

challenges improvement innovation good governance

**Local Government Reform Program -  
Promoting Better Practice**

## **REVIEW REPORT**

**PORT STEPHENS COUNCIL**

**AUGUST 2005**



**dlg Department of Local Government**

## TABLE OF CONTENTS

<b>1. ABOUT THE REVIEW</b> .....	3
<b>2. EXECUTIVE SUMMARY</b> .....	6
<b>3. RECOMMENDATIONS</b> .....	9
<b>4. CONTEXT</b> .....	15
<b>5. COUNCIL’S DIRECTIONS, PRIORITIES AND FUTURE FOCUS</b> .....	16
<b>6. DELIVERING AND ACHIEVING</b> .....	20
6.1 Governance .....	20
6.2 Regulatory Functions .....	29
6.3 Asset and Financial Management.....	34
6.4 Community and Consultation .....	39
6.5 Workplace Relations .....	46

## 1. ABOUT THE REVIEW

### Review objectives

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

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

### Review process

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

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

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

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

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

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

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

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

### **Port Stephens Council Review**

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

Senior Investigations Officers Paul Terrett and Caroline Egberts comprised the review team, which conducted an on-site review of council from 5 April 2005 to 8 April 2005.

The review was based on council's response to the self-assessment of its corporate arrangements and capacity. This assessment asked council to respond to four critical questions of its capacity to improve:

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

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

The on-site review consisted of:

- briefing and interviewing council's senior staff
- conducting interviews with staff holding various positions within council
- attending a councillor briefing session and council committee meeting
- various site visits such as the Belmont Kennels, Nelson Bay depot, Nelson Bay Library and Community Centre and the Bedminster Waste Composting Facility.
- review of a number of council's policies and other documents.

## 2. EXECUTIVE SUMMARY

Port Stephens Council has shown that it is a well-managed authority. It enjoys good resident and employee satisfaction and is actively pursuing continuous improvement. Council has strong and positive links with the local community it serves. It works well with a wide range of partners both at the local and broader Hunter regional level.

The council has set the foundations for a strong strategic approach to its future needs. There is a mature approach by both council management and elected officials to decision-making. Despite different political views among its councillors, there is a shared vision for a better Port Stephens council area. Councillors work together to achieve this goal.

Council is characterised by a culture that strives to be effective. Senior management and councillors appear to be committed to developing and realising a strategic direction for the organisation.

Five years ago, to develop an integrated planning model for council and the Port Stephens local government area, council started using the Business Excellence Framework. The model includes a long-term strategic vision and plan, high level community and organisational strategies, the annual management plan and budget, business plans, team plans and individual work plans

A key aspect of the introduction of the model is the identification and refining of its core business activities. However, council needs to consider change management processes and the development of strategies to support any re-defined core business activities.

Council's evolving integrated planning model and processes should be underpinned by financial modelling. This financial planning should identify alternative sources of revenue, a long-term rates strategy, and the establishment of reserves for capital works, land acquisition and anticipated demand for community facilities.

Council aligns its strategic directions with its identified goals. However, it appeared to the review team that council is involved in quite a number of projects and activities to meet these goals. Many projects are works in progress.

Senior management has acknowledged the need to “put some things on the stop doing list”. This is crucial to the successful achievement of its goals. Improved prioritisation of projects and activities is also essential.

Current progress is monitored against priorities and documented in quarterly financial reports. Accordingly, this monitoring should be used to move finances to continuously align with changing business priorities.

Council commenced developing high level performance indicators to measure its progress in achieving social, economic and environmental sustainability. These do not, however, appear to be applied consistently. Council needs to adopt clear performance indicators, particularly in its areas of service delivery, to ensure a best value approach to services is developed across all areas of the council’s operations.

The council is mindful of its responsibility as trustee of public assets. However, it needs to develop a comprehensive asset management plan. This will allow council to assess, evaluate, maintain and replace assets proactively.

Overall, Port Stephens Council has a strong community service focus. The council understands its community and has comprehensive community services and activities to meet community needs. We noted, however, that council has not fully acknowledged the impact of a rapidly ageing population in the area. As a matter of priority, council needs to review and build upon its current plans and policies to develop an integrated approach to respond effectively to this very real challenge.

Similarly, the council faces a future challenge with an ageing workforce. Succession plans have been included in the plans of various work groups. However, council needs to develop a workforce plan to identify specific changes that may occur in workload in particular work groups and determine strategies for the acquisition and transfer of skills.

In summary, councillors and senior management are leading a positive and vigorous change process to more strategically address the future needs for the Port Stephens Council area. The pace and volume of change needs to be monitored and managed at a level that ensures priority tasks can be achieved.

### 3. RECOMMENDATIONS

#### *Strategic*

1. Council should continue to use the Business Excellence Program to review and implement its corporate planning model to better integrate its 30 year plan, management plan and other planning processes and strategies.
2. Council's reporting processes should also be clearly set out in the model to better link the measurement of progress against stated objectives and priorities.
3. As a matter of priority, council should prepare a long-term financial plan and asset management plan. These should be part of council's evolving corporate planning model.
4. Council's induction training program for councillors should be expanded to include material about:
  - Customer service and complaints handling
  - The legal and political context of local government (including a familiarisation with the relationships between the three tiers of government)
  - The ethical responsibilities of an elected member
  - Teamwork skills (including conflict resolution)
  - The relationship between financial processes and other planning processes
5. The performance indicators set out in the draft Port Stephens Sustainability Indicators 2003 to measure council's progress in achieving social, economic and environmental sustainability should be built upon and become part of council's evolving corporate planning model.

6. Council should monitor and manage the pace and volume of organisational change using change management principles to ensure that priority tasks can still be achieved.
7. Council should review its Access and Equity Activity Statement contained in its draft Council Plan 2005-2008 to comply with the Social and Community Planning Guidelines (section C2) and Manual (section C1). This statement should also be linked to council's budget and reporting cycle.
8. Council should use its next Employee Attitude Survey to monitor staff attitudes in relation to staff participation in management planning and communication. If the dissatisfaction level remains significant, council should review and modify its current staff participation and communication processes.

#### *Governance*

9. Council should provide information to councillors and designated staff on the completion of disclosure of pecuniary interest returns to ensure they are completed accurately and in a timely way. *(Suggestion: Refer to the department's circular 04/16: Pecuniary Interest Returns)*
10. Council should develop a statement of business ethics to communicate both internally and externally the ethical standards that council abides by and expects others to abide by in doing business with council. *(Suggestion: Refer to the ICAC publication: Developing a statement of business ethics)*
11. Council should conduct routine fraud risk assessments as part of its risk management responsibilities.
12. Council should conduct routine risk assessments of council's procurement and disposal activities.

13. Council should develop a comprehensive disposal policy for its assets.
14. Council should develop an internal reporting procedure to assist staff wishing to make disclosures under the Protected Disclosures Act 1994. (*Suggestion: Refer to NSW Ombudsman publication: Protected Disclosures Guidelines*)
15. Council should continue to review its IT strategic plan. The plan should include means of assessing value for money measures relating to council's investment in IT.
16. Council should incorporate, or link, the management of its information and communications technology assets with its asset management plan.
17. Council should review its code of conduct in line with recent amendments to the Local Government Act, which provide for a mandatory the Model Code of Conduct for Local Councils in NSW. Council should also establish a conduct committee, appoint at least one independent person to the committee, and develop procedures to guide the operations of the committee.
18. Council's Governance Panel should be extended to oversee other internal audit functions.
19. Council should ensure that complaints and customer requests are separately identified so that trends can be identified and monitored.

### *Regulatory*

20. Council should continue to develop and implement strategies to reduce development application processing time.
21. Council should consider putting a strategic planner on the development assessment panel.

22. Council should provide elected representatives with detailed reports on at least a quarterly basis showing a breakdown of legal expenses including the cost of using external consultants in defending cases.
23. Council should conduct further public education programs/campaigns regarding what is required for new developments to comply with BASIX.
24. Council should use its draft social plan and the results of community surveys to determine current community needs and develop options to expend unspent section 94 funds in ways that are consistent with the identified needs of the community and requirements of the section 94 plan.
25. Council should review its 1998 Port Stephens Companion Animals Management Plan to ensure that the plan is working and responds to any changes in the local environment over the last seven years.
26. Council should develop a swimming pool awareness program in accordance with the Swimming Pool Act 1992 and Department of Local Government Circulars 04/13, 04/12 and 03/34.

#### *Asset and financial management*

27. Council should complete the development of its long-term financial plan in conjunction with its strategic planning processes, taking into account the following considerations:
  - a. alternative sources of revenue
  - b. long term rates strategy (rating structure, special variations etc)
  - c. long term borrowing needs and debt service ratio
  - d. investment strategies
  - e. the alignment of its long-term financial plan with other strategic directions such as 2030, asset management, social and strategic plans
  - f. long-term plans for capital works, land acquisition and anticipated demand for community facilities
  - g. reserves and section 94 contributions

- h. asset management plan
- i. ward funds

28. Council needs to review its rating structure as part of its long-term financial planning process.
29. Council should link its current review of section 94 contributions plans to its capital works program and long term financial and asset management plans.
30. Council should continue to develop a comprehensive asset management plan which includes the rationalisation of assets and a maintenance program.
31. Council is encouraged to continue in its process of linking:
- Inventory collection – frequency, condition assessments
  - Service levels – internal and external, maintenance plans
  - Risk assessment – public liability and risk
  - Asset life – future demand analysis, deterioration and depreciation
  - Sustainability gap.
32. Council should review the current ward funding policy and is encouraged to either remove or significantly limit the allocation of funds.

*Community, communication and consultation*

33. Council should (building upon its Social Plan, Seniors Living DCP and draft Seniors Living Policy) consider ways to raise the awareness across council about Port Stephens' ageing population and other social justice groups covered in its social plan.
34. Building upon strategies in its Social Plan, Seniors Living DCP and draft Seniors Living Policy, council should prepare a five-year plan, which meets current and future needs for older people.

35. Council should determine priority Access and Equity activities on an annual basis to be incorporated in council's management plan and budget, the business plans of each section and the work plans of individual officers.
36. Progress on the aged services and facilities plan and the social plan should be reported to council on a quarterly basis via performance appraisal and management plan reports as well as annually in council's annual report
37. Council's volunteer policy and guidelines for its section 355(c) and precinct committees should be aligned with the review and adoption of its new code of conduct.
38. Council should proceed with an audit and review of community facilities and section 355 committees with a view to identifying appropriate opportunities for co-location and/or rationalisation.

#### *Workplace relations*

39. Council should investigate its level of expenditure on overtime and, if necessary, develop strategies to reduce the amount.
40. Council should update its EEO management plan and better integrate it with council's management plan. Data collection to support the measurement of performance indicators in the revised plan should also be commenced.
41. Council should develop a workforce strategy to address its future employment needs, particularly in relation to the age of its workforce and current and anticipated skills shortage.

## 4 CONTEXT

Port Stephens is located on the east coast of New South Wales, 200km north of Sydney. Port Stephens extends north to Karuah, west to Duns Creek, east to Shoal Bay and south east to Fern Bay and Hexham. The area contains prime agricultural land, natural ecosystems and diverse species of wildlife. The LGA has a substantial estuary system, with a surface area of over 100 square kilometres.

The most easterly peninsula, 'Tomaree', is characterised by waterways, spectacular scenery, national parks and abundant wildlife. Port Stephens is a popular tourist destination. Stockton Beach sand dunes extend 32km south from the Tomaree Peninsula to the mouth of the Hunter River at Newcastle. The Pacific Highway provides a gateway to Port Stephens, passing through the main township of Raymond Terrace (where council's Administration Centre is located). To the west lies the rural hinterland.

The total area of Port Stephens Council is 858 square kilometres. It has a total Local Government Area population of 60,098 as at 30 June 2002, representing an increase of 2.28% in the past 5 years.

Economic activity is varied with agribusiness, tourism, property development and small business prominent. The major employers include Tomago Aluminium, Williamstown RAAF Base and employers in the Newcastle Airport precinct.

Port Stephens Council is one of the 12 councils in the Hunter Region of Councils. In 2002-2003 council determined 2,091 development applications.

Port Stephens had an operating deficit of \$477,000 in 2003-2004 compared to a deficit of \$7,624,000 in the previous year. Council continues to implement long term financial strategies to further improve its financial position.

The council has a total of 12 councillors, representing three (3) wards. At the March 2004 council elections, 6 new councillors were elected.

## 5 COUNCIL'S DIRECTIONS, PRIORITIES AND FUTURE FOCUS

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

### *What is working well*

Council adopted a "30 Year Plan for Port Stephens" in 1995, which set the foundations for a strong strategic approach to its future needs. The key goal is to achieve sustainability by enhancing well being, the economy and the environment. The plan is currently under review.

Council aligns its strategic directions with its identified goals and business activities. Progress in relation to meeting its priorities is monitored through its quarterly management plan reporting and quarterly financial reports.

To develop an integrated planning model for council and the Port Stephens local government area, council started using the Business Excellence Framework approximately five years ago. The model includes a long-term strategic vision and plan, high level community and organisational strategies, the annual management plan and budget, business plans, team plans and individual work plans

The Framework promotes innovation, improvement and long-term success. The Framework is an integrated leadership and management system that describes the essential features, characteristics and approaches of organisational systems that promote sustainable, excellent performance. It assists organisations to measure current performance and build a pathway to long-term success.

Councillors and senior management have been actively involved in training around the Framework. A further 60 staff were undertaking two days training during the review team’s visit.

Councillors and senior management are committed to applying the Principles of Business Excellence, integrated categories and items of the Framework and are confident that it can guide council’s improvement and success (see table 1 and figure 1).

**Table 1**

The 12 Principles of Business Excellence	
<b>1. Clear Direction</b>	Clear direction allows organisational alignment and a focus on the achievement of goals
<b>2. Agreed Plans</b>	Mutually agreed plans translate organisational direction into actions
<b>3. Customer Focus</b>	Understanding what clients value, now and in the future, influences organisational direction, strategy and action
<b>4. Improve Processes</b>	To improve the outcome, improve the system and its associated processes
<b>5. Involve People</b>	The potential of an organisation is realised through its people’s enthusiasm, resourfulness and participation
<b>6. Continual Learning</b>	Continual improvement and innovation depend on continual learning
<b>7. Systems Thinking</b>	All people work in a system; outcomes are improved when people work on the system
<b>8. Use Data Effectively</b>	Effective use of facts, data and knowledge leads to improved decisions
<b>9. Understand Variation</b>	All systems and processes exhibit variability, which impacts on predictability and performance
<b>10. Community Impact</b>	Organisations provide value to the community through their actions to ensure a clean, safe, fair and prosperous society
<b>11. Stakeholders Value</b>	Sustainability is determined by an organisation’s ability to create and deliver value for all stakeholders
<b>12. Role-model Leadership</b>	Senior leadership’s constant role-modelling of these principles and their creation of a supportive environment to live these principles, are necessary for the organisation to reach its true potential

Source: Australian Business Excellence Framework, Sai-global consulting at <http://www.sai-global.com/ABEF/PROJECTS/BRAWARDS/BUSINESS%20FRAMEWORK/ABEFHOME/ABEFBRAWARDS-BUSINESSFRAMEWORK-ABEFHOME.HTM#TOP>

**Figure 1: The Categories and Items of the Framework**



The framework also encourages the use of multi-disciplinary focus or project teams. There are clear examples of the different divisions of council working together on issues.

### ***Challenges to improve***

While council has elements of a good strategic focus, what is lacking is a sense that council has a commitment to its 30 year plan reflected in and integrated through each of council's operational areas. The linkages between council's 30 year plan and management plan are not clearly evident.

Council does not have a long-term financial strategy or an asset management plan to complement these plans.

It is suggested that council continue to use the Business Excellence Program to review and implement its corporate planning model to better integrate its 30 year plan, management plan and other planning processes. *(Recommendation 1)*

Council's reporting processes should also be clearly set out in the model to better link the measurement of progress against stated objectives and priorities. *(Recommendation 2)*

A long-term financial strategy and an asset management plan linked to the corporate planning model should be prepared as a matter of priority. *(Recommendation 3)*

It is acknowledged that council has been involved in a vigorous process of change and continuous improvement. However, the review team noted that council is involved in a very high number of projects and activities to meet its identified goals.

The majority of projects appear to be “works in progress” or to have reached a certain point then stalled. For example, the Port Stephens Sustainability Indicators 2003 report provides a very good base for the development of meaningful and integrated performance indicators to measure council’s progress in achieving social, economic and environmental sustainability. But this appears not to have moved forward. The review team suggests that this document be reviewed and integrated with the review of Port Stephens’ 30 year plan and the next management plan. *(Recommendation 4)*

Members of the senior management team acknowledged the need to “put some things on the stop doing list”. This is only part of the equation. Improved priority setting and project management are also essential.

The pace and volume of change also needs to be monitored and managed at a level that ensures priority projects are completed and implemented. Finally, progress should be measured regularly and successes should be celebrated. *(Recommendation 5)*

## 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 matched to priorities; performance information; risk managed appropriately; openness to external challenge.

### **Overview**

There is a cooperative working relationship between staff and councillors at Port Stephens. Councillors attend regular briefing sessions to assist them to understand their role and keep them informed of current issues. In addition to this, the Mayor and General Manager meet on a weekly basis.

The Mayor has identified the importance of "getting the culture of the organisation right". He illustrated this by the open way that councillors interact with each other and noted that decision making processes are inclusive. Council has a mature approach to decision making, which is commendable.

### **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
- Role of councillors
- Strategic alliances
- Monitoring and review

### ***What is working well***

#### *Roles and responsibilities of councillors and staff*

Councillors and council staff appear to have a clear understanding of their respective roles within council. In interview, the mayor and general manager clearly indicated an understanding of the delineation between the role of the councillors in policy development and the need for day-to-day management responsibilities of council to remain with the general manager.

The review team was impressed by the professional approach demonstrated by council's senior staff management team and the apparent willingness of both staff and the elected body to work together in the interest of the council.

#### *Induction training for councillors*

New councillors require induction training to equip them with the skills required to properly carry out their duties and allow them to be effective members of council's elected body. To assist councillors in achieving these goals, councillor induction training should familiarise councillors with the activities and functions of their council and the legislative framework in which they operate. The program should also ensure that councillors are made aware of their general legal responsibilities as an elected member and their obligations of disclosure under the pecuniary interest provisions of the Local Government Act.

Port Stephens Council provided its elected representatives with a detailed induction manual (last updated in 2004) and is delivering a 12-month induction training program. The program is generally well balanced and consists of a series of briefings, training sessions and site visits to supplement the manual. The briefings have covered a range of issues from the strategic to operational such as:

- The roles and responsibilities of councillors and staff
- An overview of the organisation
- Decision making (including meeting procedures)
- General Manager's performance contract
- The key functional areas of council operations
- The legal framework

To provide new councillors with a more complete range of skills, council should also look at providing training and guidance to councillors in the following areas:

- Customer service and complaints handling
- The legal and political context of local government (including a familiarisation with the relationships between the three tiers of government)
- The ethical responsibilities of an elected member
- Teamwork skills (including conflict resolution)
- The relationship between financial processes and other planning processes  
(*Recommendation 6*)

#### *Councillor expenses and facilities policy*

A policy on the payment of expenses and provision of facilities to the mayor, deputy mayor and councillors is a requirement under section 252 of the Local Government Act. Council's policy was reviewed in March 2004. It is a clearly written policy that covers key topics including the issue of legal assistance for councillors and complies with the department's circular 04/60.

#### *Planning and reporting*

Each year council is required to prepare a draft management plan with respect to its activities for at least the next 3 years and its revenue policy for the next year.

Sections 403 and 404 of the Local Government Act 1993 and the Local Government (General) Regulation 1999 require certain particulars to be included in council's draft management plan. The draft management plan is to be exhibited in accordance with section 405 of the Act.

Section 428 (1) of the Act requires councils to prepare a report within five (5) months of end of each year as to its achievements with respect to the objectives and performance targets set out in its management plan for that year. Matters to be included are set in section 428 (1).

The review team examined council's draft management plan for 2005-2008. The draft plan is generally in accordance with the Local Government Act and Regulations. Council is planning some innovative activities for the public exhibition of the plan to seek greater community feedback (see section 6.4).

Council's annual report 2003-2004 also meets the legislative requirement. The annual report is well presented and easy to read.

#### *Working with other councils*

Hunter Councils is a cooperative organisation wholly owned by its members, the twelve (12) local government authorities of the Hunter. The organisation facilitates resource sharing amongst members and specialist services to its members and to government departments, agencies and commercial enterprises.

Specialist services are available in the areas of learning and development, regional procurement, data management and records storage. Financial benefit gained from these endeavours is returned to the community through cost savings and increased services.

Council also has a strong partnership with its neighbour, Newcastle City Council in relation to the operation of Newcastle Airport. This alliance is providing for the infrastructure needs of the region as well as an alternative sources of income.

#### *Policy register and intranet*

Council has adopted a standard and clear format for policies that identifies who is responsible for the policy, the date it was adopted, the date for review and any related policies or other documents.

The intranet is well presented, easy to access and covers a comprehensive range of information.

### ***Challenges to improve***

#### *Integrated planning and reporting*

The Department of Local Government's vision is to foster a strong and sustainable local government sector that meets changing community needs. We provide the policy and legislative framework to local government in NSW so that councils are able to deliver quality services to their communities.

To this end, a major corporate priority for 2005 and beyond is to work with councils to better integrate their planning, service delivery and reporting. A paper about this work will be sent to all councils later this year.

Port Stephens Council is reviewing its corporate planning model to better link planning activities. We suggest that the model also include reporting processes to measure progress against objectives.

It is worth noting that various planning processes such as land use planning, social planning and transport planning have been co-located in the community planning section. Council is encouraged to continue to explore the synergies between these areas to plan and provide services in a more holistic way.

The Local Government (General) Regulation 1999 requires all councils to include a statement of the particulars of activities across council it will undertake during the period covered by the management plan.

The Social and Community Planning Guidelines (section C2) and Manual (section C1) detail what an Access and Equity Activity Statement must include. This statement in effect outlines what council will achieve and should be linked to council's budget and reporting cycle. (*Recommendation 7*)

The social planning material and Access and Equity Statement in the draft council management plan 2005-2008 consists largely of broad high level commitments rather than measurable activities. Detailed strategies and activities for all of the social justice groups are contained in the social plan.

#### *Opportunities for employee participation and communication*

In response to council's 2003 Employee Attitude Survey, fifty three percent (53%) of staff believed that they did not have the opportunity to participate in the development of council's management plan and budget. Thirty five (35%) felt management did not keep them up to date on important happenings.

Council should monitor the responses in these areas arising from the next staff survey. If significant numbers of staff continue to feel excluded from the management planning process and dissatisfied with communication from management, council should review and modify its current staff participation and communication processes. (*Recommendation 8*)

#### *Pecuniary Interest*

The Local Government Act sets out the parameters which must be adhered to when councillors and staff have a conflict between their public duty and private interests that constitutes a pecuniary interest. The Act requires that councillors and designated staff complete and lodge disclosure of pecuniary interest returns. It is important that councillors and staff observe these requirements. To not do so has the potential to seriously undermine the community's confidence in the integrity of local government and the decision-making processes.

Port Stephens Council has a large number of pecuniary interest returns (over 70). We conducted a review of a random sample of pecuniary interest returns. This identified some deficiencies. For example, some returns were lodged late and some returns did not include addresses for employers. The standard of the returns varied.

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

Some staff indicated that they did not receive any instruction on how to complete the return. It is important that councillors and staff who are identified as designated persons complete the pecuniary interest returns accurately and in a timely way. Council should use the information provided in the department's circular 04/16 to prepare information for staff and councillors to assist them in completing their returns. *(Recommendation 9)*

#### *Statement of business ethics*

Council has business relationships with the private sector but does not have a statement of business ethics to guide these relationships. This is important because strong working relationships with the private sector are an essential part of building an efficient and cost-effective public sector. A statement of business ethics can be an excellent tool for raising private sector awareness of public sector values. *(Recommendation 10)*

#### *Risk management and internal control*

A risk management plan provides council with a framework to proactively identify and manage generic and specific risks so that council is able to better ensure it can realise its strategic and operational objectives.

Council does not have an overall plan to guide its risk management activities. It has not carried out a fraud risk assessment or a risk assessment of council's procurement and disposal activities. Council has, however, prepared an internal operational procurement guideline to assist its work in this area. *(Recommendations 11, 12 and 13)*

Council does not have an internal reporting policy to assist staff with disclosures under the Protected Disclosures Act 1994. Mention of this policy is made in council's code of conduct. However the policy on reporting corruption, maladministration and serious and substantial waste could not be located. *(Recommendation 14)*

Council is in the process of reviewing its IT strategic plan. We encourage and support the development of an updated IT strategic plan. Council should consider

developing a mechanism whereby it can assess the value for money that it gets from its investment in IT.

In addition, council should incorporate, or link, the management of its information and communications technology assets with its asset management plan. *(Recommendations 15 and 16)*

#### *Code of conduct*

Section 440 of the Act requires that every council must adopt a code of conduct to be observed by councillors, members of staff and delegates of council. Section 440(3) requires a council to review its code of conduct within 12 months after each ordinary election.

Council adopted its code of conduct in 1997. Council will need to review its code of conduct in line with recent amendments to the Local Government Act, which provide for a mandatory the Model Code of Conduct for Local Councils in NSW issued by the Department of Local Government in January 2005. The code also requires the establishment of a conduct committee. Council will also need to appoint at least one independent person to its conduct committee, and develop some operating procedures to guide the work of the committee. *(Recommendation 17)*

Council has a Governance Panel, which is guided by a protocol that was adopted in January 2004. The focus of the panel is in three main areas -: general oversight of legal proceedings, tender review and ethics function. The panel is not a decision making body, but formulates recommendations for council to consider. The panel could be extended to oversee other internal audit functions and provide direction on the council's internal audit operations. *(Recommendation 18)*

#### *Complaints handling*

An effective complaint handling system is an essential part of the provision of quality council services. It is one method of measuring customer satisfaction to provide a useful source of information and feedback for improving the council's service. The council is complimented for having service standards by which the community can judge the council's customer service performance.

The review team noted the following concerns with council's present complaints handling system:

- There are no performance targets in relation to turnaround times for responding to complaints;
- The reporting of complaints to management and council does not include evidence of recommendations for changes to relevant council procedures or policies that are the subject of the complaint (where warranted);
- Council's complaints handling policy (or details of the complaints handling system) are not readily available to members of the public.

Council should modify its complaints handling system to reflect the best practice in this area (and also addresses the concerns canvassed above). Council should consider utilising the following resources to achieve this goal: The NSW Ombudsman: Complaint Handlers' Toolkit (2004) and the Department of Local Government: Practice Note No. 9 Complaint Handling in Councils (1995). (*Recommendation 19*)

## 6.2 Regulatory Functions

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

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

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

### ***What is working well***

#### *Determination of development applications*

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

Council has been adversely effected by a staff shortages in the planning area, which has resulted in the average processing time for a development application last financial year to grow to 83 days, up from 73 days in 2003 – 2004. Extra funding has now been set aside to boost staffing during workload peaks. Nevertheless, council should develop clear strategies to achieve reductions in processing times.

*(Recommendation 20)*

*Development Assessment Panel*

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The council has established a Development Assessment Panel (DAP) through which all delegated authority is administered. The panel consists of a planner, health and building surveyor and a subdivision engineer. Councillors have the opportunity to raise matters with the panel rather than call development applications up to council and delay a decision being made. Council should consider the benefit of including a strategic planner on the DAP to allow greater input in this process from the strategic planning perspective. (*Recommendation 21*)

All councillors are provided with the minutes of each DAP meeting and a list of all newly received DAs. Councillors have been briefed on the minutes and advised to check DAs and contact relevant staff if they have an interest.

This system has resulted in only 15 development applications coming to council in 12 months out of the estimated 2,000 handled by council each year.

#### *Comprehensive DCP and LEP*

Port Stephens Council attracts increasing development pressures. In addressing these pressures council has in place comprehensive development control plans (DCP) and up-to-date local environment plans (LEP).

Council has reviewed these plans and has ensured that they are compatible with the council's vision for its area.

#### *Integrated Waste Management System*

Port Stephens Council is a national leader in the area of waste management. Since 1999, it has been implementing Australia's first integrated waste management plan. This had cut the amount of landfill refuse. Approximately 70-73% of waste generated in Port Stephens is diverted from landfill.

The Bedminster Co-composting and Recovery Centre was built on a disused quarry site. Using innovative technology, normally useless biodegradable, non-recyclable waste is converted into nutrient rich compost.

#### *Companion Animals*

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A Local Companion Animals Management Plan, improved upon over time, will achieve a balanced relationship between companion animals, humans and the environment. Port Stephens Council has a comprehensive plan which is available on its website.

Council has numerous parks and reserves where dogs may be exercised off-lead. Maps of these areas are available on councils website. Pound services are contracted to Belmont Kennels. The review team visited the kennels. The facilities appeared well equipped and efficiently managed.

### ***Challenges to improve***

#### *Legal costs*

In the 2002/03 year, according to the department's comparative information publication, council had the second highest legal expenses amongst Group 4 councils. The percentage of council's total planning and development costs that related to legal expenses was 21.8%. The group average was 5.98%. Only Byron was higher with 22.58%, one of the highest in NSW.

Council is incurring relatively high amounts in respect of legal expenses incurred in appeals to the NSW Land and Environment Court. It must at the same time be noted that council is clearly aware of this issue, and has taken steps to address the matter. Nonetheless, with the amount of land in the council area available for further development ever diminishing, pressures will remain for the development of environmentally sensitive and other marginal locations, inevitably leading to council having to make difficult decisions, which may not be acceptable to some. The challenge for council is to manage this situation in a manner that does not unnecessarily lead it to involvement in expensive court cases.

Council should be mindful of the impact that legal costs have on the councils overall results. To this extent elected representatives should receive detailed reports on at least a quarterly basis showing a breakdown of legal expenses including the cost of using external consultants in defending cases. (*Recommendation 22*)

## *BASIX*

BASIX is the Department of Infrastructure Planning and Natural Resources' new building sustainability index, which applies to all residential development applications in the Port Stephens Council local government area from 1 July 2005. BASIX requires all proposed single dwellings and dual occupancies to meet specified standards in relation to solar orientation, water collection, water re-use and water saving devices. Each development must have a BASIX certificate at the time a development application is lodged with council.

While council appears to be well prepared for the implementation of these new requirements through the provision of training and instruction to staff, council needs to provide further information to the public on what is required for new developments to comply with BASIX. (*Recommendation 23*)

## *Section 94*

Council needs to respond to and resolve problems with its current section 94 plans. Council has eight section 94 plans, for its eight planning districts. The council currently holds \$13,365,000 in section 94 funds. In some instances, it has been some time since the funds were collected. The needs of the community may have changed.

Council could use its draft social plan and the results of community surveys it has conducted to determine the community's current needs. In consultation with the community, it should develop solutions to the challenge of how best to expend unspent funds in way that is consistent with the identified needs of the community and requirements of the section 94 plans. (*Recommendation 24*)

## *Companion Animals*

The Port Stephens Companion Animals Management Plan was adopted in late 1998. It would be timely for council to review and update this plan to ensure the plan is working and to capture any changes in the local environment. (*Recommendation 25*)

## *Swimming pools*

The Swimming Pool Act 1992 requires that council to comply with the provisions of this Act and Regulations. Section 5 of this Act requires each council:

- a) to take steps as appropriate to ensure that it is notified of the existence of all swimming pools to which the Act applies within its area; and*
- b) to promote awareness within its area of the requirements of the Act in relation to swimming pools.*

Council is encouraged to conduct and promote water safety in its area. Strategies could include:

- Water familiarisation/learn to swim classes
- Pool safety campaigns, including backyard swimming pool inspections
- Greater dissemination of existing education materials emphasising key issues including supervision of children near water and fencing requirements for swimming pools

Council does not currently have a program to meet these requirements.  
*(Recommendation 26)*

### 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.

#### *Overview of financial position*

Port Stephens Council was placed on the department's financial monitoring list in 2000/01 due to late lodgement of its annual financial reports, poor liquidity ratios, nil unrestricted cash, nil internally restricted cash and huge operating deficits before capital items. Council currently remains on the department's financial monitoring list.

Council has been incurring operating deficits before capital items for the past 5 years. However, council achieved surpluses after capital items for those 5 years due to large capital grants and contributions.

Council budgeted for a surplus after capital items of \$1,295,000 in 2003/04, but the actual surplus was \$9,931,000. For the 2002/03 and 2001/02 periods, council budgeted for deficits after capital items of \$3,826,000 and \$9,392,000. However the actual results were surpluses of \$1,165,000 and \$102,000 respectively. The high variance between budgeted and actual results was due to the fact that council did not budget adequately for capital grants and contributions. For the 2004/05 period, council budgeted \$8,977,000 for capital items, which appears to be adequate in line with past trends.

#### *Liquidity and cash position*

Council's unrestricted cash ratio (UCR) for the 2003/04 period was 2.12. For the period 2002/03 and 2001/02 it was 1.09 and 0.55 respectively. 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 greater than 2. A ratio of 1.5 to 2 could be of concern if other indicators are not adequate.

Council did not have any unrestricted cash for the periods 2003/04, 2002/03 and 2001/02. The Rates and Annual Charges Outstanding Percentage (RACO%) in 2003/04 was 5.58. The RACO% assesses the impact of uncollected rates and charges on liquidity and the efficiency of debt recovery. A benchmark for city and coastal councils is less than 5%, while a benchmark for rural councils is less than 10%. The Debt Service Ratio (DSR) in 2003/04 was 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.

In the past, the council's auditor has consistently pointed out the need for council to improve its liquidity position. The council's auditor recently commented on "the need for Council to continue to carefully monitor its financial position and to ensure the improving trend continues."

#### *Infrastructure Maintenance*

Council's infrastructure assets are in good condition. The written down value (WDV) of council's assets for 2003/04 are as follows:

Roads, Bridges and Footpaths	79%
Stormwater and Drainage	81%.

Council's estimated costs to bring assets to satisfactory condition were \$7,341,000 in 2003/04. Estimated annual maintenance was \$10,719,000 while program maintenance was \$6,794,000 (shortfall \$3,925,000). Internally restricted funds set aside for infrastructure replacement was nil in 03/04.

#### *Special Variations to rates*

Council has applied for the following special variations (SV):

- 2000/01 - 5.54% for Nelson Bay central business district (CBD) special rate for 3 and 10 years. This was approved.
- 2002/03 - 10.09% for Infrastructure and Environment Rehabilitation, which was not approved.

- 2003/04 - 7.13% for Rehabilitation of Roads and Nelson Bay CBD, which was approved for 3 years.

### *Business activity*

Council has declared four (4) business activities, namely Civil Works, Property Development, Holiday Parks and Newcastle Airport.

Council is expected to have estimated income of as much as \$70,000,000 in the next 5-10 years from sales of its Salamander land holdings. Council will need to carefully plan the use of this income so as to effectively realise the council's long term corporate strategies.

Council operates four (4) Holiday/Tourist Parks. As well as providing much need tourist accommodation, these parks provide substantial returns. During 2003-2004 they returned a 17% overall net profit. During 2003-2004 Port Stephens Tourism won 14 out of 23 categories in the North Coast Tourism Awards. Two of these awards went to Port Stephens Council for its Holiday Parks, being an Award of Distinction and another a Business Award for Most Outstanding Accommodation.

### ***What is working well?***

#### *Financial monitoring*

Council uses the financial health check that has been developed by Local Government Managers Australia organisation to assess its financial health. This has assisted council to identify areas for review and is a pro-active approach to financial management.

The use of the financial health check will assist councillors and the community in there understanding of the current financial position.

#### *Alternative income streams*

Council has continued to identify alternative sources of funds, with property development becoming a major source of income in coming years.

Council has benefited with Newcastle City Council in developing the Newcastle Airport. Council has identified the tourism potential that will come from the airport. Council has effectively used revenue from parking meters to fund infrastructure.

### ***Challenges to improve***

#### *Long term financial planning*

Council demonstrates an understanding of its past financial problems and is in the process of developing a long-term financial plan. We encourage and support council in pursuing this long term financial planning. *(Recommendation 27)*

#### *Long-term rates strategy*

Council has applied for a number of rating special variations in recent years. Council needs to review its rating structure as part of its long-term financial planning process. This will ensure that rating policy meets council's costs over the long-term and provides a strategic approach to the spread and structure of rates. *(Recommendation 28)*

#### *Linking of strategic plans*

Council has commenced setting strategic directions for its area and its organisation. It is important that the financial direction of the council is aligned to its strategic objectives. Therefore the development of council's long-term financial plan should support its strategic direction. The Business Excellence Program will assist in linking the strategies of the council and establish clear key performance indicators. *(Recommendation 3)*

#### *Reserves and section 94 contributions*

Currently the council has no long-term capital works program, long-term land acquisition fund or strategic projects reserve. Council needs to adopt a strategic approach to identifying future capital works, land acquisitions, anticipated future demand for community facilities and other areas requiring significant capital reserves in conjunction with the development of council's long-term financial planning. We acknowledge that council is reviewing its section 94 contributions plans and has

identified the importance of linking these plans to its capital works program. *(Recommendation 29)*

#### *Asset Management Plan*

Although council has commenced working towards a long-term strategy, it has not completed a comprehensive Asset Management Plan. This has not allowed council to forward plan all of its asset requirements, and to seek funds to address its other asset shortfall. Council should prepare such a plan, including any potential rationalisation of assets and a maintenance program. *(Recommendation 30)*

Council is encouraged to continue in its process of linking:

- Inventory collection – frequency, condition assessments
- Service levels – internal and external, maintenance plans
- Risk assessment – public liability and risk
- Asset life – future demand analysis, deterioration and depreciation
- Sustainability gap. *(Recommendation 31)*

#### *Ward funds*

Council currently allocated 30% of all property sales to ward funds. With forecasted sales of property increasing significantly in coming years, council should review the current ward funding arrangement, with a view to either removing or significantly limiting the existing allocation of funds.

Council is working towards a well-defined strategic direction and has plans to realise this vision. While a majority of capital works proposed from ward funds are subject to long term strategies, council acknowledges a lack of integration in present arrangements. Council runs the risk that large ward funds could result in the redirection of the council's focus away from strategic priorities. *(Recommendation 32)*

## 6.4 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 specifically looked at:

- Council's social planning and service delivery activities to meet the diverse needs of the community
- Methods of consultation that council uses to keep the community informed of councils activities and encourage participation in local decision making.
- Access to information

### ***What is working well***

#### *Council's community focus*

Overall, Port Stephens Council has a strong community service focus. It has a clear understanding of the profile of its community and has conducted an inventory of its community services and facilities. The Community Planning Team and other council teams work closely with a large number of partners and/or interagency groups to plan and provide services for the local government area.

#### *Community and social planning*

Port Stephens Council's current social plan, entitled the Community Plan 1999, has been in place for the last 5 years.

The Draft 2006-2010 Port Stephens Social and Community Plan was prepared after extensive community consultation during the last 18 months. Council endorsed the plan for public exhibition on 28th June 2005.

The plan will be re-submitted to council in August 2005 for adoption. The Department of Local Government looks forward to receiving a copy of the new plan following its adoption by council.

There is some evidence that council's social planning process is linked to its management planning process. Council has included information about the social plan in its annual report and management plan.

#### *Community feedback*

Council's Consultation Policy "welcomes the widest possible community debate and consultation on issues" not only on planning and policy matters but also across the spectrum of council function areas. A consultation panel chaired by the social planner has been set up to advise council officers on how best to consult with the community on specific matters or projects on an ongoing basis.

The panel has focussed on developing innovative ways to seek feedback from the community and other stakeholders. For example, using the panel's suggestion council will exhibit its draft management plan at community expo or information sessions to be held at both Raymond Terrace and Nelsons Bay. Sections of the plan will be displayed around the site to allow community members to add their comments. Councillors and staff will be present so that participants can ask questions and find out what council is doing for their local government area.

Other methods used to obtain feedback from the community include public exhibition of documents, community field days, public meetings, workshops, precinct committees, focus groups, and various surveys targeting residents, shopping centre patrons and customers.

The review team also noted information booths in the main shopping centre at Raymond Terrace operated by individual councillors. Such booths provide residents with the opportunity to raise and discuss issues directly with councillors.

### *Community participation*

Council maintains a very high level of volunteer involvement and support. A Volunteers Working Group consisting of relevant officers has operated within council for some time.

To consolidate the management and support of volunteers, this group prepared a Volunteers Policy, which was adopted in 2000. The policy sets out requirements around recruitment, orientation, training and recognition. Council also has a Volunteers Recognition Program. Awards to volunteers are presented at a quarterly ceremony at council chambers.

Section 355(c) committees are another important way in which council communicates and consults with the community. Port Stephens has fifty-four (54) of these committees. Membership of nearly all of these committees is at full capacity. Almost 60 per cent of all committees have operated for more than 10 years. Many of these have continued for more than 20 years.

A council officer is dedicated to helping these committees comply with council's code of conduct and its Volunteer Policy. This officer coordinates recruitment, induction, training and recognition activities for these committees. Each committee has also been delegated from the relevant business area of council to provide technical assistance and liaison.

In 2003, council approved a standard section 355(c) constitution and standard schedule customised for each committee. Various operating manuals and compliance checklists have also been developed. Relevant returns from the committee are monitored regularly and filed.

There are also four precinct committees across the Port Stephens Local Government Area. Uniting the individual precinct committees is the Inter-Precinct Forum.

Representatives from each Precinct attend the Forum, held twice a year to discuss issues affecting the Port Stephens community as a whole. They operate within the precinct guidelines, meeting regularly and corresponding with council. There is also a council officer is dedicated to helping these committees.

### *Community information*

To keep council's customers advised on happenings, initiatives and projects, its quarterly newsletter (The View) is published and delivered as a supplement in the local newspaper.

Printed information about a range of subjects in different formats is made available through council facilities, its libraries and visitor information centres.

Council maintains an up to date, well presented and easy to navigate website.

Council's annual report is clear and easy to read. The version presented on the website is split into separate documents to make it more downloadable and hence more accessible.

Information is also provided to the community via the various consultative forums outlined in the section above.

### *Access to information*

Section 12 of the Local Government Act identifies the documents that are available for the public to inspect free of charge. Council has a policy that identifies documents that are publicly available and any specific exceptions. The policy identifies whom members of the public can obtain assistance from. Council only imposes a charge for reasonable copying costs. To date, copying charges have not been levied. The policy is consistent with the requirements of section 12 of the Local Government Act.

## ***Challenges to improve***

### *An ageing population*

Responding to and planning for the major changes and service demands that will be created by Australia's ageing population is a major challenge for all levels of government. It is estimated that in six years time one in three people in the Port Stephens local government area will be over 60 years of age. The impact on the demand on services, facilities and infrastructure will be quite dramatic.

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

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

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

Council's Social Plan, Seniors Living Policy and Seniors Living Development Control Plan indicate an awareness of the enormity of this challenge in various sections of council. However, interviews with staff across the organisation did not demonstrate that there was a cohesive set of strategies to address this challenge. Council does not have a specialist officer responsible for aged services development.

Council's Annual Report 2003-2004 does not specifically include any mention of programs and activities carried out for older people during the last twelve (12)

months. Also the report does not mention the demands of an ageing population in the sections of the report looking ahead to the next twelve (12) months and beyond. The need to focus on this issue is listed briefly in the Access and Equity section of the report.

Port Stephens' rapidly ageing population will impact on virtually all aspects of council's operations. Council needs to consider ways to raise the awareness across all sections council about Port Stephens ageing population but also other social justice groups covered in its social plan. Building upon strategies in its Social Plan, the Seniors Living DCP and draft Seniors Living Policy, council should prepare a five-year plan, which meets current and future needs for older people.

It is critical that priority strategies are determined on an annual basis to be incorporated in council's management plan and budget, the business plans of each section and the work plans of individual officers.

Progress in relation to these priorities should be reported on a quarterly basis via the performance appraisal system and management plan reports as well as annually in council's Annual Report. *(Recommendations 33, 34, 35 and 36)*

#### *Alignment of section 355(c) guidelines with revised council code of conduct*

While council's Volunteer Policy and guidelines for its section 355(c) and precinct committees are aligned councils current code of conduct, this code is not up to date and does not comply with the Model Code issued by the department. Council should revise its code accordingly. The Volunteer Policy and guidelines will therefore also require updating when a new code is adopted. *(Recommendation 37)*

#### *Number of section 355 committees*

It is acknowledged that section 355 committees continue to play an important role in helping council to exercise its functions and provide an opportunity for community members to participate and communicate with council.

The high number of such committees (54) in the Port Stephens area means they require significant council resources. In some cases these committees are responsible for managing facilities requiring significant maintenance.

The review team supports plans to undertake an audit and review of community facilities and section 355 committees with a view to identifying appropriate opportunities for collocation and/or rationalisation. (*Recommendation 38*)

## 6.5 Workplace Relations

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

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

- Consultative committee processes
- Employee attitudes
- Job descriptions and job evaluation
- Recruitment and selection processes
- Employee remuneration
- Equal employment opportunity
- Staff development
- Grievance management
- Occupational health and safety
- Secondary employment

### *Overview of the organisation*

Port Stephens Council adopted its current organisational structure in 2001. The executive management team is made up of the General Manager and three Group Managers. The position of Executive Manager was added in 2003 to act as Public Officer and focus on strategic and corporate planning.

A key outcome of this restructure was to better group and integrate a range of function areas. The current structure aims to over time foster integrated planning, multidisciplinary approach, improved communication, a breakdown of silos and greater sustainability. For example, a Sustainable Planning Group was established which combined social/community, strategic land use and transport planning functions.

As required by section 333 of the Act council reviewed and redetermined the structure within 12 months of its last ordinary election.

### *Staffing*

Approximately ten per cent (10%) of Port Stephens Council's workforce is over the age of 55 (56 out of 566 staff). As part of council's 2003 Employee Attitude Survey eighty five percent (85%) of staff reported that they have the skills to do their job well seventy two per cent (72%) believed employees within work areas work well as teams.

A positive culture is encouraged in a variety of ways such as a Workplace Charter provided to all staff as part of a formal induction process, staff recognition awards and participation in the Business Excellence Program. A total of sixty (60) staff were involved in business excellence training during the review team's visit.

The consultative committee is representative of the organisation and provides for two way communication between management and staff. Written material provided to the department before the review indicated that a councillor was a member of this committee. However, the Organisational Development Manager advised during the onsite review that this discrepancy was resolved twelve (12) months ago by the General Manager and Mayor.

### ***What is working well***

#### *Human Resource Policies and Practices*

Selection and recruitment is transparent and selection is clearly on merit in accordance with section 349. Recruitment is well documented, with the ranking of candidates and reasons for selection outlined on relevant files. Council's employee induction program includes a manual, briefing sessions and a video.

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

The council has developed a system that links employees' skills, performance review and training needs that are then identified in individual training plans. This has allowed for skills to be acknowledged and employees to have a willingness to learn and develop in the organisation. The performance review of employees and supervisor/managers is based on an upward and downward evaluation.

Council has adopted an Occupational Health and Safety Policy and conducts systematic and incidental reviews of OH&S risk assessments. All activities within council, where injury is deemed to be foreseeable, are governed by Risk Treatment Plans. These plans reflect the requirements of AS 4360. Council's OH&S Committee conducts regular workplace inspections.

Given the very large size of the Port Stephens local government area, many staff are required to frequently drive long distances. OH&S training therefore also includes a driver awareness/training program.

Council actively undertakes succession planning. Its policy acknowledges that such planning serves both the organisation and the employees. A detailed succession plan is included in each branch plan. Firstly, the plan ensures that each position is covered in the event of absence, illness, resignation or retirement. Secondly, it provides each individual with a level of career planning and opportunities for advancement.

#### *Employee survey*

Council commissioned an Employee Attitude Survey of all staff on a wide range of issues in 1998, 2001 and 2003. The survey provides useful trend information about staff and identifies council's strengths and areas for improvement on a regular basis. This information assists with the continuous improvement of future human resource policies and planning.

### *Apprenticeships and traineeships*

Council currently employs thirteen (13) apprentices/trainees. Council, subject to funding, has committed to employing an additional apprentice and four (4) new trainees.

### ***Challenges to improve***

#### *Overtime*

The total value of overtime paid by council during last financial year was \$696,871, which represents 4.75% of total wages and salaries for that year. The majority of overtime payments are made to outdoor staff in the facilities and services area.

Council is encouraged to assess this situation in order to determine whether the current level of overtime represents an appropriate and efficient means of delivering services (having regard to alternative strategies). If it is not, council must develop strategies to reduce this amount. (*Recommendation 39*)

#### *Equal Employment Opportunity*

Section 344 of the Local Government Act (NSW) 1993 states that councils are “to promote equal employment opportunity for women, members of racial minorities and physically handicapped persons in councils”. In accordance with Section 345 of this Act, council is also obliged to “prepare and implement an equal employment opportunity management plan”.

Port Stephens Council’s EEO Management Plan was prepared by council’s EEO coordinator and last reviewed in 2003. Council does not currently gather workforce data in relation to the EEO groups. Council should review its plan and better integrate it with council’s management plan. Data collection to support the measurement of performance indicators in the revised plan should also be commenced. (*Recommendation 40*)

#### *Workforce planning*

Port Stephens, like many councils, is exposed to a number of workforce issues, such as:

- the shortage of specialised skills in certain areas, such as in the area of planning
- an ageing workforce
- a change in workload for certain sections as council's and government priorities change
- increases in career opportunities outside the Port Stephens area.

Council faces a future challenge of an ageing workforce. Succession plans have been included in the plans of various work groups. However, council needs to develop a workforce plan to identify specific changes that may occur in workload in particular work groups and determine strategies for the acquisition and transfer of skills.

The plan should also address the issue of council's ageing workforce and increase opportunities for apprenticeships, cadetships and traineeships. (*Recommendation 41*)