
- An Independent chairperson.

For the purposes of estimating the costs of establishing a new Noosa Council, it is assumed that the Committee will consist of:

- Two councillors from SCRC
- Two councillors from the new Noosa Council
- The CEO of SCRC
- The CEO of the new Noosa Council.

4.1.4.1 SCRC Councillors

It is assumed that the councillors that sit on the Committee will receive a payment in addition to their normal remuneration. To recognise the additional workload within newly amalgamated Councils, the Local Government Remuneration and Discipline Tribunal has previously provided councillors with 10% loading, which was phased out over the term of the Council.⁷ For the purposes of estimating the costs of re-establishing Noosa Council it has been assumed that the councillors sitting on the Committee will receive an additional 10% remuneration. As the workload of establishing the new Noosa Council is not expected to be as intense as amalgamating several councils, it is assumed this payment will only apply for one year.

Table 6 Estimated SCRC Councillor payment for participation on the Joint Transitional Committee

Committee	Remuneration	Loading	Positions	Cost Estimate
SCRC Councillors*	\$102,862 – \$192,009	10%	2	\$20,572 – \$38,402

*The cost estimate allows for the fact that the Mayor, the Deputy Mayor or a councillor could be a member of the Joint Transitional Committee and that SCRC could be classified as either a Category 7 or Category 8 Council. Remuneration figures are extracted from Table 3.

4.1.4.2 SCRC CEO

It is assumed that the CEO of SCRC will not receive an additional payment for the additional work required as part of any de-amalgamation. However it can be argued that the time spent on the de-amalgamation process by the CEO could have been spent on performing usual duties, and as such represents an opportunity cost to SCRC. This cost is estimated in the following table using the CEO remuneration range reported in the *Sunshine Coast Council Annual Report 2010-2011*.

⁷ Local Government Remuneration Tribunal Report 2007.

Table 7 Estimated opportunity cost of SCRC CEO's time

Item	Positions	Utilisation on de-amalgamation	Remuneration	Cost
CEO	1	10%	\$350,000 – \$390,000	\$35,000 – \$39,000

4.1.4.3 Summary

The total cost of the Joint Transitional Committee to SCRC is estimated in the following table.

Table 8 Estimated Joint Transitional Committee for SCRC

Item	Positions	Utilisation on de-amalgamation	Remuneration	Cost
SCRC Councillors	2	10%	\$102,862 – \$192,009	\$20,572 – \$38,402
CEO	1	10%	\$350,000 – \$390,000	\$35,000 – \$39,000
TOTAL				\$55,572 – \$77,402

4.1.5 Project Teams

It will be necessary to establish a project team to facilitate the de-amalgamation process. It is assumed that the new Noosa Council project team will consist of approximately six existing employees of the SCRC, which are anticipated to transfer to the new Noosa Council. It has also been assumed that as part of the de-amalgamation process SCRC will require at least three staff members dedicated to assisting SCRC in the transition.

While there is no direct additional cost associated with these employees, it can be argued that there is an opportunity cost to SCRC as these employees could be performing duties for SCRC. The opportunity cost to SCRC associated with having these nine employees work on the de-amalgamation process has been calculated in the table below.

We have considered the average expense per employee across all Queensland Councils and for SCRC. The average expense per employee in 2009-10 was approximately \$66,150; this compares with an average employee expense of approximately \$65,750 for SCRC in 2010-11. As it has been assumed that all project team staff will be drawn from SCRC, we have used the average employee expense for SCRC to estimate the opportunity costs to SCRC. For the purposes of determining the opportunity cost it has been assumed that it will take six months of work to prepare for the de-amalgamation.

Table 9 Estimated opportunity cost of SCRC staff time

Item	Positions	Utilisation on de-amalgamation	Remuneration	Cost
Noosa Council project team	6	100%	\$65,750 pa	\$197,250
SCRC project team	3	100%	\$65,750 pa	\$98,625
TOTAL				\$295,875

It should be noted that in addition to the cost of employees dedicated to the transition process it is expected that other SCRC employees will have to dedicate time to the de-amalgamation. Due to the difficulty in quantifying this cost to SCRC it has not been explicitly estimated.

4.1.6 Summary

The cost to SCRC associated with the governance work stream is estimated in the table below.

Table 10 Summary of estimated governance work stream costs for SCRC

Item	Cost Estimate
Relevant legislation	Nil cost
Election Costs	Nil cost – \$1,150,586
Councillors remuneration	(\$187,896) – \$0
Joint Transitional Committee	\$55,572 – \$77,402
Project Teams	\$295,875
TOTAL	\$163,551 – \$1,523,863

4.2 Marketing, communications and change

The marketing, communications and change work stream covers the direct costs associated with rebranding the SCRC, the branding and launching of the new Noosa Council, all internal communications with affected employees, external communications with the wider community, and the establishment of a call centre at least for the duration of the change to respond to questions from both the staff and the community.

The amalgamation of the SCRC resulted in a number of costs associated with marketing and communications which were accepted by Queensland Treasury Corporation (QTC) as a cost of amalgamation for SCRC. Where relevant, these costs have been used as an indication of the marketing, communications and change costs for establishing the new Noosa Council. These costs are outlined in the table below.

Table 11 SCRC marketing, communications and change costs accepted by QTC

Item	Cost
Development of SCRC website	\$20,550
Staff and community communications	\$68,849
Brochures for mail out	\$78,666
New uniforms	\$120,000
Signage costs	\$1,057,952
Change management consultant	\$45,300
Establishment of call centre – Tewantin	\$25,968

4.2.1 Rebranding SCRC

Following any de-amalgamation it is likely that SCRC will change its name as it will no longer cover the whole of the Sunshine Coast. While the name in the Council's logo will need to change, it has been assumed that the design of the logo (i.e. the colour scheme and format) will remain the same; therefore there are no logo design costs. It should be noted that the name change will result in the need to update the Council's website, and replace uniforms and signage.

It is assumed that the update of the council's website can be completed by current council resources with no additional cost.

Customer service and frontline outdoors staff remaining with SCRC will require new uniforms with the new council name. Based on the previous SCRC amalgamation costs and assuming 1,786 SCRC FTE employees (or 79.2%) will remain with the post de-amalgamation SCRC, uniform costs for SCRC are estimated to be \$95,000.

The post de-amalgamation SCRC will also need to replace signage for its buildings and works depots. Considering the proportion of area, rateable properties and population that will remain with SCRC and using the previous cost for signage, the estimated signage costs could range from \$763,952 to \$899,157 (refer to Table 12).

Table 12 Estimated signage costs for SCRC

Category	SCRC	New Noosa Council	Proportion remaining	Signage Cost
Area	3,126	869	72%	\$763,952
Rateable properties	108,566	28,333	74%	\$781,853
Population	330,934	49,672	85%	\$899,157

4.2.1.1 Summary

Accordingly the estimated costs associated with rebranding SCRC have been summarised in the table below.

Table 13 Estimated marketing and branding costs for the SCRC

Item	Cost
Post de-amalgamation SCRC Logo	Nil Cost
Post de-amalgamation SCRC uniforms	\$95,000
Post de-amalgamation SCRC signage	\$763,952 – \$899,157
Post de-amalgamation SCRC Website	Nil direct cost
TOTAL	\$858,952 – \$994,157

4.2.2 Internal and external communications

The staff and community communications are expected to be of a similar magnitude to those to establish the SCRC as the establishment of the new Noosa Council will need to be communicated to all current SCRC employees and persons living in the area. Accordingly, the costs of internal and external communications have been estimated at approximately \$147,515 using the costs associated with establishing SCRC (refer to Table 14). It has been assumed that the communications would be joint between SCRC and the new Noosa Council, therefore 50% of the cost has been attributed as a cost to SCRC.

Table 14 Estimated internal and external communications costs for SCRC

Item	Cost	Allocation	Cost to SCRC
Staff and community communications	\$68,849	50%	\$34,425
Brochures for mail out	\$78,666	50%	\$39,333
TOTAL	\$147,515	50%	\$73,758

As the separation of Noosa Council from SCRC would be a simpler process than amalgamating three councils, it has been assumed that a change management consultant would not be required.

4.2.3 Call centre

As part of the amalgamation which established SCRC, a call centre was established to ensure uniform service delivery across the SCRC. This call centre was established in Tewantin at a cost of \$25,968.

It is assumed that a similar call centre will be required to handle questions from both staff and the wider community as part of the de-amalgamation process, and that a single call centre would be relied on by both SCRC and the new Noosa Council. As such, the estimated cost is \$25,968 with 50% of that being attributed to SCRC.

4.2.4 Summary

The estimated cost to SCRC of marketing, communications and change is summarised in the table below.

Table 15 Summary of estimated marketing, communication and change costs for SCRC

Item	Cost
Marketing and branding	\$858,952 – \$994,157
Internal and external communications	\$73,758
Call Centre	\$12,984
TOTAL	\$945,694 – \$1,080,899

4.3 Industrial relations

The IR work stream covers the actions required to establish the framework to identify and transition employees affected by the de-amalgamation. It also considers the costs associated with hiring any additional staff required to operate the post de-amalgamation SCRC or the new Noosa Council.

4.3.1 Workforce transition code of practice

The Workforce Transition Code of Practice (Code of Practice) details the guidelines that must be followed when transitioning staff to a new local government. The Code of Practice would be developed by the Queensland Government in consultation with SCRC, Noosa Council and unions. Accordingly, the cost to the SCRC will be limited to participation in the process of developing the Code of Practice. As the Code of Practice for the 2008 amalgamations can be used as the basis for the development of the new code, it is anticipated that it will take considerably less time to negotiate. It is assumed that the SCRC executive responsible for HR will participate in the development of the Code of Practice. Accordingly, while there would not be an additional cost to council associated with this work it could be argued that there is an opportunity cost as the SCRC HR executive could have been undertaking alternate work for the council.

4.3.2 Identification of affected employees

A process will need to be undertaken with SCRC to identify the employees that are to transfer to the new Noosa Council. This will involve representatives from both the SCRC and Noosa Council. It is considered likely that at some stage the council will require legal advice in relation to the transfer of employees. Accordingly, the cost of identifying affected employees is largely determined by the legal advice required, and has been costed under the legal work stream, however it could be argued that there is also an opportunity cost to SCRC.

4.3.3 Communications with affected employees

It will be necessary to consult with affected employees and ensure they understand the process for the de-amalgamation and how it affects them. It is assumed that this work will be performed by the HR executives of the SCRC and the new Noosa Council, the relevant Noosa Council Project Team member and other project team members working on the staff and community communications. The costs of the staff communications have largely been captured in the marketing, communications and change work stream. Additionally, it could be argued that there is an opportunity cost to SCRC as the HR executive could have been undertaking alternate work for SCRC.

4.3.4 Transfer of employees

It is assumed that the transfer of employees will occur by regulation and that this will require the development of a transfer schedule to document the transferring employees. It is assumed that this work will be undertaken by the Noosa Council Project Team and legal firm, and reviewed by a representative from SCRC. The costs associated with the legal firm have been included under the legal work stream, however it could be argued that there is also an opportunity cost to SCRC.

4.3.5 Cost of additional employees

The SCRC currently has approximately 2,256 FTE employees. Prior to the 2008 Council amalgamations in 2006-07, Noosa Shire Council had 478 FTE employees while Caloundra City Council and Maroochy Shire Council had 714 and 1,200 FTE employees respectively⁸.

⁸ Queensland Local Government Comparative Information 2006-07

It has been assumed that all positions in place immediately prior to the amalgamation in 2008 that were transferred from Noosa Shire Council will be transferred to the new Noosa Council. Consideration has also been given to the fact that since 15 March 2008 the Council's water supply and sewerage services have been transferred to Unitywater.

To estimate the number of employees that will transfer, we have considered the proportion of the population, rateable properties and area that would transfer to the new Noosa Council. The re-establishment of Noosa Council could see:

- 15% of the SCRC employees transfer to the new Noosa Council based on population
- 26% of the SCRC employees transfer to the new Noosa Council based on rateable properties
- 28% of the SCRC employees transfer to the new Noosa Council based on area.

Using these percentages to estimate the number of employees to transfer would see between 339 and 627 FTE employees transferring to the new Noosa Council. This would leave the SCRC with between 1,629 and 1,917 FTE employees. By way of comparison Moreton Bay Regional Council has approximately 1,767 FTE employees while Logan City Council has approximately 1,309⁹.

It has been assumed that a smaller number of employees than that employed by the Noosa Shire Council pre-amalgamation will be required by the new Noosa Council. For the purposes of this analysis it has been assumed that 470 FTE employees will transfer to the new Noosa Council and that the two councils can provide the relevant services with only an increase in the total number of managers (i.e. the new Noosa Council will be required to hire additional staff at a manager level). For the purposes of this analysis it has been assumed that there will not be material staff legacy costs.

4.3.6 Summary

The table below summarises the estimated cost to SCRC associated with the IR work stream.

Table 16 Summary of estimated IR work stream costs for SCRC

Item	Cost Estimate
Workforce Transition Code of Practice	Nil Direct Cost
Identification of transferring employees	Costed under the legal work stream
Communications to affected employees	Costed under the marketing, communications and change work stream
Transfer of employees	Costed under the legal work stream
Additional employees	Nil Cost
TOTAL	Nil Cost

⁹ Queensland Local Government Comparative Information 2009-10.

4.4 Planning and accountability

This work stream considers the costs associated with the development of the range of council documents, including:

- Five year corporate plan
- Annual operational plan
- Long-term community plan
- Financial plan
- Long-term asset management plan
- Town Plan.

SCRC will need to make amendments to these documents following any de-amalgamation. It is assumed that this work would be completed by existing SCRC employees. While there would not be an additional cost to council associated with this work, it could be argued that there is an opportunity cost as those employees could have been undertaking alternate work for the council.

4.5 Legal

The de-amalgamation process will involve a wide range of legal activities. The following activities have been identified:

- Legal due diligence
- IR advice
- Application for relevant licences
- Negotiation with third parties to split/novate/transfer/put in place new contracts
- Negotiation and agreement of relevant Transitional Service Agreements (TSAs)
- Development of a records access agreement
- Establishment of participation rights in Unitywater
- Preparation of transfer schedules, including employee transfer schedules.

With the exception of applying for relevant licences, both SCRC and the new Noosa Council will be involved in the different legal activities. Due to the complexity of the activities and the volume of work it has been assumed that SCRC and the new Noosa Council will engage a legal firm to complete these activities. Further, it has been assumed that, where relevant, the new Noosa Council will be responsible for the initial drafting of documents while SCRC's costs would be largely associated with reviewing documents (e.g. records access agreement).

The time and resources required to complete each of the legal activities are estimated in the table overleaf.

Table 17 Estimated legal costs for SCRC

Activity	Time Requirement (days)	Service Rate (\$/day)	Total Cost
Legal due diligence	5	\$2,600	\$13,000
IR advice	3	\$2,600	\$7,800
Negotiation with third parties to split/ novate/ transfer/put in place new contracts	5	\$2,600	\$13,000
Negotiation and agreement of relevant TSAs	8	\$2,600	\$20,800
Review of records access and Unitywater participation agreement	1	\$2,600	\$2,600
Review of transfer schedules, including employee transfer schedules	4	\$2,600	\$10,400
TOTAL	26		\$67,600

Based on the total time requirements and the estimated daily rates, the estimated legal cost is \$67,600. The time requirement and service rate is an estimate only and could vary depending on the terms of engagement. As such, we have applied sensitivities of +/- 20% on each of these variables to estimate the likely cost range. Our analysis produced a cost range of \$54,080 to \$81,120.

4.5.1 Benchmarking

A review was conducted in 2002 on the feasibility of restructuring the Delatite Shire in Victoria into two municipals, Benalla and Mansfield¹⁰. This review has been used for our benchmarking purposes for legal costs.

The table overleaf presents some key statistics of the Delatite Shire, and compares it with SCRC.

¹⁰ The report of the Local Government (Delatite Shire Council) review panel, July 2002 – Review of the possible restructuring of the Delatite Shire

Table 18 Council comparison

Council	Population	Area (sq km)	Rateable Properties
Delatite Shire Council	20,162	6,246	13,364
New Benalla	13,531	2,328	7,179
New Mansfield	6,631	3,907	6,185
Current SCRC	330,934	3,126	108,566
New Noosa Council	49,672	869	28,333
Post de-amalgamation SCRC	281,262	2,257	80,233

The legal costs associated with the transition as estimated by Delatite Shire and recommended by the review panel were \$75,000 for the new Benalla and \$75,000 for the new Mansfield. As this was conducted in 2002, the equivalent cost in present terms, assuming a 2.5% annual escalation for nine years, is approximately \$94,000 per council.

The SCRC is significantly larger than the Delatite Shire Council in terms of population and rateable properties, however it covers a significantly smaller area. As such, it can be argued that the cost range estimated in the analysis is possibly on the low side.

4.6 Operations

The operations work stream covers the costs associated with property, plant and equipment (PPE). It has been assumed that:

- The new Noosa Council will receive all the land, buildings and works depots that it previously owned that still remain with SCRC. Where previous assets or leases have been disposed of, a new Noosa Council will have to procure new accommodation to offset these disposals if the existing facilities are inadequate
- All assets related to the Noosa area that were originally transferred to SCRC will be transferred to the new Noosa Council
- Any new assets purchased or constructed since amalgamation that relate solely to the Noosa region will be transferred to Noosa Council
- The ICT hardware and software, and some plant and equipment which were owned by Noosa Shire Council prior to amalgamation, no longer exist.

After de-amalgamation there could be a need for SCRC to purchase additional assets. A review of the FAIM Comprehensive Asset Report has shown the disposals and purchases made by SCRC since amalgamation.

4.6.1 Plant and Vehicles

In relation to plant and vehicles SCRC has:

- Disposed of just over \$9 million worth of plant and vehicles at unit cost
- Purchased approximately \$6.5 million worth of plant and vehicles at unit cost.

For the purposes of this report, it is assumed that all new plant and vehicles purchased will remain with the SCRC and that the new Noosa Council is required to purchase any additional plant and vehicles required to service the two separate councils.

4.6.2 Other property and equipment

The value of other property and equipment purchases made by the SCRC for areas outside the Noosa Region is greater than the value of assets disposed of. Accordingly, it is assumed that SCRC will not need to purchase additional assets post de-amalgamation.

Specifically in relation to ICT, it has been assumed that all ICT related assets remain with SCRC as Noosa Shire Council's ICT related assets were largely disposed of following the amalgamation. This is discussed further in section 5.8.

4.7 Information communication technology

Following the amalgamation of Noosa Shire Council, Maroochy Shire Council and Caloundra City Council to form SCRC, the ICT systems from each of the councils were fully integrated and Noosa Shire Council's ICT assets were largely disposed of. The ICT work stream considers the costs associated with re-establishing standalone ICT for the new Noosa Council. The establishment of standalone systems will take a considerable amount of time. Accordingly, it is necessary to have interim arrangements, which would most likely take the form of TSAs, in place until the new systems become fully operational.

It is assumed that:

- The ICT hardware and software and plant and equipment which were owned by Noosa Council prior to amalgamation no longer exist
- The new Noosa Council will use the same ICT systems as SCRC.

4.7.1 Transitional arrangements

It is anticipated that TSAs will be required for SCRC to provide the following services for a period of three to six months while the base ICT services are being established:

- Payroll
- Collection of rates and other payments.

This could potentially be extended for a further six to 12 months as transition activities are done to move application services onto the new platform. It has been assumed that the TSA payment will fully cover SCRC costs of providing payroll, and rates and other payments collection services to the new Noosa Council.

4.7.2 ICT systems

As discussed in section 4.6, it is assumed that ICT related assets of SCRC will remain with SCRC post de-amalgamation. Accordingly, there are no costs associated with purchasing ICT systems.

4.7.3 SCRC Costs

It is anticipated that there will be a number of indirect costs to SCRC associated with the ICT work stream in terms of loss in efficiency and purchasing power loss. This cost is included and discussed in section 4.11.

4.8 Insurance

Under section 107 of the Local Government Act councils must maintain public liability insurance and professional indemnity insurance. Councils also insure their assets.

It is important to ensure continuity of insurance arrangements. It is assumed that a legal firm will be used to determine the best approach to managing insurance before and after the de-amalgamation. The exact arrangements will need to be negotiated with the council's insurance broker.

Councils generally have the following policy classes:

- Industrial Special Risks (ISR)
- Motor Fleet
- Crime/Fidelity Guarantee
- Machinery Breakdown
- Voluntary Workers Personal Accident.

There may be other policies required (e.g. Contract Works), but the ISR and Motor Fleet usually account for approximately 95% of the total premium spend.

4.8.1 Local Government Mutual (LGM) Scheme

Queensland local governments are collectively members of the LGM Scheme administered by Jardine Lloyd Thompson (JLT) to control and manage their legal liability exposures. This scheme includes the insurance placement, claims management, consulting services for those policies such as Public/Products Liability, Directors & Officers Liability and Professional Indemnity. It is difficult to accurately predict SCRC's contribution to this scheme following a de-amalgamation of the new Noosa Council. For the purposes of this report it has been assumed that any reduction in the SCRC's contribution post de-amalgamation will be similar to the contribution to be made by the new Noosa Council.

4.8.2 Estimated cost of relevant insurance policies

It is assumed that premiums will be based on the usual risk and underwriting information required by underwriters for each policy. The loss history will also play a significant factor in the pricing.

4.8.2.1 Motor fleet

Motor premiums are claims driven and councils are known for having poor claims history. Depending on the number of units/vehicles and a typical claims history, it is estimated that the premium will be in the region of \$350 per vehicle based on a \$1,000 excess. Assuming that the remaining 155¹¹ vehicles that transferred from Noosa Shire Council to SCRC will be transferred back, the total premium reduction for the post de-amalgamation SCRC would be around \$54,250.

4.8.2.2 Other insurance

It is assumed that there will be no changes to SCRC's other insurance costs.

4.8.3 Summary

A summary of the estimated savings on insurance costs for the SCRC are included in the table overleaf.

¹¹ FAIM Comprehensive Asset Report for SCRC

Table 19 Summary of estimated insurance costs for SCRC

Item	Cost
LGM Scheme	Unquantified reduction
Motor fleet	(\$54,250)
Other insurance	No change
TOTAL	(\$54,250)

4.9 Accounting and financial

The accounting and financial work stream covers the range of accounting and financial activities that are required to establish the new Noosa Council. The majority of work under this work stream will be undertaken by the new Noosa Council with input from SCRC's accounting and finance area. While there would not be an additional cost to council associated with this work it could be argued that there is an opportunity cost as those employees could have been undertaking alternate work for the SCRC.

4.10 Tax

4.10.1 State taxes and duty

Exemptions are in place for local government restructures implemented by regulation under section 20 of the *Local Government Act 2009*. Specifically:

- Section 20(4) states that a local government is not liable to pay State tax in relation to a transfer or other arrangement to implement a local government change, other than a Duty under the *Duties Act 2001*
- Section 430(d) of the *Duties Act 2001* states that duty is not imposed on an instrument or transaction entered into or made for implementing a local government change under the Local Government Act.

Accordingly, under the assumption that the restructure will be implemented by regulation there should be no duty or State taxes payable.

4.10.2 Commonwealth taxes

4.10.2.1 Income tax

Under Division 50 of the *Income Tax Assessment Act 1997 (Cth)* the ordinary income and statutory income of a local governing body are exempt from income tax. However, commercial business operations may be subject to the Income Tax Equivalent Regime which forms part of the Local Government Tax Equivalent Regime (LGTER). The *Local Government Tax Equivalent Manual* states that an imposed restructure will be treated in a tax neutral manner for LGTER purposes. However, the exact tax treatment of any commercial businesses will be dependent on the LGTER administrator's assessment of the circumstances and the impact on any competitors. As the income tax equivalent amounts are payable to the Local Government, any amount payable is not relevant for the purposes of this analysis.

4.10.2.2 Goods and Services Tax (GST)

For the purposes of GST, a local governing body is a government-related entity, and may be a government entity for GST purposes. There may be GST consequences associated with the restructure and it is necessary to determine whether there is a supply. This depends on whether the losing agency has taken any action to cause the assets and liabilities to be transferred to the gaining agency¹². To determine whether any GST is payable would require consideration of the Local Government Act, the implementation process and the relevant drafting of the regulation implementing the de-amalgamation, the GST Act and relevant ATO rulings. Additionally, it may be considered prudent to seek a ruling. While it is not possible to determine whether any GST will be payable without reviewing the relevant documentation, the costs of undertaking the appropriate review are estimated to be between \$8,000 – \$10,000 and the drafting and lodging of an application for a private binding ruling are estimated to cost around \$10,000. The costs associated with seeking a ruling have been allocated to the new Noosa Council.

4.11 Other costs

There are a number of reports and papers that note the benefits that may be derived from local government amalgamation processes. The Local Government Reform Commission in its 2007 report titled *Report of the Local Government Reform Commission Volume 1* noted that, based on its review of previous amalgamation experience and the commentary of the most advanced SSS reviews, that local government reform offers the possibility of a range of benefits including:

- Economies of scale in respect to IT systems, plant and machinery
- Efficiencies in the delivery of infrastructure
- Attracting and retaining staff with the skills and expertise required to ensure the delivery of infrastructure and services to communities, plan for the social and economic development of areas, and manage environmental issues
- The ability to institute improved governance systems that deliver better value for money due to an enhanced capacity to manage risk, and meet financial management and other standards mandated through legislation or codes of practice.

It was also noted that the exact benefits derived by a council will largely depend on the decisions the new council makes.

A paper by Professor John Rolfe titled *Amalgamation of Local Government Areas in Queensland: An Analysis Framework* considered the benefits and costs of council amalgamations. The paper found that benefits were likely to be derived from:

- Increased efficiencies of larger scale operations
- Consistency in service provision and development approvals
- Increased ability to engage in forward planning
- Better matching with government services.

Rolfe also found that there were likely to be costs associated with the larger council sizes (i.e. higher transaction and administration costs, systems becoming less flexible).

¹² GST and machinery of government changes (NAT 73389).

Similarly, a recent report titled *Consolidation in Local Government: A Fresh Look* found that while there are efficiency benefits and internal cost savings associated with amalgamation, it is not likely that these will be translated into rates reductions; rather these savings tend to be used to improve service delivery. However, the extent to which any benefits are realised depends on the individual councils.

4.11.1 Loss of scale and efficiency

Studies have been undertaken to quantify the cost saving associated with council amalgamations. Specifically it has been found that:

- Tasmanian council amalgamations have led to a 6% reduction in costs
- South Australian amalgamations have led to between 3% and 5% reduction in expenditure
- Victorian amalgamations have led to an estimated 8% to 9% in savings¹³.

For the purposes of estimating efficiency losses, it is assumed that efficiency losses will only apply to materials and services and finance costs. For the year ended June 2010, these costs totalled \$203,554,000¹⁴ for SCRC.

Table 20 SCRC materials and services and finance costs as at 30 June 2010

Item	Cost
Materials and services	\$195,065,000
Finance costs	\$8,489,000
TOTAL	\$203,554,000

Assuming that the efficiency benefits of amalgamation are between 3% and 9%, the estimated benefit for SCRC arising from amalgamation is between \$6,295,485 and \$20,131,714. Following the de-amalgamation of Noosa Council it is unlikely that all efficiency benefits would be lost, as SCRC will either remain the fourth largest council in Queensland or fall to become the fifth largest council. Accordingly, using the proportion of the SCRC that will transfer to the new Noosa Council of between 15% and 28% as presented in Table 12, the cost to SCRC associated with lost efficiency benefits is between \$944,930 and \$5,594,504. For the purposes of this report this is assumed to be a one-off cost.

In addition to the costs associated with efficiency losses it is likely that there will be a number of fixed costs that SCRC will not be able to reduce immediately following de-amalgamation.

¹³ Tiley, I. and B. Dollery, 2010, Historical Evolution of Local Government Amalgamation in Victoria, Tasmania and South Australia.

¹⁴ SCRC Annual Report 2009-2010

4.11.2 Loss of regional services

In addition to efficiency losses and losses in purchasing power associated with the de-amalgamation, SCRC will no longer represent the Sunshine Coast region as a whole and will be limited in terms of the services that it can offer the community. A greater funding base has provided SCRC with the ability to provide services which it arguably could not have provided if it was not a regional council. These services include:

- Purchase of Horton Park Golf Course for over \$42 million for the Maroochydore Principal Activity Centre. The council's intention is that this area would include infrastructure such as a regional convention and entertainment centre
- Expenditure of over \$12 million on Sunshine Coast Airport since amalgamation to support tourism and economic growth across the whole Sunshine Coast region
- Around \$10 million for the regional sports facility at Kawana
- In excess of \$20 million for strategic land purchases since amalgamation for regional sporting and other purposes
- The development of a regional waste facility.

Following a de-amalgamation the SCRC will have to reassess major regional projects including the new runway and terminal at Sunshine Coast Airport and the development of the Maroochydore Principal Activity Centre. While it is difficult to quantify the cost of the non-provision of such services, it should be taken into consideration when considering the costs associated with de-amalgamating and re-establishing Noosa Council.

4.12 Summary

The costs to SCRC associated with a de-amalgamation and re-establishing the new Noosa Council are summarised in the table below.

Table 21 Summary of estimated de-amalgamation costs for SCRC

Cost	Cost Estimate
Governance	\$163,551 – \$1,523,863
Marketing, communications and change	\$945,694 – \$1,080,899
IR	-
Planning and accountability	-
Legal	\$54,080 – \$81,120
Operations	-
ICT	-
Insurance	(\$54,250)
Accounting and financial	-
Tax	-
Other costs	\$944,930 – \$5,594,504
TOTAL	\$2,054,005 – \$8,226,136

The total costs summarised above are a mix of both one-off costs and annual costs. The one-off costs are estimated to be between \$2.296 million and \$7.130 million and are summarised in the table below.

Table 22 Summary of estimated one-off de-amalgamation costs for SCRC

Cost	Cost Estimate
Governance	\$351,447 – \$1,523,863
Marketing and communications	\$945,694 – \$1,080,899
IR	-
Planning and accountability	-
Legal	\$54,080 – \$81,120
Operations	-
ICT	-
Insurance	-
Accounting and financial	-
Tax	-
Other costs	\$944,930 – \$5,594,504
TOTAL	\$2,296,151 – \$8,280,386

In terms of annual costs, following a de-amalgamation the SCRC could save up to \$242,146 per annum in Mayor and Councillor's remuneration and insurance costs.

5 New Noosa Council Costs

The direct costs of re-establishing Noosa Council have been estimated by considering the different streams of work that would be required to facilitate the de-amalgamation, namely:

- Governance
- Marketing, communications and change
- IR
- Planning and accountability
- Legal
- Operations
- ICT
- Insurance
- Accounting and financial
- Tax.

5.1 Governance

The governance work stream covers the actions required to establish the legal entity, to elect councillors, appoint a CEO, appoint an executive team, and establish a project team which will be responsible for running the de-amalgamation process on a day to day basis.

5.1.1 Relevant legislation

As per section 4.1.1 the relevant legislation will be prepared by the Queensland Government and it has been assumed that the following steps will need to occur:

- After notification of the regulation in the Government Gazette, the section of the regulation that requires fresh elections will come into effect
- It is expected that the legislation will require the establishment of a Joint Transitional Committee
- The councillors for the new Noosa Council will appoint a CEO
- As per section 196 of the Local Government Act the CEO will appoint an executive in consultation with the councillors
- The new Noosa Council CEO and executive will establish a project team
- The new Noosa Council project team will facilitate the de-amalgamation process with assistance from other SCRC employees and external advisors.

It is expected that the changeover day on which the regulation re-creates the Noosa Council local government area and transfers assets, liabilities and staff will be set by the regulation.

5.1.2 Election costs

It is expected that the new Noosa Council will be required by legislation to pay for the fresh elections. As discussed in section 4.1.2, the ECQ has estimated that the costs for the 2012 Council elections will be between \$13.5 million and \$14 million.

The cost of an election is dependent on the size of the council and whether or not the council holds full postal or attendance elections. The cost of an election for the new Noosa Council has been estimated by determining the proportion of the 2012 election costs attributable to the council based on the council's estimated population.

Table 23 New Noosa Council population as a percentage of all councils (excl. BCC)

Council	Population	Population %
All Councils (excl. BCC)	3,422,315 ¹⁵	100%
New Noosa Council	49,672	1.45%

The election costs to the new Noosa Council have been estimated to be between \$195,941 and \$203,198 based on this proportion.

5.1.3 Councillors' remuneration

Establishing a new Noosa Council will require the election of new councillors. For the purposes of determining the costs associated with establishing a new Noosa Council, it has been assumed that the new Noosa Council will have a Mayor and eight councillors.

As discussed in section 4.1.3, the *Local Government (Operations) Regulation 2010* requires the Tribunal to determine the remuneration to be paid to mayors, deputy mayors and councillors. Remuneration levels for councillors are set based on a percentage of the annual base salary payable to a Member of the Queensland Legislative Assembly (\$137,149 per annum).

Consideration has been given to the category that the new Noosa Council would be assigned to. In the *Local Government Remuneration and Discipline Tribunal Report 2011*, the Tribunal decided to adjust Gympie and Tablelands from a Category 5 council to a Category 4 council. Considering the councils that fall within these categories, it is debatable as to what category a new Noosa Council will fall within. For the purposes of this report, it has been assumed that the new Noosa Council could be classified as either a Category 4 or Category 5 council.

Table 24 Remuneration for Category 4 and Category 5 councils

Council Category	Mayor	Deputy Mayor	Councillor
Category 4	\$109,719	\$68,575	\$58,288
Category 5	\$130,292	\$85,718	\$75,432

¹⁵ Queensland local government comparative information 2009-10

Based on this information the costs of the Mayor and councillors for the new Noosa Council have been estimated in the following table.

Table 25 Estimated Mayor and councillors' remuneration for Noosa Council

Position	Number of Positions	Cost Estimate
Mayor	1	\$109,719 – \$130,292
Deputy Mayor	1	\$68,575 – \$85,718
Councillors	7	\$408,016 – \$528,024
TOTAL		\$586,310 – \$744,034

5.1.4 Joint Transitional Committee

As discussed in section 4.1.4, it is assumed that the legislation will require the establishment of a Joint Transitional Committee (the Committee) which will decide the asset, liabilities and employees that will transfer to the new Noosa Council.

For the purposes of estimating the costs of establishing a new Noosa Council, it is assumed that the Committee will consist of:

- Two councillors from SCRC
- Two councillors from the new Noosa Council
- The CEO of SCRC
- The CEO of the new Noosa Council.

For the purposes of estimating the costs of re-establishing Noosa Council it has been assumed that the councillors sitting on the Committee will receive an additional 10% remuneration. As the workload of establishing the new Noosa Council is not expected to be as intense as amalgamating a number of councils, it is assumed this payment will only apply for one year.

Table 26 Estimated Noosa Council councillor payment for participation on the Joint Transitional Committee

Committee	Remuneration	Loading	Positions	Cost Estimate
Noosa Council Councillors*	\$58,288 - \$130,292	10%	2	\$11,658 – \$26,058

*The cost estimate allows for the fact that the Mayor, the Deputy Mayor or a councillor could be a member of the Joint Transitional Committee. Remuneration figures are extracted from Table 24.

5.1.5 CEO and executive team remuneration

Section 194 of the Local Government Act requires each local government to appoint a CEO. The CEO, in consultation with the councillors, is responsible for the appointment of the executive team. Additionally, the new Noosa Council will require a management team to support the executive.

The salary for the CEO and executive of the new Noosa Council is expected to be similar to that of a comparable sized council. Section 201 of the Local Government Act requires the annual report of local governments to contain the total remuneration packages payable to contract employees. The table below summaries the 2010-2011 remuneration ranges for SCRC and Tablelands Regional Council.

Table 27 CEO and executive remuneration ranges for SCRC and Tablelands Regional Council

Council	CEO remuneration	Executive remuneration
SCRC	\$350,000 – \$390,000	\$190,000 – \$250,000
Tablelands Regional Council	\$190,000 – \$220,000	\$160,000 – \$190,000

Additionally, in 2011, the Gladstone Regional Council contracted an independent review on their executive pay scale which was made publicly available¹⁶. The report recommends that an appropriate range is \$262,500 to \$335,600 for a CEO's salary, and \$158,000 to \$224,500 for an executive's salary.

For the purpose of this report the midpoint between the Tablelands Regional Council and SCRC ranges have been used. This range is consistent with the rates recommended for Gladstone Regional Council.

Table 28 Estimated CEO and executive remuneration for Noosa Council

Item	Positions	Cost Estimate
Noosa CEO	1	\$270,000 – \$305,000
Noosa Executives	4	\$700,000 – \$880,000
TOTAL		\$970,000 – \$1,185,000

5.1.6 Project Team

It will be necessary to establish a project team to facilitate the de-amalgamation process. It is assumed that the new Noosa Council project team will consist of approximately six existing employees of the SCRC, which are anticipated to transfer to the new Noosa Council. While there is no direct additional cost associated with these employees, it can be argued that there is an opportunity cost to SCRC (refer to section 4.1.5).

¹⁶ Organisational Insights, 2011, Gladstone Executive Pay Scale Review

5.1.7 Summary

The costs to the new Noosa Council associated with the governance work stream are estimated in the table below.

Table 29 Summary of estimated governance work stream costs for Noosa Council

Item	Cost Estimate
Relevant legislation	Nil Cost
Council Election	\$195,941 – \$203,198
Councillors' remuneration	\$586,310 – \$744,034
Joint Transitional Committee	\$11,658 – \$26,058
Executive Team	\$970,000 – \$1,185,000
Project Team	Nil Cost
TOTAL	\$1,763,909 – \$2,158,291

5.2 Marketing, communications and change

As discussed in section 4.2 the marketing, communications and change work stream covers the direct costs associated with the rebranding of SCRC, the branding and launching of the new Noosa Council, all internal communications with affected employees, external communications with the wider community, and the establishment of a call centre at least for the duration of the change to handle questions from both the staff and the community.

Table 11 sets out the marketing, communications and change costs accepted by QTC as part of the 2008 amalgamation. Where relevant, these costs have been used as an indication of the marketing, communications and change costs for establishing the new Noosa Council.

5.2.1 Marketing and branding

It is assumed that the original Noosa Shire Council logo will continue to be used – accordingly, there will be no cost associated with logo development. The re-establishment of the new Noosa Council will require the development of a new website as the previous website no longer exists. With the development of a website the complexity and level of integration required will drive the costs. In particular, the following requirements have to be considered:

- Data feeds from/to other government departments
- User interaction capability such as paying rates and billing
- Visibility into services.

The costs of a new website is estimated under the ICT work stream in section 5.7.

Customer service and frontline outdoor staff transferring to the new Noosa Council will require new uniforms. Based on the previous SCRC amalgamation costs and assuming that 470 FTE employees (or 20.8% of SCRC's current FTE employees) will transfer to the new Noosa Council, uniform costs for the new Noosa Council are estimated to be \$25,000.

The new Noosa Council will also require new signage for its buildings and works depots. Considering the proportion of area, rateable properties and population that will transfer from SCRC to the new Noosa Council, the estimated signage costs could range from \$158,795 to \$294,000.

Table 30 Estimated signage costs for Noosa Council

Category	SCRC	New Noosa Council	Proportion	Signage Cost
Area	3,126	869	28%	\$294,000
Rateable properties	108,566	28,333	26%	\$276,099
Population	330,934	49,672	15%	\$158,795

5.2.1.1 Summary

Accordingly the costs associated with branding the new Noosa Council have been summarised in the table below.

Table 31 Estimated marketing and branding costs for Noosa Council

Item	Cost
Noosa Council Logo	Nil Cost
Noosa Council Website	Costed under the ICT work stream
Noosa Council uniforms	\$25,000
Noosa Council signage	\$158,795 – \$294,000
TOTAL	\$183,795 – \$319,000

5.2.2 Internal and external communications

Section 4.2.2 estimated that internal and external communications for the de-amalgamation will cost \$147,515. It was also assumed that the communications would be joint between the SCRC and the new Noosa Council. Accordingly, allocating 50% to the new Noosa Council equates to \$73,758.

Table 32 Estimated internal and external communications costs for Noosa Council

Item	Cost	Allocation	Cost to SCRC
Staff and community communications	\$68,849	50%	\$34,425
Brochures for mail out	\$78,666	50%	\$39,333
TOTAL	\$147,515	50%	\$73,758

Consistent with section 4.2.2 it has been assumed that a change management consultant would not be required.

5.2.3 Call centre

Section 4.2.3 estimated that a call centre for the de-amalgamation process would cost \$25,968. It was assumed that the one call centre would be used to manage all queries relating to de-amalgamation accordingly the cost has been allocated between the two new councils. As such, the estimated cost for the new Noosa Council is \$12,984.

5.2.4 Summary

The estimated costs to the new Noosa Council associated with the marketing and communications work stream are summarised in the table below.

Table 33 Summary of estimated marketing, communication and change costs for Noosa Council

Item	Cost
Marketing and branding	\$183,795 – \$319,000
Internal and external communications	\$73,758
Call Centre	\$12,984
TOTAL	\$270,536 – \$405,741

5.3 Industrial relations

The IR work stream covers the actions required to establish the framework to identify and transition employees affected by the de-amalgamation. It also includes the costs associated with hiring any additional staff required to run the new Noosa Council.

5.3.1 Workforce transition code of practice

As discussed in section 4.3.1, the Code of Practice details the guidelines that must be followed when transitioning staff to a new local government. The Code of Practice is developed by the Queensland Government in consultation with Noosa Council, SCRC and unions. Accordingly, the cost to the new Noosa Council will be limited to participation in the process of developing the Code of Practice. As the Code of Practice for the 2008 amalgamations can be used as the basis for the development of the new code, it is anticipated that it will take considerably less time to negotiate. It is assumed that a member of the Project Team, the new Noosa Council executive will participate in the development of the code of practice. Accordingly, there is not expected to be any additional direct cost to the new Noosa Council.

5.3.2 Identification of affected employees

As discussed in section 4.3.2, a process will need to be undertaken with the SCRC to identify the employees that are to transfer to the new Noosa Council. This will involve representatives from both the new Noosa Council and the SCRC. It is considered likely that at some stage the council will require legal advice in relation to the transfer of employees. Accordingly, the costs of identifying affected employees are associated with the legal advice required and have been costed under the legal work stream.

5.3.3 Communications with affected employees

As discussed in section 4.3.3, it will be necessary to consult with affected employees and ensure they understand the process for the de-amalgamation and how it affects them. It is assumed that this work will be performed by the relevant Project Team member, the HR executives of the new Noosa Council and the SCRC. While there is no direct additional cost to the new Noosa Council for the council staff, the costs of the external marketing have been captured in the marketing, communications and change work stream.

5.3.4 Transfer of employees

As discussed in section 4.3.4, it is assumed that the transfer of employees will occur by regulation and that this will require the development of a transfer schedule to document the employees who are transferring. It is assumed that this work will be undertaken by the Project Team and legal firm, and reviewed by a representative from SCRC. The Noosa Council Project Team member will not represent a direct additional cost and the costs associated with the legal firm have been included under the legal work stream.

5.3.5 Cost of additional employees

As discussed in section 4.3.5, for the purposes of this analysis, it has been assumed that 470 FTE employees will transfer to the new Noosa Council and that the two councils can provide the relevant services with only an increase in the number of managers.

In terms of the management team, it has been assumed that the new Noosa Council will require between 15 and 20 staff at management level. Assuming staff at management level received between \$100,000 and \$150,000 per annum this would equate to an additional cost between \$1,500,000 and \$3,000,000.

5.3.6 Employee Training

It is assumed there will be costs associated with training employees in the procedures and processes for the new Noosa Council. However, it is assumed that all training activities will be carried out internally by the new Noosa Council staff and hence there will be no additional training cost.

5.3.7 Summary

The following table summarises the estimated costs associated with the IR work stream for the new Noosa Council.

Table 34 Summary of estimated IR work stream costs for Noosa Council

Item	Cost Estimate
Workforce Transition Code of Practice	Nil Direct Cost
Identification of transferring employees	Costed under the legal work stream
Communications to affected employees	Costed under Marketing and Communications work stream
Transfer of employees	Costed under the legal work stream
Additional employees	\$1,500,000 – \$3,000,000
Training	Nil Direct Cost
TOTAL	\$1,500,000 – \$3,000,000

5.4 Planning and accountability

A new Noosa Council will be required to develop the following documents:

- Five year corporate plan
- Annual operational plan
- Long-term community plan
- Financial plan
- Long-term asset management plan
- Town Plan.

Apart from the Town Plan, which has already been developed and is currently in place with the SCRC, the new Noosa Council will be required to develop all these reports.

It is anticipated that these reports will be finalised by the new Noosa Council when it is operational. Hence there is no direct additional cost for this work stream.

5.5 Legal

The de-amalgamation process will involve a wide range of legal activities. The following activities have been identified:

- Legal due diligence
- IR advice
- Application for relevant licences
- Negotiation with third parties to split/novate/transfer/put in place new contracts
- Negotiation and agreement of relevant TSAs
- Development of a records access agreement
- Establishment of participation rights in Unitywater
- Preparation of transfer schedules, including employee transfer schedules.

As discussed in section 4.5, the new Noosa Council will be involved in all of the different legal activities. Due to the complexity of the activities and the volume of work it has been assumed that the new Noosa Council will engage a legal firm to complete these activities. Further, it has been assumed that, where relevant, the new Noosa Council will be responsible for the initial drafting of documents while SCRC's costs would be largely associated with reviewing documents.

The time and resources required to complete each of the legal activities are estimated in the table below.

Table 35 Estimated legal costs for Noosa Council

Activity	Time Requirement (days)	Service Rate (\$/day)	Total Cost
Legal due diligence	10	\$2,600	\$26,000
IR advice	3	\$2,600	\$7,800
Application for relevant licences	4	\$2,600	\$10,400
Negotiation with third parties to split/novate/transfer/put in place new contracts	10	\$2,600	\$26,000
Negotiation and agreement of relevant TSAs	10	\$2,600	\$26,000
Development of records access agreement	2	\$2,600	\$5,200
Establishment of participation rights in Unitywater	3	\$2,600	\$7,800
Preparation of transfer schedules, including employee transfer schedules	8	\$2,600	\$20,800
TOTAL	50		\$130,000

Based on the total time requirements and the estimated daily rates, the estimated legal cost is approximately \$130,000. The time requirement and service rate is an estimate only and could vary depending on the terms of engagement. As such, we have applied sensitivities of +/- 20% on each of these variables to estimate the likely cost range. Our analysis produced a cost range of \$104,000 to \$156,000.

5.5.1 Benchmarking

This estimate of legal costs has been benchmarked against the estimate of legal costs for restructuring the Delatite Shire in Victoria (refer to section 4.5.1).

As discussed, the current SCRC is significantly larger than the Delatite Shire Council in terms of population and rateable properties. As such, the estimate of legal costs may be slightly low.

5.6 Operations

As discussed in section 4.6, the operations work stream covers the costs associated with PPE. It has been assumed that:

- The new Noosa Council will receive all the land, buildings and works depots that it previously owned that still remain with SCRC. Where previous assets or leases have been disposed of, a new Noosa Council will have to procure new accommodation to offset these disposals if the existing facilities are inadequate
- All assets related to the Noosa area that were originally transferred to SCRC will be transferred to the new Noosa Council
- Any new assets purchased or constructed since amalgamation that relate solely to the Noosa region will be transferred to the new Noosa Council
- The ICT hardware and software, and some plant and equipment which were owned by Noosa Shire Council prior to amalgamation, no longer exist.

5.6.1 Plant and Vehicles

As discussed in section 4.6.1, based on the FAIM Comprehensive Asset Report for SCRC over \$9 million (at unit cost) of plant and vehicles were disposed of while approximately \$6.5 million (at unit cost) were purchased. Specifically, in relation to plant and vehicles that transferred from Noosa Shire Council, of the \$12,666,796 transferred, \$2,701,038 worth of plant and vehicles were disposed of following the amalgamation process. It is assumed that the new Noosa Council will have to repurchase plant and vehicles to this value in order to provide the same services as the previous Noosa Shire Council. Hence, assuming CPI escalation of 2.5% per annum for the three years since amalgamation, the estimated plant and vehicle required to be purchased is around \$2,908,723.

5.6.2 Other plant and equipment

The SCRC purchased \$800,979 worth of assets for the Noosa region after the amalgamation. As these assets were purchased directly for the use by the Noosa region, it is assumed they will be transferred to the new Noosa Council as part of the de-amalgamation process at no additional cost.

The FAIM Comprehensive Asset Report also shows that post amalgamation the Noosa Shire Council ICT assets were largely disposed of. Accordingly, it is assumed that all ICT related assets which were owned by Noosa Shire Council prior to amalgamation no longer exist, and that the new Noosa Council will have to acquire these assets. This is discussed in detail in section 5.7.

5.6.3 Summary

The following table summarises the estimate costs to the new Noosa Council under the operations work stream.

Table 36 Summary of estimated operations work stream costs for Noosa Council

Item	Cost Estimate
Plant and vehicles	\$2,908,723
ICT	Costed under the ICT work stream
TOTAL	\$2,908,723

5.7 Information communication technology

As discussed in section 4.7, following the amalgamation of Noosa Shire Council, Maroochy Shire Council and Caloundra City Council to form SCRC, the ICT systems from each of the councils were fully integrated and Noosa Shire Council's ICT assets were largely disposed of. Accordingly, the de-amalgamation of Noosa Council will require new systems to be established. The establishment of standalone systems will take a considerable amount of time and it will be necessary to have interim arrangements, which would most likely take the form of TSAs.

It is assumed that:

- The ICT hardware and software and plant and equipment which were owned by Noosa Council prior to amalgamation no longer exist
- The new Noosa Council will use the same ICT systems as SCRC.

5.7.1 Transitional arrangements

It is anticipated that TSAs will be required for SCRC to provide the following services for a period of three to six months while the base ICT services are being established, and potentially for a further six to 12 months as transition activities are done to move application services onto the new platform:

- Payroll
- Collection of rates and other payments.

Based on previous analysis, the indicative fortnightly cost per person is around \$22.50 to \$27.50. Assuming an estimated 470 employees for the new Noosa Council, the estimated cost for payroll TSA is between \$274,950 and \$336,050 per annum. Assuming the TSA is required for three to six months the estimated cost is between \$68,738 and \$168,025.

It was estimated in section 5.2.1 that the proportion of rateable properties in the new Noosa Council to SCRC is around 26%. Based on information from SCRC, the current cost for the entire rates and payments collections department is \$3.1 million. Hence, applying 26% to this figure, it is estimated that the cost of collection of customer payments TSA is approximately \$809,022 per annum. Assuming the TSA is required for three to six months the estimated cost is between \$202,256 and \$404,511.

The following table outlines the estimated TSA costs.

Table 37 Estimated TSA costs for Noosa Council

Item	Cost Estimate
Payroll TSA	\$68,738 – \$168,025
Collection of Customer Payments TSA	\$202,256 – \$404,511
TOTAL	\$270,993 – \$572,536

It should be noted that additional TSAs may be required during the transition phase.

5.7.2 Standalone ICT systems

There are a number of options that are available to establish a standalone ICT system for the new Noosa Council. Two options that were considered are:

1. Self hosted model
2. Outsourced or managed model.

These two options are discussed and costed in the following sections.

5.7.2.1 Option 1: Self hosted model

In this option, the new Noosa Council will establish all the required ICT systems by using internal resources only. It is assumed that some ICT skilled personnel will be transferred to the new Noosa Council as part of the de-amalgamation to facilitate this process.

Table 38 Option 1 requirements and estimated cost for Noosa Council

ICT Layer	One-off Capex	Other	Total Cost
Enterprise Facility Services	\$4,000,000	\$40,000	\$4,040,000
Enterprise Network Services	\$1,250,000	\$250,000	\$1,500,000
Enterprise Platform Services	\$400,000	\$100,000	\$500,000
Enterprise Data Services	\$500,000	\$50,000	\$550,000
Enterprise Middleware Services	\$100,000	\$40,000	\$140,000
Enterprise Reporting Services	\$250,000	\$40,000	\$290,000
Enterprise Business Applications	\$500,000	\$100,000	\$600,000
End User Services	\$900,000	\$300,000	\$1,200,000
Enterprise Security Services	\$200,000	\$20,000	\$220,000
Enterprise Monitoring and Management	\$100,000	\$10,000	\$110,000
New Website	\$250,000 – \$2,000,000	\$200,000	\$450,000 – \$2,200,000
Migration and transition requirements	\$2,000,000	\$50,000	\$2,050,000
TOTAL	\$10,450,000 – \$12,200,000	\$1,200,000	\$11,650,000 – \$13,400,000

A detailed description of each of these layers and the assumptions used are presented in Appendix B. Other costs include annual costs for maintenance on hardware, capacity planning, licensing and other miscellaneous items related to implementing and operating the ICT layers. It does not include labour cost. Whilst these are annual recurring costs, they are included in this analysis in order to better compare the cost differences between Option 1 and Option 2.

Costs associated with the time of IT staff to perform these activities are expected to be zero if it can be assumed that experienced IT staff are transferred into the new Noosa Council from SCRC.

5.7.2.2 Option 2: Outsourced or managed model

The new Noosa Council may also choose to fully outsource the establishment of its ICT systems. The requirements are outlined in the table below.

Table 39 Option 2 requirements and estimated cost for Noosa Council

ICT Layer	One-off Capex	Other	Total Cost
Enterprise Facility Services	\$250,000	\$150,000	\$400,000
Enterprise Network Services	\$275,000	\$125,000	\$400,000
Enterprise Platform Services	\$10,000	\$288,000	\$298,000
Enterprise Data Services	\$50,000	\$200,000	\$250,000
Enterprise Middleware Services	\$100,000	\$40,000	\$140,000
Enterprise Reporting Services	\$80,000	\$200,000	\$280,000
Enterprise Business Applications	\$250,000	\$300,000	\$550,000
End User Services	\$60,000	\$300,000	\$360,000
Enterprise Security Services	\$15,000	\$125,000	\$140,000
Enterprise Monitoring and Management	\$10,000	\$150,000	\$160,000
New Website	\$250,000 – \$2,000,000	\$15,000	\$265,000 – \$2,015,000
Migration and transition requirements	\$2,000,000	\$50,000	\$2,050,000
TOTAL	\$3,350,000 – \$5,100,000	\$1,943,000	\$5,293,000 – \$7,043,000

A detailed description of each of these layers and the assumptions used are presented in Appendix B. On top of the costs estimated in Table 39, there will be costs associated with labour time to perform these activities. It is estimated that these will add up to approximately \$1,990,000 as presented in Appendix B.

Realistically, it is envisaged that the new Noosa Council will employ a mixture of both options and, as such, it is estimated that the costs will fall within a range of \$7,283,000 to \$13,400,000.

5.7.3 Summary

The table below summarises the estimated ICT costs for the new Noosa Council.

Table 40 Summary of estimated ICT costs for Noosa Council

Item	Cost Estimate
TSA costs	\$270,993 – \$572,536
ICT Systems	\$7,283,000 – \$13,400,000
TOTAL	\$7,553,993 – \$13,972,536

5.8 Insurance

As discussed in section 4.8, under section 107 of the Local Government Act councils must maintain public liability insurance and professional indemnity insurance. Councils also insure their assets.

It is important to ensure continuity of insurance arrangements. It is assumed that a legal firm will be used to determine the best approach to managing insurance before and after the de-amalgamation. The exact arrangements will need to be negotiated with the council's insurance broker.

It is expected that the new Noosa Council insurance programs will include the following policy classes:

- ISR
- Motor Fleet
- Crime/Fidelity Guarantee
- Machinery Breakdown
- Voluntary Workers Personal Accident.

There may be other policies required (e.g. Contract Works), but the ISR and Motor Fleet usually account for approximately 95% of the total premium spend.

5.8.1 Local Government Mutual (LGM) Scheme

It is important to note that Queensland local governments are collectively members of the LGM Scheme administered by JLT to control and manage their legal liability exposures. This scheme includes the insurance placement, claims management, consulting services for those policies such as Public/Products Liability, Directors & Officers Liability and Professional Indemnity. It is difficult to accurately predict the contribution costs. For the purposes of this report it has been assumed that the new Noosa Council's contribution will be offset by a similar reduction in the post de-amalgamation SCRC's contribution.

5.8.2 Estimated cost of relevant insurance policies

Premiums will be based on the usual risk and underwriting information required by underwriters for each policy. The loss history will also play a significant factor in the pricing. The estimates are based on the assumption that there have not been any significant losses or risk exposures that would seriously impact on the Underwriters opinion when considering this risk.

5.8.2.1 Industrial Special Risks

It is assumed that the total sum insured for this analysis is \$959 million. The premium rate for this is estimated between 0.035% to 0.05% plus statutory charges. This equates to a premium of around \$335,650 to \$479,500 plus statutory charges. It was found that ISR premiums for councils have increased by 18% to 88% since 2007. Those risks with cyclone/storm/flood exposures have suffered most in this respect. It is important to note that ISR premiums have been impacted following natural catastrophe events from last year and pressure has been applied to those risks subjected to cyclone/storm/flood exposures with rate increases and restrictions.

5.8.2.2 Motor Fleet

As discussed in section 4.8.2.1 motor premiums are claims driven. Depending on the number of units/vehicles and a typical claims history, it is estimated that the premium will be in the region of \$350 per vehicle based on a \$1,000 excess. With an estimated 261¹⁷ vehicles for the new Noosa Council, the total premium would be around \$91,530.

5.8.2.3 Crime/Fidelity Guarantee

Depending on the size of the council and its risk exposures, premium levels vary among councils between a range of \$2,500 to \$30,000 plus charges. As the Noosa Shire Council was classified as URM under the ACLG, it is estimated that the cost would be around the mid-range of \$15,000.

5.8.2.4 Machinery Breakdown

This coverage can usually be included within the ISR Policy and hence no additional charges are estimated here.

5.8.2.5 Voluntary Workers Personal Accident

This policy is usually a minimum premium of \$1,500 plus charges.

¹⁷ FAIM Comprehensive Asset Report for SCRC

5.8.3 Summary

A summary of the estimated insurance costs for the new Noosa Council are included in the table below.

Table 41 Summary of estimated insurance costs for Noosa Council

Item	Cost
LGM Scheme	Unquantified cost
ISR	\$335,650 – \$479,500
Motor fleet	\$91,350
Crime/Fidelity guarantee	\$15,000
Machinery breakdown	Nil
Voluntary workers personal accident	\$1,500
TOTAL	\$443,500 – \$587,350

5.9 Accounting and financial

It will be necessary to engage an accounting firm to assist the Noosa Council project team with the accounting and financial aspects of the implementation. The following exercises will need to be completed under the accounting work stream:

- Accounting due diligence
- Allocation and separation of debt
- Allocation and transfer of cash and prepaid rates
- Annual budget
- Opening balance sheet
- Asset valuation
- General purpose financial statement (Tropical model financial report)
- Long-term financial forecasts
- Calculating of rating schedules
- Revenue statement
- Establish bank accounts.

The costs associated with the accounting and financial work stream have been estimated based on our previous work on other similar transactions. This is presented in the table below.

Table 42 Estimated accounting and financial costs for Noosa Council

Report	Time Requirement (days)	Service Rate (\$/day)	Total Cost
Accounting due diligence	5	\$1,500	\$7,500
Allocation and separation of debt	1	\$1,500	\$1,500
Allocation and transfer of cash and prepaid rates	1	\$1,500	\$1,500
Annual budget	3	\$1,500	\$4,500
Opening balance sheet	2	\$1,500	\$3,000
Asset valuation	5	\$1,500	\$7,500
General purpose financial statement (Tropical model financial report)	1	\$1,500	\$1,500
Long-term financial forecasts	5	\$1,500	\$7,500
Calculating of rating schedules	2	\$1,500	\$3,000
Revenue statement	2	\$1,500	\$3,000
Establish bank accounts	1	\$1,500	\$1,500
TOTAL	28	\$1,500	\$42,000

Based on the total time requirements and the estimated daily rates, the estimated accounting cost is \$42,000. The time requirement and service rate is an estimate only and could vary depending on the terms of engagement. As such, we have applied a variation of +/- 20% on this cost to estimate the likely cost range. This analysis produces a cost range of \$33,600 to \$50,400.

5.10 Tax

5.10.1 State taxes and duty

As discussed in section 4.10.1 assuming that the restructure will be implemented by regulation there should be no duty or State taxes payable.

5.10.2 Commonwealth taxes

5.10.2.1 Income tax

As discussed in section 4.10.2.1 any income tax equivalent amounts payable are not relevant for the purposes of this analysis.

5.10.2.2 Goods and Services Tax (GST)

As discussed in section 4.10.2.2, there may be GST consequences associated with the restructure and it is necessary to determine whether there is a supply. It may be considered prudent to seek a ruling. While it is not possible to determine whether any GST will be payable without reviewing the relevant documentation, the costs of undertaking the appropriate review are estimated to cost between \$8,000 – \$10,000 and the drafting and lodging of an application for a private binding ruling are estimated to cost around \$10,000. For the purposes of this analysis, this cost has been allocated to the new Noosa Council.

Table 43 Estimated tax costs for Noosa Council

Item	Cost Estimate
Review of relevant legislation	\$8,000 – \$10,000
GST ruling	\$10,000
TOTAL	\$18,000 – \$20,000

5.11 Summary

The costs for the new Noosa Council associated with de-amalgamating from SCRC are summarised in the table below.

Table 44 Summary of estimated de-amalgamation costs for Noosa Council

Direct Cost	Cost Estimate
Governance	\$1,763,909 – \$2,158,291
Marketing, communications and change	\$270,536 – \$405,741
IR	\$1,500,000 – \$3,000,000
Planning and accountability	Nil Cost
Legal	\$104,000 to \$156,000
Operations	\$2,908,723
ICT	\$7,553,993 – \$13,972,536
Insurance	\$443,500 – \$587,350
Accounting and financial	\$33,600 – \$50,400
Tax	\$18,000 – \$20,000
TOTAL	\$14,596,260 – \$23,259,040

*Numbers do not add due to rounding.

As was the case for SCRC, the total costs summarised above are a mix of both one-off costs and annual costs. The one-off costs are estimated to be between \$9.153 million and \$16.543 million, and are summarised in the table below.

Table 45 Summary of estimated one-off de-amalgamation costs for Noosa Council

Direct Cost	Cost Estimate
Governance	\$207,599 – \$229,257
Marketing, communications and change	\$270,536 – \$405,741
IR	-
Planning and accountability	-
Legal	\$104,000 – \$156,000
Operations	\$2,908,723
ICT	\$5,610,993 – \$12,772,536
Insurance	-
Accounting and financial	\$33,600 – \$50,400
Tax	\$18,000 – \$20,000
TOTAL	\$9,153,450 – \$16,542,656

*Numbers do not add due to rounding.

In comparison, following a de-amalgamation the new Noosa Council will face additional annual costs estimated between \$4.700 million and \$7.459 million. These costs are summarised in the table below.

Table 46 Summary of estimated annual costs for Noosa Council

Direct Cost	Cost Estimate
Governance	\$1,556,310 – \$1,929,034
Marketing, communications and change	-
IR	\$1,500,000 - \$3,000,000
Planning and accountability	-
Legal	-
Operations	-
ICT	\$1,200,000 – \$1,943,000
Insurance	\$443,500 – \$587,350
Accounting and financial	-
Tax	-
TOTAL	\$4,699,810 – \$7,459,384

6 Summary

A summary of all the estimated costs for both SCRC and the new Noosa Council associated with the de-amalgamation of Noosa Council from SCRC is presented below.

Table 47 Summary of all estimated de-amalgamation costs

Direct Cost	Cost Estimate
Governance	\$1,927,460 – \$3,682,153
Marketing, communications and change	\$1,216,230 – \$1,486,640
IR	\$1,500,000 – \$3,000,000
Planning and accountability	\$0
Legal	\$158,080 – \$237,120
Operations	\$2,908,723
ICT	\$7,553,993 – \$13,972,536
Insurance	\$389,250 – \$533,100
Accounting and financial	\$33,600 – \$50,400
Tax	\$18,000 – \$20,000
Other costs	\$944,930 – \$5,594,504
TOTAL*	\$16,650,265 – \$31,485,176

*Numbers do not add due to rounding.

The range of the cost estimate is largely driven by the estimated range of ICT costs and costs associated with the loss of economies of scale and efficiencies. In terms of the additional costs to both SCRC and the new Noosa Council, between \$11.450 million and \$24.823 million are one-off costs while between \$4.458 million and \$7.405 million are additional annual costs as a result of the de-amalgamation.

This estimation of costs is based on the assumptions set out in section 3 of the report. It should be noted that:

- NIA is campaigning for an expanded Noosa Council. If the new Noosa Council is larger than the post amalgamation Noosa Council the costs estimation could be higher. Including Peregian Springs, Eumundi, Doonan and Verrierdale would increase the size of Noosa Council by 12% in terms of area, 16% in terms of population, and 17% in terms of rateable properties
- This cost estimate does not include an allowance for any additional staff that the councils may hire post amalgamation. To the extent additional staff are required this could equate to a significant additional cost
- While there may not be a direct additional cost to SCRC for a number of activities it is expected that council staff will have to work additional hours to allow for the additional workload associated with de-amalgamation

- Finally, there are a number of costs that are difficult to quantify including the opportunity cost to SCRC, and the costs associated with a reduction in the services that could have been offered by the SCRC if it maintained its higher rate base. While some of these costs have not been quantified, it is important that these costs are taken into account when considering the costs associated with any de-amalgamation.

Appendix A

Implementation Plan

Assumptions

In developing the implementation plan a number of assumptions have been made:

1. The relevant Local Government Change Commission process has been completed and the decision has been made to re-establish the Noosa Council
2. A completely independent entity (i.e. no shared services) will be established
3. Interim arrangements are used for a short period (e.g. Transitional Service Arrangements (TSAs) for Sunshine Coast Regional Council (SCRC) to collect rates on behalf of the new Noosa Council for a period of time, provide payroll services etc.)
4. The de-amalgamation will be facilitated by regulation under the *Local Government Act 2009*
5. The new Noosa Council will receive all the land, buildings and works depots that it previously owned that still remain with SCRC
6. Any new assets purchased or constructed since amalgamation that relate solely to the Noosa area will be transferred to the new Noosa Council
7. The ICT hardware and software and plant and equipment which were owned by Noosa Shire Council prior to amalgamation no longer exist
8. The new Noosa Council will use the same ICT systems as the SCRC
9. All positions transferred from Noosa Shire Council will be transferred back to a new Noosa Council and, where possible, the structure being considered will be the same as was in place immediately prior to amalgamation in 2008
10. A Noosa Council Project Team of six existing SCRC staff will be established to facilitate the de-amalgamation. It is anticipated that these employees will transfer to the new Noosa Council
11. Three SCRC staff will be dedicated to assisting in the transition
12. External advisors will be appointed.

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Actions and items to cost

Action	New Noosa Council Costs	SCRC Costs
Governance		
Relevant legislation passed	<ul style="list-style-type: none"> Responsibility of Queensland Government (Nil cost to Council) 	
First election for new Noosa Council	<ul style="list-style-type: none"> Cost of the election to appoint Mayor and councillors 	
Establish Joint Transitional Committee	<ul style="list-style-type: none"> The additional cost for the two Councillors that sit on the committee and the independent chairperson 	<ul style="list-style-type: none"> The additional cost of the two Councillors that will sit on the committee.
Councillors elect a CEO	<ul style="list-style-type: none"> CEO salary 	
CEO appoints executive team	<ul style="list-style-type: none"> Executive Directors Salary 	
Establish Project Team	<ul style="list-style-type: none"> Project Team (six people from Council) for the duration of the project Assumed that the Project Team will use existing Council offices (Nil cost) 	
Marketing, communications and change		
Marketing and branding	<ul style="list-style-type: none"> Branding and launch of new council Assume use existing logo (Nil cost) Council website Marketing and communications specialist to develop strategy 	<ul style="list-style-type: none"> Rebranding costs
Internal and external communications	<ul style="list-style-type: none"> Advertising to launch new Council Relevant Project Team member costs 	<ul style="list-style-type: none"> Community awareness costs

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Action	New Noosa Council Costs	SCRC Costs
Establishment of contact process (e.g. customer contact centre)	<ul style="list-style-type: none"> Relevant Project Team member costs 	
Industrial Relations		
Negotiate and agree workforce transition code of practice /transition principles	<ul style="list-style-type: none"> Relevant Project Team member costs 	
Identify affected employees	<ul style="list-style-type: none"> Relevant Project Team member costs 	<ul style="list-style-type: none"> Relevant Project Team member costs
Communications with affected employees	<ul style="list-style-type: none"> Relevant Project Team member costs 	<ul style="list-style-type: none"> Relevant Project Team member costs
Transfer of employees	<ul style="list-style-type: none"> Relevant Project Team member costs 	<ul style="list-style-type: none"> Relevant Project Team member costs Potential loss of efficiency in terms of staff numbers
Hiring additional employees required to run the Council	<ul style="list-style-type: none"> Relevant Project Team member cost Cost of additional staff 	
Training of personnel in new council policies and principles	<ul style="list-style-type: none"> Relevant Project Team member costs 	
Planning and accountability		
Five year corporate plan	<ul style="list-style-type: none"> Relevant Project Team member costs 	
Annual operational plan	<ul style="list-style-type: none"> Relevant Project Team member costs 	
Long-term community plan	<ul style="list-style-type: none"> Relevant Project Team member costs 	
Financial plan	<ul style="list-style-type: none"> Relevant Project Team member costs 	
Long-term asset management plan	<ul style="list-style-type: none"> Relevant Project Team member costs 	
Town Plan	<ul style="list-style-type: none"> Assume adopt the current Noosa Plan 	

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Action	New Noosa Council Costs	SCRC Costs
Legal		
Legal due diligence	<ul style="list-style-type: none"> Costs for law firm 	
IR advice	<ul style="list-style-type: none"> Cost of advice 	
Apply for relevant licences	<ul style="list-style-type: none"> Relevant Project Team member costs and assistance from legal firm 	
Negotiate with third parties to split/novate/transfer contracts/put in place a new contract	<ul style="list-style-type: none"> Relevant Project Team member costs and assistance from legal firm 	<ul style="list-style-type: none"> Relevant team member costs and assistance from legal firm Potential reduction in purchasing power Potential legacy costs associated with contracts that may no longer be required
Negotiate and agree relevant TSAs	<ul style="list-style-type: none"> Relevant team member costs and assistance from Legal firm 	<ul style="list-style-type: none"> Relevant team member costs and assistance from legal firm
Develop a records access agreement	<ul style="list-style-type: none"> Relevant Project Team member costs and assistance from legal firm 	<ul style="list-style-type: none"> Relevant team member costs and assistance from legal firm
Establish participation rights in Unitywater	<ul style="list-style-type: none"> Relevant Project Team member costs and assistance from legal and accounting firms 	<ul style="list-style-type: none">
Prepare transfer schedules	<ul style="list-style-type: none"> Relevant Project Team member costs and assistance from legal firm 	<ul style="list-style-type: none"> Relevant team member costs and assistance from legal firm
Operations		
Purchase relevant fleet and equipment for operations	<ul style="list-style-type: none"> Cost of purchasing fleet and equipment beyond that which will transfer to Noosa Council 	<ul style="list-style-type: none"> Potential efficiency losses

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Action	New Noosa Council Costs	SCRC Costs
Information Communication Technology		
Establish data and voice communications	<ul style="list-style-type: none"> Cost of establishing a new network/telco provider, may include hardware (routers/switches etc. or possibly IP telephone handsets) and labour 	<ul style="list-style-type: none"> May decrease buying power of SCRC and therefore increase their costs
Determine and implement server facilities/hosting arrangements	<ul style="list-style-type: none"> Cost of materials and labour to establish a data centre or establish a presence in a commercial hosting provider 	<ul style="list-style-type: none"> Potential efficiency losses
Provide end user computing resources	<ul style="list-style-type: none"> Cost of laptops/desktops and software, for example MS Office. Printer/multifunction devices would also be required 	<ul style="list-style-type: none"> May decrease buying power of SCRC and increase their costs
Acquire new systems including hardware	<ul style="list-style-type: none"> Cost of the relevant hardware and the following software: including Finance One, Proclaim, Maximo and Dataworks 	
Identify, separate and transfer customer data, property and rating data, employee data and asset and financial data	<ul style="list-style-type: none"> Relevant project team member costs and external advisor 	
Parallel testing	<ul style="list-style-type: none"> Relevant project team member costs and external advisor 	
Cut over	<ul style="list-style-type: none"> Relevant project team member costs and external advisor 	
Insurance		
Relevant insurance arrangements in place	<ul style="list-style-type: none"> Relevant project team member costs and assistance from legal firm 	

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Action	New Noosa Council Costs	SCRC Costs
Accounting and financial		
Accounting due diligence	<ul style="list-style-type: none"> Accounting firm costs 	
Allocation and separation of debt	<ul style="list-style-type: none"> Relevant project team member costs and assistance from accounting firm 	<ul style="list-style-type: none"> Relevant team member costs
Allocation and separation of cash and prepaid rates	<ul style="list-style-type: none"> Relevant project team member costs and assistance from accounting firm 	<ul style="list-style-type: none"> Relevant team member costs
Annual budget	<ul style="list-style-type: none"> Relevant project team member costs and assistance from accounting firm 	
Opening balance sheet	<ul style="list-style-type: none"> Relevant project team member costs and assistance from accounting firm 	
Asset valuation (fair value)	<ul style="list-style-type: none"> Relevant project team member costs and assistance from accounting firm 	
General purpose financial statement Tropical model financial report	<ul style="list-style-type: none"> Relevant project team member costs and assistance from accounting firm 	
Long-term financial forecasts	<ul style="list-style-type: none"> Relevant project team member costs and assistance from accounting firm 	
Calculation of rating schedules	<ul style="list-style-type: none"> Relevant project team member costs and assistance from accounting firm 	
Revenue statement	<ul style="list-style-type: none"> Relevant project team member costs and assistance from accounting firm 	
Establish bank accounts	<ul style="list-style-type: none"> Relevant project team member costs and assistance from accounting firm 	

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Action	New Noosa Council Costs	SCRC Costs
Tax		
Review the <i>Local Government Act 2009</i> and the regulation to determine if there is a supply for the purposes of GST	<ul style="list-style-type: none">Accounting firm costs	
Draft and lodge possible GST private binding ruling.	<ul style="list-style-type: none">Accounting firm costs	

Appendix B

Information Communication Technology

Assumptions

In developing the costs for ICT, the following assumptions were used:

1. Option 1 assumes all services are hosted on site and managed by internal support teams
2. Option 1 includes establishment of a commercial data centre onsite and internally managed
3. All estimates are based on a 600 user count
4. Estimated FTE salary includes staff on costs
5. Estimates for ICT do not include costs for transition or migration
6. Migration, implementation costs will vary depending on the size, complexity and location of the establishment
7. Outsourcing costs will vary depending on requirements and complexity of ICT
8. Under an outsourced model vendor and contract management roles are expanded to include service management
9. Desktop estimates assume some level of asset buy out from SCRC
10. Printing services estimates exclude commercial printing
11. Enterprise Security Services excludes physical security monitoring e.g. CCTV
12. All estimates are plus / minus 50%
13. Assumes a Microsoft centric infrastructure
14. ICT and applications do not include SAP
15. Assumes database services are primarily Microsoft and Oracle.

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Option 1 – Self hosted model

ICT Layer	Description	One-off Capex	Other cost
Enterprise Facility Services			
Datcentre facilities	New facilities built and managed onsite including server racks, communications cupboards, power, cooling, emergency and security systems	\$4,000,000	\$40,000
Enterprise Network Services			
WAN, LAN, Wireless	Acquire new infrastructure	\$500,000	\$100,000
Telecommunications and Voice	Acquire new infrastructure	\$500,000	\$100,000
Remote Access	Acquire new infrastructure	\$250,000	\$50,000
Enterprise Platform Services			
Wintel, UNIX, SOE, Back Office Services	Purchase required licensing and assurance for all Wintel and UNIX platforms and standard operating environment	\$400,000	\$100,000
Enterprise Data Services			
Tiered Storage, Databases, Backup, Archival	Acquire new tiered storage, database, backup and archival solutions hosted within the new facility	\$500,000	\$50,000
Enterprise Middleware Services			
B2B, B2C, Integration	Acquire B2B, B2C and integration applications where appropriate, additional services may be required to facilitate migration from SCRC	\$100,000	\$40,000
Enterprise Reporting Services			
Reporting, Tools, Business Intelligence	Acquire reporting and business intelligence applications and tools	\$250,000	\$40,000

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ICT Layer	Description	One-off Capex	Other cost
Enterprise Business Applications			
Finance, HR, Supply Chain, Other	Acquire licenses for applications where appropriate	\$500,000	\$100,000
End User Services			
Desktop, Laptop	Based on 600 staff count and 3 year refresh of hardware	\$650,000	\$100,000
Mobile Devices	Assumes 100 staff members will have a company issued mobile device, including data, calls etc	\$20,000	\$100,000
Collaboration Services	Team sites or intranet including IM and presence e.g. SharePoint, Lync	\$200,000	\$50,000
Printing Services	Network attached printing services	\$30,000	\$50,000
Enterprise Security Services			
Prevention, Detection, Reaction, Administration, IDAM	Acquire licenses for applications where appropriate	\$200,000	\$20,000
Enterprise Monitoring and Management			
Facility, Network, Platform, Application, Data, User	Acquire licenses for applications where appropriate	\$100,000	\$10,000
Web Services			
New Website	Testing, QA, UAT, Production and Content Management hosted internally	\$250,000 - \$2,000,000	\$200,000
Migration & Transition Requirements			
Migration of data from SCRC systems and applications	Transition, migration of data from SCRC systems and applications including Financial, HR, Pay Roll, Customer, User Services etc	\$2,000,000 [^]	\$50,000

Note: [^] Estimated project cost to complete the migration

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Option 2 – Outsourced or managed model

ICT Layer	Description	One-off Capex	Other cost
Enterprise Facility Services			
Datacentre facilities	New facilities built and managed onsite including server racks, communications cupboards, power, cooling, emergency and security systems	\$250,000	\$150,000
Enterprise Network Services			
WAN, LAN, Wireless	Acquire new infrastructure	\$100,000	\$50,000
Telecommunications and Voice	Acquire new infrastructure	\$100,000	\$50,000
Remote Access	Acquire new infrastructure	\$75,000	\$25,000
Enterprise Platform Services			
Wintel, UNIX, SOE, Back Office Services	Purchase required licensing and assurance for all Wintel and UNIX platforms and standard operating environment	\$10,000	\$288,000
Enterprise Data Services			
Tiered Storage, Databases, Backup, Archival	Acquire new tiered storage, database, backup and archival solutions hosted within the new facility	\$50,000	\$200,000
Enterprise Middleware Services			
B2B, B2C, Integration	Acquire B2B, B2C and integration applications where appropriate, additional services may be required to facilitate migration from SCRC	\$100,000	\$40,000
Enterprise Reporting Services			
Reporting, Tools, Business Intelligence	Acquire reporting and business intelligence applications and tools	\$80,000	\$200,000

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ICT Layer	Description	One-off Capex	Other cost
Enterprise Business Applications			
Finance, HR, Supply Chain, Other	Acquire licenses for applications where appropriate	\$250,000	\$300,000
End User Services			
Desktop, Laptop	Based on 600 staff count and 3 year refresh of hardware	\$10,000	\$150,000
Mobile Devices	Assumes 100 staff members will have a company issued mobile device, including data, calls etc.	\$20,000	\$100,000
Collaboration Services	Team sites or intranet including IM and presence e.g. SharePoint, Lync	N/A	N/A
Printing Services	Network attached printing services	\$30,000	\$50,000
Enterprise Security Services			
Prevention, Detection, Reaction, Administration, IDAM	Acquire licenses for applications where appropriate	\$15,000	\$125,000
Enterprise Monitoring and Management			
Facility, Network, Platform, Application, Data, User	Acquire licenses for applications where appropriate	\$10,000	\$150,000
Web Services			
New Website	Testing, QA, UAT, Production and Content Management hosted internally	\$250,000 - \$2,000,000	\$15,000
Migration & Transition Requirements			
Migration of data from SCRC systems and applications	Transition, migration of data from SCRC systems and applications including Financial, HR, Pay Roll, Customer, User Services etc.	\$2,000,000 [^]	\$50,000

Note: [^] Estimated project cost to complete the migration

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Estimated FTE Requirements

Function	Rates (per annum)*	Option 1		Option 2	
		FTE count	Cost	FTE count	Cost
Facilities and Data Centre Support					
Manager	\$150,000	1	\$150,000		
Senior	\$110,000	1	\$110,000		
Junior	\$90,000	2	\$180,000		
Network and Communications Support					
Manager	\$150,000	1	\$150,000		
Senior	\$110,000	1	\$110,000	1	\$110,000
Junior	\$90,000	1	\$90,000		
Enterprise Platform Support					
Manager	\$150,000	1	\$150,000		
Senior	\$110,000	2	\$220,000	2	\$220,000
Junior	\$90,000	4	\$360,000		
Data, Middleware, Reporting and Business Applications Support					
Manager	\$150,000	1	\$150,000	1	\$150,000
Senior	\$110,000	2	\$220,000	2	\$220,000
Junior	\$90,000	5	\$450,000	3	\$270,000
End User Support					
Manager	\$150,000	1	\$150,000		
Senior	\$110,000	3	\$330,000	2	\$220,000

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Function	Rates (per annum)*	Option 1 FTE count	Cost	Option 2 FTE count	Cost
Junior	\$90,000	5	\$450,000		
Web Services Support					
Manager	\$150,000	1	\$150,000		
Senior	\$110,000	1	\$110,000	1	\$110,000
Junior	\$90,000	2	\$180,000		
Strategy and Architecture					
Senior	\$110,000	1	\$110,000	1	\$110,000
Vendor & Contract Management					
Senior	\$110,000	1	\$110,000	1	\$110,000
Junior	\$90,000			3	\$270,000
Executive					
CIO	\$200,000	1	\$200,000	1	\$200,000
TOTAL		21	\$4,130,000	11	\$1,990,000

Note: *Based on market rates

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