

challenges improvement innovation good governance

# Promoting Better Practice Program

## REVIEW REPORT

### CONARGO SHIRE COUNCIL

February 2008



Department of Local Government

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## 1. ABOUT THE REVIEW

### Review objectives

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

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

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

### Review process

The review process was developed after extensive research into council performance measurements in Australia and overseas. There are essentially five steps in a review - preparing, assessing, checking, analysing and reporting. The review team 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.

## Conargo Shire Council Review

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

The strategic management assessment tool asked Council to respond to four critical questions:

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

Sonja Hammond and Lyn Brown conducted the on-site component of the review from 28 to 29 June 2007.

The on-site review involved a meeting with a councillor (representing Council's Mayor) and General Manager, conducting interviews and the review of a number of Council's policies and other documents.

Following the on-site review, further analysis was undertaken. Council management was then provided with the opportunity to respond to the review's preliminary findings. Conargo Shire Council response was received in January 2008 and a copy is included in this report. The response was taken into consideration and one recommendation was removed following further analysis.

This report details the review's findings, recommendations and council's initial response. The Department expects councils to formally respond to the review

process, to prepare an action plan to address agreed issues and to provide progress reports on the implementation of the action plan.

## 2. EXECUTIVE SUMMARY

Conargo Shire Council, located in the south-western part of NSW, was formed in July 2001 following the amalgamation of the former Windouran and Conargo Shire Councils. The Council is largely rural, with the administrative offices located in Deniliquin.

The current General Manager commenced employment with the Council in June 2006. Since that time he has reviewed some of the Council's systems and updated some practices. One of the tools that Council does not have is a strategic plan. A strategic plan helps to define a Council's ambitions, priorities and future focus and is developed by the Council in conjunction with the community.

Council is an active member of the Murray Regional Organisation of Councils. Council participates in many of the joint projects through the group and has recently signed a partnership agreement with Murray and Deniliquin Shire Councils to formalise cooperative arrangements in place and to identify future opportunities for resource sharing. The benefits of working with other councils are recognised and fostered by Conargo Shire Council.

A council's management plan outlines the activities that it proposes to undertake over the next three years. Conargo Shire Council's Management Plan requires greater detail specifically with regard to the State of the Environment Report, the Social Plan, Equal Employment Opportunity management plan and access and equity activities that form part of the Management Plan. Council's engagement of the community during the process has involved holding village meetings and is documented in the report.

Other governance matters that Council needs to address include reviewing Council policies, developing a risk management plan, reviewing Council meeting practices, implementing a records management policy and system and developing a system for monitoring and reporting complaints received.

Conargo Shire Council must prepare a new local environment plan, as required by the Department of Planning. Council has engaged a consultant and has commenced the project, which is expected to be completed by mid 2008.

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Council has not prepared a section 94 contributions plan. It is recommended that Council develop such a plan so that it is able to charge developer contributions should the opportunity arise. The development assessment process within Council is adequate, with the exception of any clear criteria on when development applications are called up by the Council.

In relation to companion animals, Council does not have a management plan and therefore it is recommended that Council work with Deniliquin Shire Council to adopt a joint plan and utilise the Deniliquin Shire Council pound facility.

From a review of the 2006/07 financial reports it is apparent that Conargo Shire Council is in a sound financial position. Council does need to undertake some long-term financial planning to ensure that this position is maintained while providing the appropriate services and infrastructure for the community. Council has developed an Asset Management Policy, Strategy and has commenced the development of management plans. For a council with a small population and large area the approach to and the work undertaken in relation to asset management is to be commended.

The social plan for Conargo Shire Council is a combined plan with Deniliquin and Wakool Shire Councils. The plan appears to be reasonable but needs to be integrated further with Council's management plan and annual report. Council should identify strategies as part of its social plan to address the increase expected in the ageing population.

It is evident that Council has many practices to ensure that the community is consulted and involved in the Council's decision-making processes. Also Council supports and has a good working relationship with many community committees that manage Council halls and recreation reserves. Council produces and distributes a newsletter to its ratepayers. Council should consider continuing the community consultation by conducting a community survey. This could then feed through to the development of the strategic plan.

At the time of the review Council was proposing to develop its website as a local e-site. This is seen as a good initiative, as Council's present website is not utilised

effectively. In a rural region such as Conargo, an effective website should be considered a priority.

Council has a number of practices in place to address future workforce issues and these should be incorporated into the development of the strategic plan. Council should ensure that its code of conduct is included in staff induction and that a formal performance management programme is introduced for the indoor staff.

In summary, this report recommends the continuance of Council's good practices and systems and makes some suggestions to improve its effectiveness.

The review team wishes to thank Council and staff for its assistance in conducting this review.

### 3. RECOMMENDATIONS

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

1. Council should develop and implement a strategic plan.
2. Council should work with its agreement partners to develop structured strategies and performance indicators for the activities to be undertaken in accordance with the agreement.

#### *Governance*

3. Council should review its management plan in order to ensure that it complies with the requirements of the Act and Regulation.
4. Council should produce its code of conduct as Conargo Shire Council's code (currently it is in the format of the Model Code).
5. Council should ensure that the code of conduct is included in its induction manual, placed on Council's website and made available to all staff and members of section 355 committees (when established).
6. Council should use the information provided in the Department's Circular 04/16 and the Department's Pecuniary Interest Guidelines to assist councillors and staff to complete their disclosure of interest returns.
7. Council should continue to review its policies to ensure they are current, use a consistent format and include information that identifies who is responsible for the policy, the date the relevant policy was adopted, the date for review and cite any related policies or other documents.
8. Council should ensure that the procurement policy is updated to reflect the change to the Local Government (General) Regulation 2005 and any changes within the Regulation.
9. Council should adequately document the assessment criteria used to analyse tenders and include conclusions and recommendations based on the analysis of the assessment criteria in the report to Council.
10. Council should continue with the development of a risk management plan that incorporates governance and fraud risks.
11. Council should continue to pursue an internal audit arrangement within the Murray ROC.

12. Council should provide training to both staff and councillors to promote awareness of their rights and obligations under the newly adopted internal reporting system policy.
13. Council should continue with the development of its records management policy and system.
14. Council should include keeping of councillor records in its records management policy and procedures.
15. Council should review its code of meeting practice to ensure that it is up to date.
16. Council should review its practice of conducting general business and councillor reports at its meetings.
17. Council should provide the previous meeting minutes that are to be confirmed in the agenda papers for the meeting.
18. Council should work with Deniliquin Shire Council to provide induction information and training to new councillors following the election in 2008.
19. Council should review its policy on the provision of expenses and facilities to councillors to ensure that the information is up to date.
20. Council should develop a complaints management system taking into account the comments made in this report.
21. Council should develop a process to monitor and report on its complaint handling activities.

*Planning and other regulatory functions*

22. Council should consider 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 and include the options available under section 94A.
23. Council should include a policy and/or procedures on when development applications are to be called up and assessed by the Council.
24. Council should include the relevant State of the Environment Report strategies in its management plan.
25. Council should work with Deniliquin Shire Council to develop and adopt a joint companion animals management plan.

### *Asset and financial management*

26. Within the next two years Council should develop an integrated ten-year financial plan.
27. Council should review the Plan of Management for Community Land to provide a more detailed plan that fully complies with the appropriate sections of the Act.

### *Community and consultation*

28. Council should ensure that its management plan includes a statement with respect to access and equity activities to meet the needs of residents in the Council's area drawn from initiatives identified in its social and community plan.
29. Council should include the relevant social and community plan strategies in its management plan, including a statement of means and performance assessment.
30. Council should work with other councils in its region to develop strategies to meet current and future needs for older people in its area.
31. Council should incorporate strategies to meet the needs of older people into its management and social and community plans.
32. Council should consider conducting a community survey as part of the development of its strategic plan.
33. Council should continue to pursue improvements to its website.
34. Council should ensure that its core policies and documents are available on its website.
35. Council should develop customer service standards for all of the services it provides.
36. Once developed, Council should monitor and report on its customer service standards to ensure accountability to the community and to provide feedback to the community.

### *Workforce relations*

37. Council should ensure that its succession plan/workforce strategy is incorporated into the development of a strategic plan for the area and organisation.
38. Council should review its induction manual to ensure that the information relates to Conargo's practices. In addition, Council should include a copy of its code of conduct in the induction package.
39. Council should introduce a performance management program for all staff.
40. Council prepares an equal employment opportunity management plan in accordance with section 345 of the Local Government Act.

## 4. CONTEXT

Conargo Shire Council is located in the south-western part of NSW. It is bounded by Berrigan, Jerilderie, Hay, Murray, Murrumbidgee and Wakool Shire Councils. Conargo Shire Council was formed in 2001 when the former Conargo Shire Council amalgamated with the former Windouran Shire Council. Conargo Shire now has an area of 8,829 square kilometres, with a population of 1,673 (ABS 2006 Census). The population density is 0.19 persons per square kilometre.

The Shire consists of six villages: Conargo, Blighty, Mayrung, Pretty Pine, Wanganella and Booorban.

Council has 8 elected representatives, including the Mayor. Within Conargo Shire Council there are four wards, with each ward being represented by two councillors. The Mayor is elected by the councillors on an annual basis. Council has a full Council meeting once a month at the Council Chambers at Pretty Pine.

Council has 32 staff consisting of 7 indoor and 25 outdoor staff. The administration office is located within the major regional town of Deniliquin, which is located south of the centre of Conargo Shire. Outdoor staff are responsible for a road network of approximately 1,460 kilometres.

In the Australian Bureau of Statistics 2006 Census, the population of the Conargo Shire Council was 1,673 with 53.2% male and 46.8% female. Of the total population in the Shire, 1.4% were Indigenous persons, compared with 2.3% Indigenous persons in Australia.

In the 2006 Census, 25.1% of the population usually resident in Conargo were children aged between 0-14 years, and 22.7% were persons aged 55 years and over. The median age of persons in Conargo is 38 years, compared with 37 years for persons in Australia.

The median weekly individual income for persons aged 15 years and over who were usual residents was \$427, compared with \$466 in Australia. The median weekly

household income was \$813, compared with \$1,027 in Australia. The median weekly family income was \$1,009, compared with \$1,171 in Australia.

Conargo Shire Council is predominantly a rural shire that possesses a variety of agricultural industries. These include stud sheep, stud cattle, wheat and rice crops, wool, fat lambs, dairying and market gardening to name a few.

In 2006/07, Council had an expenditure budget from continuing operations of approximately \$5.5 million. Council had a surplus net operating result from continuing operations in 2005/06 and 2004/05. Council had a surplus for 2006/07 of \$4.22 million.

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

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

The most useful tool for defining a council's ambitions, priorities and future focus is a strategic plan. Council is not required by law to have a strategic plan, but the development of such a plan would provide an opportunity for councillors, Council staff and the community to carefully consider and reconcile the emerging needs of the area with the limited resources that are available to meet those needs.

At present Council does not have a strategic plan and it relies on the management plan to guide the strategic direction of the Council. The intention is to work towards a strategic plan that brings together the financial, social, asset and workforce plans. More often than not the personnel within an organisation do not support the desire or willingness to change. This is not so at Conargo Shire Council. There is a willingness by Council staff to move forward from what was previously considered to be an old fashioned organisation. **(Recommendation 1)**

Conargo Shire Council is a member of the Murray Regional Organisation of Councils (Murray ROC). Council is an active participant in this group. There are many examples throughout this report of joint projects and resource sharing being undertaken by member councils. Conargo Shire Council staff and councillors participate actively in Murray ROC programs and activities. The councils in the region should be commended on the activities undertaken through their regional organisation of councils. Council staff are also involved in other regional activities such as library services and professional group meetings.

In addition, Council has signed a partnership agreement with Murray and Deniliquin Shire Councils. The agreement states that it is based on the strategic alliance model adopted by the Wellington, Blayney and Cabonne Councils. This agreement outlines a range of areas for cooperative arrangements. Some of these arrangements are

currently in place, while others are identified as future opportunities for resource sharing. This initiative is also commendable.

While it is early days for the agreement, it is suggested that the agreement partners consider developing structured strategies and performance indicators for the activities to be undertaken in accordance with the agreement. The Department has recently conducted a review of the Wellington, Blayney and Cabonne Councils alliance and Council should consider the recommendations that are included in the review report to assist with the implementation of the agreement.

***(Recommendation 2)***

## 6. DELIVERING AND ACHIEVING

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

### **Overview**

#### **6.1 Governance**

“Corporate governance refers to all the means by which entities are directed and controlled.” (Standards Australia, HB401-2004:12) Corporate governance is important because it enhances organisational performance; manages and minimises risks; increases the confidence of the community and the local government sector in the organisation; ensures that an organisation is meeting its legal and ethical obligations; and assists in the prevention and detection of dishonest or unethical behaviour.

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

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

#### **Management plan**

Each year every 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 require certain particulars to be included in a council's draft management plan. The draft management plan is to be exhibited in accordance with section 405 of the Act.

While Council has indicated that the recent plan applies until 2010, each year Council should review the management plan and modify it to the extent of achievement of the proposed activities. It would help if Council identified the timeframes that apply to each of the activities listed.

The review team noted that Council's management plan for 2007/10 requires greater detail in order to fully comply with sections 403 and 404 of the Act and Regulation. Specifically, the management plan should contain more information on the following:

- integration of proposed activities outlined in the State of the Environment Report and Social and Community Plan into its principal activities, objectives, strategies and performance indicators
- programs to be undertaken to implement its EEO management plan, not policy information on EEO
- statement with respect to proposed Council activity relating to access and equity activities to meet the needs of residents in the Council's area.

Council should also ensure that the information provided in the plan is current. For example, the organisation chart refers to the old term for wards, 'ridings', and references to replaced Regulations. Council should review its management plan in order to ensure that it fully complies with the requirements of the Act and Regulation.

***(Recommendation 3)***

Council needs to undertake further work on the strategies in the management plan and ensure that the performance indicators to measure performance against these strategies are realistic and measurable.

Council actively engaged the community in the development of its management plan, including holding village meetings. Council outlined its approach to community consultation in the plan.

### ***Code of conduct***

A council's code of conduct adopted under the Local Government Act is important because it assists councillors and council staff to understand the standards of conduct that are expected of them. From 1 January 2005, all councillors, staff and council delegates are required to observe provisions consistent with the Model Code of Conduct for Local Councils in NSW.

Conargo Shire Council adopted the Model Code of Conduct on 10 February 2005. Council needs to badge the document as Conargo Shire Council's code of conduct.

#### ***(Recommendation 4)***

The review team noted that the code of conduct was not available in the induction manual and was not currently available on Council's website. Council should ensure that the code of conduct is included in its induction manual, placed on Council's website and made available to all staff. Council should also provide the code to the members of its 355 committees when these are established. ***(Recommendation 5)***

### ***Disclosure of interest returns***

The Local Government Act sets out the parameters that must be adhered to when councillors and staff have a conflict between their public duty and private interests that constitute a pecuniary interest. 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 the pecuniary interest returns of councillors and senior staff. While the returns were generally good, there were some areas where councillors and senior staff need to take care when completing their next returns. Councillors and staff should ensure that their returns are correctly dated, include the address of their employer (where relevant), complete all sections as required or enter 'nil' in any areas where there are no other entries and that any rental income from real property is clearly identified. Council could use the information provided in the Department's Circular to Councils 04/16 and the Department's Pecuniary Interest

Guidelines (June 2006) to assist councillors complete their returns.  
**(Recommendation 6)**

### ***Policy register***

Council provided the review team with a copy of its policy manual. An examination of Council's policies indicated that many of them can be improved by identifying who is responsible for the policy, the date the relevant policy was adopted, the date for review, using a consistent format and citing any related policies or other documents. It was apparent that some of the policies had not been reviewed for some time. However, Council is in the process of systematically reviewing its policies. Those policies that Council has reviewed contained the relevant information as identified above. **(Recommendation 7)**

### ***Procurement and tendering***

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

Tendering, procurement, contract management and asset disposal activities should be governed by considerations of probity, transparency and accountability in the expenditure of public funds for public purposes.

Council developed a procurement policy in July 2006. The objectives of the policy are to define a procurement framework, responsibilities and procedures for guidance of all Council officers to achieve the most advantageous price and purchasing conditions, to avoid duplication and to ensure that Council's procurement policies, practices and procedures are best practice and public accountability is demonstrated.

Procedures are outlined in the Procurement Policy for purchase of goods or services within four different monetary limits. Procurement under \$3,000 requires one verbal or written quote, two written or verbal quotes are required for goods or services priced between \$3,000 and \$9,999 and three written quotes or tenders are required for goods and services between \$10,000 and \$149,999. Obtaining three quotes,

verbal or written, may not guarantee that best value is obtained, or that the procurement process is not subject to improper practices. However, it should provide a record that a transparent process has been followed and can be scrutinised to ensure that quotes are genuine and disturbing trends are not emerging that may suggest favouritism or collusion. In accordance with the Act, Council requires that a full tender process be followed for any goods or services to be procured over \$150,000.

The policy also contains information on ethical behaviour, occupational health and safety, preferred suppliers, purchase orders, plant hire dockets and steps to follow for procurement and tendering.

Council should ensure that the policy is updated to reflect the change from the Local Government (Tendering) Regulation and the Local Government (Financial Management) Regulation to the Local Government (General) Regulation 2005 and that any changes within the Regulation are included. Council should also stipulate that the stated thresholds include the Goods and Services Tax. The policy should be included on Council's website when it is updated. **(Recommendation 8)**

The review team examined Council's tender for audit services. The amount of the tender was less than the threshold set by the Act, but the General Manager provided an outline of the reasons to go through the tender process in a report to Council. The information contained in the tender documents and in the tender file appeared to satisfy most of the requirements of the Act and the Regulation. Council should ensure that in future tenders the assessment criteria are adequately documented and that the report to Council includes conclusions and recommendations based on an analysis of the assessment criteria. **(Recommendation 9)**

***Internal controls (risk management, fraud control, internal audit, internal reporting)***

Internal control processes, such as internal audit, fraud control, risk management plans and legislative compliance provide for systematic assessment of the adequacy and weaknesses of council processes and systems. This, in turn, enables the organisation to ensure, on the one hand, that statutory and service level

requirements are met, and, on the other, to test organisational processes for risks or vulnerabilities and to strengthen its processes and systems.

Conargo Shire Council is in the process of developing a risk management plan in conjunction with a working group from the Murray ROC. Council does not have a fraud risk control policy or strategy or an internal audit program. It was suggested that Council consider including governance and fraud risks when developing its risk management plan. **(Recommendation 10)**

Even though Council does not currently have a risk management plan that incorporates fraud risks, it does appear to have good internal control systems.

A fundamental feature of a sound system of internal control is that no single individual should be able to handle all the phases of a transaction. If this were allowed to happen, it would be possible for an employee to perpetrate or conceal errors and irregularities. To reduce the chances of this occurring, duties should be segregated. This is often difficult in small organisations.

An example of the Council's good internal controls occurs within the payroll system where the timesheets are entered by the Works Manager, processed by the Administration Officer and approved by the Manager Finance and Administration. Council has internal control systems for other Council processes, including purchasing and plant and equipment usage. These internal controls should be documented as part of Council's risk management plan.

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.

Currently Council has an Audit committee that consists of all the councillors, the General Manager and the Manager Finance and Administration. The Committee reviews the external auditor's reports after each six monthly inspection. The Committee revises structures and processes highlighted by the external auditor and implements necessary changes. Council stated that discussions had begun with the Murray ROC to establish an internal audit committee with a representative from

another council and possibly three other members. Council is encouraged to pursue an internal audit arrangement within the Murray ROC. **(Recommendation 11)**

The Protected Disclosures Act 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 has recently adopted a protected disclosures policy based on the Model Internal Reporting Policy for Councils contained in the NSW Ombudsman's Protected Disclosures Guidelines (5th edition). Having done so, Council should now provide regular training to both staff and councillors to promote awareness of their rights and obligations. **(Recommendation 12)**

Council advised that it monitors its compliance with its legislative and regulatory responsibilities by using the strategic tasks document that is issued by the Department. An excel spreadsheet is used to identify legislative and regulatory compliance requirements. It is expected that relevant staff will keep abreast of changes in their area or work. This approach to managing its compliance responsibilities could also be included in Council's risk management plan as part of the governance risk strategies.

### ***Records management***

Council is required to 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 to best practice standards and codes.

Council is in the process of developing a records management policy that will link to its business continuity plan. The policy is being developed in conjunction with the introduction of an electronic document management system. Council should continue with the development of its records management policy and system. **(Recommendation 13)**

State Records NSW has recently issued a recordkeeping publication for local government councillors, 'Sample records management policy, procedures, leaflets and templates for local government councillors', that provides guidance about the keeping of records that relate to the councillors' role. Council should include keeping of councillor records in its records management policy and procedures. **(Recommendation 14)**

### ***Council meetings***

Council meetings are the primary means by which Council makes its decisions. It is unclear when Council adopted its code of meeting practice, as it is not dated. This code, in combination with the Council's code of conduct, regulates the behaviour of councillors and staff. It was noted that the references in Council's code of meeting practice related to repealed Regulations. Council should review its code of meeting practice to ensure that it is up to date. **(Recommendation 15)**

Council meetings are held on the second Thursday each month. The review team inspected a sample of Council's minutes. It was noted that Council has a general business item on its agenda. In addition, Council minutes indicate that at the end of the meeting councillors make reports. However, there is no provision in the agenda for these reports to be made. Should Council wish to have reports from councillors then this should be included as an agenda item and the nature of the business to be conducted should be identified on the agenda.

The general provision is that Council must not transact business at a meeting unless a councillor has first given notice of the business in writing within the period fixed by Council's code of meeting practice or by Council's resolution (clause 241 of the Regulation). Clauses 241 and 243 provide limited exceptions to the general provision. Council should ensure that it complies with the requirements of the Act and Regulation. Council should review its practice of conducting general business at its meetings by referring to the Department's Circular to Councils 07-14 'Council meeting practice – business without notice'. **(Recommendation 16)**

Council should provide in the agenda papers for the meeting the previous meeting minutes that are to be confirmed. **(Recommendation 17)**

Council does not currently provide its business papers, minutes or key policies such as the code of meeting practice on its website. Council should ensure, once the website is updated, that core documents such as these are made available on its website. (**Recommendation 34**)

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 closed session, Council is required to state the grounds for closing the meeting (section 10D of the Act). These include:

- The relevant provision of section 10A(2) of the Act relied upon in closing the meeting
- The matter to be discussed during the closed part of the meeting
- Where the matter is not a personnel matter, a personal hardship matter or a trade secret, the way in which discussion of the matter in open council would on balance be contrary to the public interest.

Council has only closed its meeting to the public on one occasion in the past year. It was pleasing to see that Council met the requirements of section 10D in closing this meeting, including applying the public interest test.

### ***Councillor expenses and facilities, induction and training***

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

Council has not conducted training in the past for the induction of its councillors. Many of the councillors are long serving. However, Council could discuss working with Deniliquin Council following the next election to have any new councillors join the induction program conducted by that Council. In addition, Conargo Shire Council

could request the use of the information kit for new councillors that Deniliquin Council has developed. **(Recommendation 18)**

A policy on the payment of expenses and provision of facilities to the Mayor, Deputy Mayor and councillors is a requirement under section 252 of the Local Government Act. Councils are required to submit their expenses and facilities policies to the Department by 30 November each year.

The Department issued updated guidelines for the preparation of policies under section 252 in May 2007. Conargo Shire Council reviewed its policy in November 2006. While the policy follows the format and generally meets the basic requirements of the Department's guidelines, Council needs to update information on annual reporting requirements in the introduction, as these are out of date. In addition, Part 3 of the policy refers to Mayoral allowance, which should more appropriately be termed a fee. **(Recommendation 19)**

### ***Complaints handling***

An effective complaint handling system is an essential part of the provision of quality council services. It is one method of measuring customer satisfaction and provides a useful source of information and feedback for improving the Council's services.

Council does not currently have a complaints management policy or system. The review team was advised that Council does have a complaints register and software. However, Council tended to describe complaints as service requests. Council should develop a complaints handling policy to inform and guide Council staff, members of the public and councillors. Council's policy and procedures should:

- define a complaint
- differentiate between service requests and complaints
- make it clear who will deal with complaints and how
- provide a three-tiered process that involves initial assessment and one level of internal review
- identify performance targets for turnaround of complaints

- identify how complaints and outcomes will be recorded. (**Recommendation 20**)

In addition, Council management does not currently prepare or receive regular reports on the number, progress and outcome of complaints. Council should develop a system for monitoring and reporting on the complaints it receives. (**Recommendation 21**)

### **Access to information**

Councils are required to make their documents available for inspection free of charge under section 12 of the Local Government Act, 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, they must provide their reasons for doing so in writing to the council. Those reasons must be publicly available. Council must review the restriction within three months of access being refused.

Council provides a folder in the Customer Service Area in which the documents referred to in section 12 are provided. Information is provided within the folder in relation to who may access the documents and provides a list of documents that are available for viewing but not contained in the folder. Council should ensure, once the website is updated, that core documents such as these are made available on its website. (**Recommendation 34**)

## 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***

Conargo Shire Council has two local environmental plans (LEP). The first is for the former Conargo Shire Council area. It was gazetted in 1987 and appears to have been reviewed in May 2005 in line with section 73 of the *Environmental Planning and Assessment Act 1979*. This provides that councils must keep their local environmental plans and development control plans under regular and periodic review. The second LEP is for the former Windouran Shire Council area. It was gazetted in 1999. The amalgamation of these shires occurred in 2001.

Council has commenced the process of preparing a comprehensive LEP for the LGA consistent with the requirements of recent planning law changes. The LEP framework will be integrated with the new template required by the Department of Planning. Council has engaged consultants to carry out the process and expects that it will be completed by mid 2008.

The new LEP will consolidate the two existing LEPs along with the two development control plans that currently exist. Council is incorporating information gathered from the community during the Social Plan consultation to develop the LEP and a draft will be exhibited, submissions considered and any amendments required will be made prior to the LEP being gazetted.

### ***Developer contributions***

Council has not prepared or 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. Although 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 the 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 22***)

### ***Development assessment***

In 2005/06 Conargo Shire Council determined 37 development applications, with an estimated value of \$3,551,540. At Conargo Shire Council 85% of development applications (DAs) are dealt with under delegated authority. To assist staff when assessing development applications, Council has developed a procedures manual. Included in the procedures manual are flow charts that provide clear steps in the process and also different checklists for different types of development to ensure compliance with legislation. Within the past two years Council has reviewed its planning function. As a result forms have been updated, various checklists were

incorporated, proforma letters were created and procedures were produced for recording stop the clock provisions on the DA register.

Council also provides pre-lodgement advice to applicants. Usually this commences with the applicant telephoning Council to check requirements. Information is sent to the applicants and they are invited to discuss the application with Council officers prior to the application being lodged.

The criteria governing the call up of DAs by Councillors includes applications for designated development, development that may be not in the interest of the community due to its potential social, economic or environmental impact or at the discretion of the assessment officer. Council should include a policy and/or procedures on when development applications are to be called up and assessed by the Council. (***Recommendation 23***)

### ***Compliance***

Within the Conargo Shire there are only six food preparation premises that would require inspections. Council is entering into an agreement with the NSW Food Authority to implement an annual inspection of these premises. The Development Manager is an approved inspector and will do the inspections once the programme is approved.

Over the past eighteen months Council has had approximately six development applications for swimming pools. During the construction of pools Council conducts two inspections and a final inspection once the project is complete. Council also provides information brochures to the community on water safety.

### ***Environmental management***

Since 1999 councils have been required to report on the state of the environment in their areas through State of the Environment (SOE) Reports, reporting on the main environmental issues facing local government areas. The reports must address 8 environmental sectors and include major environmental impacts and related activities.

The Local Government Act requires councils to prepare a comprehensive report the year following each council election or otherwise to provide a supplementary report in each of 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.

Conargo Shire Council subscribes to a regional state of the environment report, prepared by Habitat Planning on behalf of the Murray Regional Organisation of Councils. There are 10 councils involved in the SOE report. Council prepared a comprehensive report in 2003/04 and a supplementary report in 2005/06.

The report is well laid out and easy to read. Habitat Planning and the councils involved in preparing the report should be commended for preparing such a comprehensive document and for following up with such regular, detailed supplementary reports. They provide a thorough environmental snapshot of the region and illustrate the benefits to councils of working together in a strategic way.

The Department has issued guidelines that emphasise the involvement of the community (including environmental groups) in monitoring changes to the environment over time. The guidelines suggest that councils consult their community through State of the Environment working groups.

There is little evidence of consultation with the community or environmental groups during the development of the SOE report. The comprehensive report, at least, should detail the extent of community consultation undertaken. The review team was advised that there are no specific environmental groups located in the area.

As discussed elsewhere in this report (*see Management plan and Social and community planning*), there needs to be clearer integration between the SOE report and actions to be taken in the management plan. It is also recommended that when Council updates its website that it places the 2003/04 comprehensive SOE report, along with the supplementary reports that relate to it, on the site. (**Recommendation 24**)

Council adopted an on-site sewage management strategy and maintains an on-site sewage management register. The register includes the required information on

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each system. There are a total of 470 on-site systems on Council's register. The register identifies those that are high risk where inspections are carried out regularly.

### ***Companion animals***

The primary aim of the *Companion Animals Act 1998* is to provide for the effective and responsible care and management of companion animals. The adoption of a local companion animals management plan assists councils in achieving a balanced relationship between companion animals, humans and the environment. Such a plan also provides councils with an opportunity to identify the future direction of these services and strategies to meet the challenges faced in the provision of these services.

Conargo Shire Council does not currently have such a plan. In recommending that Council develop a companion animals management plan, it is also suggested that Council work with Deniliquin Council to adopt a joint plan. This approach is suggested as Conargo Shire utilises the pound facility provided by Deniliquin Council. (***Recommendation 25***)

Council should refer to the Department's Guide to Preparing Strategic Companion Animals Management Plans when developing its plan (<http://www.dlg.nsw.gov.au/dlg/dlghome/documents/Forms/gpscamp.pdf>).

The review team was advised that many dogs are left behind by the large number of tourists that travel through the area. This is an issue that should be addressed in the development of the companion animals management plan.

Many of the dogs in the largely rural area of Conargo Shire are working dogs. While there is no requirement to have these dogs micro-chipped, they are valuable animals. As such, Council should continue its efforts to encourage owners to have their working dogs micro-chipped. Council currently encourages this action through its resident newsletters.

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

Under its charter, Council has a responsibility to raise funds for the purposes of carrying out its functions. This can be achieved by the fair imposition of rates, charges and fees, borrowings and grants. The Council is also the custodian and trustee of public assets and must effectively account for and manage these assets.

A review was conducted of a range of aspects of Council's practices in the areas of:

- *Financial position*
- *Financial planning*
- *Asset management*
- *Land Assets*

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

Since the review team's on-site visit, the Council has submitted its 2006/07 financial reports to the Department.

The Council's income statement shows a surplus result from continuing operations of \$4,220,000. This compares to a surplus from continuing operations for 2005/06 of \$1,834,000. Included in the results for this year is an amount of \$3.31M in capital grants and contributions of which \$2.84M remains unspent.

Council's operating result for 2006/07 was a surplus of \$907,000. The Auditor has noted that the operating revenues increased by 11.1% primarily due to an increase in private works, development fees and an increase in investment revenues. The operating expenses increased by 4.9% across the board.

Council has \$9,960,000 in cash assets and investment securities. Of this, \$6,328,000 is internally restricted and \$3,364,000 is unrestricted. Council's internal restrictions include \$3,459,000 for infrastructure replacement, \$1,220,000 for plant and vehicle replacement, \$703,000 for employee leave entitlements, \$400,000 for Moonaculla Bridge and some smaller amounts for hall and building maintenance.

Council's performance ratios were considered sound with all but one showing an improvement for the 2006/07 financial year. The unrestricted current ratio refers to

the amount of available assets that a council has to meet its current liabilities. Councils should be aiming at an unrestricted current ratio of greater than 1.5:1. Conargo Shire Council's unrestricted ratio of 21.75:1 far exceeds the industry standards. The low level of liabilities and low level of externally restricted assets contribute greatly to this ratio.

Another important ratio is the debt service ratio. This measures as a percentage the amount of money that Council is spending to service any debts. As at 30 June 2007, Conargo Shire Council had no debts and has not had any since at least 30 June 2003.

Council's rates and annual charges outstanding reflect the percentage of money that has not yet been collected for rates and annual charges. The percentage of rates and annual charges outstanding increased from 3.55% in 2005/06 to 6.75% in 2006/07. The increase may well be as a result of the drought conditions within the region, however, Council should take appropriate measures to decrease the amount outstanding.

A new performance ratio has been included in the financial reports this year. It measures the rate at which assets are being renewed against the rate at which they are depreciating. Council's ratio is 213% representing an emphasis on asset renewal within the region.

Overall Council's financial position is considered to be sound.

### **Grants**

Council has taken the initiative to appoint a permanent part-time grants officer to assist the Council source grants and to assist other organisations in applying for grants. Sourcing grants for projects enables Council to undertake projects that may not be allocated funds in the budget or to do the projects sooner as funding for them may not be in the current budget. The Council secured funding under the Regional Partnership funding to build a new community hall at Wanganella and to upgrade the hall at Blighty. Funding has also been sourced to provide community events such as international men's and women's days.

The Grants Officer has also assisted the Returned Services Leagues Club and the Golf Club to get funding to assist in their operations.

As mentioned above, Council received capital grants and contributions of \$3.31M in 2006/07. Part of these funds are Auslink – Roads for Rice Grants provided for the upgrade of major roads to support B double trucks and therefore help in the transport of rice. Conargo Shire Council lodged the application on behalf of Conargo, Wakool and Murray Shire Councils. This not only provides funding to upgrade the major roads but the interest earned on the grant can be used on other roads. The total of the grant is \$10M.

By being active in sourcing grants Council is able to do more capital and maintenance works, thereby providing better services to its ratepayers and maintaining a healthy financial position to allow resources to be used elsewhere.

### ***Financial planning***

Councils are required to develop a budget each financial year as part of the management plan. Also, councils are required to provide estimates of revenue and expenses for the following two years within the management plan. Councils are encouraged to develop longer-term financial plans that are integrated with the council's strategic plan. Longer-term financial plans allow a council to forecast the revenue and expenses that are associated with the council's strategic direction. By undertaking longer-term financial planning, a council is able to forecast its financial position and measure the sustainability of its proposed activities and whether it can fund additional activities and services.

Currently Council does not have any financial plans beyond the three-year management plan, but is planning to develop a long-term financial plan within the next two years. In order to integrate the plan, Council must first document its roads, assess the condition of the roads, determine a list of works required, work out a ten year cycle and then incorporate into a ten year financial plan. (***Recommendation 26)***

### ***Asset Management***

Asset management is a systematic process to guide the planning, acquisition, operation, maintenance, renewal and disposal of assets. Its objective is to maximise asset service delivery potential and manage related risks and costs over the full life of the assets. It involves effective coordination of the council's financial and engineering resources. Essentially there are three distinct steps in the process. They are to develop a policy, a strategy and a plan.

An asset management policy provides a clear direction and defines the key principles for asset management. The asset management strategy should align the assets to best meet the needs of the community, now and in the future, and allow the asset management policy to be achieved. The asset management strategy and policy provide the groundwork for the asset management plan.

In July 2006, Conargo Shire Council adopted an Asset Management Policy. The aim of the policy is to provide a framework to guide the strategic management of the Council's infrastructure assets. Within the policy Council has stated that it is committed to achieving financial sustainability of its assets by:

- not increasing its asset base without considering future funding required
- not replacing under utilised assets (community to be consulted and impact determined)
- adopting best practice maintenance and renewal practices
- increasing contributions and funding to ensure assets are maintained
- utilising technology to preserve assets and asset maintenance
- maintaining and renewing existing assets within community expectations and resources
- consulting with the community regularly to assess needs
- prepare and review detailed asset management plans for all major asset classes.

The policy also outlines the responsibilities of the Council, the General Manager and also the directors and managers. The policy is clear and concise, giving an appropriate strategic direction for asset management at Conargo Shire Council.

The Asset Management Policy is supported by a strategy document, Infrastructure Supporting Council and the Community, which specifically addresses Council's largest asset class - roads. The strategy states that maintaining the roads cost effectively will be addressed by comprehensive asset management plans, which will guarantee availability of assets.

Council has a detailed Road Management Plan. The plan defines roads eligible for classification and defines road classes that include criteria and measurements. For example, one of the criteria for a primary local road is the nature of traffic and the measure is more than 50% of the traffic travel the road to pass through the Shire or to gain access to other roads within the Shire. The plan also addresses safety, maintenance, funding and works programs. Also Council has developed a procedure for determining re-sheeting on unsealed roads. Council has mapped the road network indicating the classifications.

Council has included funding in the 2007/08 budget for additional resources to undertake the revaluation of the road assets to fair value. This is a requirement of the Department to be completed by 30 June 2009.

Council is to be commended on the work undertaken so far in developing its asset management approach and should be encouraged to continue with this process for all its assets.

### ***Land Assets***

The review team was provided with a copy of the Council's land register, which includes operational, community and Crown land. Council's register is quite good with maps, identification of type of land, land zoning, indication of plans of management and appears to be updated regularly. Council could improve the register by including title references.

The Local Government Act stipulates how Council is to govern the use and management of community land. This is a fundamental responsibility of councils. The Department's Practice Note 1 – Public Land Management deals with this issue and is available for download from the Department's website.

Council provided the review team with a draft plan of management for community land. The management issues that it covers are weeds, litter, graffiti, memorials and halls. Performance targets and measures are included, but Council does not include any indication of how the community land is to be managed or the particular parcels of land that are affected by the different management issues listed in the plan. Council should review the Plan of Management for Community Land to provide a more detailed plan that fully complies with the appropriate sections of the Act. **(Recommendation 27)**

## 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*
- *Cultural planning*
- *Reporting to the community and keeping the State government informed about its activities*

### **Social and community planning**

The Local Government (General) Regulation 2005 requires all councils to develop a social and community plan at least once every five years to meet the needs of the residents of their area. The plan must be prepared in accordance with guidelines issued by the Department. Aspects of the social and community plan must be reported in Council's management plan and annual report.

Conargo Shire Council's social plan is a combined plan for Conargo, Deniliquin and Wakool Councils. Community consultation during the development of the plan is well documented. Relevant demographic data is provided as required by the Department's guidelines and a number of regional issues are identified. Generally,

there appears to have been a significant amount of cross-council planning in the development of the plan.

The plan contains a number of recommendations for action and a table that lists the timeframe for completion of these actions. There needs to be greater integration between Council's social and community plan, its management plan and its annual report. Council's management plan is required to include a statement with respect to access and equity activities to meet the needs of residents in the Council's area drawing from Council's social and community plan. This is not contained in Council's management plan for 2007/2010. **(Recommendation 28)**

In addition, Council should monitor the implementation of its social and community plan by integrating the relevant strategies into its management plan. While the management plan has an activity that states it will continue monitoring the social plan in accordance with Departmental guidelines, this is insufficient. Council should include the relevant social plan strategies in its management plan and include a statement of means and performance assessment. **(Recommendation 29)**

In the same way, Council should be reporting on the outcome of implementing relevant strategies from the social and community plan in its annual report. In addition, Council is required to report in its annual report on its performance in relation to access and equity activities to meet residents' needs that are outlined in its management plan.

### ***An ageing population***

Responding to and planning for the major changes and service demands that will be created by Australia's ageing population is a major challenge for all levels of government.

Between 2004 and 2022, the population of Conargo Shire Council is projected to decline in size to around 1,729 (-5%).

In terms of the mean population age, Conargo Shire is NSW's 112<sup>th</sup> oldest local government area. By 2022 it will be the 86<sup>th</sup> oldest. According to the 2006 Census, 10.5% of the Council population is aged 65+ years, and this is projected to grow to

20.8% by 2022. At an average increase of 0.46 percentage points per year, this 'force of ageing' is faster than that projected for most of NSW (eg, 0.33 for total NSW and 0.43 for NSW Balance). The Council's population aged 85 years and over is projected to more than treble in proportion from 0.6% to 2% of the population (*Population Ageing in New South Wales and its Local Government Areas*, Dr. Natalie Jackson, Director, Demographic Analytical Services Unit, University of Tasmania).

The impact on the demand on services, facilities and infrastructure will be significant. Council's social plan does not currently address this issue. Council should work with other councils in the region to identify appropriate strategies for inclusion in its social and community and management plans to meet the current and future needs for older people. (**Recommendation 30-31**)

### **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 ongoing.

While Conargo Shire Council does not have a formal, written approach to engaging with its community, it is evident that it has many practices that ensure the community is consulted and involved in Council decision-making processes. Council uses a range of methods to inform, consult and involve the community.

Council supports a number of community committees that manage various Council halls and recreation reserves. Council has a good working relationship with these groups, which extends to their support for reporting occupational and health safety

risks in relation to the facilities that they manage. Council is currently exploring the possibility of these committees being constituted under section 355 of the Act.

Council holds annual village meetings that provide local residents the opportunity to raise any issues of concern with councillors and Council staff. In addition, Council holds one-off meetings on significant issues when the need arises. For example, Council recently held meetings in the villages in relation to the new rating structure and the issue of the separation of water from land rating.

Council produces a regular newsletter that is distributed to all ratepayers in the area. The review team was provided with several editions of the newsletter and it is evident that Council has been providing the newsletter to residents for some time. It is a useful publication 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.

The review team was advised that due to the size of Conargo's communities, it enables councillors to keep in regular contact with ratepayers. Council staff and councillors are talking to ratepayers on a fairly regular basis and have a good feel for the issues facing the community.

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. However, Council should consider conducting a community survey as part of the development of its strategic plan. **(Recommendation 32)**

### **Website**

Council's current website is not utilised effectively to provide information about Council services. There is little information about what Council does and no information on how residents can give feedback or raise concerns with Council. Some of the information appears to be out of date. For example, there is information on the site about Council's restructure in 1997 and a copy of the draft management plan for 2007. The review team was advised that Council is proposing to move its site to become a local-e site. This is encouraged.

Given the rural nature of the Conargo Shire, Council should consider including a range of e-services on its website, such as a customer requests and complaints facility, on-line rates payment and copies of Council's business papers and meeting minutes. Council should also provide access to its policies on the new website.

***(Recommendation 33-34)***

### ***Customer service standards***

Customer service standards (also known as guarantees of service) set out some key performance standards for the most frequently used services. The highlighting of customer service standards sets a level of expectation within the community, as well as providing guidelines for staff performance.

Conargo Shire Council has not set any customer service standards. Council should identify the standards customers can expect of their services and make those available to their customers. It is important that once these are developed they are monitored and reported on to ensure accountability to the community and to provide feedback to the Council. ***(Recommendation 35-36)***

## 6.5 Workforce relations

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

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

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

### **Overview of the organisation**

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

Conargo Shire Council reviewed its organisation structure and adopted its current structure in October 2006. The General Manager is the only senior staff position. Conargo Shire Council has a small number of employees. As such, there is a flat management structure and no management executive per se. Management meetings are held from time-to-time, but are not held regularly. Because the organisation is small, there is an open door policy and matters are dealt with as required. The General Manager does have regular toolbox meetings with workers at the depot, giving those staff the opportunity to state their views on relevant matters.

As at June 2007, Council had 32 equivalent full-time staff. Of these, only eight are "indoor staff". The staffing is predominantly male with only 9% being women.

Council indicated that its workforce did not have staff who identify as people with physical disabilities. In addition, Council advised that it only has a small percentage of persons from culturally and linguistically diverse origin.

Council has one apprenticeship currently. This is a plant mechanic position. Currently approximately 28% of Council's workforce is aged 55 years or older. Council has recently adopted a succession plan for its workforce.

### ***Workforce planning***

All councils are, to varying degrees, required to respond to workforce issues such as:

- an ageing workforce
- changes in workload for certain sections as council's and government priorities change
- retention of experienced staff
- attracting qualified and experienced staff to rural areas
- remuneration/market pressures for higher wages
- societal demands for better work/life balance.

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 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 the 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)).

It is evident that Council has a number of practices in place to address the future workforce issues it is facing. Council has a documented approach to succession planning. The succession plan is contained in the General Manager's report to Council's meeting on 12 October 2006.

This plan identifies some of the issues faced by the organisation, including the age of its workforce, the necessity to cross-train staff, as the organisation is small, and the need to provide training opportunities to existing staff. The succession plan outlined in the report identifies the key positions where apprenticeships and traineeships will be provided to ensure there are persons within the organisation with the necessary skills and training to fill those positions in the future.

The report also notes that staff have been cross-trained so that the necessary skills are broadly available in the organisation should positions be vacant and that Council supports staff in undertaking further education and training. In addition, Council has a number of staff who are undertaking front line management training at TAFE. Staff are also supported to improve their professional knowledge and obtain formal qualifications.

It was apparent that Council has a number of good practices in place to address some of the issues it will face in the future in obtaining and retaining its workforce. Council should ensure that this is driven by the strategic direction of its organisation and community. Council should also ensure that this workforce plan is comprehensive and addresses the key workforce issues the organisation will face in the future. To this end, Council should ensure that its succession plan/workforce strategy is incorporated into the development of a strategic plan for the area and organisation. (**Recommendation 37**)

### ***Human resource policies and practices***

Council has well documented procedures in place to manage its human resource needs. It is evident that these policies and procedures guide Council activities. Council should ensure that the policies are up to date and complete.

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Council has a well developed induction program. The induction manual that is given to all new employees is comprehensive. The program is largely "borrowed" from Deniliquin Council's program. This resource sharing is commendable as Conargo Shire Council only inducts about two new staff people each year. However, Council should ensure that the information contained in the manual is badged as Conargo Shire Council and that the information relates to Conargo's practices. In addition, Council should include a copy of its code of conduct in the induction package.

***(Recommendation 38)***

Council has a range of good practices such as well documented recruitment and selection practices and job descriptions for most positions. The outdoor staff do not have job descriptions. However, outdoor staff have on-going formal reviews. There is no formal performance management program for indoor staff. Council should introduce this. ***(Recommendation 39)***

A review of a selection of recruitment files shows that Council's record keeping is excellent. The files contained all the necessary information to enable a person reviewing the recruitment file to know the process undertaken and the reasons for the outcome.

***Equal employment opportunity***

Section 334 of the Local Government Act states that councils are "to promote equal employment opportunity for women, members of racial minorities and physically handicapped persons in councils". In accordance with section 345 of the Act, Council is also obliged to "prepare and implement an equal employment opportunity management plan".

Section 345 of the Local Government Act outlines what the Council's EEO plan is to include. Of particular significance are the requirements related to collection and recording of appropriate information, review of personnel practices within the organisation, the setting of goals and targets, the means of evaluating the program and the revision and amendment of the plan.

Council has only developed an EEO policy. Council does not have a plan as required. Council should develop a plan that incorporates specific targets and

performance criteria, information on how the effectiveness of the policy and programs will be evaluated, including any review of personnel practices to identify any discriminatory practices, provision for the review and amendment of the plan, timeframes for actions in the plan and a statement about corporate ownership of the policy. Council needs to ensure that its plan includes the requirements outlined in section 345 of the Act. (**Recommendation 40**)

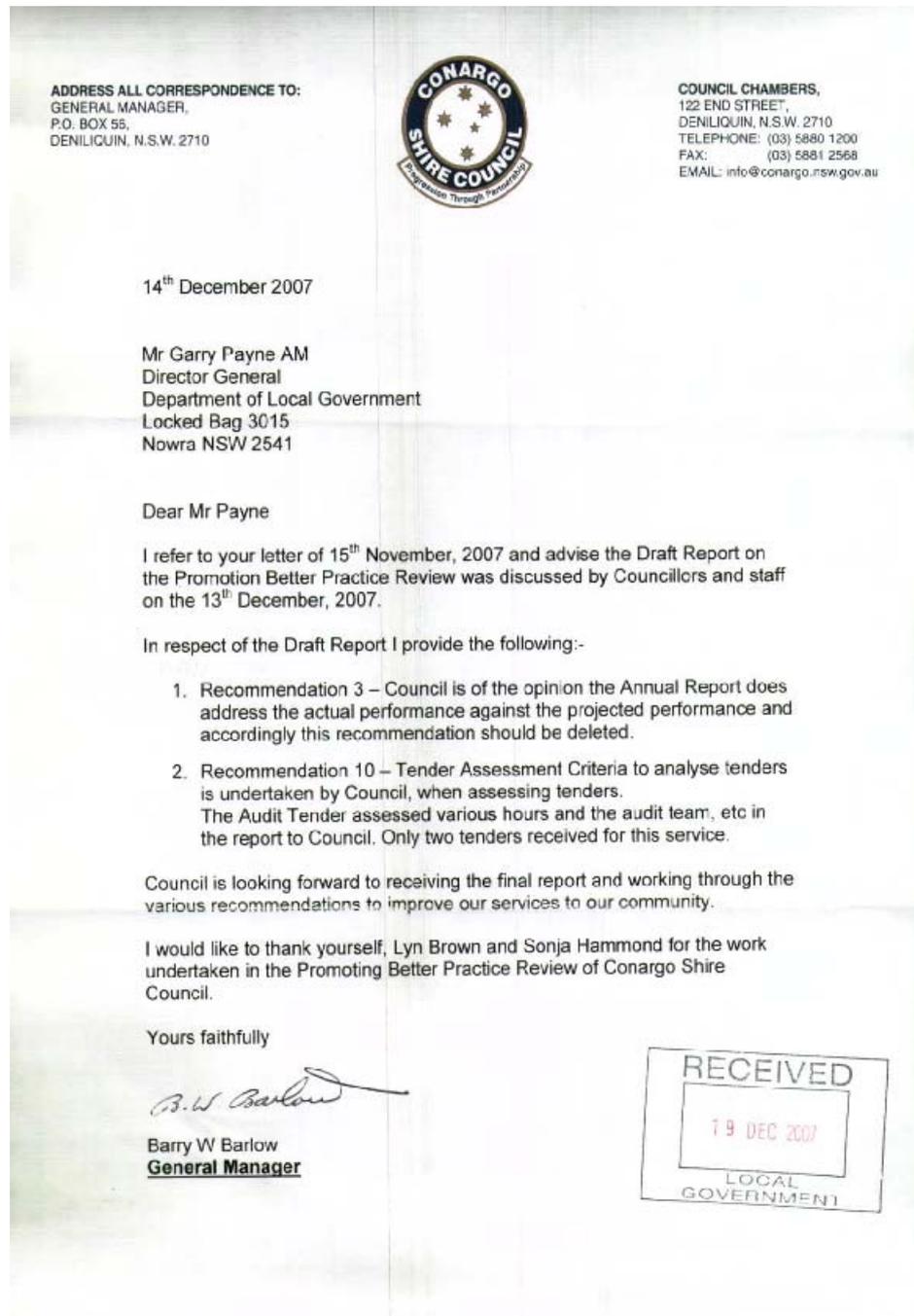
### ***Occupational health and safety (OH&S)***

Although the review did not involve a comprehensive audit of Council's occupational health and safety practices, the review team did examine a number of Council documents in this area. Council has an occupational health and safety policy that it is currently updating. The draft has just been reviewed by the occupational health and safety committee.

The review team was advised that Council staff have a culture of reporting incidents and near misses. The number of workplace incidents and time lost due to workplace injuries has increased in the last 12 months. However, the workers compensation claims have decreased. Council should ensure that it monitors the number and cause of workplace injuries.

Council is a member of an OH&S group established through the Murray Regional Organisation of Councils. This group meets quarterly. Resources are shared between councils in this group. In addition, the group has received incentives from StateCover to work together. This is another commendable activity sponsored by the Murray ROC.

## 7. COUNCIL'S RESPONSE



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

### COUNCIL'S PRIORITIES AND FOCUS

#### *What is working well*

- Council is an active participant in the Murray Regional Organisation of Councils.
- Council is developing effective alliances with councils in its region.

#### *Challenges to improve*

- Development and implementation of a strategic plan.
- Development of structured strategies and performance indicators for the activities to be undertaken in accordance with the agreement it has with its agreement partners.

### GOVERNANCE

#### *What is working well*

- Council correctly applies the provisions of the Act when it conducts a meeting in closed session.
- Actively engaged the community in the development of its management plan.
- The procurement policy sets clear objectives for the procurement procedure, which includes ensuring that Council's procurement policies, practices and procedures are of best practice and meet the highest level of public accountability.

#### *Challenges to improve*

- Ensure that the management plan meets the requirements of the Act and Regulation.
- Badge the code of conduct as Conargo Shire Council's code of conduct and make it available to all staff.
- Core documents should be made available on Council's website.
- Continue with the development of its records management policy and system.
- Meeting practices should be reviewed.
- Development of a complaints management policy and system.

### REGULATORY

#### *What is working well*

- Progress towards a new Local Environment Plan.
- Council's SOE report is a comprehensive document with regular, detailed supplementary reports that provide a thorough environmental snapshot of the region.

#### *Challenges to improve*

- Developer contribution plan for the Council area.
- Integration of the SOE report strategies with the management plan.
- The development of a companion animals management plan.

## **ASSET AND FINANCIAL MANAGEMENT**

### *What is working well*

- Council is in a sound financial position.
- Council is progressing well with implementing asset management principles and practices.

### *Challenges to improve*

- Plans of Management for Community Land need to be reviewed to provide greater detail and ensure compliance with the Act.

## **COMMUNITY, COMMUNICATION AND CONSULTATION**

### *What is working well*

- Practices that ensure the community is consulted and involved in Council decision-making processes.

### *Challenges to improve*

- Integration of the social and community plan strategies with the management plan.
- Development of strategies to meet the needs of older people in the area.
- Development of customer service standards.

## **WORKPLACE RELATIONS**

### *What is working well*

- Development of a succession plan that has addressed future workforce issues faced by the organisation.
- Well documented recruitment and selection processes.

### *Challenges to improve*

- Review and update the induction program.
- Introduction of a performance management system for all staff.
- Development of an EEO management plan.