Local Government Reform Program - Promoting Better Practice

REVIEW REPORT

DUBBO CITY COUNCIL

DECEMBER 2005

Challenges Improvement Innovation Good Governance

dlg **Department of Local Government**

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1. ABOUT THE REVIEW

Review objectives

The Local Government Reform Program - Promoting Better Practice is a review process that has a number of objectives:

- to generate momentum for a culture of continuous improvement and greater compliance across local government
- to provide an 'early intervention' option for councils experiencing operating problems
- to promote good governance and ethical conduct principles
- to identify and share innovation and good practice in local government
- to enable the department to use review information to feed back into its work in identifying necessary legislative and policy work for the local government sector

Review process

The review process was developed after extensive research into council performance measurements in Australia and overseas. The review process is based upon a range of models including:

- the UK Audit Commission council inspection model
- the ICAC corruption resistance reviews
- LGMA/ICAC governance health check
- LGMA financial health check
- previous programs conducted by the Department of Local Government.

Promoting Better Practice is designed to encourage improvement in the way councils conduct their activities and to ensure good governance. Promoting Better Practice is also about monitoring performance of councils.

Reviews also have a wider role in the development of local government services across the state and identifying the need for future action or legislative change by the department.

A review involves a review team evaluating the effectiveness and efficiency of the council's operations and giving feedback. This involves checking compliance, examining appropriate practices and ensuring that council has frameworks in place to monitor its performance. The results of reviews are analysed and fed back to the elected council, the Director General of the Department of Local Government and the Minister for Local Government.

There are essentially five steps in a review - preparing, assessing, checking, analysing and reporting. The review team examines local circumstances in order to understand the pressures on council and how the council has sought to manage that environment.

It is expected that a review will only "scratch the surface" of council operations. The analysis of the corporate self-assessment and the practice checklist, as well as the activities undertaken during the review visit, give reviewers a reasonable picture of the council's operations and future strategic direction.

Reviews act as a "health check", giving confidence about what is being done and helping to focus attention on key priorities.

Dubbo City Council Review

Dubbo City Council was asked to complete a strategic management assessment and a checklist of key council practices. The completed self-assessment and checklist were analysed by the review team prior to commencing the on-site review process.

Senior Business Consultant Steve Woods of the Internal Audit Bureau conducted an on-site review of council from 27 June 2005 to 1 July 2005.

The review was based on council's response to the self-assessment of its corporate arrangements and capacity.

This assessment asked council to respond to four critical questions of its capacity to improve:

- how has council determined its ambitions and priorities?
- how do these ambitions and priorities drive the council's services and resources?
- how does council use its corporate capacity and systems to drive forward the organisation in an ambitious, challenging yet managed way?
- how does council measure the progress it is making with its agenda to ensure that its priorities are delivered and that service improvement is achieved?

In order to review council it is necessary to examine its performance across a range of functions. A number of modules of a practice checklist have been developed to assist council in assessing its functions and checking its compliance. Council's response to the checklist is used as a guide for the on-site review and tests how council has set about delivering its priorities and measuring its achievements.

The on-site review consisted of a briefing for council's Mayor and General Manager, attendance at a council meeting, conducting interviews with staff, and the review of a number of council's policies and other documents.

Council's General Manager was provided with a confidential draft review report by letter dated 9 September 2005. The General Manager provided the department with comments on the draft report under cover of a letter dated 29 September 2005. The General Manager's comments have been taken into account in preparing this report.

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2.   RECOMMENDATIONS

Ambitions Priorities and Future Focus

Tourism

1.   Council should consider the option of merging Tourism Services back into the DCDC as the principal link in building a total economic development strategy to further grow the Dubbo economy.

2.   Council should ensure that, should it determine as part of its review of tourism services to establish the Dubbo City Tourism Corporation, then at a minimum, the corporation is established with best practice organisational development processes and does not duplicate marketing and administration costs that could otherwise have been shared as part of an enlarged Dubbo City Development Corporation (DCDC) operation.

Working with other Regional Councils

3.   Council should consider options for regional sharing of resources on a cost plus basis including further use of waste management facilities, internal audit, information technology, financial modelling, organisational development and asset management planning. Council should consider these options on a case-by-case basis.

Ageing Population

4.   Council should prepare long term strategies to meet current and future needs for older people. Priority strategies should be determined on an annual basis and incorporated in council's management plan and budget, the business plans of each section and the work plans of individual officers. Progress in relation to these priorities should be reported on a quarterly basis via the performance appraisal system and management plan reports as well as annually in council's Annual Report.

Delivering and Achieving

Pecuniary Interest

5. Councillors and staff who are identified as designated persons should be provided with information to assist them to complete their pecuniary interest returns accurately and in a timely way. Council could use the information provided in the department's circular 04/16 to prepare information for staff and councillors to assist them in completing their returns.

Risk Management and Internal Control

6. Council should consider forming a Risk Management Committee (or extending the brief of the OH&S Committee) to draft a risk management strategy and then develop a council-wide structured and integrated plan to cover all risks (including financial, operational, customer service oriented, safety, security, environment, technical).

7. Workplace inspections at the Works Depot at Hawthorn Street should extend beyond OH&S risks and cover security and other site ownership risk factors.

8. Council should develop a fraud policy and carry out a fraud risk assessment.

9. Council should develop a system for the internal reporting of legislative non-compliance and council should act promptly to develop such a system.

10. The Internal Audit Plan should be more operational risk focused and include IT audit as well as other council-wide risks.

11. Council should consider opportunities in the future to share internal audit resources with other regional councils in order to better utilise these resources and cover costs.

Complaints Handling

12. Council should adopt a stand-alone complaint handling system and a related policy that reflects good practice in this area.

Tendering

13. Council should ensure that all tenders comply with better practice tendering by ensuring necessary details are recorded on files.

Regulatory Functions

On-site Sewerage Management Plan

14. Council should develop an on-site Sewerage Management Plan.

Council as a Developer

15. Council should implement a development checklist, including key performance indicators, investment hurdles and cost/benefit analyses at key decision points, regular risk management reviews and probity checks to ensure an appropriate balance between council's role as developer and regulator for use in managing its residential and industrial developments.

Asset and Financial Management

Capital Expenditure

16. A cost/benefit analysis should be completed for all major capital expenditure items.

Information Technology

17. Council should consider including the code of conduct, complaints handling procedures and public forum policies and the Social and Cultural Plan on the website.

Community, Communication and Consultation

MOU with Aboriginal Community

18. Council should consider any opportunity in the future to negotiate a MOU with the local Aboriginal community.

Workplace Relations

Long Term Workforce Planning

19. Council should consider implementing a long-term workforce plan that identifies staffing needs for the council into the future, particularly in the context of changes to the age of the council's population and the age of council's workforce.

Overtime in Technical Services

20.	Senior management should review overtime records in the Technical Services area, including comparison to the level of sick leave taken during the period to see if there are any trends.

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3. CONTEXT

The City of Dubbo is recognised as the regional capital for Western New South Wales and is a major tourist and service centre located in the Orana Region. It is also a transport hub as it is lies at the intersection of major road, rail and air transport routes. It is bound by the local government areas of Wellington Shire (east), Gilgandra Shire (north), Narromine Shire (west) and Cabonne Shire (south).

Dubbo City Council was created in 1980 and comprises an urban centre and five small villages – Eumungerie, Mogreguy, Brocklehurst, Ballimore and Wongarbon – and is the main focal point for the cultural and recreational activity of several local government areas. It accommodates two tertiary education institutions, namely Charles Sturt University and the Western Institute of TAFE.

The population of the Dubbo local government area is approximately 39,000. Extensive medical, health, welfare, educational and shopping facilities are available. Government departments, both State and Federal, have established regional offices in Dubbo.

Council has twelve elected members in an undivided council area. There is one Aboriginal Land Council in the Dubbo City Council area.

Dubbo's economy is mainly based on tourism, agriculture and food processing, including wheat, oats, vegetables, cotton, prime lambs, sheep and cattle.

Council successfully operate two Category 1 NCP businesses – Water Supply and Sewerage Services – and five Category 2 businesses – Dubbo Regional Livestock Markets, Dubbo City Airport, Property Development, Dubbo City Caravan Park and Rainbow Cottage Child Care Centre.

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4. **COUNCIL'S AMBITIONS, PRIORITIES AND FUTURE FOCUS**

This part of council's assessment focussed on: clear ambition; a focus on communities and services; ownership of problems and willingness to change; a shared and realistic vision; a sustained focus on what matters; improvement integrated into day to day management; flexibility and innovation; capacity and systems to continue to deliver performance improvement.

WHAT IS WORKING WELL

Council has adopted a 20 year Corporate Strategic Plan, which provides the framework for long term management planning including focus and direction into the future.

Council uses a "whole of council" management approach to ensure that the best value is obtained from its resources based on projections for the future and by undertaking Strengths/Weaknesses/Opportunities/Threats/Issues/Needs analyses.

Four higher level Strategy Planning Areas have been identified – Infrastructure Planning, Economic Development Planning, Built and Natural Environment Planning and Community, Cultural and Recreational Planning – and council has structured its operations such that it is responsible for eleven principal activity objectives which will affect Dubbo's future and help it achieve its Vision of "the vibrant City on the Plains meeting service and lifestyle needs".

A comprehensive Community Needs Survey is undertaken every four years to gauge community satisfaction with its performance and biennial surveys are undertaken to assist with the operation of the Showground, Saleyards, Caravan Park, Stormwater, Water and Sewerage operations.

Council's 2005/2006 Management Plan includes budgets for four years, a ten financial plan and twenty year plans for Water and Sewerage operations.

Council has been successful in integrating its strategies with long-term planning and identification of community needs. Evidence of this includes the recent funding from the Department of Housing to assist with the employment of an Aboriginal Liaison Officer and council's work in negotiating a Memorandum of Understanding with

Charles Sturt University so that community education needs can be met and young people from Dubbo will remain in the area once they have completed secondary studies.

Major capital works projects in the 2005/2006 Management Plan include development of an Art Gallery, Museum and cultural facilities, upgrading the Water Treatment Plant and redevelopment of the Dubbo Airport Terminal.

Council was successful in its application to the Minister for Local Government for the 2005/06 year in obtaining a 2% special rates variation for civil infrastructure and a further 2% special rates variation to fund parks and Landcare programs in the city.

Council monitors its progress in relation to these principal activities through its quarterly management plan reports and financial reports.

CHALLENGES TO IMPROVE

Tourism

At the council meeting of 27 June 2005, council resolved to employ a consultant to advise on the establishment of the Dubbo City Tourism Corporation (DCTC), which would incorporate the current Dubbo City Council Tourism Services function.

As stated in section 3, tourism is a major business in Dubbo and discussion at the council meeting indicated that it was also very competitive amongst the various stakeholders. The responsibility for promoting tourism services has been the responsibility of the Dubbo City Development Corporation (DCDC) in the past and it is anticipated that the DCTC will be established using the DCDC as a model for its organisation structure, marketing and administration.

Council has in place an organisational development process that has contributed to the DCDC being recognised as a well-run business. One option to consider as part of the current review is merging Tourism Services back into the DCDC as the principal link in building a total economic development strategy to further grow the Dubbo economy. Alternatively, should council decide to establish a separate tourism corporation, the DCTC, at a minimum, should be established along similar lines as the DCDC and does not duplicate marketing and administration costs that could

otherwise have been shared as part of an enlarged DCDC operation. *(Recommendations 1 & 2)*

Working with other regional councils

Dubbo Council is the largest council in the Orana region and is already involved in resource sharing with other smaller councils in areas such as civil infrastructure, solid waste management, fleet management, works services, technical support and library services. However, there are other opportunities where council's resources could be shared on a cost plus basis including the areas of waste management facilities, internal audit, information technology, financial modelling, organisational development and asset management planning. Council should consider these options on a case-by-case basis. *(Recommendation 3)*

An Ageing Population

Responding to and planning for the major changes and service demands that will be created by Australia's ageing population is a major challenge for all levels of government.

Between 2005 and 2022 the population of Dubbo is projected to increase in size, from approximately 39,000 to around 43,227 (10%). The number of young people will decline in size, its working age population will grow slightly (although some age groups decline), while its elderly population will grow substantially.

With 11.7% of residents currently aged 65 or over, council is NSW's 125th oldest local government area. By 2022 it will be its 103rd oldest. The population currently aged 65 or over is projected to grow to 19.3% by 2022.

Dubbo's population aged 85 and over is projected to almost double in proportion from 1.2% to 2.3% of the population (*Population Ageing in New South Wales and its Local Government Areas, Dr. Natalie Jackson, Director, Demographic Analytical Services Unit, University of Tasmania).*

The impact on the demand on services, facilities and infrastructure will be quite dramatic and will impact on virtually all aspects of council's operations.

The Local Government and Shires Associations have produced *Planning the local government response to ageing and place*. This paper is intended to offer a framework to assist councils to begin to plan for the population ageing unique to their area by:

- providing information on what is happening with general population trends and access to population projection information for each local government area
- providing information on the existing and likely diversity amongst older people
- providing evidence on what population ageing means for all roles that councils performs
- encouraging councils to examine their numbers and proportion of older people and their rate of population ageing, in conjunction with the evidence on impacts, to identify what roles they may need to change and when

The department encourages councils to use this paper in its planning process.

Council's Social Plan includes a number of valuable strategies for older people and council owns the Walter T Grant Memorial Senior Citizens Centre. However, it was not evident that council has integrated strategies across all its various function areas to address this challenge.

Given council's ageing population is increasing at a significant rate, council needs to consider ways to raise the awareness of this issue across all sections of council. Building upon strategies in its Social Plan and using the Ageing and Place Framework developed by the Associations, council should prepare long term strategies to meet current and future needs for older people.

Priority strategies should be determined on an annual basis and incorporated in council's management plan and budget, the business plans of each section and the work plans of individual officers.

Progress in relation to these priorities should be reported on a quarterly basis via the performance appraisal system and management plan reports as well as annually in council's Annual Report. *(Recommendation 4)*

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5.   DELIVERING AND ACHIEVING

This part of council's assessment focussed on: capacity and systems to deliver performance improvement; defined roles and responsibilities and accountabilities; delivery through partnership; modern structures and processes; strong financial management; resources follow priorities; performance information; risk managed appropriately; open to external challenge.

5.1   Governance

"Corporate governance refers to all the means by which entities are directed and controlled." (Standards Australia, HB401-2004:12) Corporate governance is important because it enhances organisational performance; manages and minimises risks; increases the confidence of the community and the industry in the organisation; ensures that an organisation is meeting its legal and ethical obligations; and assists in the prevention and detection of dishonest or unethical behaviour.

A review was conducted of a range of aspects of council's governance practices including:

- *Ethics and values*
- *Risk management and internal control*
- *Council's decision-making processes*
- *Monitoring and review*

WHAT IS WORKING WELL

Management plan

Each year council is required to prepare a draft management plan with respect to its activities for at least the next 3 years and its revenue policy for the next year. Sections 403 and 404 of the Local Government Act 1993 and the Local Government (General) Regulation 1999 require certain particulars to be included in council's draft management plan. The draft management plan is to be exhibited in accordance with section 405 of the Act.

The review found council's draft management plan for 2005-2006 to be in accordance with the Local Government Act and Regulations.

Annual Report

The review of council's annual report against statutory requirements revealed a high level of compliance with these requirements.

Code of conduct

The council's code of conduct adopted under the Local Government Act is important because it assists councillors and council staff to understand the standards of conduct that are expected of them.

Council has moved quickly to adopt the prescribed model code of conduct and has held information sessions for council staff and councillors in relation to the provisions of the code.

Statement of business ethics

Council has business relationships with the private sector and has developed a statement of business ethics to guide these relationships. This is important because strong working relationships with the private sector are an essential part of building an efficient and cost-effective public sector.

Pecuniary interest

The Local Government Act sets out the parameters that must be adhered to when councillors and staff have a conflict between their public duty and private interests that constitute pecuniary interests. The Act requires that councillors and designated staff complete and lodge disclosure of pecuniary interest returns.

It is important that councillors and staff observe these requirements, as to not do so has the potential to seriously undermine the community's confidence in the integrity of local government and the decision-making processes.

A review of pecuniary interest returns identified that returns were generally satisfactory, with some minor deficiencies regarding disclosures of sources of income and debts.

The Local Government Pecuniary Interest and Disciplinary Tribunal has pointed out the need for councillors (and designated staff) to give due care and attention to the accuracy, detail and content of the disclosures required in returns.

While the level of compliance is good, it is important that councillors and staff who are identified as designated persons complete the pecuniary interest returns accurately and in a timely way. Council should use the information provided in the department's circular 04/16 to prepare information for councillors and designated persons to assist them in completing their returns. *(Recommendation 5)*

Record keeping and information technology

Council is required to make and keep full and accurate records of its activities in accordance with section 12 of the State Records Act 1998. Council has a records management policy and program that appears to conform to the requirements of the State Records Act 1998.

Council's Organisation Structure

As required under section 333 of the Local Government Act, council has re-determined its organisation structure within 12 months of an ordinary election.

Protected Disclosures

Protected disclosures are an important means by which councils can signal their commitment to ethical practice. They are also act as an early warning system for management.

Council has an internal reporting policy to assist staff to make any disclosures of alleged corrupt conduct, maladministration or serious and substantial waste of public money under the Protected Disclosures Act 1994.

CHALLENGES TO IMPROVE

Risk management and internal control

A risk management plan provides council with a framework to proactively identify and manage generic and specific risks.

Council does not have an overall plan to guide its risk management activities. However, Directors review their Division's exposure to risk as part of the management planning process and an annual Risk Management Program is in place.

Council should consider forming a Risk Management Committee (or extending the brief of the OH&S Committee) to draft a risk management strategy and then develop a council-wide structured and integrated plan to cover all risks (including financial, operational, customer service oriented, safety, security, environmental and technical).

Divisions should still own their individual risk plans but they should be a subset of the council-wide Risk Management Plan.

Workplace inspections at the Works Depot at Hawthorn Street should cover all risks rather than just OH&S risks. For example, they should include security and other site ownership risks. *(Recommendations 6 & 7)*

Fraud is a specific risk facing all councils across their operations. Council does not have a fraud policy and has not carried out a fraud risk assessment *(Recommendation 8).*

Nor does council have a system for the internal reporting of legislative non-compliance or prosecutions, penalties and fines incurred by council for legislative non-compliance. Discussions with management indicated that Divisional performance targets are set at no breaches or fines.

A council-wide compliance program audit has not been conducted within the past twelve months. As such matters may produce an impact on council's financial position, it is essential that council is regularly updated on outstanding matters and their related costs. Council should adopt such as a system as soon as practicable. Council should act promptly to develop such systems *(Recommendation 9).*

Council has an internal audit function. Review of the Internal Audit Plan for 2004/2005 revealed that it has a financial and procedural focus. This matter was discussed with management. Council should review its Internal Audit Plan to make it

more focused on operational risk and to cover the council-wide risks identified above, thereby adding greater value to council.

It was also noted that council does not have an IT Audit capability to review progress of the Information Technology Strategy, IT project management or environment controls.

If the internal audit function is enhanced as recommended, then council may have the opportunity in the future to share resources with other regional councils and recover some costs. *(Recommendations 10 &11)*

Complaints handling

An effective complaint handling system is an essential part of the provision of quality council services. It is one method of measuring customer satisfaction to provide a useful source of information and feedback for improving the council's service.

We noted the following concerns with council's present complaints handling system:

- there are no performance targets or standards of service in relation to turnaround times for responding to complaints
- management does receive regular reports on the number, progress and outcomes of all complaints. All written complaints are circulated to management but not currently included in the CRM system

Council should adopt a stand-alone complaint handling policy that reflects best practice in this area (and also addresses the concerns canvassed above). Council should consider utilising the following resources to achieve this goal: The NSW Ombudsman: Complaint Handlers' Toolkit (2004) and the Department of Local Government: Practice Note No. 9 Complaint Handling in councils (1995). *(Recommendation 12)*

Tendering

A review of tender and contract files (Water Treatment Plant Upgrading/Outer Rural, Street, Parks and Reserves Garbage Collection) found that in the main, the tendering

requirements as prescribed by the Act and the Local Government (Tendering) Regulation 1999 had been followed.

However, the review team did note the following records were sometimes lacking:

- a record of the staff involved in preparing and issuing tender documents
- the tender documents provided to tenderers did not appear to include information relating to interaction with councillors (including a prohibition on contacting councillors)

Council should ensure that all tenders comply with better practice tendering by ensuring details of this kind are recorded on files. *(Recommendation 13)*

5.2 Regulatory Functions

Council exercises regulatory functions in relation to a range of activities within its area. The efficiency and probity of council's regulatory functions is important for effectively managing council's responsibilities and for preserving public trust in council and its staff. Regulation is important to achieve a wide range of social, economic and environmental goals.

A review was conducted of a range of aspects of council's regulatory practices including:

- *Council's planning instruments and policies*
- *Development assessment*
- *Section 94 plans*
- *Environmental management*
- *Graffiti removal*
- *Enforcement practices*

WHAT IS WORKING WELL

City development

Council is active in encouraging growth and development in accordance with the adopted Dubbo Economic Development Strategy and the council's Land Use Strategy Plans. Council has a Memorandum of Understanding with and provides funding to the Dubbo City Development Corporation ("DCDC") for its operation. Council's Mayor and General Manager are members of the DCDC Board and they generally meet with the Dubbo Chamber of Commerce President on a monthly basis to discuss business issues and requirements.

Council is also a significant developer in Dubbo with both residential and industrial land being acquired and sold.

Environmental Management

Council has in place a comprehensive Environmental Management Plan for Dubbo (DEMP), which was first implemented in 2000. It was reviewed and updated in

2002/2003 and again in 2004/2005, with input from council managers to ensure targets and actions are achievable.

Determination of Development Applications

Council has developed a clear set of criteria to assist staff in deciding which DA determinations are referred to council. Council indicates that 99% of its DAs are dealt with under delegated authority. Councillors "call up" DAs as the rare exception rather than as a rule. This indicates that councillors are aware of the role of staff in the determination of DAs and the need for council to focus on major and significant DAs.

Companion Animals

The adoption of a companion animal management plan is recognised as good practice. Council has a Companion Animals Management Plan 2002-2007, which provides council with a direction to meet the challenges faced in providing these services.

Swimming pools

The Swimming Pools Act 1992 requires council to promote awareness of the requirements of this Act in relation to private swimming pools within its area. Council does not have a formal awareness program but it does have a Fact Sheet on Swimming Pool Safety that meets most of these requirements.

Plans of management – community land

Pursuant to section 35 of the Local Government Act 1993, community land is required to be used and managed in accordance with a plan of management. Council has a comprehensive Plan of Management for Community Land and Public Open Space, which appears to satisfy section 35.

CHALLENGES TO IMPROVE

On-Site Sewerage Management Plan

Council does not have an On-Site Sewerage Management Plan but has indicated that a Plan will be developed in 2005/2006. This Plan should be developed as soon as practicable. *(Recommendation 14)*

Council as a Developer

Council has taken on the role of developer for a number of residential, and industrial developments. It would be good business practice to develop a checklist, including performance indicators, investment hurdles and cost/benefit analyses at key decision points, regular risk management reviews and probity checks to ensure there is an appropriate balance between council's role as developer and as regulator in managing these developments. (*Recommendation 15)*

5.3 Asset & Financial Management

Under its charter, council has a responsibility to raise funds for the purposes of carrying out its functions. This can be achieved by the fair imposition of rates, charges and fees, borrowings and grants. The council is also the custodian and trustee of public assets and must effectively account for and manage these assets.

A review was conducted of a range of aspects of council's practices in the areas of:

- *Financial management*
- *Asset management*

Overview of financial position

The financial position of council remains sound, with regular surpluses from operations (before capital items) being recorded. Management Plans are prepared on a break-even basis and target liquidity levels are being maintained The unrestricted current ratio for council as at 30 June 2004 was 2.93:1 and is estimated to be 3.2:1 at 30 June 2005.

This indicator is a measure of council's ability to meet its current financial obligations. A ratio of 1.5:1 is considered satisfactory: a ratio of 2:1 or better is generally viewed by the industry as good.

Council's debt service ratio at 30 June 2004 was 0.2% and is estimated to be 3.86% at 30 June 2005. This indicator assesses the degree to which revenues from ordinary activities are committed to the repayment of debt. There is no set benchmark for the debt service ratio given debt is influenced by a range of factors including the level of growth in a local government area.

WHAT IS WORKING WELL

Council's overall financial position is deemed to be satisfactory. Council's current debt recovery process appears to be sound.

Council holds satisfactory levels of employee leave entitlements funded by internally restricted reserves of $1,757,734.

The rates and annual charges outstanding percentage assesses the effectiveness of a council's revenue collection. From 30 June 2003 to 30 June 2005, it has decreased from 5.97% to 5.0%. The percentage of rates and annual charges that are unpaid at the end of the year is a measure of how well a council is managing debt recovery.

Asset management planning

Council has developed a comprehensive requirements document for asset management planning. This has been used by the various functional areas to forward plan its asset maintenance requirements and seek funds to address any asset maintenance shortfall. In addition, council has adopted a Strategic Asset Management Policy (SAMP) for its parks and landcare facilities.

CHALLENGES TO IMPROVE

Capital Expenditure

Formal cost/benefit analysis is not undertaken for capital expenditure. This was discussed with management, who indicated that for major capital projects, the on-going costs related to operation and maintenance are factored into the financing strategy developed for the project. However, it is good business practice to complete cost/benefit analysis for all major capital expenditure items as part of any standard business decision-making process. (*Recommendation 16*)

Information Technology

The council has a user-friendly website and it has a number of policies and plans on it. However, it would be good business practice to also include the Code of Conduct, Complaints Handling and the Public Forum policies and the Social and Cultural Plan on its website to provide additional information to the community. (*Recommendation 17*)

5.4 Community, Communication & Consultation

A council's charter requires that a council:

- provides services after due consultation
- facilitates the involvement of councillors, members of the public, users of facilities and services and council staff in the development, improvement and coordination of local government
- 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 review of council's activities in this area looked at:

- *the methods council uses to involve and determine the views and needs of its community*
- *reporting to the community and keeping the State government informed about its activities*

WHAT IS WORKING WELL

Council's community focus and community feedback

Council has a strong community service focus and has a clear understanding of the profile of the community.

Council uses a range of methods to obtain feedback from its community, including surveys, community based committees and focus groups, community forums and informal assessments through networking.

Council's Social Plan is revised each year and progress on the actions is reported monthly to council's Executive Staff Committee and quarterly to council via council's Community Services Committee.

Council successfully operates a Visitors Information Centre, the Dubbo War Memorial Civic Centre, two cemeteries, Dubbo Museum, Rainbow Cottage Child Care Centre,

a Family Day Care, maintains and cleans the Pipe Band Hall, Girl Guides Hall and the Senior Citizens Centre, provides facilities for Dubbo Branch Library and runs the Old Dubbo Gaol and Dubbo Aquatic Leisure Centre.

Council has numerous community based committees such as Dubbo City Tourism Advisory Committee, Community Services Committee, Saleyards Advisory Committee, Heritage Sub Committee, Floodplain Management Committee, Rural Advisory Committee, Sister City Committee and Dubbo Regional Gallery Advisory Committee. It also has a Youth council and a Safety Committee for the Community which was responsible for formulating council's Crime Prevention Plan which has been accredited by the NSW Attorney General's Department.

Community information and council's website

Council maintains and updates a website, which is user-friendly. The website contains several of the key policies and public access documents.

Information is also made available through council facilities, its libraries and visitor information centres.

CHALLENGES TO IMPROVE

MOU with Aboriginal Community

Council has been proactive in trying to improve the well-being of Dubbo's Aboriginal community. However, it does not currently have a formal agreement or MOU with the local Dubbo Aboriginal Land Council or local Aboriginal community. This is considered worthwhile as a basis for ongoing work with this community. With the recruitment of an Aboriginal Liaison Officer, there may be an opportunity in the future to negotiate a MOU with the local Aboriginal community. *(Recommendation 18)*

5.5 Workplace Relations

Councils have a number of legislative responsibilities in relation to their role as an employer. Council is required to conduct itself as a responsible employer.

A review was conducted of a range of aspects of council's workplace relations practices including:

- *consultative committee processes*
- *job descriptions and job evaluation*
- *recruitment and selection processes*
- *employee remuneration*
- *equal employment opportunity*
- *staff development*
- *grievance management*
- *occupational health and safety*
- *secondary employment*

Overview of the organisation

Dubbo City Council has a workforce of 293 full time equivalent staff. Of these employees, 35% are women. Council expenditure on its salary budget last financial year was $15,529,532 and its current salary expenditure is under budget. Council has no registered enterprise agreements, but has a number of current council agreements.

WHAT IS WORKING WELL

Recruitment and Selection procedures

Council has a documented selection policy and procedure that applies to all recruitment processes. Review of a small sample of selections found procedural controls to be efficient and transparent and made on the basis of merit.

Job Descriptions

The General Manager, Directors and Managers have comprehensive Accountabilities and Performance Objectives documentation and all other council positions have job

descriptions, which are provided to staff. Council has a formal Job Analysis & Job Evaluation Management policy for the review of job descriptions.

Skills based salary system

Council has a skill based salary system that is linked to the requirements of clause 7 (iv) of the Local Government (State) Award. The award requires councils to introduce a salary system based on skills.

Occupational Health and Safety

Council has all the required policies for a responsible employer with regard to OH&S. Any injuries/lost work time is reported to the Executive Staff Committee on monthly basis, allowing council to manage its workforce in this regard.

Grievance Handling

Council has a grievance handling policy and procedures and it has conducted a Workplace Behaviour survey.

CHALLENGES TO IMPROVE

Long-Term Workforce planning

Council has a Human Resource Services Function Plan and has completed a SWOTIN (Strengths, Weaknesses, Opportunities, Threats, Issues and Needs) Analysis to develop resource strategies, actions and performance targets.

Council also needs to consider a long-term workforce plan that looks at the staffing needs of each section of council and allocates staff according to workload and priorities. Like many rural councils, Dubbo faces challenges due to an ageing population and an ageing workforce, and it needs to plan to manage these issues. *(Recommendation 19)*

Overtime in Technical Services

The level of overtime recorded in the Technical Services area requires review, including comparison to the level of sick leave taken during the period to see if there are any trends. *(Recommendation 20)*

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6. COUNCIL'S RESPONSE

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LOCAL
GOVERNMENT

DUBBO
CITY COUNCIL

29 September 2005

Mr P Terrett
Investigations and Review Branch
Department of Local Government
Locked Bag 3015
NOWRA NSW 2541

Dear Sir

LOCAL GOVERNMENT REFORM PROGRAM - PROMOTING BETTER PRACTICE

I refer to your letter dated 9 September 2005 enclosing a copy of the Departments draft report in respect of the above Programme.

As requested I now provide comments in respect of the draft.

a) **Chapter 3, Page 10, 3rd paragraph** – "Council has twelve elected members in an undivided Shire". May I suggest "Council has twelve elected members in an undivided area" Dubbo is not a Shire Council.

b) **Chapter 3, Page 12, 3rd paragraph** – Council was successful in its application to the Minister for Local Government for the 2005/2006 financial year in obtaining a 2% special variation for Civil Infrastructure and a further 2% special rate variation to fund Parks and Landcare programs in the City.

c) **Chapter 3, Page 12 – Challenges to Improve Tourism.**
Council at its Ordinary Meeting held on 27 June 2005 in regards to the review of Tourism Services resolved as follows:

1. That in undertaking a comprehensive review as to the structure and delivery of visitor information services in the City as detailed in Council's adopted 2005/2006 Management Plan, Council both engage an appropriate qualified consultant to give advice on how to best form a Tourism Corporation to be responsible for Tourism activity in the City and further, the viability of such Corporation being responsible for the operation of the Old Dubbo Gaol.

2. That the preferred model be in place by 1 July 2006.

3. That the Council determine an appropriate consultant in this matter.

At this stage, Councils resolution includes investigation of the establishment of a Corporation but left the structure roles, budget and so on for a possible Corporation open ended. Given this it is considered that Recommendation 1 of the Department's review pertaining to Tourism and a potential Dubbo City Tourism Corporation is not necessary given Recommendation 2 which would be considered as part of the review.

d)   **Chapter 5, Page 16 1st paragraph** – This paragraph refers to Councils draft Management Plan for 2005/2006 being <u>generally</u> in accordance with the Act. Is the word generally necessary? Council considers the Plan to be in compliance with the Act.

e)   **Chapter 5.1, Page 18, 6th paragraph and Page 20 last paragraph** – These matters relate to recommendations 9 and 14. Such recommendations are the same.

f)   **Chapter 5.2, Page 21, 3rd paragraph** – Refers to the Dubbo City Development Corporation and "the associated Business Enterprise Centre (BEC)". It is advised that the Corporation lost the BEC Contract in August 2004, hence such reference is considered not necessary.

g)   **Chapter 5.2, Page 21, last paragraph** – Refers to Council "liaising with the purchaser of the former RAAF base site to assist with redevelopment". Council at its meeting held in July 2005 resolved not to rezone the former RAAF site as per the plan submitted by the developer, given that the proposal did not meet Council's adopted strategic land use planning position. Reference to this site is considered not necessary.

h)   **Chapter 5.3, Page 25** - Refers to formal cost benefit analysis (Recommendation 17) to all capital expenditure items. Given the spread of expenditure values, may I suggest that formal cost benefit analysis be undertaken in respect of major capital expenditure items.

i)   **Chapter 5.4, Page 27, Last Paragraph** - This paragraph refers to negotiating a Memorandum of Understanding with the Local Aboriginal Community through the Dubbo Aboriginal Community Working Party. There are numerous issues that currently surround the Aboriginal Working Party. May I suggest the recommendation read "Council consider any opportunity in the future to negotiate a Memorandum of Understanding with the local Aboriginal community".

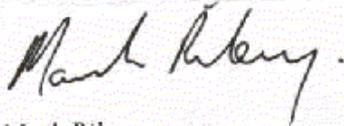j)   **Chapter 5.5, Page 28, 3rd Paragraph** - Refers to Dubbo Shire Council. Please amend to Dubbo City Council.

l) **Chapter 5.5, Page 29m Last Paragraph** - Dubbo City Council has a low employee base compared to similar sized Councils hence the requirement for overtime. Notwithstanding this I see value in a review but request the paragraph read as follows:

Overtime in Technical Services
A review of overtime in Technical Services area is required including a comparison with the level of sick leave taken during relevant periods to see if there are any trends. (Recommendation 21)

I thank you for the opportunity to comment and I would be happy to further discuss any of the above matters should you so wish.

Yours faithfully

Mark Riley
General Manager