

challenges improvement innovation good governance

# Promoting Better Practice Program

## REVIEW REPORT

### BELLINGEN SHIRE COUNCIL

JUNE 2008



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/reviewer 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/reviewer evaluating the effectiveness and efficiency of the council's operations and giving feedback. This involves checking compliance, examining appropriate practices and ensuring that council has frameworks in place to monitor its performance.

The results of reviews are analysed and fed back to the elected council, the Director General of the Department of Local Government and the Minister for Local Government.

### **Bellingen Shire Council Review**

Bellingen Shire Council completed a strategic management assessment and a comprehensive set of checklists about key Council practices. The reviewer examined these and a range of other source documents prior to visiting Council, in order to gain a preliminary understanding of 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?

Aleksandra Valda, Senior Investigations Officer with the Department's Investigations and Review Branch, conducted the on-site component of the review from 3 to 7 December 2007.

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

A draft report was provided to Council for review and comment. This final version of the report incorporates minor modifications to the factual information provided in the draft report. As a result of Council's response to the draft report one

recommendation has been modified to more accurately reflect the situation in the organisation (recommendation 56).

A copy of Council's response to the draft report has been included in this final version of the report.

Council has already prepared the action plan to address the report recommendations. Council will be asked to provide the Department with an initial report on its progress towards implementing the action plan six months after the tabling of the final report. Further reports are generally sought from council at six-monthly intervals. It is recognised that some recommendations will take a longer period to fully address because of the nature of the issues they address.

It is apparent, from Council's comments in relation to specific recommendations, that it has already addressed some recommendations and is well advanced in addressing others. This is commendable. However, the recommendations remain in the final version of the report because the Department has not verified the adequacy of the action taken. This will occur when Council submits its six monthly progress reports. The submission of progress reports is a standard element of the PBP program.

## 2. EXECUTIVE SUMMARY

Bellingen Shire Council has started the process of organisational improvement and has sought the Department's assistance with this process. Council has come a long way from its former 12-month forward planning cycle and its lack of a number of key governance systems. Council is exploring various options for meeting its statutory obligations and improving the delivery of services to its communities through sharing resources with nearby or like councils while maintaining the Shire's distinct identity.

Council has identified a number of deficiencies in its processes and is currently in the process of building up and putting in place systems to increase organisational capacity. Most of the recommendations made in this report encourage Council to formally adopt a number of its systems and policies that are currently in the draft format. Some recommendations are considered to be of a more critical nature than the others. This is elaborated in the body of the report and Council may consider a range of implementation options.

The key challenge for Council will be to persist in this improvement process and to maintain the high level of commitment to change. It must also ensure that the current elected council (and the council that will be elected in 2008 local government elections) and Council staff appreciate the extent of the change process and adequately prioritise Council resources. The Department appreciates the amount of effort that has been shown by the Council to date.

In terms of strategic priorities, Council has identified the need to gauge community aspirations for the longer-term strategic vision for the Shire. This will help guide and integrate a number of existing Council plans, such as the Local Environmental Plan, the social plan, the growth strategy, the tourism/economic development plan and the longer-term financial plan.

Once the longer-term strategic plan is in place, Council's management plan, which has recently moved from a 12-month planning cycle to a 3 and 5-year forward planning period, will be able to take up the more appropriate role of the management tool for testing and fine-tuning the direction the community would like the organisation to take. The development of this strategic plan is likely to fall to the

newly elected council. However, it is important that the current elected council adopts the strategic perspective and avoids becoming involved in operational matters.

Overall, the review found a pleasant, cooperative and friendly workplace and councillors who are supportive of the organisation and who generally have a good understanding of their role as elected members.

In terms of governance, the review revealed that Council has in place several good systems and practices, such as the systems for the management of pecuniary interest, professional conduct in council meetings, delegations and insurable risk management processes.

Council should however, develop as a matter of urgency its: business continuity plan; records management policy; and continue to develop the procurement, disposal of assets and contract management policies. Council should also articulate and adopt as policy its otherwise good tendering practice. Council should continue to work on the development of values (in consultation with the community); internal controls, including organisational risk management plan, fraud control and internal audit (possibly with nearby or like councils); code of conduct training for councillors and staff; gifts and benefits policy; policy on communication devices and its statement of business ethics.

Council should develop systems for ensuring legislative compliance; a policy register; a complaints policy; a councillor-staff interaction policy; and an information management plan.

Council should review its privacy management plan; the need and procedures for its section 355 and advisory committees; its expenses and facilities policy; and some of its meeting procedures.

In the planning and regulatory area, Council has an innovative process for the management of section 94 contributions, good strategic planning processes and excellent development application processing times. Council should look at ways of better integrating its enforcement practices with other Council practices and giving

them a more preventative, educational and pro-active focus.

Council has recognised the need for the development of longer-term financial planning and asset management strategies and is in the process of formulating those strategies and plans.

In terms of social planning and community engagement, Council has developed a good social plan and is working on the development of a comprehensive standard consultation strategy and customer service standards.

Council has good OHS management and secondary employment procedures. It is in the process of developing its workforce plan, HR strategy and grievance management policy. Council should adopt, as a matter of urgency, a documented recruitment procedure.



### **3. RECOMMENDATIONS**

#### ***Ambitions, Priorities and Future Focus***

1. Council should develop a long-term strategic plan for the Shire.
  - 1.a. Council should use its current community consultation process to gauge the community vision for the future of the Shire.
2. The development of the strategic plan should be the responsibility of the elected council, in consultation with the General Manager.
  - 2.a. The strategic plan should specify the responsibilities of the elected and operational bodies.
3. Once the strategic plan is adopted, Council's management plan should take a more operational focus.
  - 3.a. Future management plans should include information about service level variations to give the Council and the community a snapshot of changes in services from the planned level.
  - 3.b. Future management plans should be integrated and show clear linkages between the plan and other strategic documents.

#### ***Governance***

4. Council should put its code of conduct on its website.
  - 4.a. Council should conduct ongoing training for councillors and staff in those areas of its code of conduct that are identified as high risk.
5. Council should formally adopt its draft statement of business ethics and place a copy of it on its website.
6. Council should formally adopt its draft gifts and benefits policy, organise appropriate refresher training for staff and place a copy of the adopted policy on the policy register.

7. Council should develop a policy on councillor-staff relationships as a guide for newly elected representatives and newly appointed staff.
8. Council should develop risk management systems for addressing uninsurable, organisation and enterprise risks.
9. Council should develop a fraud control and corruption resistance policy/plan.
10. Council should develop an internal audit program in the near future.
11. Council should, as a matter of urgency, develop and adopt policies and procedures for the procurement and disposal of assets and the management of contractors' performance.
  - 11.a. Council should document and formally adopt its draft tendering policy.
12. Once Council has in place the internal audit function, Council should review the controls surrounding the procurement and disposal of assets and tendering and contract management as a matter of priority.
13. Council should examine the rigour of its existing practices for ensuring legislative compliance.
14. Council should give priority to the completion and adoption of the business continuity plan.
15. Council should review its code of meeting practice to reflect the changes to the 2005 Regulation.
16. Council should reconsider its practice of allowing questions from members of the public 24 hours before Council meetings to limit those questions to items that are already on the meeting agenda.
17. Elected councillors should consider whether there are other, more effective ways, of raising operational issues with the Council, other than through the notices of motion.
18. Council should review its code of meeting practice and its actual meeting practices noting the provisions of Clause 241 of the Regulation and Part 1.4 of the Department's Meeting Practice Note no 16 of November 2005.
19. Council should continue with the review of its section 355 and advisory committees.

20. Council should continue to identify councillors' training and development needs, develop a structured program and report on the training undertaken to the community.
21. Council should continue to improve its management planning and reporting processes.
22. Council should consider the cost and benefits of including reports on the status of legal proceedings in the information that is provided to the elected council quarterly.
23. Council should adopt its draft complaints handling policy, provide requisite training for its staff in complaints handling, establish the system for de-identified reporting to elected council (and possibly the public) on the status of the matters and include, where warranted, evidence for changes to relevant Council policies and procedures.
24. Council should continue to revisit its policy register and the structure of its policies.
25. Council should continue to develop and adopt the policy on public access to information.
26. Council should review its 1998/2000 policy for councillor access to information.
27. Council should ensure that it meets the requirements of the Freedom of Information Act 1989 by way of preparing the required statements and summaries of affairs.
- 27.a Council's FOI coordinator and relevant staff should receive training in FOI procedures.
28. Council should update its privacy management plan and review its privacy management policy and provide the required training to its relevant staff.
29. Council should, as a matter of priority, develop and adopt a records management policy, procedures and guidelines that would address issues such as indexing and filing documents, document registration, tracking, disposal of records, records security and periodic file census and provide adequate training for all staff in procedures and the use of DataWorks.

### ***Planning and regulatory***

30. Council should review its development assessment function in the foreseeable future.
31. Council should develop section 94 contributions policy, possibly with those councils with which it shares the s94 coordinator's position.
32. Council should review its s94 plan and monitor the plan to ensure development contributions are spent within a reasonable timeframe and in the appropriate area.
33. Council should develop and adopt an enforcement policy and document how it deals with matters of non-compliance.
- 33.a In doing this Council should consider a more proactive approach to enforcement and integrating enforcement with other relevant areas of its operations.
34. Council may wish to consider the priority it should give to essential fire safety audits of commercial premises.
35. Council may consider the benefits of developing and adopting a companion animals management plan.
36. Council should consider the cost and benefits of a proactive follow up of unregistered animals in its area.

### ***Asset and financial management***

37. Council should aim to continue to reduce the outstanding rates and annual charges indicator.
38. Council should continue to develop internal controls for its financial transactions.
39. Council may consider developing debt and financial hardship policies.
40. Council should continue to develop a long-term financial plan.
41. Council should develop business plans for the businesses it operates.
42. Council should develop systems to ensure competitive neutrality principles are applied to its relevant businesses as well as for dealing with complaints about competitive neutrality.

43. Council should develop asset management plans for all its assets which should address the reduction of the written down values of its assets.
- 43.a Council should aim to weigh up the cost of investing in infrastructure renewal over the medium term against the potential cost of failing to do so over the long term.
44. Council should aim to integrate its asset management plans with its financial plan, management plan and any other longer-term strategic plans.
45. Council should develop plans of management for all its community land.
46. Council should develop a comprehensive information systems/technology strategy to support its corporate goals.

### ***Community and consultation***

47. In the next review of its Social and Community Plan Council should have regard to issues raised in this report.
48. Council should develop a communication strategy having regard to the issues raised in this report.
49. Council should develop and adopt a customer service policy having regard to the issues raised in this report.
50. Council should consider integrating its tourism plan with the overall economic development plan for the Shire.

### ***Workforce***

51. Council should formally adopt the human resources strategic plan that is currently in a draft form.
52. Council should formally adopt human resources policies and procedures that are currently in a draft form.
53. Council should adopt as a matter of urgency the recruitment policy that is currently in a draft form.
54. Council should develop a succession plan, especially for key positions.
55. Council should develop and implement a formal performance management program that should include a grievance handling policy and procedures.

56. Council should ensure that job descriptions are developed for all new and changed positions and that these continue to be reviewed an annual basis. Council should also ensure that all employees are provided with a copy of their job description.
57. Council's next review of its EEO plan should take into consideration the National Framework for Women in Local Government.
58. Council should decide how to use the outcomes of the employee attitude survey it has recently conducted to maximise the outcomes for the organisation.

## 4. CONTEXT

Bellingen Shire is located on the Mid North Coast of NSW, approximately half way between Sydney and Brisbane. It is bordered by Coffs Harbour and Clarence Valley Councils to the North, Armidale-Dumaresq and Kempsey Councils to the West, Nambucca Shire Council to the South and the Tasman Sea to the East. It comprises three relatively distinct geographical areas: the seaboard; Bellingen valley; and Dorrigo plateau. There is increasing demand for rural residential development.

The Shire covers an area of around 1,600 square kilometres and has a population of around 13,000. Residents that identify as being of Aboriginal and Torres Strait Islander origin comprise 2.72 percent of the population. People of diverse linguistic and cultural background make up around 2.97 percent of the population. With over 17 percent of the population aged 65+ years in 2004 Bellingen had the 27<sup>th</sup> eldest local demographic government area in NSW. It is estimated that in 2022 it will become the 12<sup>th</sup> oldest demographic.

Six councillors and a popularly elected Mayor represent the community. One elected councillor declares allegiance to the NSW and Australian Greens; the other six representatives declare themselves as independent.

In the past 18 months the whole senior management structure and a number of senior line managers changed. This has resulted in the development of various new systems to assist with good governance and a better delivery of services to the community.

At the time of the review Council had an administration consisting of a General Manager, three divisional Directors and around 122 equivalent full time staff. The General Manager has been in the position since 2005. Council's organisational structure comprises three divisions headed by directors, as follows:

1. engineering and operations (roads and drains, bridges, parks and gardens, plant operation, domestic waste management , noxious plants, quarries, building construction/ maintenance, fire and emergency services, water and sewerage and weight of loads);

2. corporate services (financial services, human resource services, computer services, library services, corporate co-ordination, tourism and records management); and
3. environmental health and planning (development and building control, environmental management, pollution control, food surveillance, area assistance scheme, development application and building application processing and determination, heritage and strategic planning)

Council has a total operating budget of \$23M.



## 5. COUNCIL'S AMBITIONS, PRIORITIES AND FUTURE FOCUS

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

### Strategic planning

At present, Council's Management Plan covers a three-year period. Council's intention is that the 2008 plan will cover a period of five years. As indicated in the introductory text, this represents a significant move from the 12-month planning cycle which Council had in place until recently. Therefore, Council's medium-term operations are presently guided by the strategic component of its Management Plan. Council has in place several other plans with strategic focus, such as the Local Environmental Plan, the social plan and the growth strategy.

However, the absence of a long-term strategic plan (which would integrate various specific plans) undermines Council's capacity to achieve a long-term vision for the Shire's communities and places a lot of demands on the management planning process. In addition, the absence of a defined strategic vision may leave the Management Plan open to interpretations every time the priorities are revisited and reprioritised and whenever a specific development or policy of a strategic nature comes before Council.

Bellingen Shire Council has indicated that it is observing the directions coming from the Integrated Planning and Reporting project lead by the Department and intends to follow those directions.

Council should develop a longer-term strategic/aspirational plan for the Shire. **(Recommendation 1)**. As a first step, Council should use its current consultation process to gauge the community's vision for the future of the Shire. **(Recommendation 1a)**.

This plan should provide a description of Council's key direction on local and possibly regional issues; identify Council's role in the achievement of community aspirations; provide an overview of Council's strategic resource implications; and be easy to read. The plan would enable Council to articulate where it envisages it would like to see itself in the long-term and how it envisages it should get there.

Developing and having a commitment to the strategic planning process would need to address all areas of Council operations and, in this manner, should assist Council with the integration and necessary adjustments to a number of its existing specific plans, which are of good quality in themselves. A strategic plan would also guide the development of any new plans and detailed strategies.

The formulation of the strategic plan should be the responsibility of the elected body, in consultation with the General Manager. **(Recommendation 2).**

The strategic plan should specify the different responsibilities of the elected and operational bodies. This would enable the elected body to focus its ongoing role on monitoring operational issues in a strategic, rather than day-to-day operational manner. **(Recommendation 2a).**

The implementation of the plan should be the responsibility of the General Manager and Council staff.

In making recommendations about the preparation and adoption of the strategic plan, due to the time of the review and the fact that the next local government election is due in less than nine months, the Department is aware that it may be appropriate for the newly elected Council to adopt the strategic plan after September 2008. However, it is important that the current elected council takes note of this discussion in reflecting on its own approach to issues for the remainder of its term.

## **Management Plan**

Council's Management Plan operates as its medium-term strategic plan, a role that the management plan is not readily suited to perform. This is, among other things, because the management plan has a life of only three years, whereas current thinking is that a strategic vision should ideally have a life of at least ten years.

Further, the management plan is a highly operational document, and is therefore not well suited to articulate in appropriate detail both the high level strategic direction of a council and its detailed programs for the coming year(s). Consistent with remarks in the previous section about the need for Council to develop a separate strategic plan, the Management Plan needs to take a more operational focus. **(Recommendation 3)**. Council has identified this in its current (2007-2010) Management Plan.

Council's current Management Plan is structured around five programs or goals which are translated into ten principal activities. Each activity is further supported by specific strategies and more detailed actions/projects. Each action/project indicates the section within Council responsible for the realisation of that action/project, the target date and performance indicators. Any future management plan should include information about service level variations, which would give the Council and the community a snapshot of changes in services from the planned level. **(Recommendation 3a)**.

Another strong aspect of the Management Plan is that attention is given to the organisation itself. Council may wish to translate this aspect of the Management Plan into the future strategic plan for the Shire and the organisation.

Council is aware of the lack of integration between its Management Plan and other key planning documents such as the State of the Environment Report or the Social Plan. Once Council has in place a strategic plan, the future management plans should refer to this plan as a point of integration and indicate clear linkages between the Management Plan and other Council strategic documents. **(Recommendation 3b)**.

## 6. DELIVERING AND ACHIEVING

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

### **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*
- *Information management*

### **Ethics and values**

#### *Code of Conduct*

Following consultation with councillors and staff, in January 2005 Council adopted as its code of conduct the Model Code of Conduct prepared by the Department of Local Government. The code's provisions were conveyed to staff and councillors in the training undertaken during 2006. Council should consider placing the code on its website and conducting regular ongoing refresher training for councillors and staff in

areas that are identified as high risk through other council processes. **(Recommendations 4 and 4a).**

#### *Business ethics*

Council's statement of business ethics is in a draft format. The statement conveys to people doing business with the Council its values and the expected standard of conduct. Council should move to formally adopt the statement, give a copy of it to all of its service providers, and place a copy of the statement on its website. **(Recommendation 5).**

#### *Gifts and benefits*

Council has a gifts and benefits register which was inspected during the review. Council's gifts and benefits policy is in a draft format. Council should formally adopt this policy, organise appropriate training for staff, and place a copy of the policy on its policy register (in the absence of the intranet). **(Recommendation 6).**

#### *Management of pecuniary interest*

The *Local Government Act 1993* sets out the parameters that must be adhered to when council officials have a conflict between their public duty and private interests that constitute pecuniary interests. The Act requires that: councillors and designated staff complete and lodge written disclosure of interest returns in the form prescribed by the *Local Government (General) Regulation 2005*; and to appropriately manage pecuniary interests when relevant matters arise.

Bellingen Shire Council maintains a register of disclosure of interests returns by councillors and designated persons, as prescribed by section 449 of the Act. Council's code of conduct outlines a process for disclosures in Council and committee meetings. In addition, a copy of the declaration of interest pro-forma is attached to all business papers. This is intended to serve as a prompt for persons who may have an interest in any matter before the Council to appropriately manage that interest. This provides the foundation for managing conflicts of interest and pecuniary interest by Council officials.

During the review councillors' and designated officers' written returns for 2006/07 were assessed. The assessment revealed a great degree of compliance with legislative requirements and appropriate attention to details, including in the areas which were identified as highest risk during the recent audit of pecuniary interest returns by the Department. Some of the good practices observed were the declaration of interest in leased properties and apparent cross-referencing of different interests.

Should Council become aware of any problems in the area of pecuniary interest returns, it may use the code of conduct refresher training (identified in recommendation no 4a above) to bring specific issues to its officials' attention.

#### *Councillors-staff interaction*

Council uses its code of conduct to define appropriate conduct by its officials and guide relationship among its employees, as well as between councillors and Council staff. While the review did not reveal any significant problems in the area of councillors-staff relationship, it is considered a good practice to develop a policy that details the appropriate level of relationship and serve as a guide to newly elected representatives and newly appointed staff. **(Recommendation 7)**.

### **Risk management and internal controls**

#### *Risk management*

Councils are exposed to a wide range of risks as a consequence of their diverse functions. Risk management is about systematic identification, analysis, evaluation, control and monitoring of risks.

While risk cannot be entirely eliminated, councils should aim to establish a risk aware culture and to continually work towards establishing structures, processes and controls that cost effectively reduce the council's risk profile and thereby protect the interests of council, the public and other key stakeholders.

There needs to be a balance between the cost of managing risk and the benefits expected from engaging in an activity that has inherent risks. The significance of specific risks varies from council to council.

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The review examined the way Bellingen Shire Council seeks to manage risk. Discussions with various senior staff disclosed a certain level of risk awareness. This was mainly evident in areas of insurable risks and Occupational Health and Safety. Since the employment of the risk coordinator and adoption of the 'safe' culture the number of injuries at work and the associated loss of work hours have reduced. This is discussed in more detail under the workforce heading further in the report.

However, no evidence was found of any work being done to identify broader organisational risks at the enterprise and operational levels, for example, the risks associated with various project and areas of operation. There was no evidence either of any associated work on risk analysis and development of controls and safeguards which, consistent with the contemporary thinking, should identify the number of hazards, risk likelihood and consequence and rank risks in different areas from extreme (i.e., requiring immediate action), through high, moderate, to low (e.g. managed by routine procedures).

Council has identified its shortfall in this area and has indicated its preparedness to explore different models of addressing it. **(Recommendation 8)**. Council may do so in cooperation with neighbouring or like councils.

#### *Fraud control*

Fraud is a crime involving the dishonest obtaining of a financial or other benefit by deception. The benefit might be of a direct or indirect value. Fraud wastes funds and resources and can damage an organisation's reputation and competitiveness. It is important that fraud risks are identified and managed effectively and that supervisors and staff are kept up-to-date on known and emerging risk areas, as well as on strategies for properly managing those risks.

Council has identified the need to develop fraud control and corruption resistance policy/plan and should do so in the near future. **(Recommendation 9)**. Council may do so in cooperation with neighbouring or like councils.

### *Internal audit*

Internal audit provides for systematic scrutiny of organisation's operations, systems and performance. It assists in ensuring that service standards are met, data records are accurate and complete, and established procedures are both adequate and being followed.

Council does not have an internal auditor position or function, but has identified the need to develop such program and should develop the program in the near future. **(Recommendation 10)**. Council may do so in cooperation with neighbouring or like councils.

### *Procurement, disposal of assets, tendering, contract management*

Procurement, disposal of assets, tendering and contract management are areas of any organisation's operations where benefits passing between the public and private sectors may provide ample opportunity and incentive for corrupt dealings. Non-existent or weak policies and procedures for the procurement, disposal of assets, tendering and monitoring of contractors' performance and failure by organisations to conduct risk assessment and regular audits of those policies and practices have been identified by the regulatory agencies as areas of the highest risk. In addition, weak and unchecked policies and practices may provide additional opportunities and incentives for circumventing the procedures and making that circumvention harder to detect.

The basis on which decisions to purchase and dispose of assets, as well as the tendering and management of contractors' performance procedures should be made transparent to both organisational staff and external observers. These procedures should therefore be well documented, opportunities for corrupt conduct identified and defences and safeguards put in place at the points of highest risk; the policies and their practical application should be regularly observed and evaluated for effectiveness, as well as for efficiency and economy.

The review of Bellingen Shire Council looked at whether the Council has in place policies and procedures that address the areas of procurement, disposal of assets, tendering and contract management, as well as whether these policies and



procedures are reflected in practice. The review also assessed two tender files to check compliance with legislative requirements.

Council currently does not have in place documented policies and procedures for the purchasing of goods, disposal of assets or monitoring of contractors' performance. It also does not have a process for monitoring and auditing of these functions or for acting upon unsatisfactory performance of contractors. However, Council has recognised this shortfall and is actively working with the regional group of councils to develop a common process. Council is also a member of the Hunter procurement alliance.

Council should, as a matter of urgency, develop and adopt policies and procedures for procurement, disposal of assets and management of contractors' performance. **(Recommendation 11)**. This may be done in cooperation with neighbouring councils or a regional group.

With regards to tendering, the assessment of two tender files revealed that the relevant requirements of the *Act and Local Government (General) Regulation 2005* are complied with. Recently, Council engaged a consultant to develop a documented tendering procedure for the extension of the council administration building in Bellingen. Council should use this work and develop/document the policy for tendering. Once Council has its risk management and internal audit control function in place (see recommendations 8-10), procurement, disposal of assets, tendering and contract management should be reviewed as a matter of priority. **(Recommendation 12)**.

#### *Protected disclosures*

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

Council has an internal reporting policy to assist staff in making disclosures about alleged corrupt conduct, maladministration or serious and substantial waste of public money under the *Protected Disclosures Act 1994*. The policy reflects the current reporting options.

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Council informs its councillors, staff and council delegates of the requirements and protections of the *Protected Disclosures Act 1994* through staff induction and training programs.

### *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 Act and regularly reviewed to ensure they remain current.

Council has recently introduced a modern, pro-active electronic system for registering and controlling the delegations of its officials which is available on Council's interface screen. Management and staff can check the delegations relevant to their positions and positions of their staff. The reviewer observed a number of useful features of the system (such as enquiry and reporting systems as well as a system for regular updating of the register) which seem to be fully utilised.

### *Legislative compliance*

A fundamental principle of good public administration is that public officials comply with both the letter and the spirit of the law. To facilitate compliance with legal requirements, councils and their senior staff should ensure that:

- management commitment to compliance is clear and unequivocal
- the legal requirements that apply to each activity for which they are responsible are identified (including updates reflecting changes to the law) and documented (preferably in detail, but as a minimum by reference to relevant provisions)
- all staff are kept fully informed, briefed and/or trained about the key legal requirements relevant to their work
- staff are made aware of the potential repercussions of non-compliance with legal requirements that apply to them, and
- record-keeping systems and practices that capture evidence of compliance and non-compliance are in place.

It is important for councils to consider what systems they have for identifying their compliance obligations, for staying on top of legislative changes and for ensuring they are meeting those obligations on an ongoing basis.

Council currently does not have a formal protocol for systematically identifying and reviewing its compliance obligations, but group and section managers ensure they keep up-to-date with changes to the legislation pertaining to their specific expert areas of responsibility and circulate information to staff in order to ensure continued compliance with legislative requirements.

Council should examine the rigour of its existing practices to ensure regulatory and legislative compliance and consider establishing a system of regular reviews of its compliance in this area. **(Recommendation 13).**

#### *Business continuity*

Council currently does not have an organisation-wide disaster recovery/business continuity plan to manage the impact of adverse events on its operations. The development of the council wide plan is underway. The reviewer recommends that Council gives priority to the development and adoption of this plan. **(Recommendation 14).**

### **Decision making**

#### *Council meetings*

A key document covering Council's decision-making is its code of meeting practice. Council's code of meeting practice was last reviewed in 2001. Council's code of meeting practice incorporates the relevant provisions of the Local Government Act, and the 1999 Regulation (which was relevant at the time the code was last reviewed). Council is aware it should review its code of meeting practice and update relevant sections to reflect the changes to the 2005 Regulation. **(Recommendation 15).**

Council meetings are held on the first Tuesday of the month. In the previous year Council had only one extraordinary meeting. This indicates that Council is able to get through its business during ordinary meetings.

The review observed the meeting on Tuesday, 4 December 2007 and assessed records of randomly selected previous Council meetings.

The conduct at Council meetings seems to be generally good. In the meeting of 4 December there was mature and respectful attitude among councillors, and between councillors and Council staff, as well as a vibrant cooperation between the Council and members of the public. Only a small number of most senior staff and executive support staff attended the meeting.

The meeting of 4 December was chaired effectively and efficiently with relevant matters dealt with in the appropriate fashion. Members of the public were able to address Council at a public address forum. The review would also like to compliment the detailed, simultaneous minute taking practice by council support staff to support councillors' decision making. The record of the resolutions made at the meeting of 4 December appeared to be timely and accurate.

The public participation referred to in the previous text relates to the opportunity afforded to various community groups that had applied for Council support in response to the call for expressions of interest for the use of the old library.

In addition to these addresses, Council also has a practice to allow community members to ask questions on any topic 24 hours before the meeting. Questions asked in the meeting of 4 December and several previous meetings were examined. It appears that this communication/consultation mechanism, while valid in its intention, may leave the system open to abuse by the most vocal members of the community who are otherwise able to use normal written communication channels to obtain information from Council. In view of the number of repetitive questions asked by a single person and the amount of resources that Council had to dedicate to preparing responses to these questions in the 24 hour period before the meeting, it is suggested that Council reconsiders this practice and consider limiting the

questions and/or statements to items that are already in the business papers for the meeting. **(Recommendation 16).**

The review also observed that some councillors seemed use to a great extent the notices of motion mechanism and debating times to focus on operational matters. Councillors should consider other, more effective and resource efficient ways of conducting business and achieving outcomes, these could include raising issues such as Council's program of road maintenance through normal communication channels instead of raising issues in council meetings through notices of motion. **(Recommendation 17).**

The review also observed that, in addition to the list of items to be dealt with in a meeting and notices of motion, the meeting business paper contained several 'general business' sections that provided not only for urgent items, but for any questions without notice by councillors. Clause 241 of the *Local Government (General) Regulation 2005* allows for the following business to be transacted at a meeting of the Council:

- business that a councillor has given written notice of within the required time before the meeting (clause 241(1)(a)) and of which notice has been given to councillors (section 367 of the *Local Government Act 1993*)
- business that is already before the Council or directly relates to a matter that is before the Council (clause 241(2)(a)). For example, business that was discussed at the last Council meeting or business in a report made by Council staff in response to an earlier Council request for a report
- the election of a chairperson for the meeting (clause 241(2)(b))
- a matter raised in a mayoral minute (clause 241(2)(c))
- a motion to adopt committee recommendations (clause 241(2)(d))
- business ruled by the chairperson to be of great urgency (clause 241(3)) but only after a motion is passed to allow this particular business to be dealt with. This motion can be moved without notice.

The Department recommends that Council reviews its code of meeting practice and its meeting practices noting the provisions of Clause 241 of the Regulation and Part

1.4 of the Department's Meeting Practice Note No 16 of November 2005. **(Recommendation 18).**

As a general rule, meetings of the council and its committees are required to be open to the public. Where council determines that a matter should be dealt with in confidential session, section 10 of the Local Government Act outlines the requirements for this determination.

The meeting of 4 December 2007 was appropriately closed to the public for only one item when the General Manager's performance assessment was discussed. In the previous year Council has closed meetings to the public on seven occasions.

#### *Committees of Council*

Section 355 and advisory committees are an important way in which councils exercise their functions. Bellingen Shire Council is currently reviewing the number of functions of its committees with a view to:

- clarifying the rationale for advisory/section 355 committees and their purpose (for example, expert advice, communication, consultation, exercising functions under the Act, etc.);
- considering whether a committee is the best model to achieve the desired outcomes; and
- standardising committees' practices in terms of constitution, membership, documented procedures, record keeping and relevant training.

Council should continue with the review of its committees. **(Recommendation 19).**

#### *Councillor training*

Councillors knowledge and skills have a significant impact on the organisation's capacity to make sound and transparent decisions. New councillors require both induction and ongoing development to equip them with knowledge and skills required to properly carry out their duties and allow them to be effective members of Council's elected body. For long-serving councillors there is the on-going challenge to keep up to date with changes in the areas where they are making decisions for the

community. It is therefore appropriate that councils allocate appropriate resources to councillor training and development.

Following the 2004 election, Bellingen Shire Council provided induction training for councillors addressing major areas of their role. All councillors attended this training.

Council has identified the need to provide a structured development program for its elected members, to document this training and to report on the training undertaken in its annual report to the community. The Department encourages Council to continue to provide opportunities for its elected members to continue to keep abreast with the knowledge developments in those areas that are most likely to be beneficial for carrying out councillors' strategic role within the organisation. **(Recommendation 20).**

Further, it is important for each individual councillor to critically review their skill and knowledge base and commit to on-going development over their term as a 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 has adopted the policy in 1998 and progressively amended it to reflect the changes in the legislation. The last review of policy was in 2005. Council plans to review its expenses and facilities policy. The Department encourages Council to continue to conduct ongoing reviews of this policy.

### **Monitoring and review**

#### *Management planning, quarterly and annual reporting*

As indicated elsewhere in this report, Council has made a commitment to making better use of its management planning process for the 2008/09 planning cycle and to

completely revise the process in light of outcomes of the Department's direction for integrated planning and reporting and the development of the strategic plan.

The review recommends that Council continues down this path and report to its community and to the Department (by way of a follow-up of the Promoting Better Practice review) on its achievements in this regard. **(Recommendation 21).**

The review also found evidence that the elected council is receiving the required quarterly reports in relation to the implementation of the management plan, as well as financial reports on the budget performance. Currently councillors do not receive regular reports on legal proceedings involving Council. Some councillors expressed the view that this information would be appreciated. In light of this it is recommended that Council consider the cost and benefits of including the information on the status of its legal proceedings to the information which is provided to elected council quarterly. **(Recommendation 22).**

The review examined Council's annual report for 2005/2006 and found that it generally complies with the statutory requirements.

### *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.

At the time of the review, Council's complaints handling policy was in a draft format and placed on public exhibition by the resolution of council of 4 December 2007. Council should proceed with the adoption of this policy. The complaints handling policy should differentiate from request for service. Council should train its staff in the application of this policy. It should also establish systems for regular reporting to management and elected council (de-identified) of the status of complaint. The reporting of complaints to management and council should include, where warranted, recommendations and evidence for changes to relevant Council procedures or policies that are the subject of the complaint. Council may also consider the mechanism for reporting the outcomes of complaint to the public. **(Recommendation 23).**

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## *Policies*

Council policies and formal protocols are an important mechanism for setting, monitoring and reviewing Council's systems and processes.

Under section 222 of the Act elected councillors comprise the governing body of council. Section 223 sets out councillors' roles, one of which is to "direct and control the affairs of the council in accordance with this Act". Section 232 expands on this, indicating that the role of a councillor is, as a member of the governing body, to do four key things, one of which is "to play a key role in the creation and review of the council's policies and objectives and criteria relating to the exercise of the council's regulatory functions". Therefore, policy making and review is a key function of the elected councillors.

The review found that Bellingen Shire Council has a number of policies to support and guide its operations. Policies are available on the interface screen, in DataWorks.

Council has identified the need to revisit its policy register, to ensure that policy changes are regularly communicated to staff. Council is encouraged to continue with the review of its policies.

The review also recommends that Council re-format its policy suite so that relevant policies clearly delineate the responsibility of the elected body for the strategic aspect of policies and of the various sections of Council for the operational aspect of policies. Any new policy format should also identify the policy expiry date and the section responsible for reviewing it. **(Recommendation 24).**

## **Information Management**

### *Access to records*

Councils are required to make their documents available for inspection free of charge under section 12 of the Local Government Act, unless they are exempt under that section, or the council is satisfied that allowing access would, on balance, be

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contrary to the public interest. Councils are entitled to impose reasonable photocopying charges for reproducing documents under this section. Where the general manager or other person refuses access to a document, they must provide their reasons for doing so in writing to the council. Those reasons must be publicly available. Council must review the restriction within 3 months of access being refused.

Bellingen Shire Council has a good 'open access' practices for public access to Council information, but no policy. At the time of the review this policy was being developed.

Council should develop and adopt a policy on public access to information. **(Recommendation 25)**. This policy should be supported by a set of procedures that assists Council staff, especially front counter staff, to locate all documents that are to be publicly available pursuant to section 12 of the Local Government Act.

Council has a policy for councillors' access to information. The policy addresses key aspects of councillors' access to information, as well as the procedures for appropriate communication between elected members and Council staff. However, this policy is dated (adopted 1998 and reviewed in 2000) and should be reviewed to reflect recent legislative changes. **(Recommendation 26)**.

Council has as informal process whereby as a matter of principle requests for information under the *Freedom of Information Act 1989* are first assessed for applicability of the provisions of section 12 of the Act. If it is determined that the request for information under the Freedom of Information Act relates to documents that could be made available under section 12 of the Local Government Act, Council makes such documents available and refunds the FOI application fee to the applicant. Council should include its good practice in the access to information policy.

Council handles a small number of applications under the *Freedom of Information Act 1989*. Over the past 24 months, it received one FOI application which was granted in full. Council does not currently comply with the requirements of the FOI Act to report on its FOI activities by way of the Statement of Affairs and Summary of

Affairs. Council should rectify this as a priority. **(Recommendation 27)**. In addition, Council FOI coordinator and relevant staff should receive training in FOI procedures. **(Recommendation 27a)**.

#### *Management of private and personal information*

Council has developed a privacy management plan, however, the plan needs reviewing. At the time of the review it did not have a privacy policy on the collection, storage, access, use and disclosure of relevant information contained on public and other registers.

Council has received no complaints about breaches of privacy information protection principles or disclosure of personal information. Councillors and staff have not had any training in the requirements of privacy legislation.

Council should develop a privacy management policy, update its privacy management plan and provide requisite training to relevant officials. **(Recommendation 28)**. Council should also consider the application of the privacy principles to its records management system.

#### *Record keeping and management*

Councils are required to make and keep full and accurate records of their activities in accordance with section 12 of the *State Records Act 1998*. Councils must establish and maintain a records management program that conforms with best practice standards and codes.

Bellingen Shire Council uses DataWorks as an electronic records and document management system. The system is integrated with Microsoft Word and Outlook and has the ability to easily accept all kinds of electronic files. Although the system has been in operation for a few years at the time of the review, a number of staff have expressed their frustration with the inability to make the full use of the system due to the lack of both introductory training and ongoing support.

At the time of the review Council had developed draft business rules on record keeping and issued them for consultation. Council should, as a matter of priority,

develop and adopt records management policy, procedures and guidelines that would address issues such as indexing and filing documents, document registration, tracking, disposal of records, records security and periodic file census and provide adequate training for all staff in both procedures and in the use of DataWorks. **(Recommendation 29)**. The policy should give due consideration to the management of personal information held by Council, as well as facilitate the recovery of records in case of a disaster (see prior text). Council should also develop and adopt policy on the use of communication devices, inform councillors and staff of the provisions of this policy and conduct regular checks that the policy is being complied with.

DataWorks is a system that is commonly used in the local government sector. Council may try to draw on experience of other councils that have developed better capacity in the use of DataWorks.

## 6.2 Planning and other regulatory functions

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

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

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

### **Council planning instruments and policies**

Councils are required by section 73 of the *Environmental Planning and Assessment Act 1979* to keep its planning instruments and policies, such as local environmental plans (LEP) and development control plans (DCP), under regular and periodic review.

Bellingen Shire Council has adopted its current LEP in 2003. At the Council meeting of 4 December 2007 Council adopted the new template LEP.

In addition to the LEP, Council's other strategic planning is articulated in the Growth Management Strategy and in its various planning policies (DCPs).

The key considerations in Council's long-term planning process are population servicing needs, including the needs of coastal, valley and plateau populations, as well its rural, business and ageing populations. Strategies are being planned to meet future specific population needs, as well as the business needs of the Shire. Council

also participates in the drafting of the Mid North Coast Regional Strategy and particularly the Coffs Coast subregion. The Coffs Coast subregion comprises local government areas of Coffs Harbour, Bellingen and Nambucca. The other sub-regional centres on the Mid North Coast are Grafton, Port Macquarie and Taree. The development of regional strategies and policies is coordinated by the NSW Department of Planning. The planning strategies and policies are intended to extend beyond the limits of local government boundaries. Consistent with its approach of maintaining local identity while sharing resources in the region, Bellingen Shire Council has welcomed the development of the Mid North Coast and Coffs Coast regional strategy.

Members of the public can obtain land use planning information on Council planning policies on the website and at the front counter.

Council's planning instruments identify exempt and complying development.

### **Development assessment**

The recommended benchmark for processing development applications is 40 days. The NSW State average for 2004/05 was 53.3 days and Bellingen group's average (for the purpose of NSW Department of Local Government's comparative information publication) 43.14 days. In 2004/05 Bellingen Shire Council's average was 45.84 days (the median number of days was 30). Development applications turnaround times are reported to the Department of Planning. Council is aware that it could improve the processing of development applications at the front end by streamlining administrative processes for DA registration and allocation, and is working on improving this practice. The Department encourages the Council to proceed with this improvement.

In terms of the number of development applications processed, in 2004/05 Bellingen Shire Council processed 431 applications, compared to its group's average of 338 and the State average of 789 applications. 98 percent of applications are determined under delegated authority. Applications are referred to elected council if they are contentious or where there are significant public objections. Major Council projects

are also referred to council. Council receives monthly advice on applications determined. Public notices of determinations are published bi-monthly.

Council provides for electronic tracking of lodged applications but not for electronic lodgement due to the small scope of the work and the practice of providing over-the-counter guidance to applicants at the time of the lodgement.

Council provides for the review of applications under section 82A of the EP&A Act in addition to providing information to applicants about the availability of reviews. To minimise formal appeals, Council staff discuss issues with applicants prior to issuing determinations and use mediation in the event of appeals. Council does not have in place an independent assessment panel for development applications as there has been no need for that mediation mechanism, however, it would consider putting one in place, either at a local or regional level, should the need arise.

Council's planning section comprises three specialist planning positions with no vacancies. Council recognises that it has not reviewed its development assessment function in the past two years and that such a review should be conducted. The Department recommends that this review takes place in the foreseeable future. **(Recommendation 30).**

### **Section 94 plans**

Section 94 contributions are managed by the specialist coordinator's position which is shared between Nambucca, Kempsey and Bellingen councils. In Bellingen Shire Council this position is located in the Environmental Health and Planning directorate. One of the advantages of the shared position is that awareness of the common issues affecting similar areas in the region.

Council has a plan for s94 contributions which is dated, but does not have a policy on development contribution levies and has recognised the need to develop such policy, possibly in cooperation with neighbouring councils. **(Recommendation 31).**

Council should review its s94 plan and monitor s94 contributions to ensure they are spent within a reasonable time and in the appropriate area. **(Recommendation 32).**

### **Environmental management**

Since 1999 councils have been required to report on the state of the environment in their areas through State of the Environment (SOE) reports, reporting on the main environmental issues facing local government areas. SOE reports address eight environmental sectors and include major environmental impacts and related activities.

The Local Government Act requires councils to prepare a comprehensive report the year following each ordinary council election or otherwise to provide a supplementary report in each of the intervening years. These reports must identify any new environmental impacts since council's last report and update the trends in environmental indicators that are important to each environmental sector.

The review assessed the supplementary report for 2006/07. It is evident that Council has a good understanding of the major environmental issues it is facing. It is also evident that Council is actively engaging with community groups (particularly Landcare) in addressing environmental issues and that it is well aware of its statutory obligations.

The focus of the supplementary report seems to be operational rather than strategic. It is very clear from the report what Council is doing and intends to do and what policies are in place. This is also reflected in the management plan.

However, it is unclear from the State of the Environment Report what the strategic priorities are in terms of environmental management and how these are to be addressed and measured.

The report does include relevant data and identifies data gaps. However the interpretation of the data is somewhat unclear. Some data are descriptive of a certain point in time (rather than comparative), making it difficult to understand the



progress that is being made in a particular area of environmental reporting. In addition, while the report includes a condition indicator advising whether a condition is improving, steady or declining, it is not always clear how this is determined.

Overall, Council wishes to be recognised as a place of pristine environmental management.

### **Enforcement practices**

In the exercise of their functions under the Local Government Act and other relevant legislation, councils are required to ensure compliance with legislation and, where necessary, take enforcement action.

Councils must properly deal with allegations about unlawful or non-compliant activities, which include activities that are prohibited or unauthorised, or contrary to the terms of a consent, licence or approval, or other instrument of permission issued pursuant to lawful authority. Failure to properly deal with such allegations, in addition to being poor administrative practice, could expose a council to liability for compensation and the expense of litigation. The way in which councils exercise their enforcement powers also plays an important part in the public's perception of councils. Alleged inconsistencies in responses to non-compliance issues are a major source of complaints about councils.

The enforcement practices of councils must be resolute and demonstrate consistent approach and transparency. Those practices must signal the position taken by the particular council regarding specific issues. It is good practice that councils and other agencies with enforcement powers set out in a considered way a policy to be used to ensure rational and consistent decisions are taken. An enforcement policy should deal with the manner in which a council will carry out its enforcement functions, the procedural steps that may be involved, the circumstances in which council will institute court proceedings and the manner and circumstances in which discretions may be exercised.

Bellingen Shire Council does not have an organisation-wide enforcement policy. Council undertakes investigations into matters in a reactive way and undertakes some routine inspections in areas of its regulatory responsibility. The steps Council officers follow in enforcing regulatory requirements are based on experience and discussion with managers.

Council should document its policy and procedures in relation to dealing with non-compliance issues. The NSW Ombudsman's enforcement guidelines may be a useful resource in developing this policy. **(Recommendation 33).**

In doing this, Council should also consider giving its enforcement activities a more proactive role and integrating enforcement with other relevant areas of its operations, for example, with the area of environmental planning and education, given the pristine environment Council prides itself with. **(Recommendation 33a.)**

The review revealed that elected councillors do not get involved with enforcement matters.

One of the enforcement areas brought to the attention of the Departmental review was the need for Council to conduct regular essential fire safety audits of commercial premises to ensure ongoing compliance with the Building Code of Australia in relation to fire safety. Council may wish to consider the priority that should be given to such audits. **(Recommendation 34).**

### ***Swimming Pools***

Private swimming pool safety is managed well for new developments, but reactively for older pools. In this regard, Council has adopted the risk management approach and relies on information received on suspected non-compliance with Swimming Pools regulation. Council has advised that the number of recorded non-compliances in this area has been minimal. Council has also advised that, consistent with its risk management approach, should the need arise, it would consider the benefits of establishing a planned swimming pool inspection program, with the associated shift of resources to this area.

## Companion animals

The primary aim of the *Companion Animals Act 1998* is to provide for the effective and responsible care and management of companion animals. The adoption of a local companion animals management plan assists council in achieving a balanced relationship between companion animals, humans and the environment. Such a plan would also provide council with an opportunity to identify the future direction of these services and strategies to meet the challenges faced in the provision of these services. Given a certain amount of animosity between companion animals owners and people opposed to the keeping of animals in certain areas of the Shire, Council may consider the benefits of developing and adopting a companion animals management plan which would be consistent with both the legislative requirements and the desires of its communities. **(Recommendation 35).**

The review noted the report generated by the NSW Companion Animals Register shows that there are 300 cats and 1190 dogs in the Council area that are identified only (microchipped) but not registered. While the data contained on the Register are not perfectly accurate, this is still a considerable number of unregistered animals. Given that current lifetime registration fee for an entire animal is \$150, Council is foregoing a potential source of income with which to conduct its companion animals management activities, considering that the. Section 10B of the Companion Animals Act provides that if a companion animal that is required to be registered is not registered, the council of the area in which the animal is ordinarily kept may give the owner of the animal a notice, in the approved form, requiring the owner to register the animal within 28 days after the date the notice is given.

The review recommends that Council should consider the cost and benefits of a proactive follow-up of unregistered animals in its area. **(Recommendation 36).**

### 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. Council is also the custodian and trustee of public assets and must effectively account for and manage these assets.

The review examined a range of Council's practices in the areas of financial management and asset management.

#### Financial management

A review of the 2005/06 financial statements revealed that Council reported a deficit of \$488,000 after all activities. However, Council's overall financial position is strong, with all financial indicators better than industry standards.

Council's unrestricted current ratio (UCR) measures the adequacy of its working capital and the ability to satisfy obligations in the short term. As at 30 June 2006 the UCR was 3.67 whereas as at 30 June 2005 and 30 June 2004 it was 4.65 and 5.08 respectively. This ratio is considered to be sound. A good UCR is greater than 2, whereas a ratio of 1.5 to 2 could be of concern if other indicators are not adequate.

The Debt Service Ratio (DSR) as at 30 June 2006 was 1% (2.41% as at 30 June 2005 and 2.92% as at 30 June 2004). 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. Although Council's DSR is below 10%, it does not necessarily indicate a capacity to borrow. This scenario needs to be considered in the context of long-term commitments, funding options, current operating results and cash flow projections.

The Rates and Annual Charges Outstanding Percentage (RACO%) as at 30 June 2006 was 12.77%, a decrease from 16.39% at 30 June 2004. The RACO% assesses the impact of uncollected rates and charges on liquidity and the efficiency of debt recovery. A benchmark for rural councils is less than 10%. Council should continue to further reduce this indicator. **(Recommendation 37).**

Council auditors report that Council's cash and investments as at 30 June 2006 stood at \$27.1 million, compared to \$25.2 million in 2005, due to positive cash flow results from operations and increase in proceeds from the sale of assets.

Council's auditors have commented, after the 2005/06 audit:

*“(a) The accounting records of the Council have been kept in accordance with the requirements of Division 2 of Part 3 of the Local Government Act, 1993;*

*(b) the general purpose financial report*

*(i) has been prepared in accordance with the requirements of Division 2 of Part 3 of the Local Government Act, 1993;*

*(ii) is consistent with the Council's accounting records; and*

*(iii) presents fairly the Council's financial position and the results of its operations;*

*(c) we have been able to obtain all information relevant to the conduct of our audit; and*

*(d) no material deficiencies in the records or the financial reports were detected in the course of the audit.”*

In the audit report, the auditors say:

*“Overall the financial indicators show that Council's financial standing is very strong.”*

Council has itself recognised it does not have financial controls for its financial transactions and is in the process of developing such controls. Council should continue to develop internal controls for its financial transactions. **(Recommendation 38)**. At the time of the review Council was in the process of developing the activity-based costing system and a budget reporting system that would enable cost-centre managers to observe their section's budget performance longer-term. Council is encouraged to continue putting in place those systems as part of its overall overhaul of its financial controls.

Council does not have a debt or a hardship policies and should consider developing such policies as a matter of good financial practices. **(Recommendation 39)**.

## Long term financial planning

Council demonstrates an understanding of the need for longer-term financial plan. It has recently appointed the new manager financial services and started developing a long-term financial plan which will inform any future Council's strategic plans as well as its management planning process, and give Council a greater capacity to identify and plan for future risks in its financial performance. It is important that the financial direction of the Council is aligned to its strategic objectives. The Department encourages Council to continue with the development of long-term financial plan which will support its strategic direction. **(Recommendation 40).**

## Business Activities

Council has reported three business activities in the 2006 financial year statements, namely water, sewerage and quarry activities. However, Council does not have formal business plans for the businesses it operates. Council has recognised the deficiency in this area and is working on the development of appropriate business plans. Council should develop business plans for each business it operates. **(Recommendation 41).** The previous recommendation about establishing controls for financial transactions also relates to Council business activities.

Council does not have a system to deal with national competition policy complaints, including informing the public of the manner in which a complaint should be made. Council should develop systems to ensure competitive neutrality principles are being applied to its relevant businesses as well as for dealing with complaints about competitive neutrality. **(Recommendation 42).**

## Asset management

Asset management is a systematic process to guide the planning, acquisition, operation and maintenance, renewal and disposal of assets. Its objective is to maximise asset service delivery potential and manage related risks and costs over their entire lives. It involves effective coordination of the council's financial and engineering resources.

The written down value (WDV) of Council's assets at 30 June 2006 were:

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Roads, Bridges & Footpaths	57% (compared to 50% in 2005 and 59% in 2004)
Stormwater Drainage	60% (down from 61% in 2005 and 62% in 2004)
Water Supply Network	60% (up from 54% in 2005 and 56% in 2004)
Sewerage Network	56% (up from 54% in 2005 and 55% in 2004)

The Department considers that a WDV below 50% may be cause for concern. This is because once an asset has been substantially depreciated there may be deterioration that requires major reconstruction. While the written down values of Council assets are no cause for concern at present, the reduction in WDV is noted. It is recommended that Council's asset management plan addresses this issue. **(Recommendation 43)**. In developing the asset management plan Council needs to take into account the following.

At 30 June 2006 the amount required to bring Council assets to a satisfactory standard was estimated to be \$7.593 million. The actual maintenance expenditure was \$876,000. Council is in the process of determining and documenting the condition of all its assets. While Council's infrastructure assets may currently be in reasonable condition, gaps between estimated and programmed maintenance have the potential to pose long-term challenges in terms of infrastructure replacement. This is an issue Council should address as part of its forward asset management and financial planning. In doing so, Council needs to weigh the costs of investing in infrastructure renewal over the medium term against the potential costs of failing to do so over the long term. **(Recommendation 43a)**.

Council has no asset management plan or strategy documented to guide the works or to communicate to the community. Council has advised that it has an asset maintenance program, and asset registers. Council has also advised that it is aware of the condition of all its assets.

Based on information available on its assets and their condition, Council should develop asset management plans for all its assets. Council should integrate these asset management plans with any future strategic plan, financial plan and

management plan. **(Recommendation 44)**. This process will assist Council in making more informed decisions about the need to fund infrastructure.

### **Community land management**

The Local Government Act stipulates how a council is to govern the use and management of community land. This is a fundamental responsibility of councils. The Department's *Practice Note No 1 – Public Land Management* – deals with this issue and is available for download from the Department's website.

Council does not have management plans for its community land and has recognised the need to develop such plans. **(Recommendation 45.)**

### **Information Technology**

Council does not have a comprehensive information systems/technology strategy to support its corporate goals. In this sense, Council should follow the best practice as defined by the Premier's Department and in the Australian Standard 7799 which stresses the need for an IT security framework that includes an information management system and supporting policies and procedures. **(Recommendation 46)**. However, Council is continuously reviewing the system to reflect the changing nature of technology.



## **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 looked at the various aspects of Council's community and consultation functions, namely, at social and community planning and reporting about Council activities; methods council uses to involve and determine the views of its community; customer service; management of tourism and economic development.

The Council, having regard to its relatively limited resources, has made a commitment to community development and provision of related services. Council has a current and comprehensive social and community plan, has made a significant investment in the provision of a new library; it is exploring opportunities for economic and tourism development and has accepted it has an advocacy role aimed at securing the provision of services in the area by other tiers of government.

Council's commitment to this area of its charter is acknowledged and is commendable.

### **Social and community planning**

Council's Social and Community plan covers the period 2004-2009. Council has submitted the plan to the Department on time. The plan seems to be comprehensively researched. There is evidence of the active input from all target groups in the consultative process. The plan goes beyond the statutory requirements and addresses a range of additional issues, including the needs of men, housing, health, transport, community facilities, crime, sport and recreation and culture. The

plan identifies a range of issues and sets broad strategies and performance measures. However, the section on the needs of women concentrates on domestic violence issues only and does not appear to be as comprehensive as other sections.

The plan establishes a social plan review committee that reviews the implementation of the plan annually. However, it does not evaluate the effectiveness of the previous plan. While the strategies identified in the plan appear relevant to the issues, the strategies and outcome measures seem to lack the degree of detail necessary to focus the attention of Council on what needs to be done, how to do it and how success should be measured. Time frames for completion are likewise non-specific. Similarly, the Management Plan lacks the degree of required detail to be effective.

In summary, the plan effectively reflects a broad range of issues and goals but does not sufficiently articulate how these will be addressed.

Council's next review of its Social and Community plan Council should have regard to issues raised in this report. **(Recommendation 47)**. The plan should also make explicit reference to plans and strategies to ensure the issues surrounding the ageing population are addressed with appropriate strategies. As previously indicated, Council's future strategic plan should be integrated with the social/community plan.

### **Community participation**

Councils have statutory obligations to communicate and consult with their communities. Effective community engagement can mean greater community support for the planned directions and actions that are taken. The means by which councils do so is a key strategic issue.

It is acknowledged that as a small area rural shire, Bellingen Shire councillors have a lot of direct and informal contact with constituents. It is also evident that Council has some practices that ensure the community is consulted and involved in Council decision-making processes. Council uses community meetings and media releases as the main methods to inform, consult and involve the community. Council is trying

to encourage people and community groups to put in submissions in relation to the management plan by raising awareness of the process.

However, the Council as a corporate body does not have an integrated or documented strategy for communicating and consulting with its community. As a consequence, its efforts to engage may not be as effective as they could be if a well thought out strategy was in place and implemented.

It is recommended that Council develop a communication strategy. **(Recommendation 48)**. As a minimum, the strategy should consider and document council's approach to:

- Informing the community on the services council provides and how to access these services
- Consultation during the development and adoption of the draft management plan
- Communication of council's values, priorities, progress and performance
- Communication with residents throughout the LGA
- Communicating and consulting on key issues and policies (such as standard resources for community grants and criteria for reporting)
- Informing the community of complaint and review mechanisms (this may be cross-referenced to Council's complaints policy).

Council has not conducted community surveys in the past as a way to gauge community opinions on its services or identify issues for the future. The review acknowledges that the size of the community may make regular community surveying unnecessary.

### **Customer service standards**

Together with their other roles, Councils are service providers. The highlighting of customer service standards sets a level of expectation within the community, as well as providing guidelines for staff performance. Like any service provider, it is important that councils clearly communicate:

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- what services they provide;
- the terms for receiving/accessing a service;
- the standard of service that customers can expect;
- how services can be accessed;
- how complaints can be made; and
- how council will deal with any complaints it receives.

There is scope for Bellingen Shire Council to improve in all of these areas.

It is recommended that council address these matters in a “guarantee of service” and/or “request for service policy”. **(Recommendation 49)**. This should be readily available and promoted. Once they are in place, they will provide a clear benchmark against which council’s customer service can be assessed.

### **Website**

The increasing importance of the Internet as a primary source of information has been widely reported. Council’s website will inevitably become an increasingly important means of communication with the community.

Council’s website provides some information to the public. It provides access to some, but not all, key documents such as the management plan, annual report and financial reports. The website also contains a business papers and minutes section. Council provides other information on the site in relation to community services, facilities and economic development.

### **Tourism and Economic Development**

Council has a Tourism Manager and recognises the value of this position for the development and coordination of tourism activities at the organisational, shire-wide and regional levels. Council has an updated comprehensive Tourism development plan. However, this plan is not considered together with the economic development for the Shire/region. The review recommends that Council give consideration to integrating its good efforts in terms of the tourism plan with a broader economic strategy for the Shire. **(Recommendation 50)**. As previously indicated, in the

development of the new corporate plan, Council should consider placing the economic/tourism strategy into its 'triple' or 'quadruple' bottom line management strategy. This may mean the considerations around putting some of Council assets to better use in terms of income generation; efforts to attract new businesses to the area; promotion of Council as a regional destination; or management of caravan parks as appropriate.

## 6.5 Workforce relations

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

A review was conducted of a range of aspects of council's workplace relations practices including: workforce planning, human resources strategy and policies, secondary employment policy, job descriptions and job evaluation, recruitment and selection processes, staff development, grievance management, occupational health and safety.

### Overview of the organisation

All employers have legislative responsibilities in relation to their staff. The Local Government Act imposes additional requirements on councils. Importantly, a council's charter requires it to conduct itself as a responsible employer.

Council advised that it last undertook a review of its organisational structure in December 2006. Council's senior management team consists of the General Manager and three Director positions: Corporate Services; Environmental Health and Planning and Engineering and Operations.

Council has 120 equivalent full-time staff. In terms of some of the social justice target groups Council staff are comprised of:

- 29% women
- 0% Aboriginal and Torres Strait Islander people
- 0% people of culturally and linguistically diverse origins and
- 0% people with physical disabilities.

Council is aware that the composition of its workforce does not represent the diversity of the community it serves and is considering possible actions for a redress. At the time of the review Council employed two apprentices.

### **Workforce planning**

All councils are expected to respond to workforce issues such as:

- an ageing workforce
- changes in workload for certain sections as Council's and government priorities change
- attraction of suitably qualified and retention of experienced staff
- remuneration/market pressures for higher wages
- societal demands for a better work/life balance.

Bellingen Shire Council has already reached the crossover point where there are more exits from the workforce than entrants and this position is due to decline further by the year 2022. The Shire's total working age population is projected to fall from its current 61.5% of the population to around 57% by the year 2022.

Council is aware of this issue and has programs in a draft form to address this, consistent with its longer-term corporate strategy, once this strategy is adopted. Council has undertaken the analysis of age-against-position profile of its workforce, identifying the positions likely to involve exits. This is still in a draft form.

Council has also developed a draft human resources strategic plan that identifies goals, service principles and programs. While it is clear that Council clearly monitors its workforce, the review recommends that Council formally adopts its workforce plan and documents its approach to provide a whole of council strategic purpose and direction to human resource planning. **(Recommendation 51)**.

## **Human resource policies and practices**

Council has procedures in place to manage its human resource needs. These are available in the form of a manual, available on a specific drive in DataWorks and in hard copy form for outdoors staff. It is evident that these policies and procedures guide Council activities. However, Council's comprehensive human resources strategy is still in a draft form. The review recommends that the draft strategy should be formally adopted. **(Recommendation 52)**. The strategy should address issues such as the recruitment and retention of staff, training needs, performance management, occupational health and safety, staff consultation, industrial relations issues, equity and diversity, succession planning.

Council has a good, comprehensive, secondary employment policy.

### **Recruitment, selection, succession, performance and development**

Council has a draft recruitment and selection policy and guidelines. Council should adopt this policy as a matter of urgency and ensure that managers convening selection panels apply the policy and guidelines. **(Recommendation 53)**. The policy should provide assurance to the organisation and the community that all selections are done on merit, consistent with the provisions of section 349 of the Local Government Act. The policy should also include the internal appeal process.

Council also has an employee package, which is used in the induction of new staff. Council is in the process of formalising a structured induction program.

Council does not have a succession plan. As commented previously, Council should, as part of the review of a human resources strategy and workforce plan, make provision for succession planning.

During the review, it was pointed out to the reviewer that across Council there is a large amount of corporate knowledge that has not been captured on Council records. This knowledge could be lost if there was a change in some key staff. This is particularly important in view of the recent changes of the organisation's top



management. Council needs to put in place mechanisms to lower the risk in this area as part of its succession planning. Council should develop succession plan, especially for key positions. **(Recommendation 54).**

Councils are expected to regularly review the performance of their employees. These reviews should be undertaken on at least an annual basis. Reviews provide employees with feedback on their performance and an avenue to address any issues. It appears that Council does not have a formal performance management program to assess and measure performance. Council should design and implement a formal performance management program, which should include grievance handling policy and procedures. **(Recommendation 55).**

During the departmental visit, Council advised that all positions have job descriptions and that these are reviewed annually. Council should ensure that job descriptions are developed for all new and changed positions and that these continue to be reviewed an annual basis. Council should also ensure that all employees are provided with a copy of their job description. **(Recommendation 56).**

### **Equal employment opportunity (EEO)**

Section 334 of the Local Government Act 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 the Act, council is also obliged to “prepare and implement an equal employment opportunity management plan”.

Council has developed an EEO management plan that includes an EEO policy statement and a number of strategies with objectives, actions and performance indicators. The review of the plan is coordinated with the development of council’s management plan each year. The next review of the plan should take into consideration the N57 **66**). Council should also ensure the report on EEO strategies and outcomes is included in its annual report.

## **Employee attitude survey**

Council has recently conducted an employee attitude survey. At the time of the review it was in the process of determining how to continue with the results of the review. An employee attitude survey is a useful tool in identifying what is working well at council, areas of concern to employees and areas that require improvement. Council should decide how to use the outcomes of the survey it has conducted to maximise the outcomes for the organisation. **(Recommendation 58).**

## **Occupational health and safety (OH&S)**

While the review does not represent a comprehensive audit of Council's occupational health and safety practices, it did examine a number of Council documents and practices in this area. Council has recently adopted the OH&S and safety management system which provides extensive resources to its management and staff. It has a comprehensive policy supported by a manual. Council also has in place injury management and return to work policy and the OH&S committee. There are no elected councillors on this committee.

Since the appointment of the Risk Management and OH&S Officer, Council has implemented an occupational health and safety risk management program (the Safe program). The program comprises both reactive and proactive risk management approaches including a number of indicators to measure improvement to the health and safety system. In this period the time lost to workplace injuries and the number of workers compensation claims have decreased.

At the time of the review, Council was looking at options to address various significant OH&S risks in one of its depots. The Department encourages the Council in its efforts to address this matter consistent with its responsibilities as an employer.

## 7. COUNCIL'S RESPONSE



### **BELLINGEN SHIRE COUNCIL**

**33-39 Hyde Street, Bellingen NSW**  
*All communications to be addressed to the General Manager*  
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**TELEPHONE:**

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(02) 6655 7328 Planning Division  
(02) 6655 7347 Engineering and Operations Division

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IN YOUR REPLY PLEASE QUOTE

OUR REF:

MC

CONTACT:

Mike Colreavy  
Direct Line 66557361

19 May 2008

Mr Garry Payne AM  
Director General  
Department Of Local Government  
Locked Bag 3015  
Nowra NSW 2541

Dear Mr Payne

#### **Promoting Better Practice Review**

Council has considered the Draft Promoting Better Practice Review report and would like to thank you for the review.

Council has found the review extremely helpful in identifying areas of improvement and setting objectives. A Draft Action Plan is attached and this will be formally submitted to Council for adoption when the "Confidentiality Requirement" is lifted by the Department.

I would also like to advise that progress has already been made on some of the 2008/09 actions in advance of receipt of the Report. There are some minor changes that you may wish to make in the draft report. These are:-

Page 14 ... "115 full time equivalent" should read "122 full time equivalent "

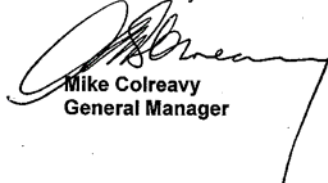
Page 38 ... Council's planning section comprises "five specialists" should read "three specialists"

Page 56 says that all positions have job descriptions but in draft form. This is incorrect. All positions have job descriptions that are reviewed annually during the staff performance appraisal process.

The Senior Managers and 4 of the 7 Councillors (3 were unable to attend) met today to consider the Report. There was unanimous agreement that the Report is balanced and accurate and that the recommendations are reasonable. The Draft Action Plan was also endorsed.

If you require any further information on this please contact me on 66557361 to discuss.

Yours faithfully



Mike Colreavy  
General Manager

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

### COUNCIL'S PRIORITIES AND FOCUS

#### *What is working well*

- Willingness to embrace improvement.

#### *Challenges to improve*

- Lack of strategic plan.

### GOVERNANCE

#### *What is working well*

- Management of pecuniary interest.
- Delegations.
- Conduct in council meetings.
- Insurable risk.

#### *Challenges to improve*

- Business continuity plan.
- Records management policy.
- Procurement/disposal of assets policy.
- Internal controls.
- Broader organisational risk management.
- Code of conduct training for staff and councillors; structured training for councillors.
- Gifts and benefits policy.
- Councillor-staff interaction policy.
- Information management plan.
- Privacy plan.
- Committees.

### REGULATORY

#### *What is working well*

- Section 94 contributions resource.
- Strategic planning processes.
- DA processing times.

#### *Challenges to improve*

- Integration of enforcement practices with other activities

## **ASSET AND FINANCIAL MANAGEMENT**

### *What is working well*

- Development of longer-term financial management plan and financial controls.

### *Challenges to improve*

- Asset management plans.
- Plans of management for community land.

## **COMMUNITY, COMMUNICATION AND CONSULTATION**

### *What is working well*

- Social and community planning.
- Community participation.
- Tourism plan.

### *Challenges to improve*

- Customer service standards.

## **WORKPLACE RELATIONS**

### *What is working well*

- A number of draft plans and strategies that need formal adoption and implementation.
- OH&S.

### *Challenges to improve*

- Formal recruitment policy.
- Succession plan.