

challenges improvement innovation good governance

Promoting Better Practice Program

REVIEW REPORT

BOMBALA COUNCIL

AUGUST 2008



Department of Local Government

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1. ABOUT THE REVIEW

Review objectives

The Promoting Better Practice Program is a review process that has a number of objectives:

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

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

Review process

The review process was developed after extensive research into council performance measurements in Australia and overseas. There are essentially five steps in a review - preparing, assessing, checking, analysing and reporting. The review team examines local circumstances in order to understand the pressures on council and how the council has sought to manage that environment.

The process involves a Department of Local Government (DLG) review team evaluating the effectiveness and efficiency of the council's operations and giving feedback. This involves checking compliance, examining appropriate practices and ensuring that council has frameworks in place to monitor its performance.

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

Bombala Council Review

Bombala Council was asked to complete a strategic management assessment and a comprehensive set of checklists about key Council practices. The review team examined these and a range of other source documents prior to visiting Council, in order to gain a preliminary understanding 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?

Senior Investigations Officer Sonja Hammond and Principal Finance Officer Susan Glasson conducted the on-site component of the review from 12 – 15 February 2007.

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

2. EXECUTIVE SUMMARY

Bombala Council, situated in southeast NSW, is classified as a rural, agricultural council with a population of between 2,000 and 5,000. Within this classification there are another 23 councils, such as Brewarrina, Boorowa, Tumbarumba and Harden.

Council's Vision Statement is as follows: *"Bombala Council area retaining visual beauty whilst embracing a quiet relaxed lifestyle and a progressive diversified community"*. The Vision Statement and the Council's mission statement do not feature prominently in Council's key operational plans. However, Council has also developed a local community vision, which has been reflected in a set of outcomes. Council uses these outcomes and has integrated them as the themes of the management plan.

In terms of governance, the review looked at a number of fundamental processes and policies that councils should have in place. Bombala Council adopted a code of meeting practice in December 2006. Councillors have had to make some adjustments to comply with the new procedures. A review of the Council minutes indicates that the meetings are run efficiently and effectively. Attendance at Council meetings is not particularly high, however, and councillors should take note of this in terms of their representative obligations as councillors.

Some of the processes and policies that Council should review in the governance area include expenses and facilities of councillors, section 355 committees, delegations, tendering and procurement, risk management and internal audit.

Councils exercise many different regulatory functions. The review team examined Council's planning instruments, policies and processes, together with companion animals, environmental management and enforcement practices. Council's Local Environmental Plan (LEP) has not been updated for quite some time. It is listed as a project in the 2007/08 Local Area Plan for completion by December 2010. One complexity in developing a new LEP is taking into account the forestry industry that is governed by the *Forestry Act 1916*. Timber plantations are offered exemptions from council planning requirements under the Forestry Act. This restricts the revenue Council is able to collect from timber industries to provide and maintain the

infrastructure needed to support the industry that provides jobs and growth to the area.

Bombala Council is part of the Australian Capital Region for State of the Environment reporting. The last comprehensive report was prepared in 2004. Since this time there has been little if any reporting on the state of the environment, including supplementary reports that are required each year.

The financial position of Bombala Council has been improving over the past five years. Council has developed a long-term financial plan that appears to support the Council's strategic direction.

Asset management is an area that Bombala Council needs to focus on. The General Manager has acknowledged this and the Council has a dedicated asset management position, but does not have any asset management software to support the role. Council should further develop asset management plans that are linked to the Council's strategic plan and integrated with the management plan and long term financial plan.

Bombala Council has compiled a Local Area Plan as its high level plan. It reflects the Council's strategic, management and social plans. For a council of its size, the level of integration of the plans is very high. The annual report also shows a level of integration. Council needs to ensure that all the requirements of the *Local Government Act 1993* and the Local Government (General) Regulation 2005 are captured in the Local Area Plan and the 2006/07 Bombala Council Annual Report.

Economic development and tourism are recognised by Council as valuable elements of the area's future. Council has an Economic Development Prospectus available on its website and promoted the area as a tourist destination and as a place to set up a business at the Country Week Expo held in Sydney in 2005.

Council has indicated that a review of its Human Resources Strategy is to be conducted in the next 12 months. Council is encouraged to do this and to incorporate succession planning and retention of corporate knowledge as part of the review.

Council should also ensure it prepares job descriptions for all positions and implements a formal job evaluation process. This can be used to assess and measure work value.

3. RECOMMENDATIONS

Ambitions, Priorities and Future Focus

1. Both the Vision Statement and the Mission Statement should be amended to align with the strategic planning undertaken by the council and should feature prominently in all of Council's significant plans and publications.

Governance

2. Council should take steps to emphasise the importance of completing pecuniary interest returns accurately and in a timely manner to all councillors and designated officers.
3. The General Manager should revise the obligations of staff and councillors in relation to gifts and benefits and promote awareness of the gifts register.
4. Council should update its section 252 policy on payment of expenses and provision of facilities to the Mayor and councillors to reflect the requirements of the Director General's Guidelines outlined in Council Circulars 06-57 and 07-22.
5. All of Council's section 355 committees should have a charter and/or a constitution setting out their membership, functions and delegations. All committee members should be given a copy of the charter and Council's code of conduct and be advised in writing that it must be complied with.
6. The General Manager should ensure that all committees are provided with operating procedures.
7. Delegations should be signed by staff upon receipt and Council should record when delegations are reviewed.
8. Council should review and update the purchasing and procurement policy. The updated policy should be included on Council's website.
9. Council should continue to liaise with State Records to ensure that the capture, retention and disposal of records are compliant with the *State Records Act 1998*.
10. Council should review and update its internal reporting policy and provide training to both staff and councillors to promote awareness of their rights and obligations under it.

11. Council should undertake a comprehensive risk assessment and develop a risk management plan for all Council operations.
12. Council should consider developing an internal audit program.
13. As part of the development of an internal audit program, Council should consider undertaking a fraud risk assessment and developing a fraud control policy or strategy.
14. Council should develop a plan to undertake a systematic review and update of all policies and update the policy register accordingly.
15. Council should consider adding other section 12 documents to the website, including copies of the minutes of previous Council meetings.

Planning and other regulatory functions

16. Council should proceed with action to review and update the current Local Environmental Plan along with its Development Control Plans, and should integrate these with the Bombala Local Area Plan.
17. Council should examine the costs and benefits of preparing and adopting a generic contributions plan pursuant to section 94 of the *Environmental Planning and Assessment Act 1979* for development in the Council area. It should include the options available under section 94A.
18. Council should review the planning functions within Council and incorporate a development application monitoring process within the next twelve months.
19. Council should take action to ensure that a supplementary SoE Report is prepared annually (other than in those years where a comprehensive report is required) using the guidelines published by the Department. Council then needs to make sure it uses the report in its strategic and management planning and as a basis for benchmarking and monitoring its environmental performance over time.
20. Council should prepare, adopt and implement a companion animals management plan and ensure that dangerous dogs and dog attacks are reported to the Department.

Asset and Financial Management

21. Council should develop asset management plans for all assets.

22. Council should integrate the asset management plans with other Council plans such as the strategic plan, financial plan and management plan.
23. Council should examine the costs and benefits of purchasing relevant asset management software to support Council's asset management effort.
24. The Council should review and if necessary prepare fresh Plans of Management for its community land.

Community and Consultation

25. Council should ensure that the social plan meets the requirements of the Department of Local Government guidelines by covering all target groups in the activities within the plan and by detailing the community consultation undertaken to develop the plan.
26. Council should review the management plan to ensure that it complies with the *Local Government Act 1993* and the *Local Government (General) Regulation 2005*.
27. Council should use the Department's Checklist for Annual Reports when preparing its future annual reports.
28. While Council produces the newsletter and media releases on topical issues, it may wish to consider widening the role of the newsletter that is distributed to all ratepayers in the area. The Council should also consider conducting a community survey.

Workforce Relations

29. Council should review its Human Resources Strategy and Workforce Plan within the next 12 months.
30. Council should, as part of its human resources planning review, prepare a succession plan.
31. As part of its succession planning, Council needs to put in place mechanisms to capture Council's corporate knowledge.
32. Council should design and implement a formal performance management program.

33. Council should ensure that job descriptions are developed for all positions, given to staff and reviewed on an annual basis.
34. Council should review and revise its EEO policy and develop and implement a complying EEO management plan.

4. CONTEXT

Bombala Council is located in the southeastern part of NSW, approximately two hours from Canberra and six hours from both Sydney and Melbourne. It is bordered to the east by Bega Valley Shire Council, by Cooma Monaro Shire Council to the north and Snowy River Shire Council to the west. The NSW/Victoria border forms the southern border of the Council area.

The NSW snowfields and the Far South Coast surround Bombala Council. The area contains many old growth forests and waterways and is renowned for its platypus population (reflected in Council's logo). Fine wool production and cattle have been the main industries, with lavender growing, truffle production and production of organic produce now flourishing as industries in the local government area. The number of soft wood plantations, part of the major timber industry, is on the increase.

Australian Bureau of Statistics 2006 Census data for Bombala Council showed that the population was 2,541. 1.5% of the population are Indigenous persons, compared with 2.3% of Indigenous persons for Australia as a whole. Eighty-five percent (85.4%) of the population were born in Australia (compared to the State figure of 70.9%). Ninety-two percent (92%) of the residents of Bombala Council are Australian citizens. The percentage of the population that speaks a language other than English is 7.3%.

The 2006 Census showed the median age of Bombala Council is 43, while the State median age is 37 years. The majority of the population is aged 25-54 years (38.2%) and next highest age group is 65 years and over (18.1%). The Local Government and Shires Associations' report, *Planning the Local Government Response to Ageing and Place*, ranked Bombala 28th out of 153 councils in 2004 in terms of the percentage of its population aged 65 years or over. Bombala Council's ranking is projected to rise to 16th by 2022, with 27% of the population projected to be 65 years or over. This suggests ageing is a critical issue for the region.

The median weekly individual income for the local government areas is \$383, which is lower than the State median of \$466 (ABS 2006 Census). The median weekly household income of Bombala Council was \$734. Again this was below the State median of \$1,027 (ABS 2006 Census).

There are nine councillors on Bombala Council. The last election was held in 2004. Four of the councillors elected in 2004 had been on Council previously. The other five councillors were elected for the first time, representing a high degree of renewal.

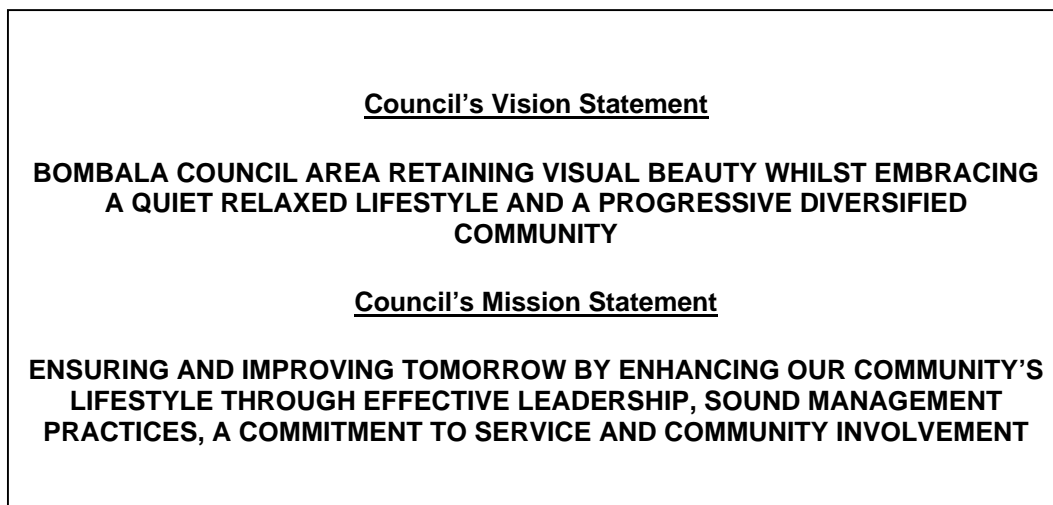
Council employs 52 full-time equivalent staff. Of these, 2 are aged between 18 – 24 years, 34 between 25 – 54 years, 22 between 55 and 64 years and 2 over 65 years. One staff member (2%) identifies as Aboriginal and Torres Strait Islander.

In the 2005/06 financial year, Council's results before and after capital were a surplus of \$125,000 and a surplus of \$1.225 million respectively.

5. COUNCIL'S AMBITIONS, PRIORITIES AND FUTURE FOCUS

The review assessed the clarity of Bombala Council's strategic direction and whether Council planning reflects a shared and realistic vision. The review team examined Council's approach to corporate planning and the degree to which project management and continuous improvement principles were integrated into day-to-day management.

Council's vision and mission statements are available on Council's website and are reproduced below:



The statement addresses many aspects of a council's charter. However, the process of developing and adopting such statements is arguably as important as their content.

In its response to the draft report, the council has advised that these statements are incorrect and are in need of replacing to align with the strategic planning undertaken by the council.

While the council appears to have adopted and supported these statements throughout the organisation, neither the Vision Statement nor the Mission Statement appears in the Management Plan or the Annual Report. Both these documents report the Local Community's Vision. Both the Vision Statement and the Mission Statement should be amended to align with the strategic planning undertaken by the

council and should feature prominently in all of Council's significant plans and publications. **(Recommendation 1)**

While a council is not required by law to have a strategic plan, the development of a Strategic Plan provides the opportunity for councillors, council staff and the community to carefully consider and reconcile the current and emerging needs of the area, with the limited resources that are available to meet those needs.

Council's strategic plan is incorporated into the Management Plan. Council undertook the Living Centres Program to develop a list of the priorities and desires of the community. This program resulted in the Bombala Living Centres Local Area Plan, where the role of Council was identified. Council's activities and finances are in the main aligned with the vision of the community, while the Management Plan identifies the activities that Council has the resources to undertake. The Living Centres Plan has given Council strategic direction.

It is pleasing to see that Council communicates its priorities to the community through annual meetings conducted by the General Manager and Mayor. Through these meetings, the community also has a voice with which to continue to provide strategic direction for the next management plan.

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*
- *Council's decision-making processes*
- *Monitoring and review*
- *Risk management and internal control*
- *Access to information.*

Councillor induction and training

The current Council was elected in 2004. Prior to the election, Council held an information session for people interested in becoming councillors. The General Manager gave a presentation on becoming a councillor and then provided the attendees an opportunity to ask questions. Two of the attendees subsequently stood for Council.

After the election, a councillor induction package was provided to the councillors. Five councillors attended an 'Elected Life Workshop' in 2004 that was held at Cooma Monaro Shire Council. The program included information on the council as a sphere of government, council governance, policy framework and the elected life of councillors. While it is pleasing councillors attended this training, only two of the newly elected councillors attended.

It is noted that the Minister for Local Government has announced that all incoming councillors, both new and experienced, receive training immediately after the elections in 2008. This strategy seeks to ensure that all councillors have timely access to information that they need to perform their role well.

Code of Conduct

Section 440 of the Act requires every council to adopt a code of conduct to be observed by councillors, members of staff and delegates of Council that is consistent with the Model Code of Conduct prescribed under the Regulation. It is important because it assists councillors and Council staff to understand the standards of conduct that are expected of them.

Since conducting the on-site component of this assessment, the new Model Code of Conduct for Local Government in NSW has been proclaimed. The council should move to review the new Model Code and should look to prepare a code of conduct specific to Bombala Council that can be adopted by the Council under resolution, and include locally specific matters such as setting desirable values.

In speaking with the General Manager, Mayor, senior staff and one councillor, it appeared that the councillors and staff have a good understanding of their obligations under the code of conduct. It was stated that councillors take a conservative approach to the declaration of interests and that councillors check with the General Manager if they are in doubt as to whether they may have an interest and therefore need to declare it.

Disclosure of pecuniary interests

There are two types of conflict of interest that a council official can have in a matter: pecuniary and non-pecuniary. Pecuniary interests are regulated by Chapter 14 Part 2 of the Act. Non-pecuniary interests are regulated by the Model Code of Conduct for Local Councils in NSW, and by Council's own adopted code of conduct.

Section 451 of the Act requires that pecuniary interests in a matter before Council, including the nature of the interest, must be disclosed and that the person making the disclosure not be present at, or in sight of, the meeting at which the matter is being considered, discussed or voted on.

The new Model Code now requires that a person who has a non-pecuniary interest that conflicts with their public duty, must disclose the interest fully and in writing, even if the conflict is not significant and must do this as soon as practicable. It emphasises the need to manage conflicts of interests.

Disclosure of interest return forms

The *Local Government Act 1993* regulates the management of pecuniary interests. The Act requires that councillors and designated staff complete and lodge disclosure of interest returns. It is important that councillors and staff observe these requirements, as to not do so has the potential to seriously undermine the community's confidence in the integrity of local government and the decision-making processes.

The review team inspected returns of interests submitted by the councillors and General Manager for the period 1 July 2005 to 30 June 2006. All forms were dated prior to 30 November 2006 and the returns were stamped with the date they were received by the Council.

Generally the standard of returns was good. However, a number of the returns contained minor deficiencies including failure to disclose the addresses of real property and details of employers, corporations and creditors in parts A, B1, B3, D, E

and G of the returns. Also some income, in particular pensions, were declared in section B1 but should be declared in B3.

The Local Government Pecuniary Interest and Disciplinary Tribunal has pointed out the need for councillors (and designated staff) to give due care and attention to the accuracy, detail and content of the disclosures required in returns. Council should use the information provided in the Department's Circular to Councils 04-16 to prepare information for staff and councillors to assist them in completing their returns. **(Recommendation 4)**

Personal benefit

Council officials at some stage in their career may be offered a gift or benefit in the course of their work. The gift or benefit could be offered innocently, or in good faith, or could be offered in an attempt to influence the council official.

The new Model Code provides that if council officials accept a gift or benefit, this can give rise to feelings of obligation on their part towards the giver. It can also create perceptions that they are or will be influenced because of the gift or benefit. It is therefore important that councils develop a policy and procedures to guide and assist council officials in dealing with gifts and benefits and to support the provisions in the model code of conduct regulating gifts and benefits.

The new Model Code provides that council officials must not:

- a) seek or accept a bribe or other improper inducement*
- b) seek gifts or benefits of any kind*
- c) accept any gift or benefit that may create a sense of obligation on your part or may be perceived to be intended or likely to influence you in carrying out your public duty*
- d) accept any gift or benefit of more than token value*
- e) accept an offer of money, regardless of the amount.*

Providing:

Where you receive a gift or benefit of more than token value that cannot reasonably be refused or returned, this must be disclosed promptly to your supervisor, the Mayor or the general manager. The recipient, supervisor, Mayor or general manager must ensure that any gifts or benefits of more than token value that are received are recorded in a Gifts Register. The gift or benefit must be surrendered to council, unless the nature of the gift or benefit makes this impractical.

At the time of the onsite component of the review, the Council had adopted the Model Code of Conduct that contains information in relation to personal benefits. Council did not appear to have adopted a separate policy to assist officials to determine whether a gift or benefit is considered to be token or setting out the processes and procedures that councillors and staff should follow in disclosing such items. Council should work to incorporate these provisions into the Council-specific Code of Conduct referred to in recommendation 3.

Since 1 January 2005, when the Model Code of Conduct came into force, councils are required to maintain a gifts register. Council has recently developed a gifts register in line with guidelines from the ICAC, which applies to staff and councillors. At the time of the review there were no entries in the gifts register. As the register is only a recent addition to Council, the General Manager should promote awareness of its existence to staff and councillors and revise the requirements in relation to gifts and benefits. Council should also consider developing a form for disclosing such personal benefits. **(Recommendation 5)**

Councillor expenses and facilities policy

Councils are required to have a policy on the payment of expenses and provision of facilities to the Mayor, Deputy Mayor and councillors under section 252 of the *Local Government Act 1993*. The Department has recently issued guidelines to assist councils in the preparation of that policy.

The review team examined Council's Policy No: 8.05.002 Provision of Facilities to Mayor and Councillors that was provided as part of the review. The policy was first adopted in September 1994. It was updated in July 2004 and again in January 2007. The last review did not take into account the requirements under Council Circular 06-57 Guidelines For The Payment Of Expenses And Provision Of Facilities To Mayors And Councillors.

At the time of the onsite component of the review, a different document entitled Draft Policy - Payment of Expenses and Provision of Facilities for Mayors and Councillors, was downloaded from Council's website. This policy identified no monetary limits and did not address payment of general allowances or private benefit. Also the policy has no discussion in relation to expenses incurred as a result of training/skills development, telephone/fax/internet or career expenses. The council has advised that the draft policy does contain some monetary limits for some items. Notwithstanding this, the Council should review its policy so that it complies with the Departmental Guidelines and also takes into account the additional reporting requirements set out in Circular 07-22 - Updated Guidelines For The Payment Of Expenses And Provision Of Facilities To Mayors And Councillors - Additional Annual Reporting Requirements And Other Matters. (**Recommendation 6**)

Council Meetings

Meeting Procedures

A key document regulating Council's decision-making is its code of meeting practice. The code of meeting practice incorporates the provisions of the Act, Regulation and the Department's Meetings Practice Note, and supplements these with provisions related to Council's own circumstances. The code contains information on the order of business, deputations to Council and conduct of the public forum session at Council meetings.

The ordinary meetings of Council are held on the first and third Wednesdays of each month. The review team was not able to attend a Council, meeting but has reviewed the Bombala Council Code of Meeting Practice and the minutes of seven different Council meetings.

Council has adopted a code of meeting practice under section 360 of the Act. This was adopted in December 2006. The Bombala Council Code of Meetings Practice appears to be consistent with the Act and the Local Government (General) Regulation 2005. The code of meeting practice makes provision for submissions from the public to be made prior to the opening of the meeting. The code of meeting practice does not indicate a time limit for such submissions. After reviewing a select number of Council meeting minutes, it appears that this process is working well.

Council may wish to consider providing additional information in the code in relation to public submissions, such as a time limit (extension to be granted where deemed necessary) and outline matters that should not be raised (personnel matters, personal hardship of ratepayers, confidential commercial information, matters affecting the security of Council, any matters contrary to the public interest).

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 1993* outlines the requirements for this determination. Bombala Council closed Council meetings to the public on two occasions in the 2006/07 financial year. On both occasions the reason for closing the meeting was accurately identified and the resolutions resulting from the closed session of Council were recorded in the minutes of the meeting.

A council may resolve itself into the 'committee of the whole' under clause 259 of the Regulation. This allows this particular part of the council meeting to become a committee meeting. The committee of the whole remains open to the public unless the council closes it to discuss one of the matters referred to in section 10A(2) of the Act. The advantage of a council forming a committee of the whole is to overcome the limits on the number and duration of councillor speeches referred to in clause 250 of the Regulation. From the minutes reviewed Bombala Council appears to use committee of the whole in an effective manner.

Attendance at Meetings

As stated above, the minutes of seven different Council meetings were examined. From examining the minutes the review team identified that on average there were

only six councillors present, of a possible nine, at the Council meetings. Refer to Table 1.

Table 1: Number of Councillors Present at Council Meetings

Council meeting date	Number of councillors attended
4/10/07	5
1/11/06	7
15/11/06	6
6/12/06	7
20/12/06	8
17/1/07	7
20/6/07	5
Average number of councillors at each meeting	6

Councillors should be mindful of their role to direct and control the affairs of the Council, to participate in the optimum allocation of Council resources, to play a key role in the creation and review of the Council's policies and objectives to conduct Council's regulatory functions and to review Council's performance, delivery of services, management plans and revenue policies. Improved rates of attendance is something all councillors are encouraged to work towards.

As an elected person, a councillor's role is to represent the interests of the residents, to provide leadership and guidance to the community and facilitate communication between the community and Council.

Council's minutes should also properly reflect the attendance or absence of councillors throughout the meeting. If a councillor arrives at a Council meeting late, leaves early or steps out of the meeting for a period of time, this should be captured in the body of the minutes. While the minutes of Bombala Council state the time of late arrivals of councillors in the attendance section of the minutes, it is not always clear within the body of the minutes when they arrive. This is important in pecuniary interest matters where it is essential to know whether or not a councillor was in attendance when the particular matter was discussed.

Committees

A council can establish committees to assist it in carrying out many of its functions. Bombala Council has a number of section 355 committees that have been

established for some time. All of the committees have a charter or constitution. While the constitutions are available, all committee members should be given a Council approved charter and/or a constitution setting out their membership, functions and delegations. All committee members should be given a copy of the committee charter or constitution and Council's code of conduct, and should be advised in writing that they are bound by that code. **(Recommendation 7)**

Committees should also be provided with documented procedures. **(Recommendation 8)** A failure to do so gives rise to significant risk exposures. A lack of clear procedures increases the possibility that committees will inadvertently act in a manner contrary to the interest of Council. Council should also take steps to clarify the precise status of committees (whether under section 355 or otherwise).

Delegations

The power of delegation is an important tool that assists council officers to carry out the functions of council in an effective and timely manner. Delegations need to be made in accordance with sections 377-381 of the *Local Government Act 1993* and should be continually reviewed to ensure they remain current. Council provided the review team with a copy of the delegations register. The standard of Council's delegations register is good. The delegations are comprehensive, clear and are searchable by type, position title, person or by value of limit of delegations.

Council reviews the delegations within the first 12 months of each term of office. The General Manager reviews delegations to the staff annually. As a good practice initiative, the General Manager should establish a form requiring staff to sign to acknowledge that they have received their delegations and to record when the delegations have been reviewed. This will provide a helpful audit trail. **(Recommendation 9)**

Tendering and Procurement

Council has a purchasing policy. The policy states that for purchases exceeding \$2,000 and not for core Council functions, three quotes should be sought to ensure that the most economical and efficient product is purchased. The policy states that any plant or vehicle to be purchased worth over \$100,000 must go to tender and that

ordering must be carried out in accordance with the ordering procedures. Quotes are to be sought from suppliers for fast moving stock following a stock take. Council's policy does not provide any procedures for the purchase of goods and services for any items that are for core Council functions up to \$100,000.

The Local Government (General) Regulation 2005 has been amended to allow councils to purchase goods and services without tender to a value of \$150,000 (inclusive of GST). This applies to all purchasing, contracting and engagement of consultants, not just for plant or vehicles. Councils may nevertheless wish to invite tenders for lower amounts.

There is a tendering and quotations section on the Council's website. The website states that tenders are required for all goods and services over \$100,000 and that written quotes are required for purchases between \$5,000 - \$100,000.

As such, the current position is somewhat confusing. Council should review and update its purchasing policy to ensure that it covers all tendering, purchasing, contracting and the engagement of consultants and professional services under delegated authority. The policy should identify limits on the tendering and procurement of goods and services by Council officers with financial delegations. Once reviewed, the Council should update the website to reflect the current policy. Council would do well to liaise with Snowy River Shire Council, which has a comprehensive policy, in the development of a revised purchasing and procurement policy. **(Recommendation 10)**

Record keeping and management

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

Council has a Records Management Policy (Policy No. 2.6 Records Management). It describes the value of records as a corporate asset and resource, responsibilities and accountabilities of record users, plan and monitoring the records management

programme and the legislative framework for record keeping. The policy was adopted in 2003 with a review date of December 2005. Council should carry out a review of this policy in line with the recommended broader review of Council policies (refer below).

The challenge with records management is capturing the information accurately and then being able to access it. Council's archives have been kept at the Council premises and discussions are underway with State Records regarding establishing a dedicated off-site storage facility that meets State Records standards.

Council utilises an electronic records management system (RecFind) for electronic communications. It maintains a hard copy filing system. At the time of the onsite review, Council officers were investigating the requirements and costs of document scanning.

Council should continue to liaise with State Records to ensure that the capture, retention and disposal of records are fully compliant with the *State Records Act 1998*. (**Recommendation 11**)

Complaint 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 and provides a useful source of information and feedback for improving the council's service. Good practice complaints management, as reflected in the NSW Ombudsman's Complaint Handler's Toolkit, involves a tiered approach to dealing with complaints (for example, frontline complaint handling, internal review or investigation and external review) and formal procedures for collecting, analysing and reporting complaints data.

Council adopted a complaint handling policy in May 1998. This is generally consistent with good practice complaint handling practice as reflected in the Ombudsman's guidelines. It makes provision for internal review where a complainant is dissatisfied with the outcome (for example, second tier complaint handling) and also external review (for example, third tier complaint handling).

Most complaints received by the Council are in fact requests for service. It would be a good idea for council to distinguish a complaint and service request in its policy and in practice. In terms of work requests, Council has a form that is filled in at the front counter or is filled in by a Council officer if the request is received by telephone. The forms are then passed onto the engineering section of Council to act upon. A report is prepared each month for Council.

Protected Disclosures

The *Protected Disclosures Act 1994* aims to encourage and facilitate the disclosure in the public interest of corrupt conduct, maladministration and serious and substantial waste in the public sector. All public sector agencies should have an internal reporting policy to ensure that protected disclosures are properly made and that the agency complies with its statutory obligations in dealing with them and ensuring complainants enjoy the protections afforded under the Act.

Council adopted an internal reporting policy in 1997. The NSW Ombudsman released the 5th edition of the Protected Disclosures Guidelines in May 2004. Council should review its internal reporting policy in line with the 5th edition of the NSW Ombudsman's Protected Disclosures Guidelines and provide training to both staff and councillors to promote awareness of their rights and obligations.

(Recommendation 12)

Risk management

Risk management is about the 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 should be a balance between the cost of managing risk and the benefits expected from engaging in an activity that has inherent risks.

Councils are exposed to a wide range of risks as a consequence of their diverse functions. The significance of specific risks will vary from council to council. A risk management plan should provide a council with a framework to proactively identify,

communicate and manage generic and specific risks. It is important that Council considers the development and implementation of a risk management plan to minimise the likelihood of negative events that could have otherwise been foreseen and thereby managed or avoided. Such a plan should extend beyond those risks that are insurable. Council may wish to refer to AS/NZS 4360:2004 for more information on risk management.

Council does not have a risk management plan, although at the time of the onsite visit, Council was in the process of developing a disaster recovery plan. Council has not undertaken a comprehensive review of risk exposure across the organisation. Council should identify the risks it is exposed to, assess the level of the risks and develop a risk management plan to address the risks in order of importance and develop risk minimisation strategies. **(Recommendation 13)**

Internal audit

Internal audit and control provides for systematic scrutiny of an 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 being followed.

Council does not currently have an internal audit program. Council should explore options for the development of such a program. In doing so, Council should consider developing this function on a regional basis, in conjunction with neighbouring councils. **(Recommendation 14)**

The development of internal audit processes is also important, as Council does not appear to have undertaken any fraud risk assessment. Nor does it have a fraud control policy or strategy. It is important that fraud risks are identified and managed effectively and that staff are kept up-to-date on emerging risk areas and on proven strategies for properly managing them. Council should also consider undertaking a fraud risk assessment and developing a fraud control policy or strategy. **(Recommendation 15)**

Council Policies

While Council has most of the policies expected of a council its size, it appears that some policies are out of date. Council should review all of its policies to ensure they are current. As part of this review, Council should look at adopting a standard format that includes the position responsible for the policy, the date the policy was adopted, the date last reviewed, the date to be reviewed and any related policies or other documents. Council's policy register should be updated once the policies are reviewed and updated. Council is reminded that policies need to be adopted under Council resolution. (**Recommendation 16**)

Public access to documents

Councils are required to make their documents available for inspection free of charge under section 12 of the *Local Government Act 1993* unless they are specifically exempt under that section or the council is satisfied that allowing access would, on balance, be contrary to the public interest. Councils are entitled to impose reasonable photocopying charges for copying of documents. Where the General Manager or other person refuses access to a document, the reasons for doing so must be provided in writing to the council. Those reasons must be publicly available. Council must review the restriction within three months of access being refused.

Council's approach to requests for information is to supply the information to the applicant under section 12 of the Act. Council's 2005/06 Annual Report states that *aall public documents of the Council are available for people to access. This includes (but is not limited to) Codes of Practice, Code of Conduct, Policy Manual, Management Plan, Annual Reports and Financial Reports, Business Papers and minutes (excluding confidential items) and Local Environmental Plan. All documents noted under Section 12 of the Local Government Act 1993 are public documents. Most of these documents can be accessed either at the Council Administration Office or Library.*

Council's website provides access to the 2005/06 Annual Report, 2006/07 Fees and Charges, 2007/08 Management Plan, 2005/06 Financial Report and the Agenda for the next Council meeting and the minutes for the previous Council meeting. Council

may wish to add other section 12 documents to the website, including copies of the minutes of previous Council meetings. (***Recommendation 17***)

6.2 Planning and other regulatory functions

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

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

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

Strategic land use planning

Bombala Council has a single local environmental plan (LEP) that covers the entire Council area. It appears that, contrary to section 73 of the *Environmental Planning and Assessment Act 1979*, the LEP was gazetted in 1990 and has not been reviewed or updated since that date. Section 73 provides that councils must keep their local environmental plans and development control plans under regular and periodic review.

Council's Local Area Plan 2007/08 (management plan) lists updating the LEP as a project to be completed in December 2010. The council advises that it has sought to update the LEP, but that this has been delayed by delays on the part of the Government. Council should proceed with this and review and update its Development Control Plans (DCPs) to complement the new LEP. Council should ensure that the new LEP and DCPs are consistent with and integrated with the Council's Local Area Plan. (***Recommendation 18***)

One complexity in developing a new LEP for Bombala Council is the implications of the forestry industry, much of which is governed by the *Forestry Act 1916*. The Forestry Act exempts timber plantations from planning requirements such as developer contributions and planning agreements, and renders these State Forest plantations exempt for rating purposes. Thus Council is not able to collect revenue from the plantations to provide and/or maintain the infrastructure necessary to support the industry.

Developer contributions

Council has not prepared and adopted any section 94 contributions plans for its area. As such, Council currently has no legal capacity to collect funds towards infrastructure costs arising from the demands generated by new development. While Council is not currently exposed to major development pressure, it is vitally important that whatever development occurs takes place in an environment where Council can validly impose contribution requirements to meet the costs of infrastructure and community service demands associated with new development. Accordingly, Council should develop at the very least a generic section 94 contributions plan in accordance with the relevant legislative requirements and establish a section 94 contributions register.

The *Environmental Planning and Assessment Act 1979* has been amended to allow two additional methods for development contributions to be obtained. They are voluntary planning agreements and fixed development consent levies. Council should consider including the new provisions under section 94A of the *Environmental Planning and Assessment Act 1979* in its contributions plan. (***Recommendation 19***)

Development assessment

In 2005/06 Bombala Council determined 79 development applications, with an estimated value of \$3,551,540. Council currently has one specialist planning position, which was filled at the time of the onsite review. Three years ago Council reviewed its planning function and Council states that as a result it is training backup staff to support the planning role. Council also states that monitoring systems are in place to enable development applications to be located, but it does not monitor turnaround times for development applications. In view of the last review having

been conducted three years ago and the lack of monitoring of development application processing times, Council should review the planning functions within Council and incorporate a development application monitoring process within the next twelve months. **(Recommendation 20)**

Council also offers a free pre-lodgement advice service to applicants. Council has available in its customer service area a range of fact sheets and brochures on planning related topics. Council officers are available to provide building and planning advice between 9am and 11am each working day.

State of the Environment report

State of the Environment (SoE) reports are prepared by councils to report on the main environmental issues facing local government areas. The reports must address eight environmental sectors and include major environmental impacts and related activities. The *Local Government Act 1993* requires councils to prepare a comprehensive report for the year ending after each council election and a supplementary report in the intervening years. These reports must identify any new environmental impacts since a council's last report and update the trends in environmental indicators that are important to each environmental sector.

Bombala Council is part of the Australia Capital Region for SoE reporting. The last comprehensive report for ACR, and Bombala, was 2004.

The report was quite comprehensive in terms of sectors addressed and approach taken. However, in a number of categories such as air quality and catchments, it appears that there was no routine monitoring in place or insufficient data was available on which to adequately assess changes and/or impacts. Also, the impact of Council activities does not appear to have been addressed.

There is little information contained in the report on ways in which Council might address this. This puts the value of any reporting in some doubt, as trends and new impacts will not be evident, thereby making any Council responses more ad hoc than scientifically based. The issue may well be a common one for smaller councils with a small resource base and limited ongoing access to appropriate expertise.

Since the publication of the ACR 2004 report, Council does not appear to have prepared any supplementary SoE reports. The Department's State of the Environment Guidelines absolve councils from preparing supplementary SoE reports by reason of their involvement in a regional comprehensive approach.

Council has included the same entry in regard to SoE reports in both its 2004/5 and 2005/6 annual reports – that it is part of a regional activity and an updated report will appear “next year”. While it is understood that the report was being prepared externally and that delays have occurred in the provision of the report, Council should take action to ensure that a supplementary SoE Report is prepared each year (other than those in which a comprehensive report is required) using the guidelines that have been published by the Department. Council then needs to make sure it uses the report in its strategic and management planning and as a basis for benchmarking and monitoring its environmental performance over time.

(Recommendation 21)

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. Local councils are responsible for implementing the Companion Animals Act. The Act imposes requirements on both councils and the owners of companion animals.

One of the requirements of the Companion Animals Act is for councils to report dog attacks and dangerous or nuisance dogs to the Department. Council has not reported any dangerous dog orders or dog attacks to the Department since the legislation came into effect. The Council has advised that, through effective proactive activities, it has had minimal companion animal incidents. While this may have obviated the need to issue orders, the Council still needs to report dangerous dogs and attacks to the department.

Council does not have a companion animals management plan. The adoption of a local companion animals management plan would assist 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. **(Recommendation 22)**

The plan should identify strategies that Council will pursue in meeting its obligations under the Companion Animals Act. This includes, but is not limited to, community education, enforcement, environmental and community amenity strategies. Strategies should be linked to, and monitored through, the Council's management plan. A strategic guide to preparing companion animal management plans was developed by the Department and is available free of charge from the Department's website at: <http://www.dlg.nsw.gov.au/dlg/dlghome/documents/Forms/gpscamp.pdf>. The template provided by the guide covers various areas of companion animal management and allows each council to develop individual strategies.

Compliance

The regulatory and community services section of Council exercises the Council's compliance functions. Council has a proactive inspection programme for all food premises and reinspects particular premises based on risk and the annual inspection outcome. Council also inspects onsite sewerage systems. These are carried out at the time of installation, when complaints are received and by invitation of the owner. Council has a rigorous assessment process that is in line with the Australian Standard.

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 has been completed. This review revealed that Council has reported surpluses before and after all activities for the last five years.

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 2.98 whereas as at 30 June 2005 and 30 June 2004 it was 3.5 and 3.4 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.

Council's unrestricted cash at 30 June 2006, 2005 and 2004 was \$536,000, \$48,000 and \$65,000 respectively. Although liquidity is determined by UCR, a healthy unrestricted cash balance gives Council the option to meet unbudgeted expenses. As indicated, Council's unrestricted cash has increased from previous years. Council should continue to maintain a steady unrestricted cash balance. What constitutes an acceptable unrestricted cash balance is for individual councils to determine.

The Debt Service Ratio (DSR) as at 30 June 2006 was a satisfactory 7.02%. 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. Long-term debt outstanding at the end of the period was \$673,000. 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 1.57%, a decrease from 8.24% at 30 June 2003. Council is to be commended for the low percentage of 1.57%. 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%.

Actual results before and after capital items for the 2005/06 financial year were a surplus of \$125,000 and a surplus of \$1.225 million respectively, compared to a budgeted surplus of \$225,000 and \$1.041 million respectively.

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

This is the fifth consecutive year that the outstanding rates percentage has decreased and the current percentage is even more meritorious considering the adverse economic conditions which have prevailed throughout the Shire.

Rates and Annual Charges...Council should be well pleased with this area of its operations and audit commends the results that have been achieved.

Although Council's present debt service commitments are very manageable we nevertheless encourage Council to continue its prudent strategy of extinguishing debt.

...in the current year Council has been reliant on interest revenues...and profits from sale of assets...to achieve the surplus result. We caution against undue reliance on income from "non core" activities and encourage Council to focus on achieving sustainable operating surpluses without undue reliance on interest revenues and profits from the sale of assets.

Although Council's reserve funds are still well below what we consider sufficient, it is nevertheless very pleasing to note the improvement achieved in the current year.

Council's improving financial position continues to be reflected in its performance ratios. ...Council should feel well satisfied with the financial results reported for the year.

From the financial analysis and the auditor's comments, Council needs to continue this improvement. Council has stated that it will be debt free within two years and that the cash expended to pay loans will be redirected towards infrastructure. Council has further stated that cash reserves will improve in the 2007 financial year.

Long term financial planning

Council demonstrates an understanding of its past financial problems. Council has developed a long-term financial plan within its management plan, which gives Council a greater capacity to identify and plan for future risks. It is important that the financial direction of the Council is aligned to its strategic objectives. The development of Council's long-term financial plan appears to support Council's strategic direction.

Business Activities

Council has reported two business activities in the 2006 financial year statements, namely water and sewerage. Both business activities have reported surpluses for the 2006 financial year.

Asset Management

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

- Roads, Bridges & Footpaths 33%
- Stormwater Drainage 46%
- Water Supply Network 42%
- Sewerage Network 53%

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. Based on the low written down values of Council's assets and on Council's advice, it is apparent that most assets are in a run-down state.

At 30 June 2006 the estimated annual maintenance for all infrastructure was \$1.187 million, whereas the actual maintenance was \$770,000. The amount required to bring assets to a satisfactory standard was estimated to be \$14.5 million, of which \$11 million of this is for roads and bridges and \$3 million (not required until 2016) is for the sewerage treatment facility. During the on-site visit, Council advised that it required \$30 million to replace all its timber bridges, suggesting the actual position may be worse than current reporting indicates.

Council is to be commended for the level of services it provides, which appears to be within Council's scope. Council has recently constructed a building to house a library, Housing and Community Care Centre and Communications Technical Centre. Council would do well to continue to look at its caravan park services, which could be more fully utilised.

Although it appears that Council is realistic in making decisions and is making progress in relation to improving the standard of its infrastructure, there is 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 further develop supporting asset management plans for all assets. **(Recommendation 23)** Council should also integrate the asset management plans with the strategic plan, financial plan and management plan. **(Recommendation 24)** This process will facilitate the Council being able to make more informed decisions about the need to fund infrastructure.

Council should ensure that all long-term asset management plans are linked to a comprehensive infrastructure maintenance programme. This will ensure proper

medium to long-term decisions in terms of Council assets and priority of such decisions. In drawing up such plans, Council also needs to weigh the costs of investing in infrastructure renewal over the short and medium term against the potential costs of failing to do so over the long term.

Council has one staff member working on asset management, which is to be commended for a Council of its size. However, Council does not have any asset management software, which Council currently considers too expensive. Council would do well to review the costs and benefits of purchase and use of relevant asset management software. **(Recommendation 25)**

Community Land

The *Local Government Act 1993* 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 has a generic Management Plan for Community Land dated 1997. In 1998 significant amendments were introduced into the Local Government Act in relation to the preparation of Plans of Management for community land. The Council should review and if necessary prepare fresh Plans of Management for its community land. **(Recommendation 26)** Council's community land records appear to be up-to-date and conclusive. For example, Council has a register of leases and licences, which appears to be up to date and conclusive.

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 methods Council uses to involve and determine the views of its community*
- *Social and community functions of Council*
- *Annual reporting*
- *Reporting to the community and keeping the State government informed about its activities.*

Bombala Council Local Area Plan (Strategic, Social and Management Plans)

As stated previously in this report, Council undertook the Living Centres Program to develop a list of the priorities and desires of the community, resulting in Council developing the Bombala Living Centres Local Area Plan. The review team examined the Bombala Council Local Area Plan for 2007/08.

The Bombala Council Local Area Plan 2007/08 integrates Council's strategic, management, social and equal employment opportunity management plans. The level of integration within the Local Area Plan is high and Bombala Council is to be commended for taking this approach.

The strategic plan is divided into six outcomes. They are:

1. Creating a local economy with a broad base
2. Fostering local and regional tourism
3. Retaining a clean and productive natural environment
4. Provision of services and places to meet the needs of the community so as to encourage community development
5. A local community that identifies and promotes the values of the local area
6. A focus on the needs of youth and future generations.

Under each outcome Council has adopted a number of strategies and has developed a number of strategic indicators that the Council uses to identify *whether there is a trend towards or away from the goals of the community*. The indicators include an increase in population by approximately 1,000 to 3,500, an increase in school enrolments of approximately 40 to 500 and an increase to 1,600 people employed.

All councils should develop a social/community plan at least once every five years. A social/community plan examines the needs of the local community, including groups that may be disadvantaged in some way, and formulates access and equity activities that council and/or other agencies could implement to address identified needs. This plan must be prepared in accordance with guidelines issued by the Department. Aspects of the social/community plan must be reported in Council's management plan and annual report.

While Bombala Council has not prepared a separate social/community plan, it has included some of the aspects of a social plan in the Local Area Plan. Council should review the Department's guidelines to ensure that the social planning information within the Local Area Plan meets these requirements.

Council has not included a needs assessment for target groups, but a coding is applied to the regular and non-regular activities in the management plan section of the Local Area Plan that reports on activities as they may relate to, or be seen as beneficial to, one or more target group. Not all target groups are covered by the

activities in the plan. General reference is made in the Local Area Plan to community consultation, but no details or evidence were provided. **(Recommendation 27)**

Following on from the social plan is the management plan. Each year Council is required to prepare a draft management plan with respect to its activities for at least the next three years and its revenue policy for the next year. Sections 403 and 404 of the *Local Government Act 1993* require certain particulars to be included in Council's draft management plan. The draft management plan is to be exhibited in accordance with section 405 of the Act.

Bombala Council's Management Plan is a good foundation on which to build. The development of themes is a good initiative and they are well integrated with the Council's strategic outcomes. There are some activities included in the management plan that were due to be completed prior to the timeframe of the current management plan. Council should be mindful of the number of outstanding projects in the management plan that are past their due dates. Some of the principal activities required by section 403(2) are not included in the management plan. Council should review the requirements of the Act and Regulation to ensure its management plan meets the requirements of the Act and Regulation. **(Recommendation 28)**

Annual Report

The Act requires a council to prepare an annual report within 5 months of the end of the financial year as to its achievements with respect to the objectives and targets set out in its management plan for that year. The Act and Regulation stipulate what must be included. To assist councils in the preparation of the annual report the Department has prepared a Checklist for Annual Reports. The Checklist was distributed to councils as part of Circular to Councils No 07-41: Annual Reporting, Social/Community Planning and SoE Reporting Requirements of Local Councils. The Circular was issued to councils on 3 September 2007.

The review team examined Bombala Council's 2005/06 annual report. The format of the annual report reflects that of the Local Area Plan. Council has included the activities set out in the management plan and its achievements in respect of those activities.

The annual report complies in part with the Act and Regulation. Council should use the Department's Checklist for Annual Reports when preparing future reports to ensure that it complies with the requirements of the Act and Regulation. Areas that Council should have particular regard to include the outcomes of the social plan component of the Local Area Plan, the state of the environment in the area, remuneration packages for senior staff and inclusion of the financial reports.

(Recommendation 29)

Community participation

Community engagement is an important element in council planning processes. Involving representatives of the community throughout the planning process ensures that community views and ideas are incorporated into the development of the plan and provide for greater ownership of the process and the outcome. Effective community engagement can mean greater community support for the planned directions and resultant actions that are taken.

The way in which councils engage with their communities throughout planning processes is also important. Engaging the community needs to be a collaborative, inclusive, dynamic and responsive process. Community engagement processes should aim to effectively involve all members of the community. The engagement processes that are developed need to be sustainable and on-going.

Bombala Council does not have a formal approach to engaging with its community. It is evident that it has some practices that ensure the community is consulted and involved in Council decision-making processes. Council uses its "Purple Platypus" newsletter, 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.

The Council publishes the "Purple Platypus" newsletter. This serves as Council's Economic, Tourism, Community and Youth Development Newsletter.

While Council produces the newsletter and media releases on topical issues, it may wish to consider widening the role of the newsletter that is distributed to all ratepayers in the area. Council may find that it is a useful tool that acts as a way of keeping people in touch with events in their area as well as providing the latest news on Council's activities. **(Recommendation 30)**

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 team acknowledges that the size of the community may make regular community surveying unnecessary.

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 limited information to the public. It provides access to key documents such as the management plan, annual report and financial reports. The website also contains a business papers and minutes section. Access is only provided to the latest set of Council minutes and business papers (and as noted earlier, the review team recommends greater access to minutes be made available). Council provides other information on the site in relation to community services, facilities and economic development.

Economic Development and Tourism

Council has an Economic Development Officer (EDO) who is responsible for tourism, economic development, town beautification, community development and caravan parks. Initially the employment of the EDO position was funded through grants that ran for a set period of time. Council recognised the value of an EDO and continued to fund the position after the grant expired.

Bombala Council has an Economic Development Prospectus, which is available on the Council's website. The document provides a good introduction to the Bombala local government area. Many of the figures were based on the Australian Bureau of

Statistics 1996 Census. Since the provision of the 2006 figures, Council has recently completed a review of and has updated the prospectus.

Council is trying to attract new businesses to the area and has recently sold land for industrial purposes. Council wishes to source more land to make available for industries. The Bombala Council area has been promoted at the Country Week Expo held in Sydney, and other regional expos. The number of vacant shops has decreased from eleven to three over a three-year period.

The EDO has assisted the community in gaining access to grant funds. Grants have included State and Regional Development grants for the production of motorcycle trail brochures, Sport and Recreation grants for the swimming pool and fishing clubs and Department of Ageing, Disability and Homecare grants for signage for the HACC and Library Centre. Council has been successful in getting every arts-related grant that it has sought.

Council has been promoting tourism in the region by promoting itself as a destination for motorcyclists. Also, Council has developed a culinary trail brochure that highlights the area and the gourmet delights available. Council has also put additional resources into the tourist information centre that was previously run by volunteers but now has staff. Other tourism ventures supported by the community and the Council include the Wool and Wood Festival, the Lavender Festival and development of the Railway lands as a tourist focus.

Council has caravan parks in Bombala and in Delegate. Council is undertaking a survey of the caravan park users to help determine how the parks can become more sustainable. Council may wish to consider surveying tourists staying in other accommodation types as a way to research facilities required by tourists.

6.5 Workforce relations

It is important to note that all employers have legislative responsibilities in relation to their staff and that the *Local Government Act 1993* and the *Local Government (State) Award* impose additional requirements on councils. Importantly, a council's charter requires it to conduct itself as a responsible employer.

Key areas that councils need to consider when managing its workforce include:

- *Workforce planning*
- *Recruitment and selection processes*
- *Employee remuneration*
- *Performance Management*
- *Training*
- *Consultative mechanisms and the management of grievances*
- *Occupational health and safety*
- *Equal employment opportunity.*

The review team did not undertake a comprehensive review of Council's workforce relations' practices. However, it did examine Council's approach to recruitment and selection, succession and performance management, and its approach to equal employment opportunity.

Human Resources Strategy

All councils are exposed to a number of workforce issues, such as:

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

All councils should develop a long-term workforce plan that looks at the staffing needs of each section of council and allocates staff according to workload and priorities. The long-term plan should also address the issues of:

- council's ageing workforce
- the provision of a plan of succession for key positions and
- increase opportunities for apprenticeships, cadetships and traineeships to address these concerns.

A workforce plan can integrate and guide a council's overall human resources effort, particularly in the areas of recruitment and retention and staff training and development. The key is to ensure that, consistent with Council's view on the future direction of the organisation, planning is underway to support that direction at the human resources level. Such a strategy is a key part of effective modern strategic management. Its importance is underlined by the requirement to report annually in the management plan on Council's human resource activities (section 403(2)).

Council has a Human Resources Strategy in place, but advised that it intends to review this Strategy within the next 12 months. Council is encouraged to perform this work on what is a key element of Council's strategic framework. (**Recommendation 32**)

In addressing this recommendation, the General Manager and Council should consider the various issues raised in this report that may have structural implications. They should also clearly define which Council managers are responsible for specific activities detailed in the management plan and ensure all operational activities are allocated to a responsible Council manager.

Recruitment, Selection, Succession and Performance

Council has a recruitment and selection policy and guidelines. Council should ensure that Managers convening selection panels apply the policy and guidelines.

Council also has an employee package, which is used in the induction of new staff. Council does not have a succession plan. Council should as part of the review of a Human Resources Strategy and Workforce Plan make provision for succession planning. (**Recommendation 33**) Across Council there is a large amount of

corporate knowledge that has not been captured in Council records. This knowledge could be lost if there was a change in some key staff. Council needs to put in place mechanisms to lower the risk in this area as part of its succession planning. **(Recommendation 34)**

Staff turnover is low and it was observed that the senior staff are younger than those in many other councils. It is excellent to report that longer term staff are encouraging other staff to increase their skill bases and their ability to perform tasks. Council advised that when positions are advertised Council receives a large pool of applicants. Council also encourages school-leavers to be aware of positions in Council.

All councils should 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. **(Recommendation 35)**

During the Departmental visit, Council advised that not all positions have job descriptions. Council also advised that not all employees have been provided with a copy of their job description. Council must ensure that job descriptions are developed for all positions, given to staff and reviewed on an annual basis. **(Recommendation 36)**

Equal Employment Opportunity

Councils should have up to date EEO policies, which are reviewed on a regular basis. Further, councils must ensure that EEO is part of the normal routine of council. This reduces the risk of inequality within council and its employees. During the Departmental review, it was revealed that Council last reviewed its EEO policy in 1994. Council should review and revise its EEO policy and develop and implement a complying EEO management plan. **(Recommendation 37)**

7. COUNCIL'S RESPONSE

It is important that members of the public be aware that the review is not a full investigation into the operations of the Council and the efficiency and effectiveness of the operations. The process is based on regulatory compliance and a number of the recommended actions are made in most of the reports to other Councils, indicating that they are pushing the policy direction of the Department of Local Government rather than identifying a best practice approach for Bombala Council's situation.

This is not to say that in some instances the standardised approach of the Department of Local Government is not best practice, but the reports done so far would indicate that there has been more of a one-size-fits-all approach in a number of areas rather than an assessment of whether Council is acting in the best way possible. This detracts from the potential value of a review of the operations of the Bombala Council and the ability of the report to meet the objectives set out at page 3.

Council would like to make the following recommendations in regard to your report:

Summary of Recommendations of Bombala Council

Recommendation 1: That the NSW State Government undertake further population modelling taking into account the environmental conditions to ensure that it is not making strategic decisions for the Bombala Local Government Area based on flawed analysis and assumptions about population trends.

Recommendation 2: That the report be amended to show the number of people not fluent in English rather than those who speak a second language so as to better reflect the true need for multilingual services.

Recommendation 3: That the report be changed to indicate that the statements on the Council's web page are incorrect and need replacing to align with the strategic planning undertaken by the Council.

Recommendation 4: That the Department of Local Government note that the model code has sufficient information to determine what gifts are tokenistic and support the use of the model code if no changes are identified as being needed by the Council.

Recommendation 5: That the report be changed to specifically note that Councillors were not breaching any requirements by being in the chamber while non-pecuniary items were under discussion and consideration.

Recommendation 6: That references relating to addresses not being show in sections D and E be removed from the report.

Recommendation 7: That the Department of Local Government investigate changes to the pecuniary returns' requirements so as to not require the addresses of publicly listed companies such as the Westpac Banking Corporation.

Recommendation 8: That the report be changed to show that the Council does use the Department's circular 0416 to assist staff and Councillors in preparing their pecuniary interest returns.

Recommendation 9: That the report be changed to indicate that the Council has undertaken actions to make staff aware of the Gifts and Benefits Register as well as to show that a form is available.

Recommendation 10: That the report be amended to note that the Council has undertaken a review and that the policy did include monetary limits for some items as well as noting in the report that the revised guidelines came into place shortly after the review was undertaken.

Recommendation 11: That the report be amended to show that constitutions are available and that the Committee structure of Council clearly indicates which Committees are formed under section 355.

Recommendation 12: That the Department of Local Government recognise the importance of volunteers and that there needs to be an assessment of the level of risk of losing the resource to the community by implementing extensive procedures and that this may be a greater risk than posed by not having certain procedures in place.

Recommendation 13: That the Department of Local Government recognise that policy is developed at many levels of an organisation and change the report to reflect that in some instances policy does not involve Councillors, but that they should be developing strategic policy for the organisation.

Recommendation 14: That the report be amended to reflect the fact that the Council sought to update its LEP, but was prevented from doing so by the NSW Government delays.

Recommendation 15: That the report be changed to show that the SoE update was being prepared by an external body for the region and that this was where delays occurred.

Recommendation 16: That the report be changed to remove assumptions about dog attacks and instead commend the Council for achieving the desired result of minimal companion animal incidents through effective proactive activities.

Recommendation 17: That the report be changed to reflect that the Council has some asset management planning in place.

Recommendation 18: That the report be changed to remove the assumption that the Council has not considered the cost and benefits of asset management software as this is an incorrect assumption.

Recommendation 19: That the Department of Local Government note that there has been no significant change in the use of community land and as such updating plans for such land is not an effective use of resources.

Recommendation 20: That the report be amended to include information on the Purple Platypus newsletter.

Recommendation 21: That the report note that since the review the Economic Development Prospectus has been fully revised.

Recommendation 22: That the Department of Local Government recognise that some human resource tools are not effective and efficient in smaller organisations.

Recommendation 23: That the Department of Local Government recognise that workforce plans would have limited value in the current rural environment and limited value in small organisations.

Recommendation 24: That the report be changed to note that the organisation would seem to be coping with changeover of staff at this time without significant problems through loss of corporate knowledge.

Recommendation 25: That the report be changed to note the Council's impressive performance in equality of employment.

Commentary on the Report

In this section further details on Bombala Council's response to the draft paper are discussed. The focus is primarily on correction of information, issues the Council feels have not been correctly portrayed and matters that have changed since the investigation was undertaken. Following the release of the final plan the Council will respond to the recommended actions.

Context

The report references the report Planning the Local Government Response to Ageing and Place as projecting a rise in the ranking of the Bombala Council in the percentage of its population aged 65 and over. This document was created in 2004 before the 2006 census figures were available. Analysis of the age groups from the 2006 Census provided in a briefing to Council indicated that there is a group of aged people moving through the data as well as a low point that is similarly moving through the data, skewing the results. Significantly the assessment indicated the overall population age mix looked to be reasonably stable, albeit with the additional aging that is common within our community because of improved health outcomes. A further point to be considered is that data leading up to the 2004 census provides misleading trends for the local government area because of the ongoing impact of the closure of the hardwood industry. The impact of this can be clearly seen since the 1997 event, with the loss of jobs at that time leading to loss of population. When portrayed graphically it can clearly be seen that there has not been an increase in people aged over 50, the age brackets least likely to be affected by employment loss

issues. The drop in population since the hardwood industry was closed down has been decreasing by a smaller rate each census with the 2006 census indicating a stabilised population level at the reduced employment level within the economy. It would be reasonable to conclude from this data that future projections, based on historical data over this time period, will be flawed as it will fail to take into account the changing circumstances underlying the figures. It is also considered reasonable to conclude that during a period of job loss the losses will occur more heavily in the under 20 - 65 bracket as people leave to find work and younger people leave due to less work opportunities when they leave school. As the State Government is committed to developing an integrated softwood processing centre around Bombala this will lead to increased employment and a corresponding increase in population, primarily in the case of the working age group and youth.

This would also show an increased level of aged people on a percentage basis, however this would not indicate a long term trends towards a rapidly aging community as over time the lower level of those in the 20 to 59 age bracket would be reflected in the over 65 age population. In light of this it is difficult to see how the information can support a claim that aging is a critical issue for the region. This is further shown by the fact that only 18.1% of the population is aged over 65 compared to a NSW state average of 13.8% and that the numbers in this age group have not increased overall since 1991 (pg 12). A more in depth analysis of the data may need to be undertaken by the State Government so that it can more accurately provide services and facilities needed by the community, as statements such as this indicate that currently false assumptions are being made. **(Recommendation 1)**

While the report indicates that 7.3% of the population speaks a language other than English a more useful indicator would be that 4 people do not speak English well or at all (0.18% of the population). This is a much better indicator of the need for multilingual services and should be included in the report instead of the information currently included, as that overstates the language issue (pg 12). **(Recommendation 2)**

Council's Ambitions, Priorities and Future Focus

The Council's Vision Statement and Mission Statement as shown on the web site have been removed and replaced with the local community's vision. While there is a

lot of cross over in the two statements the Council has moved behind the community's vision in setting its strategic vision and goals as this was developed through a significant period of consultation as part of the Living Centres project. The report should indicate that the incorrect statement was kept on the Council's web page and that it required updating (pg 14). (**Recommendation 3**)

Code of Conduct

The Model Code of Conduct was adopted after consideration of the needs of the Council and the model document fully met the needs of the Council. Matters such as developing procedures and setting monetary limits are easily achieved through policy and procedure without the need for Council to go to the expense of recreating a full Code of Conduct. This reduces the cost to the ratepayer and is not seen as detracting from the awareness of the procedures. It is also considered that the Model Code of Conduct is quite clear on the limitations on gifts and provides quite extensive examples which clearly set the level of gifts that are considered as tokenistic, as well as establishing that all gifts of over \$500 must be declared. The Model Code of Conduct in clause 7.7 also sets out the procedure if gifts of more than a token nature are received. Limits are also included in the Council's gifts and benefits policy, which was adopted in January 2007. The report is considered misleading in that it indicates that there are not procedures and limits in place, which they are through the use of the Code of Conduct and Council's policy (pg 17). (**Recommendation 4**)

Disclosure of Pecuniary Interests

The report makes the comment that after declaring a non-pecuniary interest two Councillors remained in the chambers while the matters were discussed. The report would seem to indicate that the Councillors were in the wrong to remain in the chambers. As the report is likely to be read by people who are unfamiliar with the process for non-pecuniary interests it is requested that the report specifically note that the Councillors were not acting in a breach of requirements by remaining in the chamber. (**Recommendation 5**) If the view of the Department is that the Councillors were acting incorrectly in their assessment of the action they should take on their non-pecuniary interest, Council would like to discuss this further to provide better guidance to the Councillors on when they should vacate the chambers (pg 18).

Disclosure of Interest Return Form

The report notes that some of the returns show income not being included within the correct subsection of the income declaration section. The Department of Local Government may wish to consider whether the level of detail is required. Income from all Sources could be simply listed. It is further noted that in some instances the pension would be a Councillor's main source of income. Accordingly such details are arguably correctly shown under section (a).

On a review of the last round of pecuniary returns no entries were recorded in part D and the only entries in part E related to a minority shareholder, for which the latest circular issued by the Department of Local Government indicates addresses are not required. Accordingly references to these sections should be removed from the report. (**Recommendation 6**) The Department may wish to consider changes to the requirements so that publicly listed companies do not need to have addresses shown.

There is likely to be little value in requiring the address of the Westpac Banking Corporation, for example. (**Recommendation 7**)

Council officials are provided with a copy of circular 0116. The report should be amended to note this occurs, as the current implication is that the Council does not use the circular (pg 19). (**Recommendation 8**)

Personal Benefit

It should be noted that in this section the Department suggests it is important to have a policy to guide Council officials, which the Council has, which would seem to contravene the earlier statements that such items should be included in the Code of Conduct. As noted above there are numerous examples of what a token gift is in the Model Code of Conduct.

The gifts and benefits policy has been promoted to staff and Councillors through the provision of advice on its existence and they were provided with the policy in early February after the policy was adopted by Council. In addition the General Manager has discussed the issue of gifts and benefits with staff most likely to receive gifts. The draft report indicates that Council has not taken any action to promote

the policy and this is incorrect. Considering that the policy was only adopted in January 2007 it is not seen to be necessary to revise the policy at this stage. A form was developed and Councillors and staff were advised of the form and how to access it when they were advised of, and provided with, a copy of the policy. (**Recommendation 9**) While there is an obvious belief within the Department that the Council must be showered with gifts, this is not in actual case the true situation (pg 19).

Councillor Expenses and Facilities Policy

The policy has been reviewed since the Promoting Better Practice Review was undertaken. It should be noted in the report that the revised guidelines came out in May 2007 after the review of the Council in February 2007. Council's policy at the time of the review stated, at point 6, that meals and daily expenses will be set at the amount determined by the Australian Taxation Office. The policy further stated, at point 8, that the travel rate will also be at the rate set by the Australia Taxation Office. These are monetary limits and as such the report is in error to claim that the draft policy identified no monetary limits. As the Department would be aware the Council can only pay expenses identified in the policy as per DLG Circular 0722, which makes the following statements "Councillors can only receive reimbursement for expenses when the expense is identified in the policy." "It is not appropriate or lawful for Councils to pay general allowances unrelated to actual expenses incurred or designed to supplement Councillor's annual fees." As Council has no general allowance, and it is unlawful to have one, Council cannot see why there should be any mention of it in the policy. The thrust of the above circular is that only matters included in the policy are covered, it would seem somewhat strange to require all the things that are not going to be paid to also be listed. Not only is this inefficient, it is also more likely to confuse people seeking to determine what is able to be recouped (pg 20). (**Recommendation 10**)

Council Meetings - Committees

A review of the Council's records has shown that when the Committees were originally formed there were constitutions developed for those Committees. Staff have been able to locate constitutions for all of the current Committees of the Council and these are available if required. Council has clearly identified each

Committee as being either an advisory Committee or one established under section 355. **(Recommendation 11)** Council would point out that the number of members of section 355 Committees is significant. When new Committees are established information is provided to the membership on the Committee constitution and their roles and responsibilities.

What the Department of Local Government also needs to be aware of is that these members are volunteers. While there are risks involved this needs to be offset against the cost that would be incurred if the volunteers are driven away from the Council Committees because of bureaucratic overregulation. The cost to the community would be significant and would lead to a drastic lowering in the level of services that could be provided by the Community (pg 23). **(Recommendation 12)**

Council Policies

The word ‘policies’ is a very broad term and covers both strategic and operational matters. Accordingly the part of Council that is adopting the policy will vary. Strategic matters are the province of Councillors, but policy relating to the day-to-day activities of the Council and staff personnel matters are operational and would be dealt with by the General Manager through staff (pg 28). **(Recommendation 13)**

Strategic Land Use Planning

It is not accurate to state that the LEP has not been reviewed since it was adopted. Council undertook a comprehensive review in 2001/02 and the only thing that stopped the Council from adopting a new LEP was a refusal by the NSW Planning Department (DIPNAR at the time) to agree to the minimum lot size requested by the community through the public consultation. Council requested justification for the stance taken by the Department of Agriculture on their demands for higher size lots and it was at this point that the process stalled. Before the Council was provided with a response on this matter the standardised LEP's had been introduced and Bombala was advised that they were a low priority with the State and would have their LEP done towards the end of the five-year transitional period. (pg 30) **(Recommendation 14)**

State of the Environment Report

The report indicates that Council has not prepared supplementary SoE reports but fails to mention that the reason for this is that the provision of the reporting form from the regional body has been delayed. The Council could not prepare supplementary reports as the original SoE was not available to comment on. Now that the report is available the Council has included information in its Annual Report (pg 33). **(Recommendation 15)**

Companion Animals

There has been one known attack, however this was reported to the local police and the matter was dealt with by them. The report should not contain the Department's opinion on what is likely, but should instead remain focused on the facts. Council has a very effective and proactive approach to companion animal management which, while not creating long paper trails, seems to effectively manage issues as they arise. This is seen as preventing attacks occurring, which is believed to be the desirable outcome (pg 33). **(Recommendation 16)**

Asset Management

It is stated that there is no asset management plan or strategy documented. This is in error as the Council has in place the Transport Operating Plan and the Snowy River Way Upgrade Operating Plan. Both of these link into the Council's Management Plan. These were developed as transport infrastructure was seen as the most critical asset class. It is not possible, with the resources of the Council, to develop similar plans for all asset classes at once. At this stage it is considered important to be fully implementing the transport strategies before moving onto the next asset class. While it is fine to have plans, unless they are being put into practice the planning is a waste of the community's resources. Council's Management Plan also includes provision for developing further operational plans, which will incorporate management of the assets over the longer term. This ties in the asset management with the operational and strategic plans of the Council (pg 3 8). **(Recommendation 17)** We would point out that the reason that we do not have asset management software is because we have reviewed the situation and the costs are considered to significantly outweigh the benefits. **(Recommendation 18)**

Community Land

The management plans for community land were developed in 1997 and there has been no significant change in the land or its use since that time. As such it is not seen as efficient to waste the community's resources on updating plans where there is no indication of a need for change. These funds are seen as being better utilised in areas where there is a need to develop plans, such as the various asset classes, or in providing services to the community (pg 39). (**Recommendation 19**)

Community Participation

Council would advise that it sends out the Purple Platypus to a mailing list of all interested people and as well has this printed in the local paper. This publication is sent out on a monthly basis and provides information on many of the activities and events. It is considered that the use of the local print and radio media gains wide coverage and taking into account the size of the community this, combined with the annual community meetings and meetings with community groups, is considered to be extensive communication (pg 43). (**Recommendation 20**)

Economic Development and Tourism

Since the review was undertaken the Economic Development Prospectus has been fully revised. Census information will be incorporated (pg 44). (**Recommendation 21**)

Human Resource Strategy

While technically the approach suggested in the review may have merit, in practice the development of another plan would provide little value in an organisation of this size. The reality is that the workforce needs change with each staff member that leaves the organisation and what future skills are needed at that time. Equally, rural areas often do not have the ability to fill all of their specialities and as such there needs to be an assessment of the available skills once positions have been advertised. The Council reviews its position at the changeover of staff and when there is a change in the operational circumstances of the Council. (**Recommendation 22**)

The Local Government Award requires Council to advertise all positions and make appointments on merit. In this environment it is difficult to achieve much in the way of succession planning. Low turnover means that the advantages to staff in lower positions are uncertain as, firstly, it may be a long time before a position becomes available and, secondly, they would have to compete with external applicants. While succession planning may be a useful tool in large organisations, its use in a small rural Council is considered impractical to implement. Council intends instead to continue with its staff development programs to build up broader skills for coping with staff changeover (pg 47). **(Recommendation 23)**

In terms of actions to cover the loss of corporate knowledge, it should be noted that the Council over the last five years has changed over all of the senior positions. While two of these were filled internally, three have been filled from outside the organisation. During this period it is undoubtedly true that some corporate knowledge has departed with these staff (and other staff that have left in that time), but the remaining staff and records are seen to have adequately covered the majority of situations that have arisen. There have not been instances that would justify the reallocation of significant resources to capture the informal knowledge held by staff. Where information is identified that is considered critical processes will be put in place to capture that information (pg 48). **(Recommendation 24)**

Equal Employment Opportunity

Considering that 50% of the senior positions within the Council are held by women, not something that exists in many Councils throughout the State, Council would consider that EEO is part of the normal routine. As with a number of other areas, the Council does not focus on developing plans where there is not a need. If the Department is able to identify areas where the Council is not providing equal opportunity the Council will happily review the existing policy to address the problem. Council believes that the staffing outcome shown above is a true indication that the existing EEO policy is effective and does not require review (pg 48). **(Recommendation 25)**

SUMMARY - WHAT'S WORKING WELL & CHALLENGES

COUNCIL'S PRIORITIES AND FOCUS

What is working well

- Council's Vision and Mission Statements are implemented in the organisation
- Council has a strategic plan that is integrated with other Council plans
- Annual communication to community by General Manager and Mayor.

Challenges to improve

- Reporting of Vision and Mission Statement in key public documents.

GOVERNANCE

What is working well

- Implementation of new code of meeting practice
- Involvement in regional induction training.

Challenges to improve

- Some policies need to be reviewed and updated
- Section 355 committee processes and guidelines
- Access to Council documents on Council's website.

REGULATORY

What is working well

- Programme of compliance inspections.

Challenges to improve

- State of the Environment reporting
- Developer contributions plans.

ASSET AND FINANCIAL MANAGEMENT

What is working well

- Reduction in the level of debt outstanding
- Financial position continues to improve
- Long term financial planning and integration with other key planning documents.

Challenges to improve

- Asset management strategy and plan and integration with other key planning documents
- Management Plan for Community Land to be reviewed.

COMMUNITY, COMMUNICATION AND CONSULTATION

What is working well

- Integration of strategic, management and social plans into the Local Area Plan 2007/08
- Increased focus on economic development within Bombala Council area
- Increased focus on tourism within Bombala Council area.

Challenges to improve

- Capturing social needs of all target groups in the community
- Reporting of outcomes and community consultation undertaken to develop plans.

WORKPLACE RELATIONS

What is working well

- Increase skill base from experienced employees to less experienced employees
- Encouragement of school leavers to consider Council for employment.

Challenges to improve

- Human Resources Strategy and Workforce Plan to be reviewed
- Retention of corporate knowledge of key personnel as part of succession planning.