

challenges improvement innovation good governance

Promoting Better Practice Program

REVIEW REPORT

GREAT LAKES COUNCIL

FEBRUARY 2009



Department of Local Government

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1. ABOUT THE REVIEW

Review objectives

The Promoting Better Practice review program 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.

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 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.

Great Lakes Council Review

Great Lakes Council was asked to complete a strategic management assessment and a comprehensive set of checklists about key council practices. The review team examined these and a range of other source documents prior to visiting Council in order to gain a preliminary understanding on the pressures on Council and how the Council has sought to manage that environment.

The strategic management assessment tool asked 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?

Mr Ian Melville, Senior Business Consultant, Internal Audit Bureau, working for the Department, conducted the on-site component of the review from 25 to 29 February 2008.

The on-site review involved a meeting with Council's Mayor and General Manager, interviews with Council's senior staff, sourcing documents from managers, attending an ordinary Council meeting on 26 February 2008 and the review of a number of Council's policies and other documents.

2. EXECUTIVE SUMMARY

Great Lakes Council services an extensive area varying from the main coastal towns of Forster and Tuncurry and the more outlying areas of Stroud and Limeburners Creek. The distance between centres poses a challenge for management and councillors in continuing to provide access to the community, as well as the financial costs in the delivery of services.

Council has produced a clear Vision and Mission Statement as a framework for its operational and policy development. It is well advanced in finalising its Great Lakes Community Strategic Plan, which will cross-reference into the Management Plan and other key reference documents. It is recommended that the new Council review the existing Strategic Plan to provide time scales and more clearly define the major outcomes for the next ten to twenty years given the major shifts in public debate over recent years. Issues such as climate change, biodiversity, communication and technological advances and Information Technology and lifestyle demands require a response for the community.

Council has taken initiatives to increase its response to governance requirements with the appointment of a manager to oversee these responsibilities. It has acted in preparation for this review to provide well prepared supporting papers to clarify its performance in the areas being examined.

Council has undertaken various land use studies to guide its future growth strategies. Its recent initiatives to examine the potential infrastructure needs of the Council, as well as the financial sustainability associated with its continuing operations, has provided quantitative data to assist its planning options over the longer term. The implementation of its asset management system will assist in allowing a more accurate determination of life cycle costing and allow for long term financial modelling.

Council is also acting to establish an Internal Audit committee with external membership included in this model. To increase its effectiveness it is recommended that a comprehensive risk assessment be undertaken across the whole organisation

to develop a three year internal audit program based on the major risks identified in the earlier assessment.

The ordinary Council meeting that was attended was well run with public representation at the beginning of the meeting encouraged. There appeared to be some underlying friction between some councillors, however the Mayor was able to control the debate. It is important that councillors continue to drive the strategic direction of Council. Some councillors advised that they would welcome more training on legislative changes and staff development opportunities.

Council appears to have recognised the need to consolidate its strategic approach and through the commissioning of professional advice on its asset management and financial sustainability is preparing a more effective response to the challenges facing Council both within and beyond the next decade.

RECOMMENDATIONS

Ambitions, Priorities and Future Focus

1. Develop a clear set of values to drive the organisation based on surveys of staff, community and stakeholders.
2. Review the Strategic Plan to provide a more rigorous assessment of the challenges for Council over the next 10 - 20 years linking the key strategic documents including the new financial sustainability and infrastructure programs currently being prepared.

Governance

3. Ensure that all chairpersons of Section 355 committees receive training in the Code of Conduct.
4. Review the effectiveness of Council's Internal Reporting Policy.
5. Pecuniary Interest returns from councillors and staff to be completed fully in accordance with the Department's Circular to Councils 04-16.
6. Include the statement of business ethics on the website to guide external parties when dealing with Council to ensure that performance standards meet Council's requirements.
7. Key Performance Indicators (KPIs) listed in the Management Plan should clearly describe the outcomes to be delivered and quantified for quarterly reporting to Council.
8. The Management Plan should link to the new Community Strategic Plan and all other key strategic documents.
9. Undertake a comprehensive risk assessment across all areas of Council.
10. Develop a three (3) year internal audit program based on the identified priorities in the completed risk management plan.
11. Develop a fraud and corruption plan to ensure that systems are in place for Council to minimise the risk of fraudulent activity that would adversely affect Council's operations and financial status.
12. Establish a system for internal reporting of legislative or regulatory non-compliance and fines/penalties/prosecutions against Council.
13. Establish a formal training and development program for councillors.

14. Review the policy and procedures for the purchasing, tendering and disposal of assets.
15. Develop a procedure for monitoring and auditing the purchasing, tendering and disposal of assets.
16. Undertake a regular risk assessment of Council's procurement and disposal practices every two years to minimise potential financial loss.
17. Review the Privacy Management Plan and include training in the requirements of privacy legislation in the councillors' training program.

Planning and other regulatory functions

18. Report on the environmental affects of Council's operation and policy in the State of the Environment Report.
19. Adopt a formal enforcement practices and prosecution policy.
20. Prepare risk based strategies for reporting non-compliance with environmental standards and unauthorised development.
21. Inform the community on the provision of assistance in identifying areas of non-compliance with environmental and unauthorised development.
22. Establish a register for the issuing of local orders and monitor annual statistics to assist in policy development.
23. Undertake regular independent audits of the S94 Contribution Plans to report on compliance with the purpose and financial performance of each of the plans.
24. Prepare a Companion Animals Management Plan to provide for the effective and responsible care and management of companion animals.

Asset and financial management

25. Link a future long-term financial plan with more accurate infrastructure life cycle costs.
 26. Establish key criteria to address the current and future maintenance and capital works programs.
 27. Ensure that adequate monitoring of the capital works program is undertaken to prevent the earlier trends of under expenditure given the critical need for infrastructure improvements.
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28. Integrate individual asset management systems into a composite corporate format.
29. Finalise the five year Information Communication and Technology Strategic Plan in association with Mid North Coast Alliance.

Community and Consultation

30. Ensure that the proposed Cultural Plan represents the diverse needs and interests of the broader community.
31. Prepare a Guarantee of Service to establish a clear set of service standards to monitor customer service standards.

Workplace relations

32. Council should address the impacts of its ageing workforce and staff availability within its long term workforce plan.
33. Ensure that the wages and salaries listed in the Management Plan reconcile with the budget papers.
34. Identify actions to respond to the employment issues raised in the recent employee survey.
35. Finalise job descriptions for all employment positions within the organisation.
36. Identify strategies to reduce the increased level of injury incidents and lost productivity in the workplace.
37. Develop a long term workforce plan to ensure that the human resources needs are integrated into Council's future strategic and operational priorities.

CONTEXT

Great Lakes Council is located on the mid north coast of NSW 340 km north of Sydney. Its history dates back to the formation of the original Stroud Shire Council, which was first established by proclamation on 7 March 1906 and then relocated to Forster in 1980 in its current entity. It is surrounded to the north by Greater Taree City Council, Gloucester Shire and Dungog Shire Councils to the west and Port Stephens Council to the south.

Great Lakes Council has a total area of 3,376 square kilometres with a population of 32,766 at the 2006 census of which 43.4% are aged 55 or above. The median age is fifty (50) compared to the Australian median age of thirty-seven (37). The median individual weekly income is \$338 (\$446 Australia); median household weekly income is \$611 (\$1,027); and median family weekly income is \$747 (\$1,171).

Captain James Cook originally named Cape Hawke and Port Stephens when he sailed along the coastline in 1770. In 1816 permission was granted for cedar to be removed from the Great Lakes district. The cedar cutters, mostly assigned convicts, moved along the waterways in the early 1800's but made no attempt at settlement.

The first settlements occurred as a result of the formation of the Australian Agricultural Company in London in 1824. This Company, with John Macarthur as a Director, was granted the option of selecting one million acres of land in New South Wales. Based on reports from John Oxley's 1818 expedition, the Company selected half a million acres from the northern shore of Port Stephens to the Manning River, which was the northern most limit of travel at the time, inland to Gloucester and down the Karuah River. The entire Great Lakes district was therefore included in this first land grant.

Forster's first land grant was in 1856. Its original name of Minimbah, meaning "home of teacher", was changed to Forster by the Lands Department in 1870 after William Forster, who was Secretary for Lands. The settlement was proclaimed a village in 1885. The first land grant in Tuncurry occurred in 1875. The settlement, originally called North Shore and then North Forster, was re-named Tuncurry, meaning "plenty of fish", in 1891 and proclaimed a village in 1893. A bridge was built linking Forster and Tuncurry in 1959, replacing the punt service that had operated since 1890.

Since the 1950's Forster and Tuncurry have experienced rapid growth from tourism, outstripping other population centres in the Great Lakes district. Because of this expansion, Great Lakes Council (created in 1906 as Stroud Shire Council and re-named in 1971) relocated its headquarters from Stroud to Forster in 1980. The Shire boundaries were altered in 1981 to include Tuncurry and Nabiac, which were previously part of the Manning Shire.

Effective from September 2008, Great Lakes Council has nine councillors, including the Mayor who is elected annually through the vote of councillors.

Council employs three hundred and four (304) full-time equivalent staff and is represented by a total of three hundred and twenty-four (324) staff. Of these, 8 are aged between 15 -19 years, 8 are aged between 20-24 years, 41 are aged between 25-34 years, 92 are aged between 35-44 years, 118 are aged between 45-54 years, 51 are aged between 55-64 years and 6 are aged over 65 years.

In 2006/2007, Council's expenses from ordinary activities were \$47,273,000 and revenues were \$56,861,000.

3. 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.

Council has taken a proactive approach to address the longer term issues that have been impacting upon its operations. The establishment of a position of Corporate Governance Manager and a recent informal health check of its governance responsibilities has resulted in action to improve these performance levels.

The engagement of a consultant has allowed Council to independently assess its liabilities for infrastructure upgrades and measure its long term financial sustainability. Council has been granted special rate variations to commence expenditure on infrastructure improvements and it has commissioned a further study to improve its asset management system.

Council has a strong, experienced and qualified senior management team who remain focussed on the future needs of the community. Council is working towards an agreed long term strategy and has initiated further studies to address the immediate key issues facing the community. The high rate of retired people within the community and the attraction of the area for holidaymakers place a high demand on its services and impacts on its financial resources.

The initiative to prepare the Great Lakes Community Strategic Plan 2008- 2020 with the involvement of the wide community through workshops and community on-line surveys is indicative of its concern to produce an active model for future community growth.

Integrated planning and reporting

The Department of Local Government's vision is of a strong and sustainable local government sector that meets community needs.

A major corporate priority of the Department for 2007/08 and beyond is to work with councils to better integrate their planning, service delivery and reporting. Integrated planning is about ensuring that councils' planning requirements and processes are sufficiently interconnected to maximise the achievement of a council's goals and desired outcomes. If plans are not integrated, it is likely that their implementation will work against each other to fragment and confuse responsibilities and targets, and undermine the achievement of a council's goals.

Integrated reporting is about ensuring that reporting is linked to council plans, in particularly the progress toward achieving those plans and then accurately informing the development of future plans. The Department notes that Council is developing a Community Strategic Plan, which aims to incorporate and integrate operational plans. Council acknowledges that additional work is required in this area.

Council should work towards the integration of all its plans. Currently, the Council is driven by its management plan. It does not have a long-term financial plan or a comprehensive asset management plan. The Council does have an understanding of its strategic direction, however, this has not been articulated into a single document other than in its planning strategy. Council should work towards an integrated approach to its planning.

Ageing population

In terms of the age structure, the median age of people in the Shire at the time of the 2006 Australian Bureau of Statistics census was 50 years compared with 37 years for persons in Australia. Jackson's NSW Local Government Population Ageing Project¹ indicates that in 2004, with 21.6% of its population aged 65 years and over, was the highest in NSW and will remain the highest for the foreseeable future.

¹Jackson, Dr Natalie, 2004 Populations Ageing in New South Wales and its Local Government Areas, University of Tasmania

Currently Great Lakes has a labour market “entry:exit ratio” of 0.6, meaning that it has around six people at labour market entry age (15-24 years) to every ten approaching retirement age (55-64 years). This ratio is already negative (more exits than entrants) and will decline further to around 0.5 (five entrants to ten exits) by 2022. This will place increased pressure on Council in obtaining employees and providing services in the Great Lakes area.

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 among 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.

The Department encourages councils to use this paper in their planning processes.

Great Lakes Council’s social plan should include a number of valuable strategies for older people including transport, social activities, mature aged employment, education and training, access to health services and respite services. It is evident that Council has integrated strategies across all its functional areas to address this challenge.

Background

Corporate Vision

Council has set its vision and mission statement to provide the framework for its operation and policy development and these are listed prominently in its annual Management Plan.

Council's vision is to be “*A leader in the provision of infrastructure and services which sustain and enhance the natural environment and achieve a quality lifestyle for residents and visitors*”.

The Mission Statement is providing governance that is:

- *Effective*
- *Efficient*
- *Socially just*
- *Transparent*
- *Visionary.*

It has established five key corporate objectives:

- Corporate governance
- Community and social well being
- Built and natural environment
- Infrastructure management and
- Economic development.

Council has not developed an explicit set of values to guide the organisation and community in the development of its future policy agenda and operational priorities. The adoption of values through consultation with the community and other stakeholders and staff would allow Council to determine the culture within which it operates rather than rely on an internally prepared Vision and Mission Statement. Council is encouraged to consider future consultation with the community and staff to

develop a set of values after the September 2008 elections that will drive its future corporate direction with a common purpose. **(Recommendation 1)**

Council developed and adopted a Strategic Plan on 23 November 2004 following a facilitated planning weekend held after the 2004 local government elections. The plan was revised and readopted on 13 March 2007. There is scope for improvement in the strategic plan; it should be the key to integrating Council's plans, such as long term financial planning and infrastructure renewal.

There is currently no timeframe for the broad directions identified in the Strategic Plan and poor linkage between the corporate objectives and programs. The newly elected Council should comprehensively review the strategic plan and seek agreement to confirm the corporate direction that the new Council intends to follow. **(Recommendation 2)**

Strategic Alliances

Council is involved in a number of strategic alliances and business arrangements that assist its administrative performance and allows for economies of scale in the procurement of goods and services.

Great Lakes Council is a member of both the Mid North Coast and the Hunter Regional Organisation of Councils.

Council staff also attend committees within these alliances to develop standard policies and procedures to provide consistent approaches and innovative solutions within their individual areas of expertise.

Website

The Council's website is very informative and navigation has been simplified to allow easy access to information across all administrative areas. The search function also facilitates the ease of use of the site, which has been well designed and is functional.

4. 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.

4.1 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 local government sector 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*
- *Access to information.*

Code of conduct

Section 440 of the *Local Government Act 1993* requires every council to adopt a code of conduct to be observed by councillors, members of staff and delegates of council that is consistent with the *Model Code of Conduct for Local Councils in NSW* prescribed under the Regulation.

Great Lakes Council adopted the Department's Model Code of Conduct rather than formulating one that specifically applies to its community and corporate identity. It

has been widely circulated among indoor staff and councillors to identify the standard expected of staff and elected representatives. Sessions have also been held with the works staff to increase their awareness of the standard of conduct required by Council's employees. The Code can be accessed on the Council's website. Following the 2004 elections, Councillors received training in the Code of Conduct. In 2008 the Model Code of Conduct was revised and Councillors should be trained on the new requirements of the code of conduct. Similarly, Council should also ensure that chairpersons of all Section 355 committees are also trained in the Code of Conduct. **(Recommendation 3)**

Protected Disclosures

An effective process for dealing with protected disclosures is an important means by which councils can signal commitment to ethical practice. It can also act as an early warning system for management. Council has an internal reporting policy to assist staff in reporting corrupt conduct, maladministration and serious and substantial waste in the public sector. This is referenced in its Policy for Handling Complaints issued to the Corporate Services staff and is also included in the Employee Induction Handbook.

No evidence was found that Council has reviewed the effectiveness of its internal reporting. Accordingly, it is recommended that this review be instigated as a measure of the procedures contained within the policy. **(Recommendation 4)**

Disclosure of Pecuniary interests

The Local Government Act establishes the parameters that must be addressed when a potential conflict arises between the public duty of staff and councillors with their private interests. Councillors and staff need to be aware of the potential to adversely affect public perception and the process of local government management when these conflicts are not properly considered. The Department has issued Circular 04 - 16 to assist councils in preparing disclosure of interests returns.

An inspection of pecuniary interest returns submitted by all councillors for the past twelve months, as well as a sample of staff listed as designated persons, was conducted. From the sampling it was noted that the standard of returns was

generally satisfactory, however there were minor omissions relating to the accurate disclosure of addresses in Sections B1, E and G of the returns. Councillors should ensure that the information provided in the returns is comprehensive and clearly indicates the extent to which their private interests could impact on their responsibilities as a councillor. **(Recommendation 5)**

The minutes of ordinary meetings were reviewed to determine whether appropriate formal disclosures of pecuniary and/or non-pecuniary interests at council and committee meetings were being made. Section 6.6 of the Model Code of Conduct states: *“Where necessary, you must disclose an interest promptly, fully and in writing. If a disclosure is made at a council or committee meeting, both the disclosure and nature of an interest must be recorded in the minutes”*. The sample reviewed indicated that these disclosures were properly declared.

Statement of Business Ethics

When Council is dealing with third parties it is important that these parties be aware of the ethical standards that Council expects from them in contractual dealings and that these are expressed clearly prior to any contractual arrangements being concluded. These inclusions should be contained in standard documentation, such as tenders, to bind contractors to these prescribed operating standards, including procedures where breaches occur.

Council should include this statement on its website and ensure that it is reflected in other documentation for third parties to ensure compliance including penalties for breaches. **(Recommendation 6)**

Management Plan

Council adopted the Management Plan 2007-2012 on 12 June 2007 after 28 day notification and Council gave full consideration to the many submissions received during that period. An Operational Plan can be utilised to include many of the detailed outcomes currently contained within the Management Plan that would be used more readily by Council managers rather than the general public. This could be effective as a staff guide to their annual performance duties and to monitor their work through the use of KPIs and defined means to achieve these work targets and free

up the management plan as a concise report to ratepayers and community members of Council's intentions for the following financial year.

It was found that the broad Corporate Objectives and the Performance Measures were listed in the Plan but the actual activities to be measured were omitted from each of the tables. The objectives' activities should be reviewed and the related performance measures reassessed under the 'SMART' principles so as to be **Specific, Measurable, Achievable, Realistic and Time based**. It was considered that the current outcomes are difficult to report against on a quarterly basis and disadvantage Council in assessing the continuing performance of its programs and senior management performance. **(Recommendation 7)**

It is recommended that the Management Plan should link to the new Community Strategic Plan and all other key strategic documents. **(Recommendation 8)**

Business Continuity Plan

Council advised that it is aware of the need for the preparation of the Business Continuity Plan, which will occur with the establishment of the Risk Management Committee and prioritising organisational issues. A draft Disaster Recovery Plan is well advanced and will be completed during the 2008/09 financial year.

Risk management and internal audit controls

Council does not have a risk assessment model and at this stage has not undertaken a comprehensive review of risk exposure across the wider organisation. While OH&S activities have been identified, Council needs to undertake a much broader risk assessment across all operational areas. This exercise will identify the levels of risk exposure that need to be addressed and will enable Council to prioritise future internal audit programs to address these areas of higher risk. **(Recommendation 9)**

Council does not employ an internal auditor and is currently considering options to either job share with other neighbouring councils or outsource this function to an external consultant on a needs basis. Council has recently advertised for external membership for an Internal Audit Committee to oversee a program to monitor

potential risk exposure within the organisation identified from a comprehensive risk assessment. The Audit Committee has the role to independently consider the outcomes of any reviews that may identify weaknesses in the organisation

Based on the outcomes of the comprehensive risk assessment, it is recommended that a three year Internal Audit program be developed based on the highest identified risk levels. (**Recommendation 10**)

Fraud and Corruption Prevention

Fraud is a specific risk that requires action by councils across all areas of their operations to give assurance as to the security of systems within the organisation. Auditing standard AUS210/ASA240 specifies that auditors are to obtain written representation that an audit client has systems in place that effectively deal with the prospect of fraud.

Council does not have a fraud and corruption prevention plan. It has engaged a consultant to develop a generic template for a corruption plan for Council's assessment. It is yet to undertake a fraud risk assessment. (**Recommendation 11**)

Legislative compliance

Council has not fully developed an effective system to identify all legislation that applies to council activities or ongoing legislative programs within each of the operational areas. This is a key risk that would be identified in the recommended comprehensive risk assessment and Council should act promptly to develop and implement such a system. Council should also ensure that staff are resourced and trained to react to legislative change, and should ensure that Council periodically reviews its level of compliance with key legislative requirements. Council should establish a system for internal reporting of legislative or regulatory non-compliance and fines/penalties/prosecutions against Council. (**Recommendation 12**)

Council meetings

The ordinary Council meetings are held on the fourth Tuesday of the month and allow public presentations, as well as dealing with all related issues at that time. The

monthly ordinary meeting on Tuesday 26 February 2008 was attended and had good community attendance in the public gallery representing interested people who addressed councillors on various issues. The Mayor allowed a free flow of information without initially limiting time for discussion to enable representations to be fully heard. While this can prolong the meeting, it does enable councillors to be cognizant of the issues within the local government area, especially as the Councillors represent the whole LGA.

At the beginning of the meeting during Notices of Motion, conflict arose between one Councillor and the Mayor over a long running local issue. However, this was well controlled by the Mayor and during the remaining section of the meeting there appeared to be good interaction between Councillors. In the absence of the General Manager, the other Directors were very professional in the advice provided and the knowledge of their specialist areas.

Special meetings

In the past year Council held four (4) extraordinary meetings for the purposes of rate variations, budget considerations and tender proposals. Council advised that these meetings are infrequent and are in response to specific needs to include councillors in briefings or to seek approval for budgetary expenditure or policy direction.

Closed meetings

From a review of meeting minutes, it was noted that Council closed part of its meetings on fifteen (15) occasions and once for the whole meeting. An examination of the minutes was conducted and was satisfactory in complying with the need to consider such matters as commercial proposals, tenders or matters of a personal nature that could impact on the confidentiality of individuals.

The Department's Circular to Councils 07-08 dated 11 April 2007 outlines the need for councils to use the correct procedure when closing meetings to the public and media and refers to Meetings Practice Note 16, dated November 2005, as a guide. Council may wish to review current practices regarding council meetings and the guide set out in circular 07-08.

Councillor induction and training

Council currently does not have a formal induction program to train councillors. Representations from some councillors were received; some expressed concern over the need for an ongoing training program given the additional responsibilities for local government and the ongoing legislative changes that impact on their role. New and re-elected councillors need specialised training to properly equip them with the core skills required for local government administration and policy development. Council should consider the development of a formal standardised induction program for councillors. **(Recommendation 13)**

Council should record the training undertaken by councillors, identify courses to suit their current skills and review any qualifications gaps, as well as monitoring a profile of their training needs. There is a need to identify individual development needs within a formal training program, as well as attendance at conferences and seminars.

Gifts and benefits policy and procedure

Council has prepared a policy regarding the procedures that apply when staff and councillors receive gifts or other benefits that are related to their position within the organisation. The Gifts register is contained within the Dataworks record system and showed that all were small gifts that did not indicate any untoward actions from staff in accepting the gifts.

Tendering, Procurement, contract management and asset disposal

Tendering, procurement, contract management and asset disposal are significant operational responsibilities for Council and should be governed by strict considerations of probity, transparency and accountability in the expenditure of funds for public use.

Council's obligations in relation to formal tenders are regulated under section 55 of the Local Government Act and the relevant provisions of the Regulation. These provisions relate to contracts with a value of \$150,000 or more.

Council advised that it has prepared a revised draft policy and procedure for purchasing and tendering, which currently includes credit cards, disposal of assets, improved tendering procedures and purchasing cards. Currently only the Plant & Depot Coordinator is authorised to arrange for the disposal of plant and surplus equipment. The disposal of assets should be seen as a potential risk and it is essential that this policy be formalised and approved by Council at the earliest opportunity. **(Recommendation 14)**

In addition, Council should develop a formal policy for managing contracts taking into account the need for due diligence checks to assess the financial capability of the recommended contractor to fulfil their contractual obligations. **(Recommendation 15)**

As a general risk assessment protocol, it is necessary to regularly review and analyse potential risk exposure within Council's procurement and disposal practices to minimise potential financial loss through non-compliance. It is recommended that Council undertake a risk analysis every two years within its internal audit program to minimise potential financial loss. **(Recommendation 16)**

Privacy management

Council adopted the Department's model Privacy Management Plan on 11 July 2000 to comply with the requirements of the Privacy and Personal Information Protection Act. The Plan has not been reviewed since its adoption due to lack of resources. Council plans to review the policy at a later date. It is recommended that the review of the Privacy Management Plan be undertaken and forwarded to staff for information. **(Recommendation 17)**

Records Management

Council has advised that all staff have received training in the Electronic Document Management System (Dataworks), as well as their responsibilities under the *State Records Act 1998*, to make and maintain records. All new staff are given an introduction into the use of Dataworks and receive a Records Management User Manual.

Delegations

The power of delegation is an important tool that assists Council officers to carry out the functions of Council in an effective and timely manner. Delegations need to be made in accordance with sections 377-381 of the Local Government Act and continually reviewed to ensure that they remain current.

The General Manager's delegations were last reviewed at the Ordinary Meeting of Council on 27 March 2007. Delegations to the Mayor and Deputy Mayor were adopted at the Ordinary Meeting held on 28 August 2007. Council's Register of Delegations of Authority to staff were authorised and released to staff by the General Manager in January 2008 just prior to this review. A process has now been developed and adopted that addresses the process for the review, amendment or development of delegations as the organisation changes.

4.2 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 regulatory practices including:

- *Council's planning instruments and policies*
- *Development assessment*
- *Section 94 plans*
- *Companion animals*
- *Environmental management*
- *Enforcement practices.*

Strategic land use planning

Council has adopted a number of land use strategies that together Council considers will provide a long term strategic framework to guide future growth within its local

government area. Its planning strategies have sought to identify settlements that have potential for urban and/or rural residential expansion, working with the settlement planning principles outlined in the Draft Mid North Coast Regional Strategy. These settlements have been identified by Council to include Forster, Tuncurry, Pacific Palms, Nabiac, Bulahdelah, Stroud, Tea Gardens and Hawks Nest.

The following strategies have been adopted by Council:

- Forster-Tuncurry Conservation & Development Strategy (2003)
- Housing Strategy for Forster-Tuncurry (2007)
- South Forster Structure Plan (2007)
- Hawks Nest/Tea Gardens Conservation and Development Strategy (2003)
- Tea Gardens/Hawks Nest Housing Strategy (2006)
- Great Lakes Rural Living Strategy (2004).

Council has a single local environmental plan to cover the whole Council area. The Great Lakes Local Environment Plan 1996 (GL LEP), which was gazetted on 13 December 1996, is the principal environmental planning instrument governing land use throughout the LGA. Council undertakes various strategic studies towards the approval and review of these planning instruments. Council advised that it does have a formal program for review and updating its principal LEP, DCP and other planning policies, however it is on an 'as required' basis rather than defining specific timeframes. Council further advised that a wider DCP review is underway and with a large number of outdated DCPs formally repealed it has also recently finalised its 'General Amendment LEP'. Council is in the process of reviewing its LEP as required by the Department of Planning with completion by March 2009. It is also consolidating its DCP into a single document.

Planning policies, LEP and DCPs are all available on the Council's website or from the Planning and Environment Services counter in the Forster administration building. While Council does not have a formal Notification DCP, it has a Notification Policy for Planning Matters, which was last reviewed and readopted in March 2000. Under a current Council-wide policy review of its Policy register, the Notification

policy will also be re-examined.

Council's DCP 28 Exempt and Complying Development replaced its Local Approvals Policy. Council, through the Mid North Coast Strategic Group, is working on developing standard conditions for member councils for the local area.

Exempt and complying development is identified in Clause 14 of the Great Lakes LEP 1996 in association with DCP No 28 and this has replaced the Local Approvals policy. Council advised that the provisions of exempt and complying development within the LEP were recently amended to reflect changes in legislation, circumstances related to court challenges and specific community concerns.

Development assessment

Council figures confirm that staff within the Development Assessment Branch determine ninety-seven (97) percent of development applications under delegated authority. Criteria have been developed to identify those DA's that need to be referred to Council for determination. Council advised that the development application process has been the subject of a continuous improvement review since 2003 under the Great Lakes Improvement Program (GLIP), with three stages of the process having been undertaken as at the date of this report.

Council's Development Control Unit (DCU) meets weekly and includes the Director Planning & Environmental Services, two senior managers from Planning Assessment and Building Assessment areas, the Director Engineering Services (or nominee) with the Mayor or his/her delegate also as a member. The DCU may also refer matters to Council for determination if considered necessary (mandatory if consensus on any decision is not reached). Individual Councillors may initiate referral of any DCU matter to Council by formally requesting withdrawal of any matter listed for the DCU's consideration within a given timeframe. A monthly report is prepared to advise Council of all determinations made under delegated authority.

Council supports an appropriate electronic lodgement and tracking system to record the status of DA processing in the future.

There are twelve specialist establishment positions for planning staff within Council.

To attract staff in the current market, initiatives have been introduced such as traineeships in land use planning and development assessment to enable successful staff to establish career paths within the organisation. Other employment benefits within Council ensure parity with other professions and strategies are adopted together with the Consultative Committee and union representatives.

The Manager, Development Assessment attends regular meetings with the Mid North Coast Strategic Group of councils, which are working to prepare standard conditions for their members.

Basix

Council encourages applicants to comply with Basix requirements through its inclusion in the Development Application Form checklist and by providing brochures. To ensure compliance with the Basix certification system, checklists are included in the Assessment and Site Inspection Report.

State of the Environment Report

The 2003/04 Comprehensive Report, 2006/07 Supplementary Report, 2006/07 Annual Report and the 2007/10 Management Plan were reviewed as a basis for the general assessment of the State of the Environment Report. Overall, the Comprehensive and Supplementary reports are well presented, however the impact of Council's own environmental performance in undertaking its operational activities would have been welcomed.

The comprehensive SOE did not initially address significant issues such as Air, Noise and Heritage and questioned some key assumptions relating to these areas that were identified as not being relevant. However, there has been a reversal of these views in the last two Supplementary Reports with Heritage and Air now receiving significant attention. Aboriginal Heritage is included as a significant factor.

The strengths of both reports are that:

- the Comprehensive Report included a thorough analysis of previous reports and the development of a longer term strategic format
- both reports draw on partnerships with CMA and other government agencies

- the reports appear to be based on comprehensive community consultation and Council partnerships with a range of community based environmental groups including Waterwatch groups that are collated and published for Forster Keys, Kularoo Wetland and Smiths Lake
- the reports include relevant data and anecdotal information. Data gaps are clearly identified and reasoned with proposals to address the future.
- strategies include an analysis of the resource requirements and identify resource gaps for Council to consider.

It is recommended that in addition to its current reporting, Council include the reporting of the environmental impacts of its operational activities and policy determinations. **(Recommendation 18)**

Enforcement practices and prosecution policy

To assist in the successful handling of complaints, councils should have a formal enforcement and prosecutions policy. The NSW Ombudsman's Enforcement Guidelines for Councils is a useful resource that contains a model enforcement policy. Council has not finalised this policy and should do so as a matter of priority. **(Recommendation 19)**

Council currently does not have a separate system for the reporting and investigation of suspected non-compliance and unauthorised development within the city and relies on staff reporting or from resident complaints. In addition, Council does not provide information to the community on methods to report these actions, which can have serious implications on the regulatory regime for Council. It is recommended that Council finalise risk-based strategies for reporting non-compliance with environmental standards and unauthorised development. **(Recommendation 20)** Council should also inform the community on the provision of assistance in identifying these areas of non-compliance. **(Recommendation 21)**

Local orders policy

Under section 159 of the Act councils are required to prepare a draft local orders policy to specify criteria that need to be considered when giving an order under

section 124 of the Act. These include circumstances related to offences such as those under the Protection of the Environment Operations Act, Public Health Act, Roads Act or Swimming Pools Act.

Council advised that the procedures outlined in the Act are followed and that it currently does not track these orders in a central register. It is therefore unable to determine the number for each of the last two years and also provide a comparison over that period. It has been listed for resolution later as Council has identified it is a low priority. (**Recommendation 22**)

Section 94 contributions

Section 94 of the Environmental Planning and Assessment Act is a legislative mechanism permitting a council to recover costs associated with the provision of infrastructure, facilities and/or services required within the local community owing to the intensified demand due to development that results in increased population.

Council has approved several Section 94 plans, which are also available on the website and include:

- Great Lakes Wide Plan
- Forster District Plan
- Rural Roads (Bulahdelah and Stroud)
- Coomba Road/ Shallow Bay Road
- Neighbourhood Open Space Forster Tuncurry
- Open Space Pacific Palms
- Open Space Village Areas
- Tea Gardens Hawks Nest
- The Branch Lane
- Durallie Coal
- Road Haulage
- Forster Car parking
- Tuncurry Car parking.

Council has a significant amount of section 94 funds within its control and it is critical

that the operation of these accounts be transparent and that reporting be current and well explained to Council. Accounts of the movement of funds in terms of formal approval, transfers between loans, identified programs for the expenditure of funds and timing of fund utilisation should be readily available to councillors and management. It is recommended that Council undertake regular independent audits of the section 94 contribution plans to satisfy compliance with its responsibilities.

(Recommendation 23)

Companion Animals Management Plan

Under the *Companion Animals Act 1998*, Council is encouraged to prepare a Companion Animals Management Plan to provide for the effective and responsible care and management of companion animals. Council has prepared policy and procedures papers for administering this role and has an agreement with the Animal Welfare League to assist in reducing euthanasia rates. Council advised that in response to the increasing euthanasia rates, it is attempting to improve residents' appreciation of their individual responsibilities through the distribution of brochures publicising the legislation, barking dogs and off-leash areas.

While Council is administering the general requirements under the Act, it should formally develop a management plan. ***(Recommendation 24)***

4.3 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 those assets.

Overview of financial position

Council's income statement for 2006/07 shows a surplus from continuing operations after capital grants and contributions of \$9,588,000 (budget forecast \$398,000) compared to \$4,814,000 in 2005/06. The result before capital items was a surplus of \$1,001,000 (budget forecast (\$2,844)) compared to a deficit of (\$1,665,000) in 2005/06.

The variations from the previous year resulted from revenue increases of \$5,776,000 including investment revenues, grants and contributions and section 94 contributions. Ordinary expenses increased by \$1,113,000 including employee costs and depreciation and amortisation.

Liquidity and cash position

Council had \$42,735,000 in cash assets and investment securities as at 30 June 2007. Of this, \$14,043,000 was internally restricted. Internal restrictions arose through resolutions of Council to set aside cash amounts for either prior liability of Council or for specific future expenditure. Council's internal restrictions for 2006/07 included \$2,326,000 for carry over works, \$1,912,000 for Employee Leave Entitlements, \$1,560,000 for Council's section 94 liability, \$1,552,000 for Capital Fund - Future Public Facilities, \$1,441,000 for future land development and \$1,253,000 for plant replacement.

Council's performance ratios are set out below and are considered to be satisfactory within the Department's guidelines. The majority show an improvement over the previous year's operations.

Council's rates and annual charges outstanding reflect the percentage of rates and charges owing but not yet collected as a percentage of the total amount owing. The amount outstanding increased slightly from 2005/06.

Overall Council's financial position is considered to be satisfactory as shown in Table 1, below. Further consideration could be given to continuing to address the shortfall in infrastructure and maintenance expenditure.

TABLE 1 FINANCIAL RATIOS

Ratio	2006/07	2005/06
Current Ratio	3.27:1	3.00:1
Unrestricted Current Ratio	2.46:1	2.12:1
Debt Service Ratio	7.79%	7.19%
Rates & Annual Charges Coverage Ratio	0.39:1	0.42:1
Rates & Annual Charges Outstanding Percentage	5.78%	5.39%

Special variations

Council received approval for a special variation to its general income for 2003/04 of 14.96% (including the 3.6% rate pegging limit) for 'costs associated with continued service levels and maintenance of infrastructure, as defined by the Council, for a period of 5 years'.

Council also received approval for a special variation to its general income for 2004/05 of 7.31% (including the 3.5% rate pegging limit) for 'the costs associated with environmental management programs, as defined by the Council, for a period of 5 years'. Council advised that this variation was a continuation of a previously approved special variation from 2001/02, which had been approved for three years.

Approval for a special variation to its general income was also received for 2007/08 of 9.68% (including the 3.40% rate pegging limit) for 'the costs associated with infrastructure renewal and library book purchases, as defined by the Council'.

TABLE 3 SUMMARY OF RATE VARIATIONS APPROVED

YEAR	2007/08	2004/05	2003/04
% VARIATION	9.68%	7.31%(3 years)	14.96% (5 years)

Financial planning

Councils are encouraged to develop longer term financial plans that are integrated with the overall strategic plan. These longer term plans allow a council to forecast the revenue and expenses that are associated with the council's strategic direction. It also allows for the measurement of the sustainability of its proposed activities and to assess whether it is able to fund additional activities and services.

Council has not produced a ten year financial plan and the basis for this will be the consolidation of asset management data and condition assessments of its assets. Such a plan will require accurate asset data to determine costs for upgrading assets to a satisfactory standard and the use of life cycle costing to prepare ongoing capital works programs. It is recommended that Council link a future long term financial plan with more accurate infrastructure life cycle costs on completion of the Asset

Management Plan and link it with the development of the new Strategic Plan.
(Recommendation 25)

Infrastructure maintenance

The written down values (WDV) of Council’s assets are listed in Table 2 below.

TABLE 4 WRITTEN DOWN VALUES / TOTAL VALUATION (%)

WDV/YEAR	2006/07	2005/06	2004/05
Roads, Bridges& Footpaths	69%	69%	70%
Stormwater & Drainage	65%	66%	68%

Council’s estimate to bring assets to a satisfactory standard was \$117,058,000 in 2006/07, which was a large reduction from \$156,584,000, which was the previous year’s estimate. The 2006/07 estimate still remains a significant liability.

Council has acted to respond to the current identification of asset condition and recently engaged a consultant to assess the status of its operational services, infrastructure and financial sustainability.

Council’s annual maintenance budget was under-funded with a shortfall of \$3,721,000 (reduced from \$7,687,000 in 2005/06). This continual under-funding is of concern and needs to be addressed through the Asset Management System, which will provide Council with improved prioritisation of works, more accurate cost controls and a more sophisticated approach to life cycle costing.

Asset management

Council advised that it has not developed a long term asset management strategic plan, but did engage a consultant to prepare a 20 year Strategic Business Plan for Council’s Transport Assets section in August 1998. This covered the following asset groups:

- Regional roads
- Unsealed local roads

- Sealed local roads
- Bridges
- Footpaths/cycleways
- Kerb & gutter
- Stormwater drainage.

While Council has developed some interim asset strategies in the intervening period, it has only recently addressed the issue through the engagement of a consultant to complete a financial sustainability analysis on all Council assets, including the Transport assets detailed above. It is intended that this analysis will report on a brief assessment of asset conditions and an asset management system evaluation; a financial assessment of the Council utilising the recent asset analysis undertaken by an engineering consultant and a Funding Assessment for Council. The commissioning of this analysis and reporting to Council should provide the foundation for future asset management planning that is critical for future programming to meet these outstanding infrastructure works. It is recommended that Council closely monitor this process and progress be regularly reported to ensure satisfactory completion. **(Recommendation 26)**

Capital works

As noted in the financial accounts, there has been a significant level of unexpended funds for capital works projects over the past two years and this is in the environment of identified infrastructure renewal and high maintenance demand. With the initiatives of Council to address these key resource needs, there should be an emphasis on programming these works to ensure that unexpended funds do not continue to be rolled over to the following financial year. Council could monitor these programs more effectively through improved reporting by the Manager Finance and Director Engineering Services. **(Recommendation 27)**

Register of assets

Currently Council records its assets in various formats and locations, which do not properly meet Best Practice. These include GIS, TAMS - Roads and Stormwater Drainage modules, Maintenance Management Systems (MMS) and Excel spreadsheets. The integration of these individual records into a composite format should be a high priority in the proposed consultancy commissioned by Council. **(Recommendation 28)**

Information and Communication Technology Strategic Plan

Council has not yet prepared an Information Management Strategic Plan, but is participating with the Mid North Coast Group of Councils in developing a template for all eight member councils. The plan will outline strategic initiatives for a five year period in the areas of Business Application systems, IT Infrastructure, Customer Service and Data Security and Integrity. This will enable new technology and new software solutions to be deployed at Council in a coordinated and controlled way and will also complement the Management Plan. The GIS group is conducting a similar exercise within the Alliance. Council should work to prepare its draft Information and Communication Technology Strategic Plan. **(Recommendation 29)**

4.4 Community and 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, and
- 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 of its community*
- *Social and community functions of council*
- *Annual reporting*
- *Cultural planning*
- *Principles of multiculturalism*
- *Reporting to the community and keeping the State government informed about its activities.*

Social and Community Plan

Council has undertaken an initiative to prepare a new Great Lakes Community Strategic Plan 2008-2020 to replace the current Social Plan 2001-2004. The ongoing development of this community plan has involved extensive public consultation, including twelve public workshops, which identified community priorities and a community survey. Council advised that this process is designed to comply with the current Social/Community Plan Guidelines, as well as the proposed Integrated Planning and Reporting Framework. The Strategic Plan will be based on balancing and integrating economic, environmental, social and governance implications.

No Council plans are currently linked to the existing social/community plan, however these activities are linked in the Management Plan. The new Plan proposes to draw from and inform plans from across Council and all organisations and agencies within the LGA. A Cultural plan, Youth Plan and Sustainability Plan are each being developed in conjunction with the new Strategic Plan. A Register of Plans and Strategies is also being collated to identify initiatives to be incorporated from other agencies and community organisations.

Both the current Social Plan 2001-2004 and a link to the development of the Great Lakes Community Plan can be accessed from the website.

Annual Report

Council's 2006/2007 Annual Report meets the legislative requirements and effectively reports on the level of information needed in this document. It was noted that the Performance Measures and Actual Performance within each of the Principal Activities were not written in a form that easily allows measurement of performance. This has been noted elsewhere and will be sourced from the Management Plan.

Cultural planning

Council is currently developing a Cultural Plan utilising the expertise of Arts Mid Coast on a consultancy basis to work with Council on the development of the plan, which will link with the Great Lakes Community Strategic Plan. The section 355 committee 'Great Lakes Arts Network' facilitates Council's arts and cultural roles and will play a major role in the finalisation of the Cultural Plan. In the absence of a Cultural Plan there is currently no cross-referencing of cultural elements with other Council plans, however this will be addressed during the development and implementation of the Community Strategic Plan. **(Recommendation 30)**

Ageing strategy

There is a clear recognition by all levels of government that the ageing of the Australian workforce and the needs of older persons require specific strategies to address this demand. Council has considered the current status of the ageing population and provided statistics indicating that it is ranked first across all councils across the State having the greatest number of persons (21.6%) aged 65+ in 2004, which is expected to remain so in 2022. Between 2004 - 2022 the population is expected to increase to 40,563. By 2022, persons aged 65+ are expected to increase by 64% and 85+ by 151%.

Council has undertaken a range of planning processes to address the needs of the ageing population in Great Lakes:

- Ageing and Disability Services (Home and Community Care) Action Plans
- Commissioning a report on 'Retirement and Aged Care industry in the Great Lakes: a review of challenges and opportunities'
- A 'Retirement and Aged Care Education and Training Working Group' has undertaken an 'Aged Care Industry Employer survey'
- Council engaged a Community Development Officer (Ageing) in early 2007 to collaborate with community organisations to develop strategies and respond to these challenges.
- Three staff participated in the LGA seminar on 'Planning for Population Ageing' at Kempsey in July 2007.

All of these initiatives are to be considered in the overall Community Strategic Plan, which will include an 'Ageing Community' module that can also be a stand alone plan to drive these ageing initiatives.

The impact on the demand for services, facilities and infrastructure will be significant and will impact across all areas of Council's operations.

The Local Government and Shires Associations has produced *Planning the Local Government Response to Ageing and Place* and it is intended to offer a framework for councils to begin to plan for the population ageing unique to each area by:

- providing information on what is happening with general population trends and access to population information on 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, to identify what roles they may need to change and when.

Guarantee of service

Council does not have a guarantee of service to assist in meeting its obligations to the community across all areas of the organisation. A guarantee of service should establish a clear set of service standards that the community can expect from Council and establish benchmarks against which its performance can be measured.

(Recommendation 31)

Tourism

Council has prepared a 10 year Tourism Strategic Plan covering the period 1997 to 2007; this has not been integrated with Council's other planning documents. The revised Tourism Strategic Plan 2008 - 2020 will be prepared in 2008 and integrated to the Great Lakes Community Strategic Plan.

Further, Council has prepared the 'Great Lakes Tourism Vision Plan', which was presented to the Tourist Advisory Committee; this sets out Council's tourism vision for the future.

Economic Development

Council has developed an Economic Development Plan, which was last reviewed in May 2006 by the Economic Development Committee with input from a private consultancy. Council has advised that it supports economic development with various activities including:

- assisting groups apply for grant funding
- providing advice to potential businesses commencing or relocating to town
- establishing home based businesses
- training and information workshops for small business operators
- liaising with government agencies with responsibility for Small Business and Regional development
- facilitating the development of a strategic plan to identify future needs to improve economic development such as employment land strategies and retail land strategies.

4.5 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*
- *Consultative committee processes*
- *Job descriptions and job evaluation*
- *Recruitment and selection processes*
- *Employee remuneration*
- *Staff development*
- *Grievance management*
- *Occupational health and safety*
- *Secondary employment.*

Overview of the organisation

Great Lakes Council has a total workforce of 324 (304 full-time equivalent staff). Of these employees, 61% are male with the majority of employees (82.5%) aged over 35 years. In addition, 17.6% of employees are aged over 55 years, which supports Council's intentions to develop strategies to deal with an ageing staff population.

(Recommendation 32)

The total salary and wages expenditure for 2006/2007 was \$12,963,000, which was a 7% increase (\$854,000) from the previous financial year's figure of \$12,109,000. This has arisen partly through renegotiation of individual salaries associated with a new referral agreement signed in May 2007, as well as increases in indirect labour costs within the workforce.

It is noted that the salary budget adopted in the Management Plan was \$9,683,000 against the actual expenditure of \$12,963,000. Council advised that it *'budgets separately for its indoor staff but all outdoor staff are costed to various jobs, projects etc. and the salary budget is incorporated into the budget for these jobs and projects and not for wages. As such its adopted salary budget in the Management Plan is not a total budget.'* It is recommended that in future, the salary and wages listed in the Management Plan be consistent with the total figure within the budget papers.

(Recommendation 33)

Council was of the opinion that it was captured by the Work Choices legislation and had commenced negotiations for a comprehensive Work Choice agreement for most staff but decided on a major strategy change away from the Work Choice framework. It signed both dispute and unfair dismissal agreements with the Unions to maintain a linkage to the State Industrial Relations System and agreed to implement the State Award general pay rise as well as honouring the requirements of an Enterprise Agreement that it had entered into in February 2006. This resulted in the United Services Union referring to Council as an employer of choice in the region.

Human resources strategy/plans and policies

Council has developed a Human Resources strategy, which was most recently reviewed in December 2007. It also noted the Management Plan contains the key human resources activities relating to effective policies and procedures. Policies and procedures can be accessed through Council's electronic data management system, DataWorks, the Employee handbook and through induction training.

Council meets its obligations under the Child Protection laws and lists criteria for Child Protection within a policy and procedures document and this area is under the responsibility of the Community Development Officer.

Succession Planning

Council has identified two (2) key management specialists who are likely to retire in the near future and has developed a proactive approach to meet the potential loss of

knowledge management and expertise. In particular the key position of Section 94 Coordinator has been identified and arrangements have been made to train a replacement officer to work beside the incumbent. This will provide a transition period for the new officer to reach an adequate level of competence and minimise potential loss of skill base in this critical operational area.

Council currently employs seven (7) apprentices and three (3) trainees in order to develop its workforce rather than rely on market forces, which have recently identified scarce resources in some areas of local government such as engineering, planning and technology.

Employee surveys

Council conducted a comprehensive employee survey in September 2007 and as a result of the responses identified the need for training in areas of governance such as fraud control throughout the organisation. There was also a concern over each specialist area working ‘in silos’ and management has acted to ensure a sharing of knowledge. **(Recommendation 34)**

Recruitment and selection

Council has a documented Recruitment and Selection policy and procedures, which cover the essential components of human resources practices such as recruitment approval, advertising, interview procedures and composition of selection committees. Council has developed job descriptions for the majority of positions and needs to finalise those remaining positions that do not have formal job description statements. **(Recommendation 35)**

Staff development

Council has developed a structured induction program for new staff based on the employee handbook and has developed a training program and budget to promote development opportunities for staff.

Consultative committee

Council has established a consultative committee under Clause 25a of the Local Government (State) Award to provide a forum for consultation between Council and its employees. The consultative committee, which met on three occasions during the year and consists of three management representatives and six staff delegates and includes Development and Environmental Planning Association (DEPA), Local Government Engineers Association (LGEA) and United Services Union (USU) delegates. In order to address the possible implications of Work Choices legislation, a Negotiating Committee was established and met on five occasions to consider Workplace Agreements.

Organisational Health and Safety

Council adopted its Occupational Health and Safety Policy on 1 July 2003 and this is promoted at inductions of new staff, through the provision of a Safety Manual, by the Safety Officer, during OH&S audits and by the committee. The committee meets bi monthly and during the past year has dealt with matters such as recent workplace incidents, plant purchases, workplace inspections and OH&S training requirements. Council conducts daily site job safety assessments, site safety management plans and specialist areas such as confined spaces, working near power lines or at heights.

Council adopted an Injury Management and Return to Work policy on 1 September 1994, which is communicated to staff through the induction program, displayed on notice boards and through the records system.

Workplace injury/time lost

In the previous year there were fifty-five (55) reported workplace injuries, which equated to 540 hours of lost productivity. Twenty-eight (28) workers' compensation claims were lodged in the same period. As these figures represent an increase over the previous year, Council should identify any further improvements that could act to reduce future workplace incidents. **(Recommendation 36)**

Secondary employment

Council has adopted a secondary employment policy and there is currently 35 staff that have been given approval by the General Manager for this purpose. The form that has been developed is designed for the applicant to clearly outline any potential conflict in undertaking any additional employment and there is sufficient space for the reasons for the decision to be documented.

Workforce planning

Workforce planning involves the determination of the current workforce skill mix and numbers to respond to the current demand for services needed to meet Council's strategic plan, as well as to project future community demands into a related workforce profile that aligns to the vision identified in its long term planning studies. This will necessitate identifying shortfalls in current skill mix and utilising Council's human resources strategy to train or recruit externally to attract qualified and experienced specialist staff to deliver these new services to the community. This further illustrates the urgency for Council to complete a Strategic Plan to guide its future workforce plan in alignment with its long term vision for the Shire.

Along with other local government bodies, Council is exposed to a number of current workforce issues, such as:

- the shortage of specialised skills in areas of high demand (planning, engineering, IT)
- an ageing workforce
- difficulty of attracting specialist staff
- changing priorities from both internal and external factors
- other employers and local councils competing for staff within the region
- above award payments from private sector employers.

It is imperative that with changing technology and work practices that Council's workforce is structured to deliver the services that are required by the community, as well as external demands from legislative and environmental pressures.

Management has not undertaken a comprehensive review of its workforce and assessment of changing demand for its services resulting from legislative and regulatory changes, new responsibilities, environmental impacts and local community demands. It is therefore necessary for Council to regularly determine and reassess how its workforce meets these changing demands, and to develop long-term strategies to respond to these demands in line with a new Strategic Plan that defines Council's future long term vision.

Council currently has no objective measurement of the skill mix and employment component that is required to most effectively respond to the current community demand on its services and importantly has not yet developed longer term employment strategies for this purpose.

Council should therefore develop a long-term workforce plan that is designed to ensure that Council's human resources needs are integrated into Council's strategic and operational priorities. (***Recommendation 37***)

5. SUMMARY – WHAT’S WORKING WELL & CHALLENGES

COUNCIL’S PRIORITIES AND FOCUS

What is working well

- Development of vision and mission statement.
- Established five key corporate objectives to drive outcomes.
- Strategic alliances to share resources and drive common goals.

Challenges to improve

- Review the ten year Strategic Plan to include the impact of new key strategies of community development, financial sustainability and infrastructure development.
- Establish a set of organisational values through consultation with key stakeholders.

GOVERNANCE

What is working well

- Action by senior management to identify, implement and monitor new systems.
- Appointment of Manager, Corporate Governance to oversee governance responsibilities.

Challenges to improve

- Develop a comprehensive risk assessment plan to identify and manage risk exposures.
- Develop a fraud and corruption plan to minimise fraudulent activity.
- Prepare a three year internal audit plan.

REGULATORY

What is working well

- Land use studies to provide a long term strategic framework.
- Review of DCP and LEP amendments.

Challenges to improve

- Prepare a formal enforcement and prosecutions policy.
- Resolve the S94 contributions financial status and apply ongoing compliance.

ASSET AND FINANCIAL MANAGEMENT

What is working well

- Council has commissioned a report to assess the status of infrastructure and financial sustainability.
- Rate variations were approved to assist in infrastructure funding.

Challenges to improve

- Refine the long term (10 year) financial model with accurate asset values.
- Ensure capital works expenditure is fully utilised in the current financial year.
- Prepare an Information and Communication Technology Plan.
- Finalising an Asset Management System to identify long term asset liability.

COMMUNITY, COMMUNICATION AND CONSULTATION

What is working well

- Development of the draft Great Lakes Community Strategic Plan.
- Development of a draft Economic Development Strategy 2007- 2010.
- Council meetings encourage public representation to ensure issues are brought to councillors' attention.

Challenges to improve

- Develop an ageing strategy to plan for the specific needs of the community.
- Prepare a guarantee of service and monitor customer service standards.

WORKPLACE RELATIONS

What is working well

- Completion of an Enterprise agreement with the unions with agreed salary increases.
- Retention of long term staff and development of knowledge within the organisation.

Challenges to improve

- Develop a long term workforce plan and integrate into Council's strategic priorities.
- Address the impacts of an ageing workforce.

6. COUNCIL'S RESPONSE



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15 December 2008

Dear Mr Payne

Re: Promoting Better Practice Review - Draft Report

Thank you for the opportunity to respond to the draft Promoting Better Practice Review Report received by Council on 24 November 2008.

Councillors have been made aware of the receipt of the draft report and have delegated authority to myself to respond on its behalf. Council will formally address the report and develop responses and/or timeframes for the implementation of recommendations when the final report is received for tabling.

In general Council is satisfied with the draft report and its recommendations acknowledging that the areas identified in the recommendations offer Council the opportunity to improve its practices. The conduct of the review by Mr Ian Melville from the Internal Audit Bureau was professional and allowed for discussion of issues as they arose. Overall Council's participation in the Promoting Better Practice Review Program was a positive experience which will allow it to improve its planning, systems and processes which will benefit, in turn, the Great Lakes community.

With regard to the body of the report there are some areas where Council believes that some clarification or correction of information/phrasing is required to accurately reflect the situation within the organisation. These matters are listed below.

Issues for Consideration:
Page 10 - The second paragraph makes reference to a population for the Great Lakes area of 32,766 at the 2006 census while page 38 (last paragraph) makes reference to a 2004 population of 33,942. Given that differences do occur with census population figures due to different calculation or estimation bases this discrepancy may be correct however the figures should be checked against their sources to confirm their accuracy.

The median age is also quoted as being 50 on page 10 but is indicated to be 43 on page 13. This discrepancy should be clarified and corrected.

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Page 15 - The corporate objectives shown as 'corporate management' and 'community well being' should be amended to correctly reflect Council's corporate objectives of 'corporate governance' and 'community and social well being'.

Page 21 - The last paragraph refers to ordinary Council meetings being held on the second Tuesday of the month. Ordinary Council meetings are held on the fourth Tuesday of the month.

Page 26 - The 'Great Lakes Rural Living Strategy (2004)' should be shown as a separate dot point after the 'Tea Gardens/Hawks Nest Housing Strategy (2006)'.

Page 26 - The sentence in the third paragraph commencing "Council advised that it does have a formal program ..." should be amended to include reference to the LEP as follows: "Council advised that it does have a formal program for review and updating its principal LEP, DCP's and other planning policies, however....".

It should also be noted that Council is in the process of reviewing its LEP in accordance with the State Government requirements with a completion by March 2009. Council is also consolidating its DCP's into a single document as required by the Department of Planning.

Page 27 - The first two paragraphs under the heading 'Development Assessment' require amendment to correctly reflect Council's practices. They should read as follows;

"Council figures confirm that staff within the Development Assessment Branch determine ninety-seven (97) percent of development applications under delegated authority. Criteria has been developed to identify those DA's that need to be referred to Council for determination. Council advised that the development application process has been the subject of a continuous improvement review since 2003 under the Great Lakes Improvement Program (GLIP), with three stages of the process having been undertaken as at the date of this report.

Council's Development Control Unit (DCU) meets weekly and includes the Director Planning & Environmental Services, two senior managers from the Planning Assessment and Building Assessment areas, the Director Engineering Services (or nominee), with the Mayor or his/her delegate also as a member. The DCU may also refer matters to Council for determination if considered necessary (mandatory if consensus on any decision is not reached). Individual Councillors may initiate referral of any DCU matter to Council by formally requesting withdrawal of any matter listed for the DCU's consideration within a given timeframe. A monthly report is prepared to advise Council of all determinations made under delegated authority."

Page 29 - (Recommendation 18) shown in italics should also be shown in bold.

Page 31 - The report states that "under the Companion Animals Act 1998, Council is required to prepare a Companion Animals Management Plan...". In this regard Council is not aware of any legislative requirement to prepare this Plan, but does acknowledge that it is certainly considered best practice to adopt a Companion Animals Management Plan and is therefore happy to work towards the development of same.

Page 32 - The second sentence of the third paragraph refers to a significant outstanding amount in relation to Council's rates and annual charges outstanding percentage. Council agrees that the amount outstanding could be more effectively utilised if collected, however does not agree with the use of the term 'significant' in relation to this amount given that the percentage outstanding has consistently been below the Category average for Category 4 councils as shown in the Department's Comparative Information Publication.

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Page 34 - The sentence commencing "Council's annual maintenance budget.." gives the impression that Council has not spent its maintenance budget during 2006/2007. Council believes that the word 'underspent' should be replaced with 'under-funded' as this more accurately reflects the situation whereby Council has insufficient revenue available for program maintenance works compared with the level of funding required to meet the estimated annual maintenance expense. 'Under-expenditure' in the following sentence should also be replaced with 'under-funding' for the same reasons.

Page 35 - Council believes that the phrase "significant under expenditure of capital works" in the first sentence of the last paragraph should be replaced with the phrase "significant level of unexpended funds for capital works projects".

Page 35 - The last sentence should be amended to read "Council could monitor these programs more effectively through improved reporting by the Manager Finance and Director Engineering Services." This is recommended as Council does not have a Works Committee.

Page 37 - The last sentence of the second paragraph should have the words "and governance" included after the word "social" and before the word "implications". The current direction of the new Strategic Plan is to incorporate quadruple bottom line considerations and as such governance should be included

Page 38 - The sentence commencing "In the absence of a...." in the Cultural Planning paragraph is confusing in its intent. Council considers that the following sentence accurately reflects its position: "In the absence of a Cultural Plan there is currently no cross-referencing of cultural elements with other Council plans, however this will be addressed during the development and implementation of the Community Strategic Plan."

Page 41 - The word "confirms" in the second sentence of the paragraph headed Overview of the Organisation should be replaced with a word such as "supports".

Page 42 - Council agrees with the recommendation but requests that the last sentence of the first paragraph should be amended to delete the phrase "that this current action be resolved and" which follows the word "recommended".

Page 42 - Council suggests that the second paragraph should be rewritten as follows:

"Council was of the opinion that it was captured by the Work Choices legislation and had commenced negotiations for a comprehensive Work Choice agreement for most staff but decided on a major strategy change away from the Work Choice framework. It signed both dispute and unfair dismissal agreements with the Unions to maintain a linkage to the State Industrial Relations System and agreed to implement the State Award general pay rise as well as honouring the requirements of an Enterprise Agreement that it had entered into in February 2006. This resulted in the United Services Union referring to Council as an employer of choice in the region."

Page 43 - The second sentence of the paragraph headed Consultative Committee should be amended to accurately reflect the makeup of this committee. The following "that include Development and Environmental Planning Association (DEPA), Local Government Engineers Association (LGEA) and United Services Union (USU) delegates." should replace the balance of the sentence after the word "delegates".

Page 44 - Council suggests that the first sentence of the paragraph Organisational Health and Safety should be rewritten as follows to improve its readability: " Council adopted its Occupational Health and Safety Policy on 1 July 2003 and this is promoted at inductions of

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new staff, through the provision of a Safety Manual, by the Safety Officer, during OH&S audits and by the committee."

Page 44 - Secondary employment - The Manager Human Resources has advised that there are in fact 35 staff approved for secondary employment not 4 as indicated in the draft report.

Once again I thank you for the opportunity to comment on the draft Report prior to its release and encourage you to consider Council's feedback. Please feel free to contact me should you wish to discuss any aspect of this response.

Yours faithfully



KEITH O'LEARY
General Manager

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