



Premier & Cabinet  
Division of Local Government

Division of Local Government  
Department of Premier and Cabinet

**PROMOTING BETTER PRACTICE PROGRAM**  
**REVIEW REPORT**  
**COBAR SHIRE COUNCIL**



**DECEMBER 2013**

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## EXECUTIVE SUMMARY

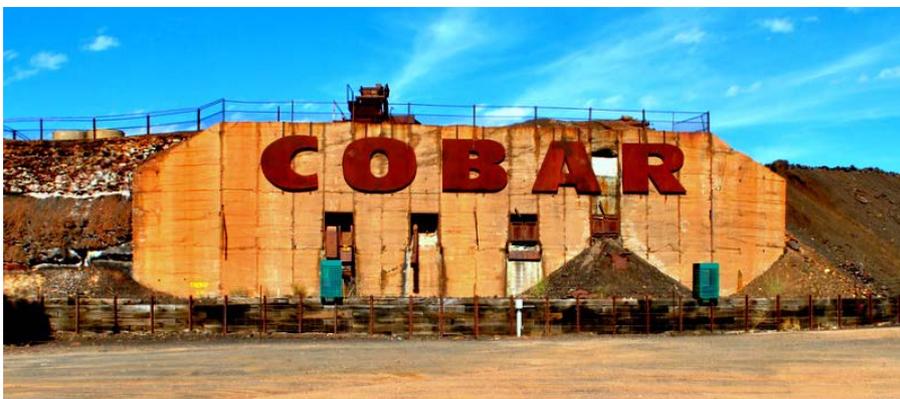
### *About the Review*

A Promoting Better Practice Review of Cobar Shire Council (the Council) was undertaken in February/March 2013 by the Division of Local Government, Department of Premier and Cabinet (the Division). The Promoting Better Practice Program aims to assist in strengthening the local government sector by assessing performance and promoting continuous improvement. The reviews are designed to act as a ‘health check’ examining a number of areas:

- Governance
- Strategic planning and delivery
- Financial and asset management
- Workforce management
- Community services and facilities
- Land-use planning
- Regulatory and environmental management.

This report identifies where better practice exists in order to acknowledge the strengths of the Council and contribute to improvement in the local government sector. It also discusses key areas of the Council’s activity that require improvement or development to meet its legislative obligations, as well as to meet community expectations.

### *About Cobar*



The Shire of Cobar is located in central western New South Wales. The town is 712 km northwest of Sydney, and is at the crossroads of the Kidman Way (to Queensland) and

the Barrier Highway (to South Australia). Cobar is 250 metres above sea level. The Cobar economy relies heavily on trade with the local mines and their employees, and consequently, on world metal prices.

The estimated residential population of the Shire is just over 5,000 people (ABS 2010). People aged 0 to 14 years represent 20.2% of the population.

The Council is led by an elected body of twelve councillors, from which the Mayor is elected annually.

### ***Summary of key findings***

Cobar Shire Council is generally performing at a satisfactory level given the resources available to it, with the majority of its policies, practices and systems being of a satisfactory standard. While a number of areas requiring development have been identified, in many cases the Council is in the process of implementing appropriate strategies to affect positive change.

The financial challenge facing the Council is significant and ongoing. The Division of Local Government has noted a rapid deterioration in the Council's financial position over the last five years, the Council's auditor has expressed concerns about the Council's financial management and TCorp assessed that the Council is currently in a weak financial position.

The Council has acknowledged that it will need to address a number of ongoing financial challenges. At the time of the review, the Council had not fully developed a comprehensive plan to address many of its financial and asset management issues, including low levels of liquidity, an infrastructure backlog, continually rising asset maintenance and renewal costs, and community service expectations. Without an improvement in its operating result and an increased capacity to provide funding for its asset renewal and capital expenditure, the Council's future financial position and sustainability will be under increasing pressure. However, the Council has made some progress, such as developing a long-term plan and applying for a special rate variation (which subsequently has been approved).

The review team observed a cordial working relationship between the Mayor and the General Manager. Together they were able to articulate to the review team a shared vision for the Cobar local government area, and demonstrated a good understanding of the Integrated Planning and Reporting framework requirements. Working relationships among the senior and middle management teams also appeared productive. Overall, the culture of the organisation is perceived to be positive.

### Governance

The Council's governance framework appears to be working well. The Mayor and the General Manager appear to have an amicable working relationship. The management team appears to work well and team members demonstrated that they are motivated.

Most policies, procedures and systems are adequate, although some need updating.

### Strategic planning and delivery

Overall, given the size of the Council and its limited resources, the Council's efforts in implementing the Integrated Planning and Reporting framework were commendable. While the integration of all elements will require further development, particularly in respect of the Long-Term Financial Plan, the documents were quite good.

### Financial and asset management

The Council is currently in a weak financial position. Without an improvement in its operating result and an increased capacity to provide funding for its asset renewal and capital expenditure, the Council's future financial position and sustainability will be under increasing pressure. The Council's liquidity position is precarious and long-term projections predict this will continue into the foreseeable future.

### Workforce management

Most policies, procedures and systems are of the required standard to meet statutory obligations and support the implementation of the Council's Delivery Program and Operational Plan.

Overall, the Council appears to have a positive organisational culture with a motivated workforce that is closely connected to its community.

The Council's Workforce Management Plan demonstrates a comprehensive action plan, with a sound analysis of internal and external factors impacting on the workforce.

#### Community services and facilities

The Council does not have formal programs and policies in place to address social justice target groups, however it was apparent to the reviewers that the Council does indeed provide such services.

Overall, the Council's performance in relation to community services and facilities was considered reasonable.

#### Land-use planning

The Council's land-use planning framework is under-developed and requires attention. It is acknowledged that land-use planning is not a high priority for the council due to a number of factors: the small population of the local government area, the abundance of vacant land already available, the ABS predicting a decline in the population in the local government area, and the lack of Council resources (staffing).

#### Regulatory and environmental management

The Council is generally performing well in this area but needs to do a some work in the areas of enforcement, environmental management and water safety.

#### **Next steps**

The review team has made 35 recommendations to guide improvement in key areas. These are discussed in the report and listed in Part V. The action plan, also included at Part V of the report, is to be completed by the Council. The completed action plan, including the Council's comments, will be reproduced in the final report.

The final report is to be adopted by the Council to guide the implementation and monitoring of the recommendations in this report.

## **BACKGROUND**

### **1. ABOUT THE REVIEW**

Reviews of councils are undertaken by the Division of Local Government through its Promoting Better Practice Program.

#### ***Program Objectives***

By promoting better practices, the Division aims to:

- work with councils toward strengthening the local government sector by assessing performance and promoting a culture of continuous improvement with an emphasis on:
  - governance
  - strategic planning and delivery
  - financial and asset management
  - workforce management
  - community services and facilitates
  - land-use planning
  - regulatory and environmental management
- identify trends and issues arising from reviews to support policy and legislative changes for the local government sector
- promote strong relationships within the sector by working with councils to respond to emerging trends or issues in an innovative way.

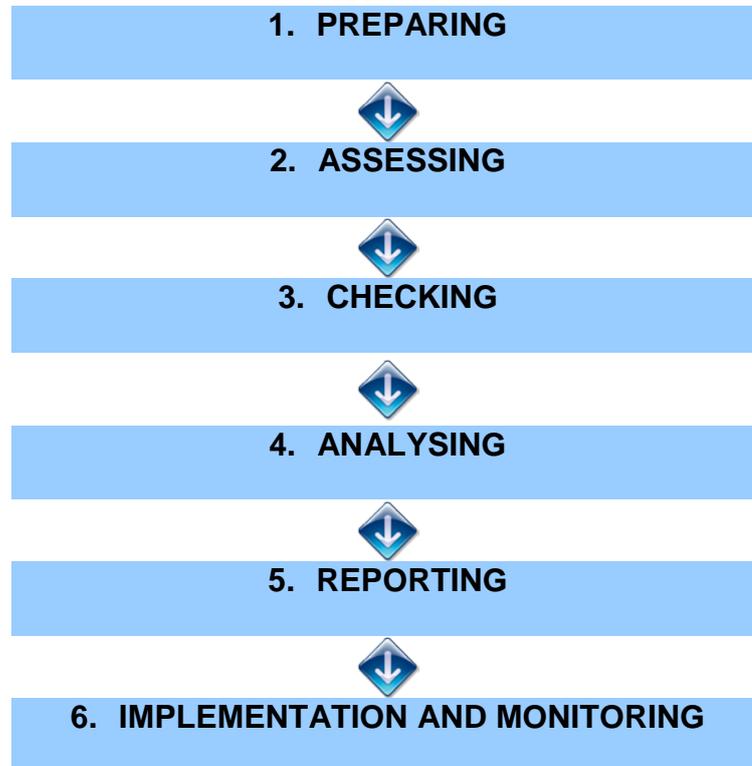
#### ***Review Process***

Promoting Better Practice reviews are designed to act as a 'health check', giving confidence about what is being done well and helping focus attention on key priorities. They are conducted by a review team from the Division of Local Government.

The reviews do not attempt to examine every aspect of a council's operation. Instead a targeted approach is taken to focus on areas highlighted in the self-assessment

checklist completed by the council, and areas in which the council has demonstrated innovation or better practice. Consideration is also given to local circumstances and those matters that pose significant risks to the council and the community.

A review essentially involves six key steps, as follows:



1. Preparing: The council completes a comprehensive self-assessment checklist and provides a range of documents to the review team.
2. Assessing: The review team examines the completed checklist, documents and other information it has gathered. These provide the local context/circumstances which assist in developing an understanding of the pressures on the council and how the council is managing these.
3. Checking: The review team visits the council to ‘reality check’ what it has found to date. Activities usually include meeting with senior officers, talking with individual staff and councillors, observing a council or committee meeting, and viewing systems or processes in action. Determining whether the council has frameworks in place to monitor its own performance is also important. The review team shares its preliminary findings with the Mayor and General Manager at the end of the visit.

4. Analysing: Post-visit, the review team analyses the information obtained (from the council and other sources) against applicable legislation, policy, guidelines and practice which apply across the local government sector.

5. Reporting: The review team prepares a draft report which documents significant observations (including the council’s responses to the self-assessment checklist) in the following areas:

- governance
- strategic planning and delivery
- financial and asset management
- workforce management
- community services and facilities
- land-use planning
- regulatory functions.

In particular, the report focuses on capturing examples of better practice and identifying areas requiring further development, as defined below:

 <b>Better practice</b>	<ul style="list-style-type: none"> <li>• Beyond or above minimum compliance requirements, statutory obligations and published guidelines etc.</li> <li>• In some way better than or above standard local government sector practice.</li> <li>• Innovative and/or very effective.</li> <li>• Contributes to continuous improvement within the local government sector.</li> </ul>
 <b>Requires further development</b>	<ul style="list-style-type: none"> <li>• Does not satisfactorily meet minimum compliance requirements, legislative obligations, industry standards, policies and published guidelines etc. and poses significant risk to the council/community.</li> <li>• Significant improvements are required or are in progress in order to enhance performance in an area.</li> <li>• Development or enhancement of a policy, program, initiative or system is required to reduce any negative impacts on the council’s operations and/or service delivery to the community.</li> </ul>

	<ul style="list-style-type: none"> <li>The council has identified that an area requires improvement or further development but this work has not yet been completed.</li> </ul>
 <b>Satisfactory</b>	<ul style="list-style-type: none"> <li>Complies with the <i>Local Government Act 1993</i> and other key legislation that the council is required to comply with.</li> <li>Policies and procedures appear to be consistent with local government sector practice.</li> </ul>
<b>Not examined in detail</b>	<ul style="list-style-type: none"> <li>The resources of the review process are finite. In some instances, the council may have indicated in its self-assessment checklist that it complies with the requirements of a particular area. However, due to time constraints and/or other priorities, the review team has not had an opportunity to examine that particular area in sufficient detail to be able to confidently make an overall assessment of the council's performance.</li> </ul>

In some instances, the review team will assess an area as reflecting better practice elements as well as requiring development. The main reason for this is that the key areas listed above may have a number of components and each may be ranked differently. The way each component has been ranked is explained in the body of the report.

Where appropriate, recommendations are made. In some cases, the recommendations support the council's proposed direction and the work it has already commenced. All recommendations are included in an action plan at the back of the report. The council is asked to provide comments on the draft report and complete the action plan. These are reproduced in the final report.

6. *Implementation and monitoring*: The final report is to be adopted by the council to guide the implementation and monitoring of the recommendations in this report. Upon issue of the final report, the Division will advise the council whether it intends to monitor the implementation of the recommendations of the report, or leave this responsibility with the elected body and senior management of the council.

### **Conduct of reviews**

The Promoting Better Practice Review is not intended to be a detailed audit of a council's compliance with the *Local Government Act 1993* and other legislation that the council is required to comply with. Rather, the reviews are designed to act as a 'health check', giving confidence about what is being done well and helping focus attention on key priorities.

The review team is required to exercise due diligence in carrying out the review. This means the members of the team have an individual and collective responsibility to:

- act professionally
- work cooperatively with representatives of the council
- make assessments based within the applicable legislative and policy framework
- prepare a report which provides a fair representation of the council
- work within the Code of Conduct issued by the Division of Local Government.

Similarly, the Division of Local Government encourages the council to exercise due diligence when participating in the review. For example, the review team relies on the council to complete the self-assessment checklist accurately and to provide the team with up-to-date information during the review process. Also, the council is given the opportunity to provide detailed feedback in relation to the draft report. This will help to facilitate the preparation of a report which presents a balanced assessment of the council's operations and local circumstances.

### **Review of Cobar Shire Council**

The on-site component of the review took place from 25 February to 1 March 2013. The review team members were Senior Program Officer, Finance, Mr Ross Bailey and Senior Performance Analyst, Mr Chris Duff.

The on-site visit involved meetings with the Mayor, General Manager, a cross-section of staff and some councillors. Council's policies, other documents and systems were also reviewed during the visit.

The review team would like to thank the councillors and staff members who participated in the review and provided it with valuable assistance.

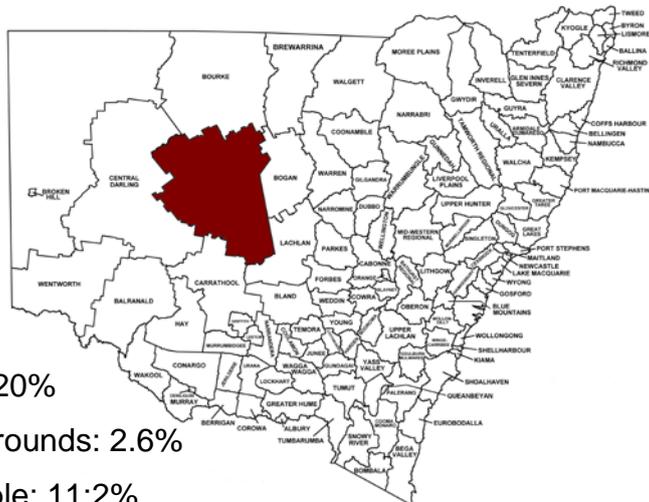
## 2. ABOUT THE COUNCIL AND THE AREA

### *Location and demographics*

Cobar Shire is situated on the crossroads of the Kidman Way and the Barrier Highway, and is 712 kilometres from Sydney. The Shire covers an area of 45,609 square kilometres, which is around two-thirds the size of Tasmania.

#### *Key demographics are:*

- Population: 5,145
- Projected population (2036): 3,816
- Average age: 35 years
- Density: 0.112 persons per hectare
- People aged 60 years and over: 15%
- Young people aged 15 years and under: 20%
- People from non-English speaking backgrounds: 2.6%
- Aboriginal and Torres Strait Islander people: 11.2%



(Source: Australian Bureau of Statistics)

### *Local issues*

The Shire is made up of the township of Cobar, and the villages of Euabalong, Nymagee, Canbelego, Louth and Tilpa. Cobar's average rainfall is 370mm.

The name Cobar is derived from the Aboriginal Ngiyampaa tribe word 'Kubbor' (which means 'burnt earth').

The Shire's industry is predominately mining and pastoral. Pastoralists began to settle in the area in the mid-1860's. Copper was discovered in 1870. While copper is the predominant metal mined (190,000 tonnes annually), gold (93,000 ounces), silver (15,000 kilograms), lead (33,000 tonnes) and zinc (60,000 tonnes) are also extracted from in the local area.

### Water supply infrastructure

Cobar's water supply is pumped from the Bogan River at Nyngan via a twin 135 kilometre pipeline. The first pipeline was built in 1962, and the second in 1973. Both pipelines are ageing and require ever-increasing maintenance. Both will need to be replaced (probably by a single bigger pipeline) in the near future.

The mines are the biggest users of water, using around 7.5 mega litres per day. In contrast, the town of Cobar uses around 5 mega litres per day.

### Mining industry dependence

Cobar Shire Council is very dependent on the mining industry for survival. Without the mines, local revenue and the town's population would drop significantly. Mining first commenced in the region around 1870, and since that time several mines have opened and closed. The mines are dependent on world prices for their viability. Based on current assessments by the individual mines, it is anticipated that there is between 6 and 20 years of supply of the raw product. It should be noted, though, that exploration is continuing and it is expected that new mining sites will continue to found. The picture below shows an open cut copper mine close to Cobar.



Non-urban unsealed roads

The Council has a large network of non-urban unsealed roads, which is approximately 1,813 kilometres in length. The cost of maintaining/rebuilding these roads forms a large part of the Council's budget.

Cobar Shire's average annual rainfall is 370mm per annum, although it decreases as you go west. The rainfall is unreliable, with droughts or prolonged periods of low rainfall being a feature of the district. However, when it does rain, it is usually extremely heavy, and as the land is flat, local flooding occurs.



The picture above (outside the Council building) shows the volume of water after a heavy downpour.

These localised flood damage, and at times washes away dirt roads which have to be repaired/renewed, adding to the Council's road maintenance costs.

## **MAKING AND IMPLEMENTING DECISIONS**

### **3. GOVERNANCE**

#### **SCOPE**

This part of the report focuses on examining the effectiveness of Cobar Shire Council's decision-making processes, as well as the key structures, systems and processes involved in administering its strategic and day-to-day operations. The self-assessment checklist completed by the Council considers minimum compliance requirements in 30 key areas relating to governance. The responses have been used as a basis for assessing the Council's performance in this area.

#### **POLICY AND LEGISLATIVE FRAMEWORK**

Each council is a statutory corporation (Chapter 9, *Local Government Act 1993*). The councillors are the governing body of the corporation and they have the responsibility for directing and controlling the affairs of the council in accordance with the Act.

All functions of a council come from statute, either from the *Local Government Act 1993* or other legislation. Governance in this context refers to all the means by which a council is organised (politically and administratively) to make and enact decisions to carry out its functions. The Division of Local Government has issued a range of policy and procedural documents to assist councils with this role.

Strong, effective governance is critical to:

- achieving goals and aspirations
- enhancing organisational performance
- minimising and managing risks
- increasing the confidence of the community in the organisation
- ensuring that the council is meeting its statutory and ethical obligations
- assisting the prevention and detection of dishonest or unethical behaviour.

## LOCAL CONTEXT

The elected body of Cobar Shire Council is made up of twelve councillors who elect the Mayor annually. The Council's administration consists of three Directorates (Engineering, Corporate and Community, and Planning and Environment) operating under the guidance of the General Manager. A Special Projects Officer also reports directly to the General Manager.

## GOVERNANCE ASSESSMENT

An assessment of the Council's performance in relation to the governance areas covered in the self-assessment checklist completed by the Council is set out in Table 1 below:

**Table 1: Governance Assessment**

Area of assessment	Assessment of the Council's performance
Ethics and values	
Code of Conduct	
Gifts and benefits	
Communications devices	
Disclosure of pecuniary interests	
Strategic alliances	
Business ethics	
Risk management	
Fraud control	
Business continuity	
Internal audit	
Legislative compliance	
Legal services	
Procurement, disposal and tendering	

Privacy management	
Records management	
Access to information by the public	
Policy register	
Executive management /leadership	
Delegations	
Council meetings	
Council committees (s355 and others)	
Councillor induction and ongoing training	
Expenses and facilities policy	
Councillor/staff interaction	
Access to information by councillors	
Campaign donations	
Customer service/complaints handling	
Protected disclosures and internal reporting	
Information technology	

Table key: Better practice Requires further development Satisfactory

For a description of each of these rankings see ABOUT THE REVIEW in PART 1, BACKGROUND

## SIGNIFICANT OBSERVATIONS

### *Summary analysis*

Cobar Shire Council’s governance framework appears to be reasonable. The Mayor and the General Manager appear to have an amicable working relationship. However, there appears to be some confusion as to who is responsible for what, especially regarding financial matters.

The Council’s management team work well together and demonstrated that they are motivated.

Most policies, procedures and systems are adequate, although some need updating. It is acknowledged that the Council has indicated its intention to do so in the near future.

## ***Better practice***

### *Strategic Alliances*

In May 2007, the Council signed a partnership agreement with the Canterbury City Council which highlighted the intention of the two councils to collaborate together and to share skills, undertake joint projects and staff exchanges or secondments.

In an organisation with a relatively small workforce such as Cobar (compared to Canterbury City Council), staff have a more generalist focus as they have a broader range of responsibilities and issues to cover. Larger councils employ more specialised people, who are able to focus on specialist areas such as risk management or community development. Cobar Shire Council must address these areas to meet legislative requirements, but finds it difficult as it does not have staff with the specialist skills in this area.

Rather than employing consultants, or sending staff to training courses (which are generally held out of town), Cobar Shire Council is able to use the services of Canterbury City Council staff to undertake specific projects in areas where Cobar Shire requires assistance. This improves the skills and knowledge of the Council's staff that supports the Council into the future. This arrangement has a minimal cost to Cobar Shire Council (Canterbury City Council funds its travel and accommodation costs to Cobar). In addition, the relationship is regularly used to access specialist skills and advice via phone and email, as well as to access documents such as procedures, manuals and flyers that can quickly be adapted to Cobar's needs, rather than starting from scratch.

This partnership has brought great benefits to Cobar Shire Council, particularly in relation to implementing the Integrated Planning and Reporting framework.

## ***Requires further development***

### *Code of Conduct*

The Council has adopted a Code of Conduct which was last revised in July 2008. The Council's adopted Code of Conduct incorporates the provisions of the Model Code of Conduct for Local Government at that time.

The Council has advised that it is in the process of updating its current Code of Conduct, with the intention that it be finalised by 30 June 2013.

### ***Recommendation 1***

*Following the adoption of its revised Code of Conduct, the Council is encouraged to provide councillors and staff with information highlighting the provisions which have changed.*

### *Gifts and benefits*

The Council has a Gifts and Benefits procedure and register, but it does not have a Gifts and Benefits policy. The Council advised that it intends to prepare and adopt a Gifts and Benefits policy by 30 June 2013.

The Council's Gift Register appears to be used appropriately and consistently.

### ***Recommendation 2***

*As planned, the Council prepare and adopt a Gifts and Benefits policy.*

### *Disclosure of pecuniary interests*

Under section 449 of the Local Government Act, councillors and designated persons are required to complete and lodge disclosure of interest returns. It is important that councillors and staff observe these requirements, otherwise this has the potential to seriously undermine the community's confidence in the integrity of local government and the decision-making process.

The review team conducted a review of disclosure of interest returns for councillors and a number of returns of the Council's senior managers. The returns showed some anomalies, including:

- disclosing debts at section G which are not required to be disclosed, for example mortgages to banks, credit cards etc
- the disclosure sign-off was not dated or signed
- the name and address of employer was left blank or there was inadequate information
- where there are no interests to be disclosed, the word 'Nil' is to be placed in the space under the appropriate heading, rather than placing a line through the section, leaving it blank or placing 'N/A' or 'not applicable' in the space.

The Division has issued various circulars to assist council officials to comply with their obligations relating to disclosure of interests and to ensure that accurate information is recorded.

### ***Recommendation 3***

*Further training and/or assistance should be provided to assist in the completion of disclosure of interests returns and ensure that accurate information is recorded by designated persons.*

### **Risk management**

The Council has a Risk Management Plan dated January 2009 which it intends to review shortly. The Council has established an internal working party that assesses issues of risk on a regular basis. The Council has advised that it intends to create an Enterprise Risk Management system by June 2013.

### ***Recommendation 4***

*The Council is encouraged to create an Enterprise Risk Management system as intended.*

### Business continuity

Councils should have plans and strategies in place for dealing with the impact of unforeseen disasters or events (a Business Continuity Plan). Cobar Shire does not have a Business Continuity Plan. Further information is available in 'Circular to Councils 07-12 – Business Continuity Plans'.

### **Recommendation 5**

*To ensure that the Council is well-placed to manage the impact of adverse and unplanned events on its operations, it should develop a business continuity plan.*

### Policy register

A significant amount of resources has been devoted to developing the Council's strategic management documents which are part of the Council's policy register. However, the reviewers found that there were a number of issues with the version control of these documents. For example, at the time of the review, the version of the Council's Delivery Program was inconsistent with a copy previously provided to the Division of Local Government. Each version was clearly different but had the same Version Control number (1). Both versions say that the documents were adopted on 28 June 2012. The reviewers suggest that there needs to be stronger controls in document management, such as another heading on the document such as Draft Version Created (then a date). A 'draft' watermark on the document could be included until the document is adopted.

### **Recommendation 6**

*The Council is encouraged to take steps to improve document control in relation to the documents in its policy register.*

### Council committees

The Council does not provide all of its committees with either a constitution or charter setting out its membership and functions, and documented procedures/operations manuals. This information is critical to ensuring the members appropriately undertake their roles.

### ***Recommendation 7***

*Each Council committee should be provided with either a constitution or charter setting out its membership and functions, and documented procedures/operations manuals.*

#### *Complaints handling*

The Council does not have a specific complaints handling policy. The Council has a form on which to document complaints. Once actioned, the complaint form is returned to Records for filing. There is no central complaints register kept. A report is not provided to management or the Council on complaints received or the outcomes. Further information is available in 'Practice Note No. 9 – Complaint management by councils', which is available on the Division of Local Government's website.

### ***Recommendation 8***

*The Council's practices and procedures for handling complaints should be formalised in a policy. This should include provisions for regular reports for consideration by the executive management team and elected body.*

#### ***The Council's response***

**A number of items have been listed on Council's Promoting Better Practice Action Sheet and finalisation is subject to resources.**

## ***PLANNING AND DELIVERING A SUSTAINABLE FUTURE***

This part of the report focusses on determining how well the Council is planning and working with its community toward achieving a sustainable future. It consists of three interrelated sections:

- Strategic planning and delivery
- Financial and asset management
- Workforce management.

### ***4. STRATEGIC PLANNING AND DELIVERY***

#### **SCOPE**

This section examines the Council's implementation of the Integrated Planning and Reporting framework. This includes consideration of the quality and utility of the documents the Council is required to produce, and how well it has involved its communities and other stakeholders in developing long-term strategic plans.

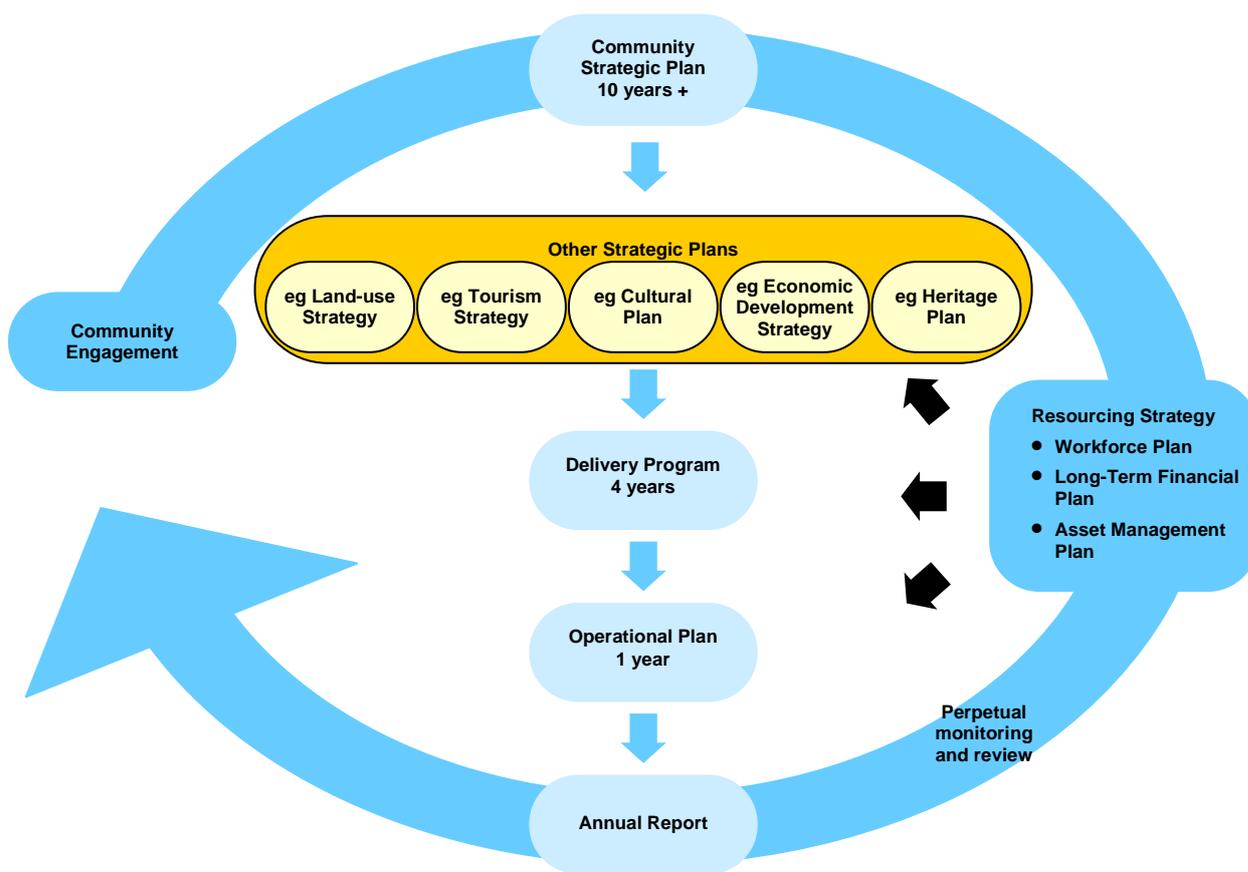
The self-assessment checklist, completed by the Council, considers the minimum compliance requirements in relation to each component of the framework. The responses have been used as a basis for assessing the Council's performance in this area.

#### **POLICY AND LEGISLATIVE FRAMEWORK**

The Integrated Planning and Reporting framework for NSW local government has been introduced to improve local councils' long-term community planning and asset management, as well as to streamline reporting to the community.

The framework aims to improve the sustainability of local communities by encouraging councils, residents and State agencies to work together on long-term plans and strategies. The Community Strategic Plan is supported by a four-year Delivery Program, annual Operational Plan and a Resourcing Strategy that includes long-term financial planning, asset management planning and workforce management planning.

## The Integrated Planning and Reporting Framework



### Community Strategic Plan

The Community Strategic Plan is the highest level plan that a council will prepare. The purpose of the plan is to identify the community’s main priorities and aspirations for the future and to plan strategies for achieving these goals.

In order to ensure priority services and infrastructure can be delivered efficiently and effectively, councils are encouraged to integrate all other strategic plans into this framework. For example, strategic land-use and economic development plans also contribute to maximising the capacity of communities, industries, the environment and local economies.

### Community Engagement

Each council must prepare and implement a Community Engagement Strategy to work with the local community in developing and reviewing the Community Strategic Plan.

### Delivery Program

The Delivery Program is a statement of commitment to the community from each newly-elected council. The four-year Delivery Program translates the community's strategic goals into actions.

### Operational Plan

An annual Operational Plan supports the Delivery Program and each council is required to develop an Operational Plan that articulates the details of the Delivery Program.

### Resourcing Strategy

The council is responsible for developing a long-term Resourcing Strategy to enable the achievement of the objectives and priorities established by the Community Strategic Plan. The Resourcing Strategy must include provision for long-term financial planning, workforce management planning and asset management planning.

### Reporting

Councils must report against the Delivery Program six monthly, prepare an Annual Report within five months of the end of the financial year, and prepare an end-of-term report at the end of each council term. The purpose of these reports is to encourage councils to keep their communities informed, and to be accountable for the decisions they make on behalf of the community.

## **LOCAL CONTEXT**

Cobar Shire Council elected to be a Group 3 council for the purpose of implementing the Integrated Planning and Reporting framework, and completed the preparation of its suite of integrated plans in mid-2012.

Following the September 2012 local government elections, each newly elected council was required to review its Community Strategic Plan by 30 June 2013, and roll the plan forward so that it maintains a minimum ten-year horizon.

An assessment of the Council's strategic planning and delivery performance, in relation to the areas covered in the self-assessment checklist completed by the Council, is set out in Table 2 below:

**Table 2: Strategic Planning and Delivery Assessment**

Area of assessment	Assessment of the Council's performance
Community engagement	
Community Strategic Plan	
Delivery Program	
Operational Plan	
Resourcing Strategy <ul style="list-style-type: none"> <li>• Workforce Management Plan</li> <li>• Long Term Financial Plan</li> <li>• Asset Management Strategy and Plans</li> </ul>	  
Reporting	

Table key:  Better practice  Requires further development  Satisfactory

For a description of each of these rankings see ABOUT THE REVIEW in PART 1, BACKGROUND

## SIGNIFICANT OBSERVATIONS

### Summary analysis

Overall, given the size of the Council and its limited resources, the Council's efforts in implementing the Integrated Planning and Reporting framework are commendable. The Community Strategic Plan is a detailed Plan which addresses social, environmental, infrastructure, economic and civic leadership issues in an integrated manner. The main priorities and aspirations for the local government area, as expressed by the community, are clearly identifiable.

Community indicators are provided to assess the implementation of the Plan. The reviewers noted that since the preparation of the Council's Community Strategic Plan in 2012, the NSW Government developed a Regional Action Plan for the Orana region.

The Operational Plan links well with the Delivery Program and provides detailed actions, indicators and measures. Budgets have also been assigned to each strategic direction.

Further work is required to address the Council's ongoing financial challenges and ensure its Long-Term Financial Plan and Asset Management Plans are fully integrated with its remaining documents. Put simply, the Council needs to ensure that its activities, which are derived from the outcomes in its Community Strategic Plan, are fully costed and affordable in the long term.

### ***Better practice***

No examples of better practice were identified by the review team in this area.

### ***Requires further development***

#### *Community Engagement*

##### 1. Community Engagement Strategy and levels of service

Each council must prepare and implement a Community Engagement Strategy to work with the local community in developing and reviewing the Community Strategic Plan. The Council's Community Engagement Strategy consists of a broad policy based on the International Association of Public Participation spectrum and a brief explanation of the engagement carried out to inform the community Strategic Plan.

One of the key strengths of the Council is its ability to engage and communicate with its local community. The review team found that during its visit to Cobar, the Council utilised the local paper as a medium to inform the community of its plans and achievements. The reviewers also noted the significant involvement of the councillors and the staff (in their official capacities and as part of community) in supporting their local community. The Council's ability to gain the community's interest was demonstrated when 430 people participated in the original Community Strategic Plan consultations.

One of the most important discussions councils will have with their communities during the engagement process is in regard to expected levels of service. Many councils find it challenging to meet the increasing expectations of the community – particularly in rural areas where changing demographics often bring different views of service standards. Although it may be difficult to gain consensus on levels of service, it is helpful to hold

these discussions with the community. What do people really expect in terms of rural roads or street cleaning or recreational facilities? Are they willing to meet the cost of increasing expectations, for example through the application of fees and charges, or through an increase in rates? Is the community able to assist the Council to identify priorities in service provision?

While the Council's Community Engagement Strategy identified several target groups, it is not clear how the Council conducted the consultation process with those groups when preparing its Community Strategic Plan. In addition, after reading the Council's Community Strategic Plan, and discussions with relevant staff, it appears that the Council did not consider the priorities and expected levels of service expressed by the community during the engagement process. This in turn impacted on the Delivery Program.

Critical information about financial and asset management was not available during the initial community engagement process. The Council should now have an improved budgetary framework and improved asset management information to properly inform the community debate. The Council may wish to address this issue when it next updates its Community Engagement Strategy and undertakes a conversation with the community about service levels.

### ***Recommendation 9***

*Ensure the Community Engagement Strategy includes strategies for engagement around community priorities and expected levels of service.*

#### **2. Community engagement in relation to the proposed Special Rate Variation**

After the development of the Community Strategic Plan, and in response to the Council's long-term financial challenges, the Council undertook a second engagement process in September 2012 to discuss the need for a Special Rate Variation.

The Council provided the community with three options:

1. a 25% increase in year one
2. a 13% increase each year over seven years (results in 238% total increase)
3. no Special Rate Variation.

The Council provided three fact sheets to support its engagement process. One of these was '*Services Council Provides and What They Cost*'. On this fact sheet the Council identified 'Roads and Footpaths' as having an annual net cost to the Council of \$2.9 million<sup>1</sup>. However, these figures differ from those in the Council's Transport Asset Management Plan 2013, which identified costs of \$4.68 million per year<sup>2</sup>. Based on the expenditure of \$4.68 million per year in its Transport Asset Management Plan 2013, the Council will face a shortfall of \$4.14 million annually, required in operating, maintaining, renewing and upgrading its existing assets.

In discussing the costs of services with the community, it is important that the information provided is accurate, clear and comprehensible to ensure a measured and consistent approach to determining a reduction in costs and/or increased revenue.

In introducing the conversation with the community about prioritising and expected levels of service, the Council should also ensure that relevant information is provided, including the effect of the proposed changes to its Long-Term Financial Plan.

### ***Recommendation 10***

*Community engagement processes (particularly when suggesting or testing the case for a Special Rate Variation) should be informed by information contained in the Long-Term Financial Plan.*

### 3. Consultation regarding asset service levels

It is not clear from the Council's fact sheet '*Services Council Provides and What They Cost*' that the financial figures provided had the rigour and supporting information required to properly inform a community conversation about asset service levels. In addressing the Council's major cost item (being roads), it was not clear whether the Council's road hierarchy identified in the Transport Asset Management Plan formed part

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<sup>1</sup> This excludes \$86K for Aerodromes

<sup>2</sup> Cobar Shire Council – Transport Asset Management Plan 2013, p1

of the community conversation. The Transport Asset Management Plan identifies the Council's road hierarchy as the basis for determining how resources are to be allocated.

### ***Recommendation 11***

*The Council is encouraged to use the road hierarchy (asset management plans) to establish, as part of the community engagement process, an affordable level of services.*

#### **Delivery Program**

The Delivery Program is a statement of commitment from each newly-elected council. The Program translates the community's strategic goals into actions. The Council's Delivery Program is detailed and addresses the objectives and strategies of the Community Strategic Plan. The Delivery Plan identifies key strategies, tasks and partners.

The Council first adopted its Delivery Program for 2012/13 – 2015/2016 on 28 June 2012. The Council's Delivery Program for 2012/13 – 2015/2016 detailed the principal activities it will undertake to achieve the objectives established in its Community Strategic Plan. The Council updated its Delivery Program in January 2013 and exhibited it for 28 days specifically to raise public awareness of a proposed special rate variation application.

Given the Council's recent and continuing financial challenges, the reviewers were concerned to find that there were no budgets provided during the exhibition of the updated Delivery Program in January 2013. While the proposed Special Rate Variation of 25% was subsequently incorporated into the Long-Term Financial Plan when it was completed in February, it was not provided during the public exhibition period for the Delivery Program. Therefore the effect of the proposed Special Rate Variation could not be understood in context of the Council's overall financial position. The Council is required to provide financial estimates of its income and expenditure for the four-year period in the Delivery Program, in line with its activities.

Based on these circumstances, it is not clear whether the Resourcing Strategy was fully utilised in developing the business case for the proposed 25% Special Rate Variation.

Based on the Council's Long-Term Financial Plan, the Council's financial outlook still appears perilous even when incorporating the proposed 25% Special Rate Variation, as it appears not to adequately address significant asset renewal and maintenance costs.

### ***Recommendation 12***

*The Council should ensure that there are clear links between the Delivery Program and the Resourcing Strategy.*

#### **Resourcing Strategy**

This section discusses the Council's Resourcing Strategy within the context of the Council's overall financial, asset and workforce management.

#### **1. Long-Term Financial Plan**

Each council must prepare a Long-Term Financial Plan (covering a minimum of 10 years). The Plan is an important part of the Council's strategic planning process. This is the point where long-term community aspirations and priorities are tested against financial realities.

The Council's Long-Term Financial Plan (February 2013 version) gives long-term financial projections and also provides financial modelling for different scenarios and projected Income Statements. However, it does not include complete Balance Sheets or Cash Flow Statements. The Plan also does not include Key Performance Indicators and methods for monitoring financial performance.

The Council commented to the review team that its Long-Term Financial Plan will continue to be monitored and amended as circumstances change<sup>3</sup>. Unfortunately, the Council has not provided the detail of how it is going to achieve this outcome. In light of the Council's financial challenges and the reviewer's concerns with the Council's

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<sup>3</sup> Long Term Financial Plan 2012/2013 – 2021/2022, p45

financial reporting, the Council will need to ensure there is a rigorous and transparent process for reviewing its budgets.

The integration of financial information with the Delivery Program is not obvious.

The format of the Council's Long-Term Financial Plan (February 2013 version) is a clear improvement on the previous (May 2012) version, which lacked many of the essential requirements. The Council indicated to the reviewers it had an ongoing commitment to improving the format and content of this document.

The Council's Long-Term Financial Plan needs to include Key Performance Indicators, a Sensitivity Analysis, and complete Balance Sheets and Cash Flow Statements for the ten year period.

**Recommendation 13**

*The Council is encouraged to have a schedule (including dates) to update its Long-Term Financial Plan at least annually, with specific milestones established and a reporting framework to the Council to ensure its progress.*

**Recommendation 14**

*In its next review of its Long-Term Financial Plan, the Council is encouraged to include Key Performance Indicators, Sensitivity Analysis, Balance Sheets and Cash Flow Statements as required.*

**2. Asset Management Strategy and Plans**

The Council's Asset Management Strategy is a good overarching document that gives a clear explanation of principles and methodologies. The Strategy is supported by an adopted Asset Management Policy. The Policy identifies assets critical to the Council's operations, and outlines risk management strategies for these assets.

The Council's Asset Management Plans, although requiring some further development, will provide the Council with a strong basis to work from in addressing its long-term financial challenges. However, the Asset Management Plans will need to be regularly reviewed and updated. For example, the Council noted that further information is

required to inform current and desired service levels for the Transport Asset Management Plan 2013<sup>4</sup>.

The Council's Asset Management Plans observed at the time of the review are detailed and well set out. However, further development is needed in the areas of levels of service (see *Recommendation 9*), determining affordable asset maintenance requirements, and asset replacements.

***Recommendation 15***

*As part of the ongoing review of its asset management plans, the Council is encouraged to continue to determine affordable asset maintenance requirements and asset replacements.*

**3. Workforce Management Planning**

Overall, the Workforce Management Plan is a thorough document with a comprehensive action plan. It has a sound analysis of internal and external factors impacting on the workforce. The SWOT analysis is comprehensive and clearly identifies focus areas for the Council.

While the document makes reference to the other integrated planning and reporting plans, the Workforce Management Plan could be better linked to the direct activities in the Delivery Program/Operational Plan.

***Recommendation 16***

*The Council's Workforce Management Plan should be better linked to the activities set out in the Delivery Program and Operational Plan.*

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<sup>4</sup> Cobar Shire Council – Transport Asset Management Plan 2013, p17

### *The Council's response*

*Council has been successful in its application to IPART for a 25% one-off rate rise in general rates for 2013/2014 which involved updating of the LTFP, Transport Asset Management Plan and Delivery Program.*

## **5. FINANCIAL AND ASSET MANAGEMENT**

### **SCOPE**

This section examines the Council's overall financial position and how it is managing its finances and assets in order to deliver the outcomes of its long-term Community Strategic Plan. It also considers the Council's Long-Term Financial Plan and Asset Management Strategy.

The self-assessment checklist, completed by the Council, considers the minimum compliance requirements in relation to each component of the Integrated Planning and Reporting framework. The responses have been used as a basis for assessing the Council's performance in this area.

A number of financial and asset management indicators have been examined to gain an appreciation of the Council's financial position, performance and long-term sustainability.

### **POLICY AND LEGISLATIVE FRAMEWORK**

Councils in NSW are required to provide services, facilities and infrastructure through the effective and efficient use of resources.

Under their Charter<sup>55</sup>, councils have a responsibility to raise funds for the purposes of carrying out their functions. This can be achieved by the fair imposition of rates, charges and fees, borrowings and grants. As the custodian and trustee of significant public assets, councils must also effectively account for and manage these assets.

As part of its Resourcing Strategy, each council must prepare a Long-Term Financial Plan (covering a minimum of ten years). The Plan is an important part of a council's strategic planning process. This is the point where long-term community aspirations and priorities are tested against financial realities.

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<sup>55</sup> The Council's Charter, Section 8, *Local Government Act 1993*

Each council must also prepare an Asset Management Strategy which includes an overarching Asset Management Policy endorsed by the council. The Asset Management Policy sets the broad framework for undertaking asset management in a structured and coordinated way. The Policy underpins all asset management activities and the preparation of more detailed asset management plans for each class of assets which the council has responsibility for.

## LOCAL CONTEXT

As is shown in the table below, over the last four financial years the Cobar Shire Council's expenses have been increasing by more than its income. The Council's employment costs and on-cost expenses are continuing to rise, while materials and contracts expenses are at their lowest level in four years in 2011/12.

**Table 3: Summary of the Council's financial results for the last four years**

Consolidated results	2011/12	2010/11	2009/10	2008/09
<b>Income Statement (Financial Performance)</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Rates & Annual Charges	3,761	3,854	3,735	3,630
User Charges & Fees	8,966	7,770	8,685	7,221
Interest and Investment revenue	47	55	68	552
Other Revenues	242	253	215	211
Grants & Contributions for Op. purposes	10,203	8,842	8,835	8,188
Grants & Contributions for Cap Purposes	1,338	1,880	2,086	2,566
<b>Total income from continuing operations</b>	<b>24,557</b>	<b>22,654</b>	<b>23,624</b>	<b>22,368</b>
Employee Costs & on-costs	10,279	9,753	9,291	8,494
Borrowing Costs	189	175	131	2
Materials & Contracts	6,930	7,647	8,287	7,248
Depreciations & Amortisation	4,344	4,177	3,783	3,578
Other Expenses	2,463	2,302	2,003	1,826
Net loss from disposal of assets	0	120	100	0
<b>Total expenses from continuing operations</b>	<b>24,205</b>	<b>24,174</b>	<b>23,595</b>	<b>21,148</b>
<b>Operating result from cont. operations</b>	<b>352</b>	<b>-1,520</b>	<b>29</b>	<b>1,220</b>
<b>Net Operating result for the year <u>before</u> Grants and Contributions</b>	<b>-986</b>	<b>-3,400</b>	<b>-2,057</b>	<b>-1,346</b>

The Division of Local Government has noted a rapid deterioration in the Council's financial position over the last five years. There has been a lack of asset maintenance and replacement. The Council's total borrowings increased from nil in 2007/08 to \$3.5

million in 2011/12, and these borrowings were largely used to offset monies that had been spent from statutory reserves. The Council's cash balance has decreased from \$5.8 million in 2007/08 to \$3.6 million in 2011/12.

### **Financial Sustainability Action Plan**

In December 2011, officers from the Division of Local Government met with the General Manager and relevant Council officers in response to comments<sup>6</sup> made by the Council's auditor in the Council's audited financial statements for year ended 30 June 2011. During this meeting the Council outlined a number of steps it was undertaking to get its finances back in order.

Specific enhancements to the action plan were recommended by the Division of Local Government, and included:

- an overall savings objective that is broken up by financial periods consistent with the Council's budgeting framework should be determined.
- each action item should detail the budgeted cost saving, or where further expenses are anticipated, that this be offset against the Council's overall savings objective.
- The action plan be regularly updated and items that are no longer relevant be removed.
- The action plan is reconciled with the Council's budgeting framework including the Council's long-term financial plan and mid-year budget updates.

The intention of the Division of Local Government's recommendations is to ensure that the action plan was not a stand-alone document but was fully integrated with the Council's other planning. In addition to the current budgeting framework, the action plan is to provide the Council with an important governance tool to monitor the overall financial management of the Council.

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<sup>6</sup> "The Council has overspent in its day-to-day operations and is living well outside its means". "The Council had been using restricted funds without Ministerial approval". Responding to the Council's request for an internal loan, the Division determined at that time that the approval of the internal loan would not rectify the Council's financial difficulties in the long term.

The Council acknowledged that its task is to reconcile the action plan with the Council's budgeting framework.

The Council's action plan has been reviewed by the Division. The review found that of the 44 short-term financial action items identified by the Council, 15 items had identifiable savings and 14 items had the potential to provide long term structural savings. The review also found that nine of the 44 items remained in the Council's action plan at October 2012.

The medium to long term financial action items focused on developing plans for different services, the sale of some assets, a special rate variation, and the completion of the Integrated Planning and Reporting framework suite of documents.

At the time of that review, it was found that the Council's action plan had not been effective in providing financial strategies to manage its operations into the future. While the review has focused the attention of the Council on its financial position and provided some savings measures, it did not offer the Council with a solution to manage its ongoing financial challenges. During this review, the main criticism of the action plan as expressed by staff during interviews was that the action plan lacked coordination.

### **The Council's current financial position**

In early 2013, the Council's auditor again expressed concerns about the Council's financial management. It was again explained that the Council needed to rein in expenditure and take steps to make sure that its expenditure is kept within budget. The Council's auditor noted that, while the Council had recorded a surplus of \$352,000 in 2011-12, the deduction of one instalment of the financial assistance grants (FAGs) that had been paid early meant the Council actually ran at a deficit of \$703,000. The Council's auditor was also concerned about the Council's ongoing liquidity.

Of particular concern to the reviewers was the auditor's perception that the drawing down of a loan for \$1 million in June 2012 was only undertaken to enable the Council to have sufficient cash assets to cover its external restricted reserves. In February 2012, the Council was in overdraft for \$903,100. The Council remained in overdraft until March 2012.

During the review team's visit to the Council, these matters were raised with the Mayor, Deputy Mayor, General Manager and staff. The councillors and staff demonstrated an understanding of the financial problems of the Council but had no clear plan or a consensus about how best to resolve these issues. Importantly, the Council acknowledged that it needed to identify savings, adhere to its budget and prioritise services.

The conclusion of the reviewers during the on-site visit was that the Council appeared to be in a state of decision-making paralysis in terms of making choices to reprioritise services, which consequently would make a material improvement to the overall financial position of the Council. Given the many people in the community that the Council supports, the reviewers acknowledged that it was difficult to find common ground to re-prioritise services and/or the level of service provision. The task has been made even more difficult due to poor financial reporting provided to the councillors, as the information has not been timely or relevant.

However, in order to establish a direction forward to a financially sustainable future for the Council, the reviewers noted that there needed to be demonstrated leadership by the Mayor and the councillors by starting the conversation with the community on the prioritising of services and service levels<sup>7</sup>.

## **FINANCIAL AND ASSET MANAGEMENT ASSESSMENT**

The key financial and asset management areas of the self-assessment checklist completed by the Council were examined by the review team and an overall assessment for each area is included in Table 4. Most policies, procedures and systems relating to land assets and the Council's businesses are of the required standard to meet the Council's statutory obligations.

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<sup>7</sup> On page 11 of the *Integrated Planning and Reporting Manual for local government in NSW*, March 2013 one of the key roles and responsibilities of the Mayor and councillors is the considering of advice on resourcing implications and present options to the community for consultation.

However, the Council's failure to complete its annual financial statements in the required legislative timeframe and its inability to maintain its assets and replace them into the future were identified as key areas of risk.

**Table 4: Financial and Asset Management Assessment**

Area of assessment	Assessment of the Council's performance
Financial management and planning	
Asset planning and management	
Land assets	
Council businesses	
Council involvement in companies, partnerships, corporations, co-operatives, and joint ventures	No involvement
Insurance	

**Table key:**  Better practice  Requires further development  Satisfactory

*For a description of each of these rankings see ABOUT THE REVIEW in PART 1, BACKGROUND*

### ***TCorp (NSW Treasury Corporation) Assessment***

During 2013, the NSW Treasury Corporation (TCorp) carried out an independent assessment of Cobar Shire Council's financial capacity and its future financial sustainability.

Overall, TCorp assessed that the Council is currently in a weak financial position. Without an improvement in its operating result and an increased capacity to provide funding for its asset renewal and capital expenditure, the Council's future financial position and sustainability will be under increasing pressure. In respect of the long-term sustainability of the Council, TCorp's key observations were:

- The Council's operating result, excluding capital grants and contributions, has been in a deficit position in the past four years.
- The Council's current Long-Term Financial Plan forecasts operating deficits, excluding capital grants and contributions, for the entire forecast period.
- The Council's liquidity position has been well below TCorp's benchmarks over the review period and is forecast to be below the benchmark particularly in the latter years of the forecast period.

- The Council has maintained conservative levels of borrowings which are reflected in its Debt Service Cover Ratio and Interest Cover Ratio.
- The Council is reliant on external funding sources as indicated by an Own Source Revenue Ratio that is below benchmark in both the past years and in the forecast.
- The Council has applied for a Special Rate Variation to commence in 2014 for a one-off permanent increase of 25%.

A copy of TCorp's report is available on the Division of Local Government's website, at [www.dlg.nsw.gov.au](http://www.dlg.nsw.gov.au)

## **SIGNIFICANT OBSERVATIONS**

### ***Better practice***

No examples of better practice were identified by the review team in this area.

### ***Requires further development***

#### **Financial management and planning**

##### 1. Long-term financial planning

The Division undertook a review of the Council's recent Long-Term Financial Plan (LTFP), which was adopted in February 2013. The Council's LTFP covers a 10-year timeframe from 2012/12 to 2021/2022. The LTFP reaffirms the Council's auditor's comment that recent borrowings have been required to ensure the Council has sufficient liquidity. The Council's modelling also shows that, without increased income and/or a reduction in expenditure, the Council will have difficulty in achieving operating surpluses<sup>8</sup>.

The Council has stated that in order to be financially sustainable, it must demonstrate through its long-term planning process that it can meet its current and future obligations

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<sup>8</sup> Cobar Shire Council Long Term Financial Plan 2012/2013 – 2021/2022, p4

relative to the provision of its services. This includes maintenance, renewal and replacement of required assets<sup>9</sup>.

Cobar had a rate base of 2,821 rateable assessments. Of those, 27 are mining assessments. The mining industry is integral to the economic prosperity of the Shire, and in 2012/13 the Council will levy 40% or \$1.07 million in rates income from mining assessments, from a total of \$2.7 million<sup>10</sup>. In comparison to all councils in NSW, Cobar Shire Council had the greatest percentage of mining rates compared to total ordinary rates, which is indicative of the symbiotic relationship that the community has with the mining industry.

The Council forecast a significant reduction in capital works, and is not intending to replace its assets in order to rein in its expenditure over the next few years<sup>11</sup>. In reviewing the Council's LTFP and its proposed reduction in capital works, the review team found it difficult to quantify the level of capital works, as the Council provided an abbreviated version of its balance sheet and had not provided a cash flow statement in its LTFP. An indicative measure provided by the Council in its LTFP was a comparison of depreciation to capital expenditure, which showed a significant gap over the period.

The Council's LTFP includes four scenarios:

1. the status quo
2. a successful special rate variation for a one-off increase of 25%
3. the status quo with an additional \$5.9 million recognised in annual depreciation<sup>12</sup>
4. a successful special rate variation for a one-off increase of 25%, with an additional \$5.9 million recognised in annual depreciation.

It is crucial that the Council's financial position improves over the next five years. In order to achieve this goal, the Council will need to maintain net operating surpluses and

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<sup>9</sup> Cobar Shire Council Long Term Financial Plan 2012/2013 – 2021/2022, p5

<sup>10</sup> Cobar Shire Council Long Term Financial Plan 2012/2013 – 2021/2022, p6

<sup>11</sup> Cobar Shire Council Long Term Financial Plan 2012/2013 – 2021/2022, p8

<sup>12</sup> Additional depreciation reflects the annual consumption of the Council's transport network.

annual net increases in cash and cash equivalents, without the use of borrowings. It is expected that after five years of maintaining fiscal discipline the Council would have entrenched structural savings and developed a robust budgetary framework through its Integrated Planning and Reporting processes.

***Recommendation 17***

*The Council needs to ensure its long-term financial plan identifies required and affordable expenditure, including strategies on how it will be financed.*

**2. Quarterly Budget Review Statement**

Clause 203(1) of the Local Government (General) Regulation 2005 requires a council's responsible accounting officer to prepare and submit a quarterly budget review statement (QBRS) to the governing body of the council. The Division of Local Government has provided a set of guidelines for councils to follow. The QBRS presented to the Council includes a detailed set of accounts but does not include a signed responsible accounting officer's statement, a list of contractor and consultant expenses for the quarter, an overview of the Council's financial performance or key performance indicators.

***Recommendation 18***

*The Council is required to prepare future Quarterly Budget Review Statements in line with the Division of Local Government's minimum Quarterly Budget Review Guidelines.*

**3. The Council's Investment Policy**

The Council's investment policy lists authorised investments, including deposits with the Local Government Investment Services (AALGIS) and funds managed by approved fund managers having a credit rating of AA (S&P Australian Ratings) or better<sup>13</sup>. These

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<sup>13</sup> Investment Policy – Adopted July 2011

investments are not permissible under the *Local Government Act 1993* and are not in accordance with the latest Ministerial Investment Order.

**Recommendation 19**

*The Council is required to update its Investment Policy in line with the Division of Local Government's Investment Policy Guidelines 2010. The Council should review its Investment Policy assuring that only investments allowed under latest Ministerial Investment Order<sup>14</sup> are authorised.*

4. Loans

In its response to the self-assessment survey, the Council stated that it did not have a policy on borrowing/use of loans. It may be prudent to outline a borrowing policy, given the auditor's comments regarding the purpose of the Council's borrowings.

It was noted that the Council's Revenue Policy has mentioned that there were no new borrowings proposed in the 2012/13 and adequate funds were allocated to meet the Council's existing borrowing commitments<sup>15</sup>.

**Recommendation 20**

*It is recommended that the Council prepare and adopt a borrowing policy.*

5. The Council's financial and asset management operational systems

During the review team's visit, a number of staff expressed concerns in relation to the capacity of the Council's financial and asset systems to manage and report on the Council's financial position. The Division has found that simple requests for financial information have not been dealt with efficiently. However, this could also be contributed to a turnover of staff in this area of the Council. Importantly, the review process does not include detailed testing of the Council's systems and therefore the reviewers cannot

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<sup>14</sup> Ministerial Investment Order dated 12 January 2011

<sup>15</sup> Cobar Shire Council's Revenue Policy 2012/13, p7

verify whether the Council has deficiencies in its systems. The Council assured the review team that the systems in place were capable of meeting its current needs.

### ***Recommendation 21***

*A review of the Council's financial systems be undertaken to provide assurances that they adequately provide for the Council's needs.*

#### 6. Councillors and financial information

The reviewers appreciate that the councillors have put in a considerable effort to gain an understanding of the Council's budgets. However, the reviewers also understand from the feedback provided by the councillors that previously financial information provided to them for decision-making was at times not relevant, reliable, comparable or easy to understand.

It is important for the councillors be mindful that their role in relation to managing the financial affairs of the council is of a strategic nature. It is not appropriate for the councillors to become overly focused on individual expenses, but rather continue to maintain their focus on broader policy matters.

### ***Recommendation 22***

*Councillors should be provided with clear and relevant information to allow them to undertake management of the Council's financial affairs at a strategic rather than operational level.*

#### *Asset planning and management*

The Council has prepared a well-articulated Asset Management Plan (AMP) for its roads, bridges, footpaths and airport entitled the Transport Asset Management Plan.

The Council has indicated that the Transport AMP was updated during the preparation of the Long-Term Financial Plan. It is estimated that \$8.82 million was required each year for maintenance, renewal and upgrade of the Council's asset base in the Transport AMP. However, the Council has only budgeted \$4.68 million in its Long-Term Financial Plan for this purpose.

Importantly, the Transport AMP acknowledges that a more informed discussion needs to be had with the community about priorities and future levels of service. The Council is encouraged to further develop the areas of levels of service, determining affordable asset maintenance requirements and asset replacements. This is discussed in more detail earlier in *Part III Delivering a Sustainable Future* (see *Recommendations 9, 11 and 15*).

### *The Council's response*

*A number of items have been listed on Council's Promoting Better Practice Action Sheet and finalisation is subject to resources.*

*Council has been successful in its application to IPART for a 25% one-off rate rise in general rates for 2013/2014 which involved updating of the LTFFP, Transport Asset Management Plan and Delivery Program.*

## **6. WORKFORCE MANAGEMENT**

### **SCOPE**

This section examines the Council's implementation of its four-year Workforce Management Strategy.

The self-assessment-checklist, completed by the Council, considers the minimum compliance requirements in the workforce area. The Council's responses and a range of human resource systems, policies and procedures were examined to assess how well the Council is managing its workforce and the overall organisational culture.

### **POLICY AND LEGISLATIVE FRAMEWORK**

Councils have a number of legislative responsibilities in relation to their role as an employer. As part of its Resourcing Strategy, each council is to develop and maintain a four-year Workforce Management Strategy.

An effective Workforce Management Strategy is essential to ensure that the Council is able to address the human resource requirements associated with achieving the aspirations, goals and service standards expressed in the Community Strategic Plan and the Council's Delivery Program.

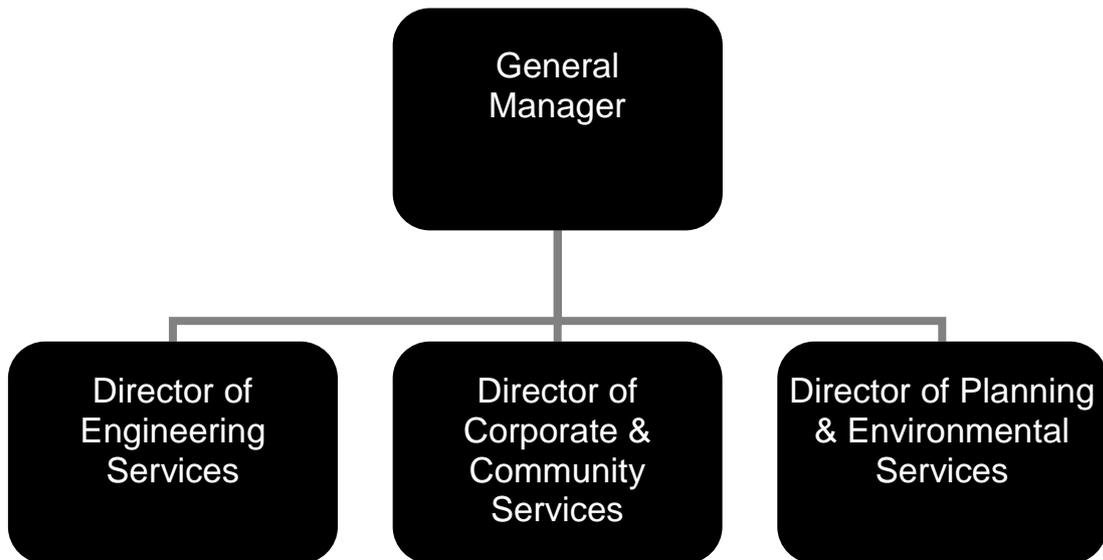
By identifying current workforce capabilities, considering what will be needed in the future and planning systematically, the Council can limit the workforce risks associated with unanticipated events and ensure it is appropriately resourced to handle the changes and challenges in the coming years.

In short, workforce planning aims to have the right people in the right places with the right skills and motivation doing the right jobs at the right time so that the Council can deliver appropriate services effectively and efficiently.

## LOCAL CONTEXT

As outlined in Diagram 1 below, Cobar Shire Council is organised into three Directorates. As at February 2013, the Council employed 163 staff (including casual and temporary employees). This equates to 130 full-time equivalent staff.

**Diagram 1: The Council’s Senior Management Organisational Structure**



**Diagram 2: Workforce Profile as at 30 June 2011**

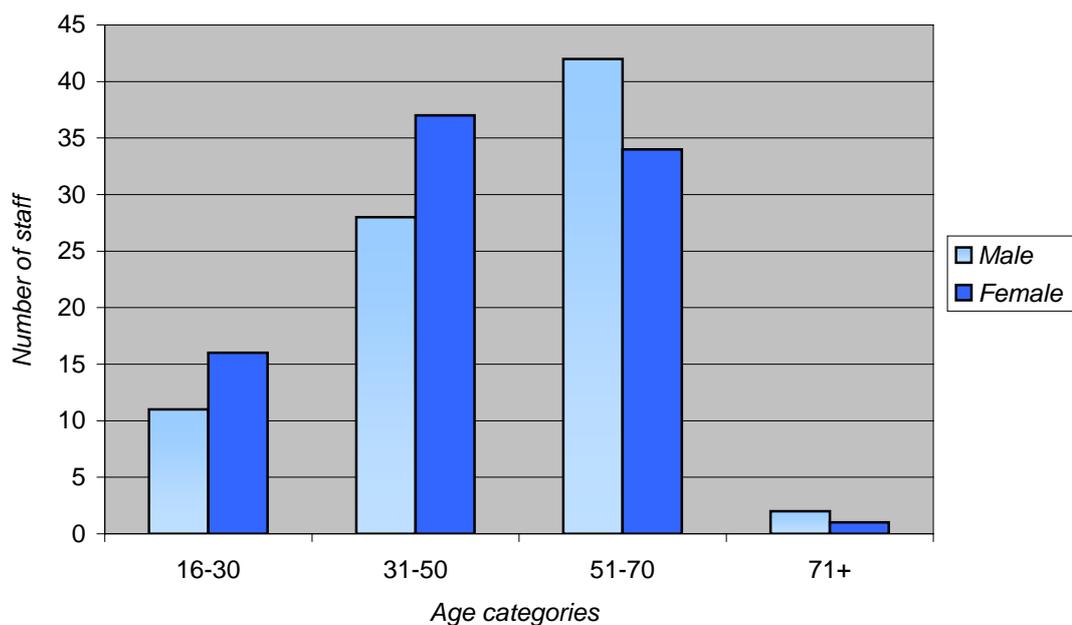


Diagram 2 highlights that the Council has an ageing workforce. Also, while women are more represented than men in the 16-30 and 31-50 age groups, men are more represented than women in 51-70+ age group.

Local Government faces a range of workforce development challenges such as:

- competition for skills
- changing demand for services
- an ageing workforce
- skills shortages in key professional areas
- staff turnover
- satisfying the Council of Australian Governments' (COAG) commitments with respect to workforce participation by women and Aboriginal and Torres Strait Islander people.

Cobar Shire Council has many challenges in recruiting and retaining a skilled workforce. These challenges include competition from local mines for outdoor and indoor workers, an ageing workforce, difficulties in attracting staff in key professional areas, and turnover associated with some people's use of the Council as a stepping stone to further their career in the sector.

One of the greatest challenges facing the Council is its limited available resources to support training and development initiatives. While the Council has a Human Resources Officer who supports recruitment, industrial disputes and return to work, the role has been extended to its limit to provide the Council with an adequate level of support to manage its workforce.

## **WORKFORCE MANAGEMENT ASSESSMENT**

An overall assessment of the key workforce areas of the self-assessment checklist completed by the Council is included in Table 5.

**Table 5: Workforce Management Assessment**

Area of assessment	Assessment of the Council's performance
Workforce planning	
Workforce management issues	
Employee surveys	
Employment contracts	
Consultative Committee	
Recruitment and selection	
Job descriptions and evaluation	
Employee remuneration	
Enterprise bargaining	
Equal Employment Opportunity	
Staff induction, development and training	
Grievance management	
Work Health and Safety	
Secondary employment	
Exit of staff	

**Table key:**  Better practice  Requires further development  Satisfactory

*For a description of each of these rankings see ABOUT THE REVIEW in PART 1, BACKGROUND*

## SIGNIFICANT OBSERVATIONS

### **Summary analysis**

Most policies, procedures and systems are of the required standard for the Council to meet its statutory obligations and support the implementation of its Delivery Program and Operational Plan.

Overall, the Council appears to have a positive organisational culture with a motivated workforce that is closely connected to its community. The cross-section of employees interviewed during the review all demonstrated enthusiasm and commitment to deliver quality services to the community.

The Council's Workforce Management Plan includes a comprehensive action plan, with a sound analysis of internal and external factors impacting on the workforce.

### ***Better practice***

No examples of better practice were identified by the review team in this area.

### ***Requires further development***

#### *Workforce planning*

The Council has an ageing workforce, with 46% of the Council's current workforce aged 51 years or older<sup>16</sup>. The Council has identified formal succession planning as an objective in the current Workforce Plan. However, it has not provided clear actions or strategies to achieve this objective. The Council does provide up-skilling for staff to provide relief cover for some positions.

### ***Recommendation 23***

*The Council is encouraged to develop and implement specific succession planning strategies to address issues related to its ageing workforce.*

#### *Employee Surveys*

Employee surveys provide guidance to management on the perceived performance of the organisation. It allows staff feedback on areas of concern that can prompt organisational changes to benefit staff and the organisation. The reviewers noted that the last survey conducted in October 2011 had a response rate of 33%, which is quite low.

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<sup>16</sup> Workforce Force Plan, p16

### ***Recommendation 24***

*The Council is encouraged to consider using employee surveys on a regular basis to identify workplace issues and for assistance in developing the Workforce Management Strategy.*

#### Consultative Committee

The composition of the Council's Consultative Committee is as follows:

- four management representatives
- two union representatives
- two USU members from indoor staff
- two USU members from outdoor staff.

The reviewers were advised that the Consultative Committee has only met once in the last twelve 12 months.

### ***Recommendation 25***

*The Council should ensure the Consultative Committee meets on a regular basis in line with the Committee's Constitution and the NSW Local Government (State) Award.*

#### Equal Employment Opportunity

The Council has not given consideration in its Equal Employment Opportunity (EEO) Management Plan to the National Framework for Women in Local Government. The EEO plan would be enhanced with the inclusion of a strategy for people with disability. The reviewers note the Council's view that women are well-represented in its workforce. However, women are under-represented at the director and manager level, and a strategy to address this would enhance the Workforce Management Strategy.

The Council does not have any employment strategy for people from minority groups in its EEO Management Plan. The inclusion of an employment strategy into its EEO Management Plan is important, as 13% of the local government area identifies as of being Aboriginal or Torres Straight Islanders, and 16% as having been born overseas (Source: Australian Bureau of Statistics).

The Council does not include its EEO strategies and outcomes in its Annual Report as required by legislation.

***Recommendation 26***

- a. The Council, in updating its Equal Employment Opportunity Management Plan, should consider the National Framework for Women in Local Government and include strategies for people with disabilities and people from minority groups.*
- b. Information about the Council's Equal Employment Opportunity strategies and outcomes should be included in its annual reports.*

**Staff induction, development and training**

The Council has an induction manual for new staff which includes information on employee entitlements, the employee assistance program, and interaction between the councillors and staff.

The NSW Local Government (State) Award requires each council to develop a training plan and budget. The Award prescribes what is required to be taken into account when preparing the plan. This includes that the plan be designed in conjunction with the Council's Consultative Committee.

Given the Council's recent financial challenges, more focus has been on reining in staff training costs. In undertaking this approach, the Council must be conscious of its obligations in regard to staff training. Council staff in specialised roles are often required to maintain certain qualifications/complete refresher training courses in order to be allowed to carry out their work. Ensuring staff are appropriately trained in the key requirements of Work Health and Safety is also recommended.

***Recommendation 27***

*As part of its review of staff training costs, the Council should be mindful that its Training Plan and budget remain in accordance with the NSW Local Government (State) Award.*

### *The Council's response*

*Council's Workforce Plan was reviewed and re-adopted by Council in June 2013 with appropriate links to Council's Delivery Program and Operational Plan.*

## ***SERVICES TO THE COMMUNITY***

This part of the review focusses on the Council's community, social and recreational facilities and services as identified in its Delivery Program and Operational Plans. Services and advice in relation to land-use planning such as development applications, as well as environmental management initiatives, are also considered.

### **7. COMMUNITY SERVICES AND FACILITIES**

#### **SCOPE**

This section focuses on examining the range and quality of the services and facilities the Council provides for the community. Social planning and services provided to cater to the needs of social justice groups within the community are also considered.

The self-assessment checklist, completed by the Council, considers minimum compliance requirements in this area. The responses, along with site visits and meetings with relevant staff, have been used as a basis for assessing the Council's performance for this area.

#### **POLICY AND LEGISLATIVE FRAMEWORK**

A council's Charter requires that it:

- provides services after due consultation
- engage its stakeholders in the development, improvement and coordination of local government (for example, councillors, members of the public, users of facilities and services, and council staff)
- actively promotes the principles of multiculturalism
- plans, promotes and provides for the needs of children
- keeps the local community and State government informed about its activities.

The Community Strategic Plan prepared by each council captures the main priorities and aspirations of its community and includes strategies for achieving those goals.

## LOCAL CONTEXT

Cobar Shire is deeply dependent on the mining industry for its survival. It has a large itinerant population, mostly working in the mines. The estimated residential population of the Shire in 2012 was just over 5,000 people (ABS 2011) with an average age of 35 years. People aged 0-14 years represent 20.2% of the population. Approximately 11.2% of the population identify themselves as being of Aboriginal or Torres Strait Islander background. The local government area has a low unemployment rate of 4.3% (or approximately 130 people).

## COMMUNITY SERVICES AND FACILITIES ASSESSMENT

An assessment of the Council's performance in relation to the community and social services areas covered in the self-assessment checklist completed by the Council is set out in the table below:

**Table 6: Community Services and Facilities Assessment**

Area of assessment	Assessment of the Council's performance
Social and community planning	
Provision of services and facilities	
Ageing population	
Community participation and engagement	
Communication policy	
Reporting to the community	
Cultural planning	
Multiculturalism	
Tourism and Economic Development	

Table key:  Better practice  Requires further development  Satisfactory

For a description of each of these rankings see ABOUT THE REVIEW in PART 1, BACKGROUND

## **SIGNIFICANT OBSERVATIONS**

### ***Summary analysis***

The review team undertook a general review of this area of the Council's operations. Overall, the Council's performance in this area is satisfactory. No examples of better practice or areas for further development were identified. The review team makes the following particular observations.

While the Council does not have a specific ageing strategy, it does address ageing issues as part of its Community Strategic Plan.

The Council does not have any specific formal programs for social justice target groups, However, there was evidence that the Council does indeed provide services for these groups. An example is the Cobar Youth and Fitness Centre.

The Council also does not have a set of specific customer service standards, nor does it collect and review information on its performance against these standards. While the Council reports that there is not a high level of contact with the public, it may consider formalising a policy at a future date.

Due to the small population and the population mix of the Shire, the reviewers understand that these policies are not of a high priority. However, the Council is encouraged to use the community strategic planning process to identify and address community priorities and discuss acceptable service levels.

### ***The Council's response***

*Council, in the past three years, has developed a new Social Plan, Community Enhancement Program, Economic Development Strategy, Crime Prevention Plan and Strategy, Youth Development Plan and Community Strategic Plan informed by appropriate community engagement.*

*In the future, it is expected that Council's Tourism Management Plan will be reviewed and updated and a Cultural Plan will be developed, subject to resources.*

## **8. LAND-USE PLANNING**

### **SCOPE**

This section focuses on examining how the Council manages its land-use planning. For example, the Council's role involves strategic planning to decide what buildings are permissible within certain areas, setting appropriate controls (eg building heights), and assessing the impact on the environment and neighbours (eg noise, traffic, shadowing, tree and other vegetation removal).

### **POLICY AND LEGISLATIVE FRAMEWORK**

Councils must undertake their strategic land-use planning and development assessment functions in accordance with the *Environmental Planning and Assessment Act 1979*. [State Environmental Planning Policies](#) (SEPPs), which deal with issues significant to the State and people of New South Wales and are made by the Minister for Planning, may also be relevant.

Appropriate zoning and development controls are important to protecting the environment and heritage areas, controlling growth, and supporting the objectives of the Community Strategic Plan.

[Section 94](#) and [Section 94A](#) of the Environmental Planning and Assessment Act allow councils to levy developers for contributions towards public amenities and services required as a consequence of the development. This may be the provision of new facilities for an area or the expansion of existing facilities where an area is growing.

### **LOCAL CONTEXT**

The [Cobar Shire Council Local Environment Plan 2012](#) (LEP 2012) provides the framework for planning in the local government area. As the population is stable, there is very little demand for vacant land, either residential or industrial. It is the Council's opinion that it has sufficient land set aside for the future. Apart from the LEP, the Council does not have any land-use strategic plans, but due to the size of the population and the fact that its population is stable, these are probably not required.

## LAND-USE PLANNING ASSESSMENT

An assessment of the Council’s performance in relation to the land-use planning areas covered in the self-assessment checklist completed by the Council is set out in Table 7 below:

**Table 7: Land-Use Planning Assessment**

Area of assessment	Assessment of the Council’s performance
Strategic land use instruments	
Development applications process	
Contribution plans and planning agreements	
BASIX	

Table key:  Better practice  Requires further development  Satisfactory

For a description of each of these rankings see ABOUT THE REVIEW in PART 1, BACKGROUND

## SIGNIFICANT OBSERVATIONS

### Summary analysis

Cobar Shire Council’s land-use planning framework is under-developed and requires attention. Given the small population in the local government area, the abundance of land already available, a predicted decline in the population, and the lack of Council resources (staffing), it is acknowledged that land-use planning is not a high priority.

### ***Better practice***

No examples of better practice were identified by the review team in this area.

### ***Requires further development***

#### *Strategic land-use instruments*

When the Council receives a development application, the application is assessed to determine if it meets the requirements of the Council’s Local Environmental Plan (LEP). If so, then the application is recommended for approval. The Council does not notify the

neighbours about the application. While this is acceptable, it requires a Development Control Plan to be in place.

***Recommendation 28***

*The Council should consider developing a Development Control Plan to support its Local Environmental Plan and development application assessment processes.*

*Development Assessment Processes*

The Council processes low numbers of development applications, usually undertaken by one or two staff members. The process is fragmented and has not been documented or formalised. Presently, all information about the process is held by those few staff members. This is seen as a high risk practice in terms of business continuity should these officers not be available for a number of possible reasons such as resignation or extended leave. This process should be formalised and documented.

***Recommendation 29***

*The Council is strongly encouraged to consider formalising and documenting its development application lodgement and assessment processes.*

*Contribution plans and planning agreements*

Councils are required to develop and adopt a section 94 contribution plan and continually monitor it to ensure that contributions are spent within a reasonable timeframe and in accordance with the contributions plan. The Council only reports on its section 94 reserves in its financial and Annual Reports. The Division recommends providing the information to councillors on a quarterly basis, preferably within its Quarterly Budget Review Statement reports.

***Recommendation 30***

*The Council is encouraged to provide information to councillors on its section 94 contributions on a quarterly basis via its Quarterly Budget Review Statement reports.*

### *The Council's response*

*During 2012/2013 Council adopted the Cobar LEP 2012, Cobar Contributions Plan 2013 and Development Servicing Plans for Water Supply and Sewerage 2013. Council's land use planning and its refinement has not progressed due to inadequate resources.*

## **9. REGULATORY AND ENVIRONMENTAL MANAGEMENT**

### **SCOPE**

This section examines how the Council is enforcing or ensuring compliance with laws designed to protect the community and the environment. Areas enforced by local councils include:

- unauthorised land use
- signage and building work
- stormwater pollution
- backyard burning and smoke from wood heaters
- removal of noxious weeds
- collection of stray dogs
- breaches of Council Tree and Bushland Preservation Orders
- abandoned shopping trolleys.

This section also considers how the Council manages the environment of the Cobar local government area and addresses issues of environmental sustainability.

### **POLICY AND LEGISLATIVE FRAMEWORK**

Councils have a responsibility for managing the whole of the environment within their area. With the help of the community, councils are expected to manage and maintain the environment to make sure that it can be enjoyed into the future.

Councils must regulate a wide range of matters across a range of legislation, including:

- *Environmental Planning and Assessment Act 1979*
- *Swimming Pools Act 1992*
- *Local Government Act 1993*
- *Roads Act 1993, Road Transport (General) Act 2005, Road Rules 2008*
- *Impounding Act 1993*
- *Noxious Weeds Act 1993*
- *Protection of the Environment Operations Act 1997*
- *Companion Animals Act 1998*

- *Smoke-Free Environment Act 2000*
- *Food Act 2003*
- *Public Health Act 2010.*

Legislative requirements also require councils to prepare a number of policies and plans such as a Companion Animals Management Plan. Regulation is important to support a wide range of social, economic and environmental goals, as identified in the Community Strategic Plan.

## LOCAL CONTEXT

The Council's compliance and enforcement functions are under the control of the Director of Planning and Environmental Services. The Council lacks many written policies and procedures, and should make an effort to document these. The Council has an arrangement with Canterbury City Council which may be able to be utilised to support the Council's documenting of its Regulatory and Environmental Management policies.

## REGULATORY AND ENVIRONMENTAL MANAGEMENT ASSESSMENT

An assessment of the Council's performance in relation to the regulatory and environmental management areas covered in the self-assessment checklist completed by the Council is set out in the table below.

**Table 8: Regulatory and Environmental Assessment**

Area of assessment	Assessment of the Council's performance
Graffiti	
Enforcement	
Environmental management	
Companion animals	
Water safety (Swimming pools)	

**Table key:**  *Better practice*  *Requires further development*  *Satisfactory*

*For a description of each of these rankings see ABOUT THE REVIEW in PART 1, BACKGROUND*

## **SIGNIFICANT OBSERVATIONS**

### ***Better practice***

No examples of better practice were identified by the review team in this area.

### ***Requires further development***

#### **Enforcement**

The Council does not currently have in place the following:

- a proactive program for monitoring compliance with environmental requirements which it has the responsibility for regulating
- an enforcement and prosecution policy
- an orders policy under section 159 of the Local Government Act
- a system for reporting and investigating reports of non-compliance or unauthorised development.

The Council has advised it does not have these policies/programs in place primarily due to a lack of resources (both financial and staffing).

The Council also does not have a compliance program for operations it is required to monitor under public health legislation. The Council advised that it intends to develop such a program.

### ***Recommendation 31***

*That the Council, in the next revision of its Delivery Program and Resourcing Strategy, consider the inclusion of (and risks associated with not including):*

- *a proactive program for monitoring compliance with environmental requirements which it has the responsibility for regulating*
- *an enforcement and prosecution policy*
- *an orders policy under section 159 of the Local Government Act*
- *a system for reporting and investigating reports of non-compliance or unauthorised development.*

### **Recommendation 32**

*The Council is encouraged to proceed with its decision to develop and implement a compliance program for operations it is required to monitor under public health legislation.*

#### Environmental management

The Local Government Act requires councils to adopt an on-site sewerage management strategy. The Council reports, due to a lack of resources, it has not developed such a strategy.

### **Recommendation 33**

*In the next revision of its Delivery Program and Resourcing Strategy the Council should consider the inclusion of (and risks associated with not including) an on-site sewerage management strategy.*

The Council does not currently have a waste management strategy, but advised that it intends to introduce one in the near future.

### **Recommendation 34**

*The Council is encouraged to pursue its intention to develop a waste management strategy.*

#### **The Council's response**

*The development of an onsite sewerage management strategy and waste management strategy has not progressed due to inadequate resources.*

## RECOMMENDATIONS AND ACTIONS

### 10. RISK RATINGS

The recommendations made in this report are listed in the Action Plan in the following section. The review team have given each recommendation a notional priority ranking using the risk matrix below. The Council is encouraged to use the matrix to confirm or change the risk ranking provided in the action plan.

		CONSEQUENCE		
		<b>Significant</b> <i>Significant risk to the operations of the council and if not addressed could cause public outrage, non-compliance with the council's statutory responsibilities, severe disruption to the council's operations and the council's ability to meet its goals.</i>	<b>Moderate</b> <i>Moderate risk to the operations of the council and if not addressed could cause adverse publicity, some disruption to the council's operations and the council's ability to meet its goals.</i>	<b>Minor</b> <i>Minimal risk to the operations of the council, little disruption to the council's operations and will not limit the council's ability to meet its goals.</i>
		PRIORITY RANKING		
LIKELIHOOD	Almost certain	High	High	Medium
	Possible	Medium	Medium	Low
	Rare	Medium	Low	Low

#### Risk factors to be considered could include:

- Risk to reputation
- Compliance with statutory requirements
- Fraud/corruption
- Financial risk
- Legal liability
- Workforce Health and Safety.

## 11. ACTION PLAN

The Action Plan is to be completed and adopted by the Council to guide the implementation and monitoring of the recommendations in this report. The reviewers have allocated notional priority rankings using the risk rating analysis on the previous page. The Council is encouraged to review and revise these, if necessary.

RECOMMENDATION		PRIORITY	ACTION PROPOSED	TIMEFRAME	RESPONSIBILITY	PROGRESS REPORT
1.	<i>Following the adoption of its revised Code of Conduct, the Council is encouraged to provide councillors and staff with information highlighting the provisions which have changed.</i>	<i>High</i>	<i>Information session conducted for Councillors on the Code of Conduct.</i>	<i>March 2014</i>	<i>General Manager</i>	<i>Staff receive training at Induction on the Code of Conduct including provision of a Guideline.</i>
2.	<i>As planned, the Council prepare and adopt a Gifts and Benefits policy.</i>	<i>Medium</i>	<i>Development and adoption of a Gifts and Benefits Policy.</i>	<i>June 2014</i>	<i>General Manager</i>	<i>Currently yearly information instruction on gifts and benefits is provided to staff together with information at annual staff induction and corporate induction.</i>
3.	<i>Further training and/or assistance should be provided to assist in the completion of disclosure of interests returns and ensure that accurate information is recorded by designated persons.</i>	<i>Medium</i>	<i>Training Session conducted for completion of the next Designated Persons Return and following the next election.</i>	<i>September 2014</i>	<i>General Manager</i>	
4.	<i>The Council is encouraged to create an Enterprise Risk Management system as intended.</i>	<i>Low</i>	<i>Development of an Enterprise Risk Management system</i>	<i>June 2015</i>	<i>Human Resources Officer</i>	<i>Risk Management Policy adopted by Council. Enterprise Risk Management risk factors to draft stage. Register to be completed.</i>

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RECOMMENDATION		PRIORITY	ACTION PROPOSED	TIMEFRAME	RESPONSIBILITY	PROGRESS REPORT
5.	<i>To ensure that the Council is well-placed to manage the impact of adverse and unplanned events on its operations, it should develop a business continuity plan.</i>	<i>High</i>	<i>Development of a Business Continuity Plan</i>	<i>June 2014</i>	<i>Director of Corporate and Community Services</i>	<i>Quotes being obtained for development of a Business Continuity Plan.</i>
6.	<i>The Council is encouraged to take steps to improve document control in relation to the documents in its policy register.</i>	<i>Medium</i>	<i>Finalisation of Policy Register with Version Control</i>	<i>June 2014</i>	<i>General Manager</i>	<i>Current policies all available on Council's Website.</i>
7.	<i>Each Council committee should be provided with either a constitution or charter setting out its membership and functions, and documented procedures/operations manuals.</i>	<i>Medium</i>	<i>Development of Council Committee Procedures/ Operational Manual that details for each respective Committee a Charter (Terms of Reference), membership and functions</i>	<i>June 2015</i>	<i>Manex</i>	
8.	<i>The Council's practices and procedures for handling complaints should be formalised in a policy. This should include provisions for regular reports for consideration by the executive management team and elected body.</i>	<i>Low</i>	<i>Redevelopment of Complaints Management Policy to include provision for statistical reporting</i>	<i>June 2016</i>	<i>Director of Corporate and Community Services</i>	<i>Complaints Management Policy adopted by Council 26 February 2009.</i>

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RECOMMENDATION		PRIORITY	ACTION PROPOSED	TIMEFRAME	RESPONSIBILITY	PROGRESS REPORT
9.	Ensure the Community Engagement Strategy includes strategies for engagement around community priorities and expected levels of service.	Medium	Renewal of Asset Management Plans to involve community engagement concerning levels of service	June 2016	Special Projects Officer in conjunction with Asset Managers	
10.	Community engagement processes (particularly when suggesting or testing the case for a Special Rate Variation) should be informed by information contained in the Long-Term Financial Plan.	Medium	Requested work undertaken during community engagement process	N/A	Special Projects Officer	<b>Complete</b> , SRV approval by IPART
11.	The Council is encouraged to use the road hierarchy (asset management plans) to establish, as part of the community engagement process, an affordable level of services.	Medium	Re-development and adoption of Transport Asset Management Plan	N/A	Works Manager	<b>Complete</b> , Transport Asset Management Plan adopted in February 2013
12.	The Council should ensure that there are clear links between the Delivery Program and the Resourcing Strategy.	Medium	-	N/A	Special Projects Officer	<b>Complete</b> , Delivery Program and Resource Strategy amended and re-adopted in February 2013 (LTFP) as part of SRV Application.

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RECOMMENDATION		PRIORITY	ACTION PROPOSED	TIMEFRAME	RESPONSIBILITY	PROGRESS REPORT
13.	<i>The Council is encouraged to have a schedule (including dates) to update its Long-Term Financial Plan at least annually, with specific milestones established and a reporting framework to the Council to ensure its progress.</i>	<i>High</i>	<i>LTFP to be updated annually as part of budget development process</i>	<i>March 2014</i>	<i>Director of Corporate and Community Services</i>	
14.	<i>In its next review of its Long-Term Financial Plan, the Council is encouraged to include Key Performance Indicators, Sensitivity Analysis, Balance Sheets and Cash Flow Statements as required.</i>	<i>High</i>	<i>Indicators, sensitivity analysis, balance sheets and cash flow statements to be included in LTFP as part of budget development process</i>	<i>March 2014</i>	<i>Director of Corporate and Community Services</i>	
15.	<i>As part of the ongoing review of its asset management plans, the Council is encouraged to continue to determine affordable asset maintenance requirements and asset replacements.</i>	<i>Medium</i>	<i>Re-develop Asset Management Plans to include major asset replacement projects</i>	<i>June 2016</i>	<i>Asset Managers</i>	
16.	<i>The Council's Workforce Management Plan should be better linked to the activities set out in the Delivery Program and Operational Plan.</i>	<i>Low</i>	<i>-</i>	<i>N/A</i>	<i>Human Resources Officer</i>	<b>Complete</b> , June 2013 Workforce Plan now linked to activities set in the Delivery Plan and Annual Operational Plan.

Promoting Better Practice Review Report – Cobar Shire Council

RECOMMENDATION		PRIORITY	ACTION PROPOSED	TIMEFRAME	RESPONSIBILITY	PROGRESS REPORT
17.	<i>The Council needs to ensure its long-term financial plan identifies required and affordable expenditure, including strategies on how it will be financed.</i>	<i>High</i>	<i>As they are identified they will be incorporated during budget development</i>	<i>March 2014</i>	<i>Director of Corporate and Community Services</i>	
18.	<i>The Council is required to prepare future Quarterly Budget Review Statements in line with the Division of Local Government's minimum Quarterly Budget Review Guidelines.</i>	<i>High</i>	<i>Redevelopment of Quarterly Budget Review Documents in accordance with DLG Guidelines</i>	<i>June 2014</i>	<i>Director of Corporate and Community Services</i>	<i>The Chart of Accounts is partly restructured to incorporate these requirements.</i>
19.	<i>The Council is required to update its Investment Policy in line with the Division of Local Government's Investment Policy Guidelines 2010. The Council should review its Investment Policy assuring that only investments allowed under latest Ministerial Investment Order are authorised.</i>	<i>Low</i>	<i>Update of Investment Policy to ensure compliance with the latest Ministerial Investment Order</i>	<i>June 2014</i>	<i>Director of Corporate and Community Services</i>	<i>Current investments are in accordance with the latest Ministerial Investment Order and Policy Guidelines.</i>
20.	<i>It is recommended that the Council prepare and adopt a borrowing policy.</i>	<i>Medium</i>	<i>Develop and adopt a Borrowing Policy</i>	<i>March 2014</i>	<i>Director of Corporate and Community Services</i>	
21.	<i>A review of the Council's financial systems be undertaken to provide assurances that they adequately provide for the Council's needs.</i>	<i>Medium</i>	<i>Implementation of IT Strategic Plan Action Plan</i>	<i>June 2014</i>	<i>Director of Corporate and Community Services</i>	

Promoting Better Practice Review Report – Cobar Shire Council

RECOMMENDATION		PRIORITY	ACTION PROPOSED	TIMEFRAME	RESPONSIBILITY	PROGRESS REPORT
22.	<i>Councillors should be provided with clear and relevant information to allow them to undertake management of the Council's financial affairs at a strategic rather than operational level.</i>	<i>Low</i>	<i>Undertake training on the financial role and responsibilities of Councillors</i>	<i>February 2014</i>	<i>General Manager</i>	<i>Training tentatively programmed for February 2014</i>
23.	<i>The Council is encouraged to develop and implement specific succession planning strategies to address issues related to its ageing workforce.</i>	<i>Low</i>	<i>Development and implementation of a Staff Attraction and Retention Policy</i>	<i>June 2015</i>	<i>Human Resources Officer</i>	
24.	<i>The Council is encouraged to consider using employee surveys on a regular basis to identify workplace issues and for assistance in developing the Workforce Management Strategy.</i>	<i>Low</i>	<i>Continuation of Bi-ennial Staff Surveys</i>	<i>October 2015</i>	<i>Human Resources Officer</i>	<i>Staff Surveys completed 2009, 2011 and 2013.</i>
25.	<i>The Council should ensure the Consultative Committee meets on a regular basis in line with the Committee's Constitution and the NSW Local Government (State) Award.</i>	<i>Medium</i>	<i>Ensure appropriate reports and matters are arranged for Consultative Committee Agenda</i>	<i>June 2014</i>	<i>Consultative Committee Chair, Secretary, Human Resources Manager and General Manager</i>	

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RECOMMENDATION		PRIORITY	ACTION PROPOSED	TIMEFRAME	RESPONSIBILITY	PROGRESS REPORT
26.	<p>a. The Council, in updating its Equal Employment Opportunity Management Plan, should consider the National Framework for Women in Local Government and include strategies for people with disabilities and people from minor groups.</p> <p>b. Information about the Council's Equal Employment Opportunity strategies and outcomes should be included in its annual reports.</p>	Medium	<p>Renewal and adoption of EEO Management Plan</p> <p>Inclusion of further information on EEO strategies and outcomes in Annual Report</p>	<p>June 2014</p> <p>October 2014</p>	<p>Human Resources Officer</p> <p>Human Resources Officer</p>	EEO Policy expected to be reported to Council at its December 2013 Meeting.
27.	As part of its review of staff training costs, the Council should be mindful that its Training Plan and budget remain in accordance with the NSW Local Government (State) Award.	Medium	Consideration of full costs of Corporate Training Plan in budget deliberation	March 2014	Human Resources Officer	
28.	The Council should consider developing a Development Control Plan to support its Local Environmental Plan and development application assessment processes.	Low	Development and adoption of Development Control Plan	June 2016	Director of Planning and Environmental Services	
29.	The Council is strongly encouraged to consider formalising and documenting its development application lodgement and assessment processes.	Medium	Review and expand Council's Development Application Procedures Manual.	June 2015	Director of Planning and Environmental Services	At present a Development Application Procedures Manual is used.

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RECOMMENDATION		PRIORITY	ACTION PROPOSED	TIMEFRAME	RESPONSIBILITY	PROGRESS REPORT
30.	<i>The Council is encouraged to provide information to councillors on its section 94 contributions on a quarterly basis via its Quarterly Budget Review Statement reports.</i>	Low	<i>Reporting of Section 94 Contributions Register</i>	<i>March 2014</i>	<i>Director of Corporate and Community Services</i>	<i>Section 94 Contributions Register has been verified and updated.</i>
31.	<i>That the Council, in the next revision of its Delivery Program and Resourcing Strategy, consider the inclusion of (and risks associated with not including):</i> <ul style="list-style-type: none"> <li>• <i>a proactive program for monitoring compliance with environmental requirements which it has the responsibility for regulating</i></li> <li>• <i>an enforcement and prosecution policy</i></li> <li>• <i>an orders policy under section 159 of the Local Government Act</i></li> <li>• <i>a system for reporting and investigating reports of non-compliance or unauthorised development.</i></li> </ul>	Low	<i>Develop and adopt a Compliance and Enforcement Policy</i>	<i>June 2014</i>	<i>Director of Planning and Environmental Services</i>	
32.	<i>The Council is encouraged to proceed with its decision to develop and implement a compliance program for operations it is required to monitor under public health legislation.</i>	Low	<i>Development of a Compliance Register that includes public health legislation</i>	<i>June 2016</i>	<i>Manex</i>	
33.	<i>In the next revision of its Delivery Program and Resourcing Strategy the Council should consider the inclusion of (and risks associated with not including) an on-site sewage management strategy.</i>	Medium	<i>Development of an On-site Sewage Management Strategy.</i>	<i>June 2015</i>	<i>Director of Planning and Environmental Services</i>	

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<b>RECOMMENDATION</b>		<b>PRIORITY</b>	<b>ACTION PROPOSED</b>	<b>TIMEFRAME</b>	<b>RESPONSIBILITY</b>	<b>PROGRESS REPORT</b>
34.	<i>The Council is encouraged to pursue its intention to develop a waste management strategy.</i>	<i>Low</i>	<i>Development and adoption of Waste Management Strategy</i>	<i>March 2015</i>	<i>Director of Planning and Environmental Services</i>	