

challenges improvement innovation good governance

# Promoting Better Practice Program

## REVIEW REPORT

## FORBES SHIRE COUNCIL

MARCH 2008



Department of Local Government

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## 1. ABOUT THE REVIEW

### Review objectives

The Promoting Better Practice review program 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.

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

### Review process

The review process was developed after extensive research into council performance measurements in Australia and overseas. 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.

The process involves a Department of Local Government (DLG) review team or reviewer 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.

### **Forbes Shire Council Review**

Forbes Shire Council was asked to complete a strategic management assessment and a comprehensive set of checklists about key council practices. The reviewer examined these and a range of other source documents prior to visiting Council in order to gain a preliminary understanding on the Council's local circumstances.

The strategic management assessment tool is used to get Council to respond to four critical questions:

- 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?

Steve Woods, a Senior Risk Management Consultant acting for the Department of Local Government, conducted the on-site component of the review from 25 June to 29 June 2007.

The on-site review involved a meeting with Council's Mayor and General Manager, conducting interviews and meeting with senior staff, attending a council meeting and the review of a number of Council's policies and other documents and visits to a number of Council facilities/worksites.

Following the on-site review, further analysis was undertaken. Council management was then provided with the opportunity to respond to the review's preliminary findings.

## 2. EXECUTIVE SUMMARY

Forbes Shire Council is doing a good job in terms of strategic and operational focus, especially in regard to alignment of plans and actions with its six strategic goals to achieve its vision of “*a prosperous rural community where residents and visitors enjoy a clean, safe environment enhanced by unique heritage and country lifestyle*”.

Significant achievements recently include the completion of Stage 1 of the new Saleyards, commissioning a new Sewerage Treatment Plant and commencing construction of Stage 1 of the re-developed swimming pool.

Council has achieved these results through maintaining a cautious financial approach. In 2007-2008 Council has planned for a year of consolidation, while critically evaluating all services, developing a comprehensive Human Resources strategy and a Stakeholder Communication Strategy, completing its new LEP, adopting a strategic asset replacement plan, and developing operational strategies to maximize asset lives and generate additional income.

Council also has an excellent working relationship with the Central Regional Organisation of Councils (CENTROC) and the Mid-Lachlan Alliance and these have recently resulted in significant local benefits to the community, such as reduced waste and recycling collection costs.

Overall operational performance in the review areas of governance, planning and other regulatory, asset and finance management, community and consultation and workforce relations were assessed as satisfactory.

In the area of governance, there is evidence that the consolidation has come at a good time, as there are important policy gaps in Council’s current governance framework that are currently being filled. To the extent the review has contributed to this, then this work is welcome and beneficial.

Council has a Risk Management Policy and is a member of the Orana Risk Management Committee, but it does not have a Risk Management Plan. The review report recommends that Council should continue to promote the establishment of a Risk Management Strategy via the Orana Risk Management Committee and/or

CENTROC and then develop a Council-wide structured and integrated Risk Management Plan to cover all business risks across Council.

Council also does not have an Internal Audit Committee and we have recommended that Council should continue to promote the establishment of an Orana, Mid Lachlan Alliance and/or CENTROC Regional Internal Audit Committee to share resources in employing a Regional Risk and Internal Audit Manager and develop a Regional Internal Audit Plan to address issues of highest risk.

Forbes Shire Council's Planning Department has recently received a high rating (A+) after being listed as one of the top performers in the NSW Local Development Performance Monitoring Report 2005-2006 on time taken to process development applications.

Council's overall financial position appears to be good. Council has key elements of a good financial planning framework. Council's Social Plan is well-written, easy to read and is currently being reviewed by management as part of preparation for a new plan.

Council has adequate Recruitment & Selection, Equal Employment Opportunity and Occupational Health and Safety (OH&S) policies and procedures. All positions have written job descriptions.

In summary, Council has strong and clear leadership that means it is well positioned to strategically address the future needs for the Forbes Shire Council area.

### 3. RECOMMENDATIONS

It is recommended that:

#### *Governance*

1. Council should take note of the comments in this report on its section 252 policy on expenses and facilities for councillors when this policy is next under review.
2. Future Management Plans and Annual Reports should be prepared having regard to the deficiencies outlined in this report.
3. Council establish constitutions and documented operations manuals for all committees, and ensure that all representatives have received relevant training.
4. Council should continue to promote the establishment of a Risk Management Strategy via the Orana Risk Management Committee, the Mid-Lachlan Alliance and/or CENTROC and then develop a Council-wide structured and integrated Risk Management Plan to cover all business risks across Council – financial, operational, customer-service oriented, safety, security, environmental, technical, et al.
5. Council should continue to promote the establishment of an Orana or CENTROC Regional Internal Audit Committee to share resources in employing a Regional Risk and Internal Audit Manager and develop a Regional Internal Audit Plan to address issues of highest risk.
6. Council should undertake a systematic fraud risk assessment in due course.
7. Council should develop a system for the internal reporting of legislative and regulatory non-compliance or prosecutions against Council.
8. Council should continue to give the development of a Business Continuity Plan, in partnership with the Mid-Lachlan Alliance, a high priority.
9. Council should give the development of an IT Strategic Plan a high priority and ensure that it is linked to Council's other strategic and financial plans.

### *Planning and Regulatory Affairs*

10. Council should discuss the utility of introducing a regional IHAP with other councils in the region to consider matters such as councillor development applications, DAs of a contentious nature, Council's own DAs and contentious applications for modification to development consents (section 96).
11. Council should consider introducing a DA processing software package such as Approve, Authority, or Proclaim should numbers of DAs increase.
12. Council should ensure that future State of the Environment Reports continue to be available on its website and are prepared in accordance with the Department's guidelines.
13. Council should develop a formal Enforcement and Prosecutions Policy as soon as practicable.
14. Council should develop a Companion Animals Management Plan to assist it to effectively deliver services in this area.

### *Asset and Financial Management*

15. Council should review the Special Schedule No. 7 estimated costs to bring Water and Sewerage assets to a satisfactory standard on the basis it does not appear to align with the estimated annual maintenance expense and programmed maintenance values.
16. Council should upgrade access controls at the Council main office applying to the door leading to the offices of the Mayor and the General Manager, and applying to the Council Depot, as soon as possible.

### *Community and Consultation*

17. Council should include in its next Social Plan an assessment of the effectiveness of the previous plan, a summary of recommended actions, any evidence of cross-council, regional planning or community consultation and a timeframe for review of the Plan.
18. Council should continue to seek to progress a MOU with the descendants of the Wiradjuri.

*Workforce Relations*

19. Council should develop and Injury Management Plan and Return to Work Policy as identified in the 2007-2009 Management Plan.
20. Council should collate all informal succession plans for key positions as soon as practicable as part of the new Human Resources Strategic Plan.
21. Council should introduce periodic staff surveys to identify any underlying issues that may not surface from annual competency assessments for the attention of management.

## 4. CONTEXT

Forbes Shire is located in the heart of the Lachlan Valley, about four hours from Sydney by road and within the Central Western Slopes and Plains region of NSW. The LGA covers an area of 4,717 square kilometers and has a population of 10,155. The town of Forbes is the main urban centre. Council has a number of small village centres throughout the Shire. The Shire is bound by the LGAs of Parkes in the north, Lachlan and Bland in the west, Cowra and Cabonne in the east and Weddin to the south.

The original inhabitants of the Forbes area were the Wiradjuri Aborigines who used the Lachlan River and its creeks as tracks along which to travel to trade and share ceremonies. The first European explorers to reach the area were John Oxley in 1817 and Thomas Mitchell in 1836, and settlers soon followed seeking pastures for their cattle.

Discovery of payable gold in 1861 saw the beginning of the town of Forbes, and by mid-1862 Forbes' population had exploded to about 30,000. During this period Forbes became notorious for the activities of bushrangers Ben Hall and Frank Gardiner. When the gold eventually petered out the population dwindled to about 500, who were involved in more rural pursuits – wool, wheat, fruit growing and lucerne production. These industries, together with dairying, continue to form the backbone of the Shire economy.

The first municipal council came into being in 1870. Forbes Shire Council was created in 1981 from the amalgamation of the Forbes Municipal Council and the Jemalong Shire Council. Forbes Shire Council has nine councillors, with the Mayor and Deputy Mayor elected annually by their fellow councillors. The LGA is not divided into wards.

The town water supply was established as early as 1885 and replaced the water carts operating between the river and the town centre. Successive councils gradually improved the waters and foreshore area in the town. Today the natural beauty of Lake Forbes is a significant asset to the town. The town also has a number of beautiful public buildings. Today Forbes' Centenary of Federation Heritage Trail

includes many of these buildings, as well as landmarks and stories of the famous people that shaped the town.

Gold production has also returned to Forbes Shire with the Lake Cowal gold mine commencing operations in January 2004 and the first gold poured in April 2006.

Today Forbes Shire promotes itself under the slogan “Friendly, Historic, Inviting”. Much has been achieved in the area of tourism with events such as the all town hang-gliding championships, the Forbes Jazz Festival, the Forbes Camel Races and the National Campervan and Motorhome Rally attracting many visitors in recent years.

However, the long terms effects of the drought, retention of health professionals to meet local health care needs and an ageing population remain major concerns.

## 5. 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.

### *Strategic and Operational Focus*

Forbes Shire Council demonstrates an appropriate strategic and operational focus, especially in regard to alignment of plans and actions with its vision and strategic goals. Council's vision is for *"a prosperous rural community where residents and visitors enjoy a clean, safe environment enhanced by unique heritage and country lifestyle"* and its strategic goals are as follows:

- sustained economic development in Forbes Shire
- well planned, developed and maintained transport facilities that meet the needs of the community
- sound environmental management practices and improved community amenity
- services and infrastructure provided to the community in the most efficient and economical manner
- a Council responsive to the needs of the Community, and
- an organisation characterised by highly competent staff, good morale and job satisfaction.

Council has implemented a number of asset management and strategic financial planning initiatives, including establishing a Strategic Capital Works Program that sees significant money set aside each year to fund future major asset replacement works.

These initiatives are already playing a key role in the long-term economic development of the Shire. New residential and industrial estates have been opened, a new Sewerage Treatment Plant, Stage 1 of the Central West Livestock Exchange Saleyards and Stage 1 of a replacement swimming pool have been constructed.

Council has funded these major infrastructure projects with a mix of reserve funds built up over a number of years, loan funds and State and Federal Government grants. As a result, Council has been able to deliver these projects in a financially responsible manner, which has enabled the level of service in other areas of Council's operations to be generally unaffected.

There has also been extensive consultation with residents, business and government agencies in the drafting of a new LEP to ensure that all issues are properly considered and addressed in this strategy of land use planning across the Shire.

Council is also adopting a continuous improvement approach in all operational areas, developing a comprehensive Human Resources Strategy, a Stakeholder Communications Strategy, adopting a strategic asset replacement plan, developing operational strategies to maximize asset life and to generate additional income and implementing Best Practice Management or Water Supply and Sewerage Guidelines. Council is very much focused on developing and maintaining a platform for financial sustainability.

Council also has an excellent working relationship with the Mid-Lachlan Alliance and the Central Regional Organisation of Councils (CENTROC) that has resulted in significant local benefits to the community, such as reduced waste and recycling collection costs and establishment of other contracts for bitumen emulsion, line-marking for roads, clothing and footwear and road signs.

Council is proposing a balanced operational budget for 2007-2008 and is using triple bottom line reporting as a measure of performance in terms of economic, environment and social indicators.

## 6. 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.

### **Overview**

Council is committed to sound financial management and continuous improvement in providing services to its community. It is taking a continued cautious approach to major expenditure, having recently delivered on major infrastructure such as the Saleyards Stage 1 and Sewerage Treatment Plant.

Council has adopted a balanced operational budget for 2007-2008 and is using this as a year of consolidation in which to develop asset management plans, develop better communications with its community, review strategies and critically assess internal systems, policies and procedures.

As noted above, Council is a strong supporter of CENTROC and the Mid-Lachlan Alliance and sees on-going benefits in using economies of scale in important areas such as procurement and provision of other services.

### **6.1 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*

### *Ethics and values*

Council has developed a Core Values Statement that is published on its website and which is aligned to the Key Principles included in its Model Code of Conduct.

Council adopted its current Model Code of Conduct on 17 March 2005 and provides a copy in induction sessions to all new staff and councillors on commencement. The code is included on Council's website, in the Councillor's Handbook and the Staff and Personnel Policy booklet. All staff sign to confirm that they have read and understand the contents of the code, and refresher training is regularly provided. A Code of Conduct brochure has also been developed as a guide for contractors, consultants and suppliers.

The council has a conflicts of interest policy and has in its Code of Meeting Practice, a section on conflict of interests that addresses disclosure and participation in meetings where such interests arise.

Council has also developed a Business Ethics Policy, approved in July 2005, which sets out the behaviour appropriate for business dealings with Council. This policy clearly sets out the behaviour Council expects from Councillors and employees and is included in the Councillor's Handbook.

### *Gifts and benefits*

In addition to a section on Personal Benefits in its Code of Conduct, Council has a Gifts Register in place and has developed a policy for gifts and benefits, which was approved in December 2006. This policy is included in the Councillor's Handbook and has been extended to cover bribes in the Staff and Personnel Policy booklet.

### *Protected disclosures*

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

Council has a Protected Disclosures/Internal Reporting Policy that was tabled at the June 2007 Council meeting to assist staff in making any disclosures of alleged corrupt conduct, maladministration or serious and substantial waste of public money under the *Protected Disclosures Act 1994*. Council informs its councillors and employees through induction training of the requirements of this legislation.

### *Pecuniary interests*

The *Local Government Act 1993* 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.

Council maintains a register of disclosure of interest returns by councillors and designated persons, as prescribed by section 449 of the Act.

A review of the forms of return submitted by councillors revealed a small number of anomalies for some councillors and these were communicated to management for discussion and follow-up. For example, one councillor submitted his returns for two years at the same time, various sections in returns had been left blank rather than marked “Nil” and councillor fees were not recorded as a source of income.

### *Payment of expenses and provision of facilities to councillors*

Review of the Councillors’ Expenses and Facilities Policy, last modified in June 2007, indicated that it met most statutory guidelines. However, two amendments are suggested. First, the section on travel should be amended to avoid any suggestion that the Mayor can approve her own domestic and international travel. Second, the section on miscellaneous expenditure not approved in advance is most probably unnecessary.

Council could also give consideration to enabling councillors to claim childcare expenses to enable them to attend civic duties. Discussions with management indicated that Council was happy to leave this out of the policy, but Council may wish to consider this not only in terms of current demand but also in terms of attracting a broader range of potential candidates for future election. **(Recommendation 1)**

Council indicated in its response to the draft report that this recommendation had been considered and the policy amended in relation to the approval arrangements for the Mayor's travel. However, Council should also ensure that its policy meets the requirements of the Department's guidelines when it next reviews its policy.

Council also has drafted a Councillors Access to Information and Interaction with Staff Policy, which was tabled at the June 2007 Council Meeting.

#### *Councillor Induction and On-Going Training*

Council has an induction program for elected members who are also given a Councillor's Handbook and copies of policies. Council does not have an ongoing program of training for its elected members but Councillors are made aware of training workshops, where their attendance is encouraged. Councillors also receive the Local Government and Shires Associations' Weekly Circulars informing them of current issues and training opportunities.

#### *Child Protection Policy*

A draft Child Protection Policy has recently been developed to provide a consistent approach for prevention of child abuse across Council and it was tabled at the June 2007 Council meeting. Review of the policy indicated that it provided the appropriate framework in providing necessary direction to staff. The only area not specifically covered was completion of the Working With Children Check for any person working with children and young people without direct supervision. Subsequent discussions with management indicated that this would be added to the draft policy, as soon as possible.

Council informed the review team in its response to the draft report that the policy had been amended following the review and that Working With Children Checks are

now included in the policy. This was verified and the recommendation to include this in the policy has been removed.

### *Complaints handling*

Council has a Complaints Handling procedure and uses the Customer Assistance and Incident Reporting System (CAIRS), which was developed using the email messaging system. A four-step process is applied, giving staff 10 working days to respond to written complaints. If a staff member cannot deal with the issue after investigation, a report is to be made stating reasons and suggesting further courses of action. For the period 2004-2007 the NSW Office of the Ombudsman received two (2) written complaints and eighteen (18) enquiries about Council, mainly related to rates, water charges, sewer charges, roads and enforcement. Management was proactively reviewing these matters.

Council has also drafted a Record and Document Management Policy, which was tabled at the June 2007 Council meeting.

### *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 2005 require certain particulars to be included in Council's draft Management Plan. The draft Management Plan was exhibited in accordance with section 405 of the Act.

The Council's current Management Plan was examined and found to be broadly in accordance with the relevant provisions of the Act and Regulations. However, the plan only covers the period 2007-2008 to 2008-2009, a two rather than three year period. Nevertheless, expenditure, funding and income for various activities were projected up to 2011-2012. Reserve balances only cover the period to the end of 2008 and 2009. Senior management should ensure future Management Plans extend to works and activities for the three-year period required in the legislation.

More detailed information could also be provided regarding the pressures, problems and issues identified in relation to Council's proposed stormwater, sewage and waste activities and estimated yields for charges relevant to section 404 of the Act.

Council monitors the implementation of the Management Plan through quarterly reports to Council.

#### *Annual report*

The review examined Council's annual report against statutory requirements, which revealed a good level of compliance. The only matter of note is that while total remuneration for senior staff was included, the annual report did not include details on the split of the total remuneration into salary, superannuation, non-cash benefits and total payable fringe benefits tax for non-cash benefits.

During the review, it was also noted that Council's website did not include a copy of the 2005-2006 Annual Report. Only the 2005-2006 Financial Statements were available. It became apparent that the Annual Report had included the 2004-2005 Financial Statements by mistake. Council's 2005/06 and 2006/07 Annual Reports were loaded onto its website following the review.

The matters outlined above should be addressed in future Management Plans and Annual Reports. **(Recommendation 2)**

#### *Procurement and tendering*

Council has a Procurement Policy, which appears to be consistent with the tendering provisions in the Act and the Local Government (General) Regulation 2005. Council is currently reviewing its purchasing procedures with assistance from Local Government Procurement, a wholly owned subsidiary of the Local Government and Shires Associations.

A small sample of tenders and contracts examined for the purposes of the review identified satisfactory controls. The only matter not sighted in files were declarations of conflicts of interest of staff involved in the tender/contract assessment process.

### *Section 355 and other committees*

Discussions with management indicated that Council has nine section 355 committees: Traffic, Saleyards Advisory, Tourism and Promotion, Economic Development Advisory, Australia Day, Community Development/Crime Prevention Consultative, Heritage Advisory, Environmental and Sport and Recreation.

Not all committees have constitutions or documented operations manuals and some representatives have not received relevant training. Discussions with Council management indicated that a Code of Conduct Council Community Committees Policy was developed in December 2006 and that a package was being formulated to cover any identified gaps. Council should proceed with this package and ensure all these requirements are met for all committees in the near future.

Council indicated in its response to the draft report that all committees have constitutions. In addition, Council stated that it had compiled a 355 Volunteer Committees Manual. Council should ensure that it provides appropriate training for other committee members as well. Council is also developing a Training and Development Plan for Councillors. **(Recommendation 3)**

### *Council Meetings*

Forbes Shire Council's meetings utilise the "withdrawal" system whereby all matters in the Business Papers are adopted with the exception of those items that have been withdrawn and that are duly referred to in the course of the meeting.

This system improves meeting management by giving councillors more time to concentrate on the higher priority issues, reducing overall meeting length and avoiding unnecessary discussion over minor details in reports.

### *Risk management and internal audit*

A Risk Management Plan provides Council with a framework to proactively identify and manage generic and specific risks. Council has a Risk Management Policy and is a member of the Orana Risk Management Committee but does not have a Risk Management Plan.

These matters were discussed with management and it is recommended that Council should continue to promote the establishment of a Risk Management strategy via the Orana Risk Management Committee, the Mid-Lachlan Alliance and/or CENTROC. Council advised in its response to the draft report that it had resolved on 20 September 2007 to progress the strategy as part of the Mid-Lachlan Alliance.

After a Risk Management Strategy has been established, Council should establish a Council-wide structured and integrated Risk Management Plan to cover all business risks across Council – including financial, operational, customer service oriented, safety, security, environment, technical. **(Recommendation 4)**

Although Council established an Internal Audit Committee in 2005, it is recommended that Council should continue to promote the establishment of an Orana or CENTROC Regional Internal Audit Committee to share resources in employing a Regional Risk and Internal Audit Manager and develop a Regional Internal Audit Plan to address issues of highest risk. **(Recommendation 5)**

#### *Fraud control*

Council has drafted a Fraud Control Policy, which was tabled for approval at the June 2007 Council meeting. While this is a good start, Council should also undertake a systematic fraud risk assessment in due course. **(Recommendation 6)**

#### *Legislative and regulatory compliance*

Council monitors legislative and regulatory compliance through a number of controls such as the DLG finance calendar, for example. However, Council does not have a system for the internal reporting of legislative and regulatory non-compliance or prosecutions against Council. Council should act promptly to develop such systems. **(Recommendation 7)**

#### *Business Continuity*

Council does not have a Business Continuity Plan (BCP) in place to manage the impact of adverse events on its operations. However, discussions with management

indicated that a BCP will be developed in partnership with the Mid-Lachlan Alliance over a two year period. Council should continue to give this development a high priority. **(Recommendation 8)**

#### *Information Technology*

Council does not have an Information and Communication Technology Strategic Plan in place to manage its IT systems and assets. However, discussions with management indicated that work on an IT Strategic Plan would be commenced in the second half of 2007. Council should give this development a high priority and ensure that it is linked to Council's other strategic and financial plans. **(Recommendation 9)**

## **6.2 Planning and other 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*
- *Companion animals*
- *Environmental management*
- *Enforcement practices.*

#### *Strategic planning instruments*

Council has an overall strategic planning framework in place for land use, employment and economic development. The strategy has the following components:

- *Forbes Comprehensive Land Use Strategy Issues Paper*
- *Forbes Shire Draft Growth Management Strategy*
- *Forbes Local Environmental Plan 1986/MOU Forbes Comprehensive LEP*
- *Forbes Midstate Industrial Park DCP, and*
- *Residential Development DCP*

Council integrates and links its Management Plan with its LEP, DCPs, strategies and State of the Environment Report (SoE). Council is in the process of developing a new LEP in accordance with the Department of Planning template.

#### *Development application process*

Council provides pre-lodgement development application (DA) advice with free weekly meetings scheduled to provide a clearer understanding of the processes and timeframes involved. This extends to assisting applicants, if necessary, by providing information so that they can make modifications to proposals prior to going to the expense of having detailed plans drafted.

Council does not presently have an independent hearing and assessment panel (IHAP) as a forum for objectors and applicants on certain development applications. This matter was discussed with the Director Environmental Services and Planning, who indicated that other councils and/or consultants have been engaged to conduct third party assessments of sensitive applications, and to date Forbes only had a small legal bill with no decisions challenged in the courts in the last decade.

Taking all of this into account, it remains open for Council to revisit the option of introducing an IHAP (possibly on a regional basis) to consider matters such as councillor and staff development applications, contentious DAs, Council applications and contentious applications to modify development consents (Section 96).

Council reiterated in its response to the draft report that the small numbers of such DAs appear not to warrant the implementation of an IHAP. It is suggested that Council considers discussing the utility of such a panel with other councils in the Region. The draft recommendation has been modified to reflect this approach.

#### ***(Recommendation 10)***

Council assessed 211 DAs in 2005-2006 with a total value of \$9.8M and has a monitoring system in place to enable DAs to be easily located at any point during processing. Forbes Shire Council's Planning Department recently received the highest rating (A+) after being listed as one of the top performers in the NSW Local Development Performance Monitoring Report 2005-2006 on time taken to process development applications.

However, Council's DA management system is Excel-based. There is a range of applications available to manage this important service. It would be good business practice to consider introducing a software package such as Approve, Authority, or Proclaim, in due course, if DA numbers rise. (**Recommendation 11**)

Review of the wording on several Notices of Determination of DAs noted that Council refers to "Section 97" for any applicant who wants to request a review of a determination within 28 days, rather than "Section 82A". This wording should be corrected as soon as possible. Council responded to the draft report by indicating that this had been corrected. The recommendation has been removed.

Turnaround times are also reported to Council on a quarterly basis. The median time for processing DAs was 18 days as at December 2006. Ninety-seven per cent (97%) of DAs are dealt with under delegated authority.

Council applies the 'stop the clock' provisions of the EP&A Regulation (clauses 109-112) in accordance with these regulations and the Council's procedure manual.

#### *Section 94*

Council has adopted a Forbes Contribution (Section 94) Plan for Public Open Space and there are guidelines available for the making of assessments.

Discussions with management indicated that the current Section 94 Plan is restrictive, which has resulted in an accumulation of funds, and is being reviewed to determine whether Council should develop a new Contributions Plan following completion of the new LEP during 2007-2008.

### *State of the Environment Reporting*

Council's current State of the Environment (SoE) supplementary report 2005-2006 appears to provide a fairly comprehensive general overview of a number of environmental factors affecting the LGA. However, the SoE report acknowledges that the establishment of "baseline" data is a goal for future reports. The SoE report does not appear on Council's website. The Pressure-State-Response format is not applied consistently, and the report often fails to address Council's response to individual issues. Reporting in the Air and Noise sections appears to be fairly cursory. The data in the Aboriginal Heritage section is also about 10 years old and should be updated. Council indicated in its response to the draft report that it had completed this work. The 2006/07 SoE Report is now available on Council's website. This report provides more comprehensive information on the areas specified above. Additionally, the 2006/07 Report consistently applies the Pressure-State-Response format. Council still needs to ensure that it reports on data gaps in future reports. **(Recommendation 12)**

### *Enforcement and prosecution*

Management uses CAIRS for reporting and investigating complaints of regulatory non-compliance or unauthorised development. However, Council does not have a formal Enforcement and Prosecutions Policy and has acknowledged that it would be good business practice to develop this policy. **(Recommendation 13)**

### *Companion animals*

The adoption of a Companion Animals Management Plan is recognised as good practice in achieving good performance in delivering companion animals services. Council has a Handling of Nuisance Companion Animals Procedure and a range of community education programs for companion animals, but does not currently have a Companion Animals Management Plan to assist it to meet its obligations under the Companion Animals legislation. **(Recommendation 14)**

Council has a Declaration of Dangerous Dog Procedure, but discussions with management indicated that Council had not reported to the Department two (2) recent dog attacks on farm animals. All dog attacks, whether on humans or animals,

and even if the Police separately handled the matter, should be reported promptly to the Department in the prescribed format using the Dog Attack Data Collection Form on the Internet.

Council indicated it had responded to this information in the draft report, had reported these attacks and incorporated relevant processes into Council's operational controls. The proposed recommendation relevant to this section has been removed. However, Council is reminded of the requirement to report all dog attacks in a timely manner.

### *Water Safety*

Council's swimming pool is currently being redeveloped. As Council approaches reopening of the pool, it is a good time for Council to supply the pool operator with a copy of Practice Note No. 15 on Water Safety to ensure that all relevant safety strategies and requirements are being complied with.

Council advised that it provided the pool operator with the Practice Note in October 2007. The recommendation in relation to this section has been removed.

## **6.3 Asset and 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*
- *Insurance.*

### ***Overview of financial position***

Council has achieved a surplus operating result before capital items for the last six years. After a surplus operating result before capital of \$3.9M in 2003-2004, Council obtained a surplus of \$4.8M in 2004-2005 and \$3.5M in 2005-2006.

Council is in a strong financial position and has a surplus of net assets to cover the restrictions placed on those assets. Council does have some debt relating to the new Saleyards and Sewerage Treatment Works capital developments, but these borrowings represent manageable debt.

Council is proposing a balanced budget for 2007-2008 with no additional loans and the only major infrastructure project, the replacement of the swimming pool, is to be funded from existing cash reserves.

#### *Liquidity and cash position*

Council's unrestricted current ratio (UCR) was very satisfactory in 2005-2006 at 4.77. This was down from 5.19 in the previous year. The UCR measures the adequacy of working capital and the ability to satisfy obligations in the short term. It does not include externally restricted activities such as water, sewer or specific grants. A good UCR is considered to be greater than 2.

Council's Rates and Annual Charges Outstanding Percentage (RACO%) was adequate at 7.42%. The RACO% assesses the impact of uncollected rates and charges on liquidity and the efficiency of debt recovery. For a rural council such as Forbes Shire Council, a RACO% of less than 10% is considered satisfactory.

Council had a good Debt Service Ratio (DSR) of 8.4%. This indicator assesses the degree to which revenues from ordinary activities are committed to the repayment of debt. A DSR of less than 10% is good.

Employee Leave Entitlements (ELE) is cash funded to 58% by internal restricted reserves. This is considered to be very good.

Council's overall financial position appears to be good. Council has key elements of a good financial planning framework and long-term asset planning for its infrastructure.

Council measures its performance against predetermined standards to assess the financial health of the organisation. In addition to quarterly Budget reviews, the latest Sustainable Finances Health Check was conducted in June 2006.

Performance measurement is also reported in the Council's Management Plan and Annual Financial Statements.

Council has also introduced Triple Bottom Line reporting focussing on three indicators – economic, environment and social issues.

#### *Asset management planning*

Council provided the following information on the written down values of its key infrastructure:

- Roads, Bridges and Footpaths                      63%
- Stormwater and Drainage                              58%
- Water Supply Network                                  78%
- Sewerage Network                                        77%

Council estimates the cost required to bring its assets to a satisfactory standard to be \$9.4M.

Council's 2007-2009 Management Plan includes as a key activity completion of Asset Management Plans (AMPs) across a number of key operational areas during 2007-2008, including Roads and Transport, Water Supply and Sewerage. The first of these is already under development. The main aim of the AMPs is to develop an appropriately funded program of works to maintain the assets for the long term.

Council has an asset maintenance program as part of its long-term management plan and maintains a detailed asset register. A Plant Replacement Program is already in place and a Management Plan has been prepared for the Central West Livestock Exchange.

However, discussions with the Director Engineering and Technical Services noted that the timing on development of long term asset plans was dependent on recruitment of an Asset Engineer.

It was also noted that Special Schedule No. 7 requires review. The previous year's estimated costs to bring Water and Sewerage to a satisfactory standard (noting a new STP has been commissioned) does not appear to align with the estimated

annual maintenance expense and program maintenance values. **(Recommendation 15)**

#### *Insurance*

An overview of Council insurance coverage indicated that it was adequate. Council advised that it utilises Statewide Insurance for workers compensation coverage. Council further advised that it considers Statewide provides it with cost effective self-insurance. Council believes that self-insurance at a Regional or Alliance level is outside the scope of Council's resource capacity and would prove less cost effective than the current arrangement. While this is noted, Council should ensure that it continues to monitor its insurance needs so that it achieves best value.

#### *Security at Council and the Depot*

Security arrangements on the door leading from the customer counter to the entrance to the offices of the Mayor and General Manager in Council's main office building is not locked and should be upgraded as soon as possible.

A Centrelink agency (business hotline) office is currently located in the building next to this door, and there is a risk that a disgruntled Centrelink customer, for example, could create a major security problem for Council. This matter was discussed with management, and they advised that the Centrelink office will be moving out of the building and a password security system is to be installed.

Security at the Depot is also in need of upgrade, with trees overhanging the front fence, for example, and discussions with management indicated that a security review is planned. It would be good business practice to upgrade security at both sites, as soon as possible. **(Recommendation 16)**

## **6.4 Community & 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:

- *community consultation*
- *social and community planning*
- *tourism and economic development.*

#### *Social and community planning*

Forbes Shire Council's Social Plan 2004-2007 is well-written, easy to read and is currently being reviewed by management as part of preparation for a new plan.

The information in the Social Plan identifies the issues affecting the target groups and has noted a number of concerns for young people, women, older people and indigenous people. This is a very useful summary tool, and would be useful to be applied to the other target groups to take into consideration in development of the new plan.

Council has highlighted that integration of community care services is crucial for the LGA. Development of a health delivery precinct is currently being assessed and this initiative is commendable.

Areas for improvement in the next Social Plan include an assessment of the effectiveness of the previous plan and a summary of recommended actions. Little evidence of cross-council, regional planning or community consultation are included and there was no timeframe for review of the Plan. **(Recommendation 17)**

Council has taken a proactive approach to the new Plan and in its June 2007 Council newsletter, the Mayor urged all members of the community to get involved in the review process for the new Social Plan. Council will be holding community

consultations for each of the key eight (8) areas including children, young people, men, women, older people, people with disabilities, people from cultural and linguistically diverse backgrounds and Aboriginal people. Council has also begun discussing common youth issues with Parkes Shire Council.

#### *Communication and Consultation*

Development of a Communication Strategy to improve communications with Council's stakeholders has also been recognised by Council as a key action. Council's June 2007 meeting approved a process for obtaining quotes for the engagement of a consultant to develop a Communications Strategic Plan, incorporating customer service training, a community survey and the identification of sustainable resource requirements to enable more effective communication with external stakeholders.

#### *Cultural planning*

Council is developing a formal cultural plan. A draft report has been received from a consultant assisting Council in this area. At the June 2007 Council meeting, Council agreed to seek quotes for development of a cultural plan, which is to be funded from the Building Better Partnerships 2007-2008 funds allocation.

#### *Tourism and economic development*

Council is developing a formal Forbes Shire Tourism Strategic Plan, using the same consultant employed by Parkes Shire Council in 2006. Council is also developing a Forbes Economic Development Strategy using another consultant.

In addition, Council in recent years has supported and promoted tourism and economic development in the LGA by the following:

- It has prepared an excellent promotional package on economic development titled "Forbes: Grow and Prosper" and has provided key information on its website.
- It has established DCPs for the Forbes Midstate Industrial Park and Residential Development.

- It has drafted an Economic Development Policy for the Establishment of New Business in Forbes and an Economic Development Incentive for Residential Development involving delayed section 94 contributions, sewerage and water headworks charges.
- It has provided financial support for a Visitor Information Centre, local museums and art galleries.
- It has actively sought to promote tourism with events such as the all town hang-gliding championships, the Forbes Jazz Festival, the Forbes Camel Races and the National Campervan and Motorhome Rally attracting many visitors in recent years.
- Council is closely allied with CENTROC, the Mid-Lachlan Alliance and the Newell Highway Committee, and is a regular attendee at the annual Country Week exhibition in Sydney.

### *Ageing population*

Responding to and planning for the major changes and service demands that will be created by Australia's ageing population will be a major challenge for all levels of government. Between 2004 and 2022, Forbes' population is projected to decline in size by 8 per cent. Its youth and working age populations are projected to decline in size, while its elderly population will grow substantially.<sup>1</sup>

Forbes Shire Council's 65+ population is projected to grow by 43 percent by 2022, and at 85+ years the increase will be approximately 38 per cent. Approximately 16.2 per cent of the Forbes population is currently aged at 65+ years and this is projected to grow to 25.2 per cent by 2022. At an average increase of 0.5 percentage points per year, this "force of ageing" is substantially faster than that projected for Total NSW (0.33) and for NSW Balance (.43).

Forbes Shire Council currently has a labour market entry/exit ratio of 1.1, meaning that it has 11 people at labour market entry age (15-24 years) to every 10

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<sup>1</sup> Jackson, N.O. (2004) NSW Local Government Population Ageing Project

approaching retirement age (55-64 years). This ratio is expected to decline to 0.8 by 2022. By comparison the entry/exit ration for NSW total is currently 1.3 and will decline to 0.9, the cross over to more exits than entrants coming around 2018.

Reflecting these trends, Forbes Shire Council's total working age population (15-64 years) is projected to fall from its current 63 per cent of the population, to around 59 per cent by 2022 and to decline in size by 13 per cent.

This will have a significant impact on the demand on services, facilities and infrastructure and all aspects of Council's operations.

The Local Government and Shires Associations have produced 'Planning the Local Government Response to Ageing'. 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 the 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 perform, and
- encouraging councils to examine their numbers and proportion of older people and their rate of population ageing, in conjunction with the evidence on impacts, and to identify what roles they may need to change.

Forbes Shire Council is using this paper in its planning process and the Social Plan 2004-2007 includes a number of valuable strategies for older people identified following consultation with local residents, the Jemalong Retirement Village, the Mater Aged Care Services and College for Seniors and the Church of England. Progress in relation to these strategies is reported on a quarterly basis via the Management Plan reports as well as annually in the Council's Annual Report.

#### *MoU with Local Aboriginal Groups*

Council does not have a MOU with the Local Aboriginal Land Council or other local Aboriginal groups. Discussions with management indicated that this was something being reviewed. This is a matter for Council to consider as an option for

strengthening its relationship with the local Aboriginal community. Council should consider progressing an MOU with the descendants of the Wiradjuri. Council indicated in its response to the draft report that a meeting was held on 6 November 2007 to discuss this matter. (**Recommendation 18**)

## **6.5 Workforce 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:

- *human resources strategy*
- *job descriptions and job evaluation*
- *recruitment and selection processes*
- *occupational health and safety*

### **Overview of the organisation**

The Executive Management team is made up of the General Manager and three Directors: Corporate Services; Environmental Services; and Planning Engineering and Technical Services. The Council employs 96 FTE staff. A total of 76% of the workforce is aged 25-54 and 20% is aged 55 and over. Women represent 22% of staff.

The total wage and salary costs for 2005-2006 were \$3.677M. This was significantly over budget, and was explained by Council as being a result of a greater reliance on its own workforce over contracted labour as a result of reduced major project work for the RTA. The value of overtime paid during the last financial year was \$333K.

### *Human resources strategy and policy framework*

Council has a solid strategy and policy framework to ensure that it has the human resource capability to achieve its objectives. Included in the development of the Human Resources Strategic Plan was a preliminary SWOT analysis involving all Directors and Managers. Particular attention is currently being paid to the impending

retirement of the Manager Corporate Development and to ensuring that any service gaps identified are adequately resourced.

Areas to be addressed in the Strategic Plan and to be reported back to Council include:

- induction procedures
- long term workforce planning
- recruitment and retention of staff actions
- workplace/industrial relations issues and Council's approach to consultation
- performance management
- OH&S, and
- workplace bullying and harassment.

The Human Resources Plan supports this Strategic Plan by having the following actions:

- implementation of an EEO Management Plan
- review and implementation of a Training Plan
- continued implementation of a professional development program for managers
- development and implementation of human resource policies and procedures, and
- provision of a comprehensive employee assistance program.

Council also has a Staff and Personnel Policy handbook, Equal Employment Opportunity Plan, a Resourcing Permanent Recruitment and Selection Policy, an OH&S Policy and a Code of Safety Practice. All strategies, plans, policies and procedures are linked to the Management Plan 2007-2009.

CENTROC also has a Regional Human Resource and Training Co-ordinator and this has resulted in the increased availability of training courses for Council staff, including provision of a Local Government Occupational Health & Safety Handbook and Council-wide OH&S training.

### *Recruitment and selection*

Council ensures that recruitment and selection decisions are made on the basis of merit, as required by section 349 of the *Local Government Act 1993*, by the following:

- all advertisements and job descriptions clearly outline the qualifications, and both essential and desirable criteria required
- all applicants are selected for interview based on a culling process.

### *Job descriptions and evaluation*

All positions within the Council have written job descriptions and all employees have copies of their respective job descriptions. Council has a policy and practice for the reviewing of job descriptions at the time of vacancy as well as at the time of employee appraisal.

### *Occupational health and safety*

Council has a well-developed OH&S policy and procedural framework and has a practice of conducting systematic OH&S site risk assessments.

CENTROC has also been proactive in developing a group approach to compliance for all councils, and to this end has published an Occupational Health & Safety Handbook and has an OHS Project team who share information and work projects.

The number of workplace incidents for 2006-2007 was twenty two (22), seventeen (17) of which resulted in Workers' Compensation claims.

Council does not have an Injury Management and Return to Work Policy but prefers to prepare work plans on an individual basis for each staff member injured. However, it would be good business practice for Council to develop a policy to support these plans in assisting employees to return to the workforce as soon as possible, as identified in the 2007-2009 Management Plan. **(Recommendation 19)**

## Succession planning

Council does not have formal succession plans for key positions/personnel but has undertaken some informal planning regarding the impending retirement of the Manager Corporate Development, for example. However, it would be good business practice for Council to adopt a more structured approach toward succession planning for key positions as soon as practicable as part of the new Human Resources Strategic Plan. Succession planning should involve identifying key positions, identifying future leaders in the organisation and ensuring that corporate knowledge is properly recorded. **(Recommendation 20)**

## *Employee surveys*

Council undertakes quarterly updates/talks with all employees. Annual performance reviews provide an opportunity for staff to comment on employment conditions.

However, Council does not conduct periodic employee attitude surveys. This provides Council with an opportunity to identify and in a structured way respond to workplace issues. Council should introduce periodic staff surveys to identify any underlying issues that may not surface for the attention of management. **(Recommendation 21)**

## **7. COUNCIL'S RESPONSE**

Council responded to the draft report on 23 October 2007.

Council made comment on each of the recommendations in the draft report and in some cases, provided information on what action Council intends to take. This information is not reproduced in this report and should be incorporated in the action plan that Council is required to complete after it has tabled the Review Report.

Council advised in its response to the draft report that it had already actioned a number of the recommendations that were contained in the draft report. As a result of this, five recommendations were removed following confirmation of their implementation. A further two recommendations were modified.

Draft recommendations in relation to the Child Protection Policy, the notice of determination of DAs, reporting of dog attacks, supply of Practice Note 15 to the pool operator and the cost effectiveness of self-insurance were removed because these activities had been undertaken or finalised since the review was conducted.

Draft recommendations relating to the introduction of a Regional IHAP and the State of the Environment Report were modified as a result of further clarification provided by Council.

The draft report was modified to take account of Council's comments in relation to the sections referring to the above matters, payment of expenses and provision of facilities to councillors, annual report, section 355 and other committees, risk management and internal audit and MoU with local Aboriginal groups.

## 8. SUMMARY - WHAT'S WORKING WELL & CHALLENGES

### COUNCIL'S PRIORITIES AND FOCUS

#### *What is working well*

- strategic and operational focus
- recent infrastructure enhancement

### GOVERNANCE

#### *What is working well*

- ethics and values
- gifts and benefits
- protected disclosures
- payment of expenses and provision of facilities to councillors
- complaints handling
- procurement and tendering
- council meetings

#### *Challenges to improve*

- risk management and internal audit
- fraud control
- information technology

### REGULATORY

#### *What is working well*

- strategic planning instruments
- development application process
- section 94
- state of the environment reporting

*Challenges to improve*

- enforcement and prosecution
- companion animals
- graffiti removal
- water safety

**ASSET AND FINANCIAL MANAGEMENT**

*What is working well*

- liquidity and cash position
- asset management planning
- insurance

*Challenges to improve*

- security at Council main office and depot

**COMMUNITY, COMMUNICATION AND CONSULTATION**

*What is working well*

- social and community planning
- cultural planning
- tourism and economic development

*Challenges to improve*

- MoU with local Aboriginal community

## WORKPLACE RELATIONS

### *What is working well*

- human resources strategy and policy framework
- recruitment and selection
- job descriptions and evaluation
- occupational health and safety

### *Challenges to improve*

- succession planning
- employee surveys