

challenges improvement innovation good governance

# Local Government Reform Program - Promoting Better Practice

## **REVIEW REPORT**

## **COONAMBLE SHIRE COUNCIL**

**September 2006**



**dlg** Department of Local Government

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## 1. ABOUT THE REVIEW

### Review objectives

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

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

### Review process

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

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

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

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

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

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

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

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

### **Coonamble Shire Council Review**

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

Senior Investigations Officers Caroline Egberts and John Canadi comprised the review team, and conducted an on-site review of Council from 29 May 2006 to 30 May 2006.

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

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

All Councillors were provided with a survey form (non-compulsory) to provide them with an opportunity for direct input into the review process. For example, the form sought their views on matters such as their role; training and support; strategic directions; conduct of council meetings; relationship with staff and community; and Council's strengths and weaknesses. All Councillors were also invited to meet the review team. Two Councillors completed the form and another Councillor met with the review team.

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

The on-site review involved meetings with Council's Mayor and General Manager and interviews with senior Council staff as well as other operational staff. A number of Council's policies and other documents were also reviewed on-site.

A draft review report was prepared and forwarded to Coonamble Council on 3 August 2006 for consideration and comment.

Council formally responded to the department on 30 August 2006. Council's corporate response to the draft report is covered in section 7 of this report (page 55).

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Council's response supports the majority of the recommendations of the draft report and provides information on what action council intends to take or has taken. This information is not reproduced in this report and should be incorporated in the action plan that council is required to complete after it has tabled the final review report.

Council's concerns regarding particular recommendations in the draft report are reproduced and addressed by the review team in section 7. Where appropriate, the relevant recommendations have been modified.

This report details the review's final findings and recommendations. 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

Coonamble Shire Council is a well-managed authority with a well-developed organisational framework. It services the needs of a population that is disadvantaged across a number of socio-economic indicators such as income, number of single parent families and unemployment. This is a community that presents significant challenges.

Despite different political views, both elected officials and senior management have a mature approach to decision-making. Council has set a clear and shared vision that Coonamble is to be:

*“a prosperous and harmonious community, which enjoys a clean and healthy lifestyle with access to all services considered necessary in a modern society.”*

Council’s vision, mission and corporate goals, which are set out its Management Plan, reflect both an inward and outward looking focus. Its corporate goals are well integrated with its priority areas, key actions and performance indicators.

Coonamble Shire Council has the basis of a sound governance framework in place and is committed to improving in this area. The review team has made some recommendations to strengthen the framework and address particular gaps.

In the area of planning and other regulatory activities, we note that the important task of reviewing council’s local environmental plan is underway. Undertaking a detailed land use study in partnership with four nearby councils as a basis for the review is a very efficient and effective way to carry out this task.

Other planning and regulatory activities (such as enforcement and prosecutions and companion animals) require some attention from Council.

Council is in a satisfactory financial state. Quarterly financial reports presented to Council have been simplified to make them more easily understood by Councillors. Individual management plans have been prepared for most of its engineering activities and have been incorporated in Council’s overall management plan.

A significant proportion of Coonamble's population (20.9% officially - 40% unofficially) are of Indigenous origin. Council has made a concerted effort in recent years to improve its relationship with the Indigenous community. It works closely with a number of Aboriginal and Torres Strait Islander organisations at the local and regional level.

Council is also actively involved in a number of innovative tourism development and economic development initiatives.

Other community service initiatives include cultural planning at the local and regional level, a social plan and a crime prevention plan. Council also provides considerable assistance to the Rural Transaction Centre, from which a number of Commonwealth, State and local services are provided. Again, the review team has made some recommendations to enhance these existing efforts.

Council appears to have a dedicated and motivated workforce. It has a well-developed set of human resource policies, but there are recommendations to make these more accessible. More importantly, council needs to develop a long-term workforce plan to meet the current and future needs of the organisation.

Overall, Councillors and staff are working very well together to achieve ongoing improvements to ensure Council's policies, practices and processes are appropriate and up to date in order to better direct its very limited resources to meet community needs.

The review team wishes to thank Council and staff for their assistance in completing this review both prior to and during its visit. Particular thanks are extended to the Mayor and General Manager for their efforts preparing a written assessment of council's strengths and weaknesses.



### 3. RECOMMENDATIONS

#### *Strategic*

1. More detail about key initiatives being undertaken by Council in partnership with other councils/partners should be set out in the management plan and be reported on in the annual report.
2. Council should assess and review the ongoing value of its involvement in its Alliances, joint projects and/or resource sharing ventures with other councils/partners on a regular basis including the extent to which they contribute toward achieving Council's objectives.

#### *Governance*

3. Council's *Councillor expenses and facilities policy* should be reviewed to address gaps in areas such as access to secretarial services, copying/fax facilities, stationery, computer/telephone allowances and legal expenses. Section 252 of the *Local Government Act 1993* and the Department's Circulars 04/60 and 05/08 should be used as a guide.
4. All new Councillors and staff should be provided with a copy of Council's Code of Conduct or be provided access to the Code via Council's intranet site.
5. All Councillors and designated staff should, as a matter of priority, complete the correct form of return – disclosure of interest as contained in Schedule 3 of the *Local Government (General) Regulation 2005*.
6. The General Manager and Mayor should provide all Councillors and designated staff with a copy of Departmental circular 04/16 (which provides extensive advice on how to correctly complete a Pecuniary Interest Return) and the Department's Pecuniary Interest Guidelines 2006 both available on the Department's website at [www.dlg.nsw.gov.au](http://www.dlg.nsw.gov.au).

7. Council should ensure its policy register is up to date and ensure new or revised policies identify who is responsible for the policy, the date it was adopted, the date last reviewed and any related policies or other documents.
8. Council should review its Procurement Policy to ensure that it complies with the latest legislation and consider using a broader tender assessment. The Departmental Circular 06/07 “Procurement in NSW Local Councils” and the Department’s “Tendering Guidelines for NSW Local Government – Consultation Draft” may be of assistance to Council when reviewing the policy and determining further assessment criteria for tenders.
9. Council should prepare a risk management plan to proactively identify, communicate and manage generic and specific risks.
10. To enhance the effectiveness and efficiency of Council operations, Council should develop a fraud control policy/strategy.
11. Council should consider opportunities in the future to share internal audit resources with other councils such as Narrabri or Bogan Shires or consider a regional initiative in this area through the Orana Regional Organisation of Councils.
12. Council should review its section 355 committees and provide each committee with:
  - a constitution or charter setting out their membership, functions and delegations
  - a copy of Council’s code of conduct
  - a procedure manual
  - relevant training.

*Planning and other regulatory activities*

13. Council should consider adopting a notification policy.
14. Council staff should provide Council with a list of development assessments (DAs) approved under delegation each month.
15. Letters of determination for DAs should include advice about the right of review of determination under section 82A of the Environmental Planning and Assessment Act 1979.
16. To promote the efficient and effective provision of public infrastructure for new development in the shire, council should explore the options provided by recent amendments to the Environmental Planning and Assessment Act 1979, which extend the way in which development contributions may be collected and used.
17. Council should consider actions to address serious anthropogenic impacts on some of its key environmental assets raised in its State of the Environment report (eg water consumption, waste generation, water pollution, land degradation, erosion, feral plants and animals, destruction of Aboriginal sites and artefacts).
18. Council should develop an enforcement and prosecutions policy to guide its enforcement activities as well as provide information to the public on how to report non-compliance and unauthorised development.
19. Council should provide information to the public on how to report non-compliance and alleged breaches of environmental requirements.
20. Council should develop and implement a companion animal management plan, which includes related community education programs.

21. Council should commence reporting on a periodic basis to the department on the activities in its dog pound.

#### *Assets and financial management*

22. It is critical that Council appropriately classify all of its public land in accordance with Chapter 6 Part 2 of *the Local Government Act 1993* and Plans of Management must be developed for all parcels of community land as a matter of priority.

#### *Community and consultation*

23. Council's next Community and Social Plan should include specific actions, timeframes and responsibilities that align with Council's management plan priorities.

24. Council should prepare an Access and Equity Statement to be included in its Management Plan 2007-2010. The Statement should:

- list which Community and Social Plan actions and any other activities it will carry out to improve access and equity for its residents during 2006/2007.
- outline specific actions, timeframes and responsibilities
- be linked to the 2007/2008 budget
- be reported on in the next annual report.

Access and equity activities undertaken by council in 2006/2007 should be clearly reported on in its 2006/07 Annual Report.

25. Building upon strategies in its Community Social and Plan and using the Ageing and Place Framework developed by the Local Government and Shires Associations, council should prepare long term strategies to meet current and future needs for older people as part of its strategic directions and management planning.

#### *Workforce Relations*

26. Consistent with the Local Government Award, Council should develop a competency and performance management policy/process to ensure all employees have on-going feedback about performance.

27. Council's Equal Employment Opportunity policy requires updating as a matter of priority. Initiatives under the policy should be included in Council's management plan and reported on its annual report.

28. Council 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.

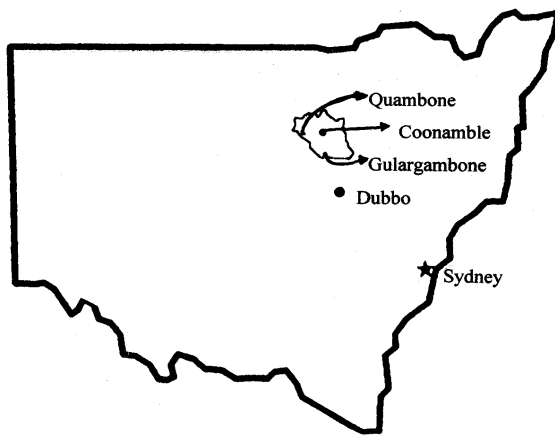
## 4. CONTEXT

### *Location and geography*

The Coonamble local government area spans 9926 sq km and is located on the underground Castlereagh River in the north-west of NSW, approximately 1 ½ hours drive from Dubbo, 6.5 hours drive from Sydney and 8 hours drive to Brisbane (see map 1). The Shire is also situated on the "Great Inland Way" which is used as an alternate route between Queensland and the southern states.

The Coonamble area is characterised by flat alluvial plains, bounded on the east by the Warrumbungle Mountain range and the wetlands of the Macquarie Marshes to the west.

*Map 1: Location Coonamble local government area*



### *History and governance*

Traditionally, three indigenous tribes - the Kawambarai, the Weilwan and the Kamilaroi people, occupied the Coonamble area.

Local government was introduced to the area in 1880 when Coonamble was proclaimed a municipality. In 1952 the municipality was amalgamated with the Wingadee Shire and proclaimed the Coonamble Shire.

The Shire has two main villages. Gulargambone, located 48km south of Coonamble, is a small rural community (population of 1,000) whose main industry is agriculture.

Quambone - Gateway to the Marshes - is a small village 55 kilometres west of Coonamble.

The railway was opened between Dubbo and Coonamble in February 1903 giving graziers a reliable and cheap method of transporting wool. Artesian Water was discovered in the 1890s.

### *Economy*

The economy of the Shire is based on a dry land rural industry including sheep, beef cattle, cropping and associated secondary industries. The Shire's rural industry is diversifying. Native flowers, aquaculture, citrus, olives and stone fruit are increasingly important enterprises.

Other industry includes the Magometon Quarry (owned by Coonamble Shire Council), an Orchard owned by Ellimatta CDEP and a timber mill in Gulargambone. Feral animal hunting and processing, the horse racing industry and a small rural tourism sector provide other income and employment opportunities. The privately owned Castlereagh Regional Abattoir closed in July 2000.

### *Community*

Coonamble is a declining community. In 2001, the Shire had 4,606 residents. Between 1991 and 1996 its population decreased by 7.2%, and it fell a further 4.1% between 1996 and 2001.

Coonamble is a very disadvantaged community. Using the SEIFA Index of Socio-economic disadvantage, the Shire ranked no.1 in the region and 14 in the state out of 188 Statistical Local Areas. It does not score well across a range of indicators.

For example, the average weekly income for a person over the age of 15 is \$300 - \$399. Approximately 8.5% of the labour force is unemployed. Single parent families have been increasing over the past ten years and in 2001 represented 17.9 % of all families in the Coonamble Shire.

The median age of the population is 36 years. A very high proportion (26%) of the total population are children aged 0-12 years. Almost half (44.38%) of the population aged over 15 years and under 60 years of age are Centrelink customers (*Centrelink June 2001*).

A significant proportion of the population (20.9%) identify as being of Indigenous origin. Unofficial estimates by the Aboriginal community and various Aboriginal organisations place the proportion closer to 40%.

This is compared with the NSW average of 1.7% and represents an increase of 256 (36.6%) since 1996. The proportion of Aboriginal children at both Coonamble Public School and Gulargambone Central School is estimated to be approximately 50% (*Coonamble Shire Social Plan 2004-2009*).

### *Services*

As a result of Coonamble's population decline its service base has also diminished. Coonamble township has two banks with two other banks providing services from agencies within local businesses. Gulargambone lost its only bank in 1994, followed by the newsagency. Gulargambone has no resident doctor or pharmacy and Coonamble struggles to retain its doctors.

In late May 2004 Coonamble was given the funding to establish a Rural Transaction Centre in its central business district. The centre is home to a number of Commonwealth, State and local services. Training rooms and interview rooms are also made available to visiting specialists for hire.

The Gulargambone community bought the local Post Office and opened a Rural Transaction Centre in 2000, including an arrangement with Reliance Credit Union to provide banking facilities.

Note: All demographic figures, unless otherwise stated, are derived from the 2001 Census, Australian Bureau of Statistics (ABS)



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

This part of Council's assessment focussed on Council's strategic focus and priorities in the longer term. Issues assessed by the review include whether:

- Council has a clearly stated vision and description of its strategic intent
- the vision and strategic directions are shared and realistic
- specific priorities have been determined to support the vision and directions
- the directions and priorities reflect community needs and aspirations
- the priorities drive Council's service provision and encourage the effective use of its resources including strategic alliances and regional resource sharing
- Council regularly measures its progress and is able to deliver performance improvement
- there are "Whole of Council" approaches and systems promoting improved organisational performance

### *Vision and strategic directions*

Coonamble Shire Council has in recent times demonstrated a strong strategic approach to responding to the current and future challenges of its community.

Despite the election of six new Councillors in the last election with diverse political experience and views, Council has set a clear and shared vision for the area. Coonamble, now and in the future, is to be:

*"a prosperous and harmonious community, which enjoys a clean and healthy lifestyle with access to all services considered necessary in a modern society."*

Council's vision, mission and corporate goals are set out in Council's 2005-2008 Management Plan and its draft 2006-2009 Management Plan. Its corporate goals are well integrated and directly align with priority areas, key actions and performance indicators.

Council's corporate goals and priority areas reflect both an inward and outward looking focus. They cover the following areas:

- administration
- public order and safety
- health
- community services and education
- community amenities and housing
- water sewerage and infrastructure
- recreation and culture
- mining, manufacturing and construction
- transport and communication
- economic affairs

Given the small population of the area (4,606 people), Council believes understanding and responding to the needs and aspirations of the community is somewhat simpler than other areas with larger populations. Community views are made apparent to Councillors and Council staff on an ongoing basis through various forums, meetings and other contact.

The development of Council's vision, strategic directions and priorities involved Councillors, staff and the community.

The General Manager and Mayor believe there is also a shared understanding and collaborative approach to implementing these strategies, goals and objectives. Council has demonstrated its willingness to make tough decisions, if necessary, to meet these goals. Two examples include the removal of the water allowance and the appointment of a project engineer to achieve priority works projects.

Council progress in relation to meeting its priorities is monitored and reported to Council against the performance indicators set out in the management plan and budget on a quarterly basis. Annual progress is reported upon in its Annual Report.

#### *Planning and Reporting Framework*

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

Sections 403 and 404 of the *Local Government Act 1993* and the *Local Government (General) Regulation 2005* 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.

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

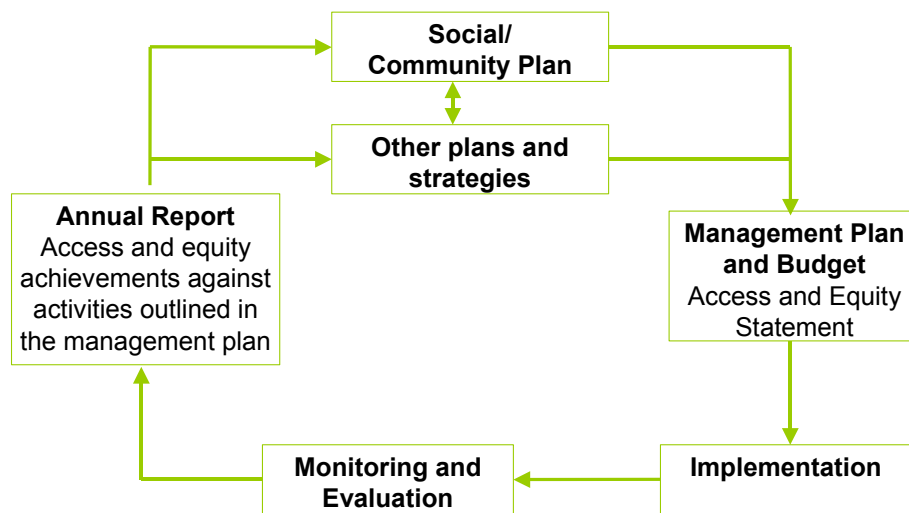


Diagram 1: Key elements of planning and reporting for local councils in NSW

A major corporate priority of the Department of Local Government for 2006 and beyond is to work with councils to better integrate their planning, service delivery and reporting. Key elements of planning, service delivery and reporting are outlined in Diagram 1.

Integrated planning is about ensuring that council planning requirements and processes are sufficiently interconnected to maximise the achievement of councils’ goals and desired outcomes. If plans are not integrated it is likely that their implementation will work against each other to fragment and confuse responsibilities and targets, and undermine the achievement of council’s goals.

Integrated reporting is about ensuring that reporting is linked to the councils’ plans, particularly in regard to the progress toward achieving those plans and then accurately informing the development of future plans.

Council's Management Plan and Annual Report have been well integrated so as to align with Council's vision for Coonamble, its corporate goals and priorities.

Of particular merit is the incorporation of specific business management plans. These plans outline detailed activities for specific areas of Council's operations for 2006-2007 such as fleet management, building management, water and sewer, parks and gardens, road management, tourism.

### *Working within the region*

The Barwon Darling Alliance is a unique collaboration between the Murdi Paaki Regional ATSI Council and five western NSW Shires of Central Darling, Bourke, Brewarrina, Walgett and Coonamble. The five shires are besieged with the effects of low socio-economic ratings.

The Alliance was formed to address common regional concerns such as high unemployment and serious quality of life issues. Its aim is to support and maintain economic growth and employment in the region and to develop positively the lifestyle and culture of its people.

The Alliance takes its name from the Barwon and Darling Rivers, which flow through the region and covers an area of 145,340 km<sup>2</sup>.

Projects undertaken by the Alliance have included sourcing and running traineeships, an employment audit and Community Action Plans, engaging consultants to investigate the feasibility of Aboriginal organisations setting up commercially sustainable businesses, establishing a Credit Union for the region and acting as auspice for the River Towns Project.

Coonamble Shire Council is also one of the eleven member councils of the Orana Regional Organisation of Councils (Orana). Other member councils are the Shires of Bogan, Bourke, Brewarrina, Cobar, Gilgandra, Narromine, Warren, Walgett, Warrumbungle, and Dubbo City. The group facilitates collaborative projects and resource sharing among members.

Coonamble Council is also a member of the Central West Regional Organisation of Councils with respect to its work in relation to the enforcement of correct weigh limits on trucks using the region's roads.

Finally, Council is also a member of the North Western Library Service, a cooperative providing library services to the Shires of Bogan, Coonamble, Gilgandra and Warren.

Participation in these groups is reported on in very general terms only in Council's Annual Report. More detail about some of the specific initiatives these groups are working on or significant achievements should be set out in the management plan and be reported on in the annual report. **(Recommendation 1)**

There does not appear to be any formal monitoring or evaluation in relation to Council's participation in these groups or specific projects to assess the ongoing value of Council's involvement. **(Recommendation 2)**

## 6. DELIVERING AND ACHIEVING

This part of Council's assessment focussed on its capacity and systems to achieve and deliver its strategic intent and priority goals. Policies, procedures and practices have been examined across Council's key operational areas of:

- governance
- planning and other regulatory functions
- asset and financial management
- community and consultation
- workforce relations

As well as monitoring compliance with legal and ethical obligations, the review team explored the roles, responsibilities and relationships between Councillors and staff members and examples of resource efficiencies.

### Overview

Council has a mature approach to decision-making and support decisions of the elected body even if they do not agree. In general, there appears a cooperative, respectful and positive working relationship between staff, Councillors and community at Coonamble. The Mayor and General Manager both reported that they have a "strong working partnership".

Two councillors responded to the review survey, and both indicated an excellent relationship between staff and Councillors. Another Councillor who met with the review team described the relationship with staff as open and trusting, with staff being willing and very able.

Councillors receive up to date information from the General Manager and staff on a regular basis to assist them in the overall decision-making process.

## 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.

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

#### *Good governance as a corporate goal*

Coonamble Shire Council has the basis of a sound governance framework in place. One of Council’s corporate goals is *“to manage the administrative affairs and resources of Council and meet statutory requirements to reflect the view and best interests of ratepayers in the most cost effective manner.”*

Specific activities are set out in Council’s management plan to achieve this goal. For example, *“planning, coordinating and managing Councils activities through the use of appropriate policy, technology and business systems.”*

#### *Clear understanding of Councillors and staff roles and responsibilities*

Councillors and Council staff appear to have a clear understanding of their respective roles within Council. The Mayor, General Manager, Councillors and senior staff indicated a clear understanding of the delineation between the role of the Councillors and Council officers.

Both Councillors who responded to the review survey also reflect a shared understanding that the elected body is involved in broader policy issues relating to the community and staff are focussed on the practical implementation of Council’s decisions.

### *Meetings*

Council's code of meeting practice was adopted in 2004 and appears to be consistent with the relevant legislation and the Department's Meetings Practice Note No. 16.

Unfortunately, the review team's visit took place during a week that a Council meeting was not scheduled. The Mayor and General Manager reported that Council meetings are efficiently run and cover a large volume of business. The review team has no evidence to the contrary. Meetings are usually held on the first Wednesday of the month. A review of the minutes confirmed that meetings usually start at 9:00 am and run until approximately 4:00 pm. Extraordinary business is also covered during this time.

Council's business paper has recently been changed to make it easier to read and understand. Financial reporting in particular has been simplified.

### *Induction training for Councillors*

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

The General Manager conducts a general induction process for Councillors. Councillors have demonstrated a willingness to participate in training on a needs basis. Specific training opportunities are made available through external providers such as the Local Government Association.



Both Councillors who completed the survey answered that they had sufficient training to carry out their role and did not feel they required further training or support at this time.

### *Complaints handling*

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

Council has adopted a Complaints Policy. Council's complaints handling policy is not available to members of the public on Council's website but is made available if requested over the phone or over the counter.

Most of the key elements of successfully managing complaints are covered in the policy. For example, the policy includes a three tiered review system: performance targets for turnaround of complaints; complaints are dealt with separately from requests for service; reporting outcomes to Council and staff training.

### *Management Plan and Annual Report*

The review team examined Coonamble Shire Council's Management Plans covering the periods 2005-2008 and 2006-2009 as well as its Annual Report for 2004-2005. Both are in compliance with statutory requirements. They are well presented and easy to read documents.

As mentioned the Council's Management Plan and Annual Report have been well integrated with Council's strategic directions. The draft Management Plan 2006–2009 in particular has been simplified to improve its readability and therefore its accessibility to the community.

At the time of writing of this report the draft was on exhibition and was presented to the public at a meeting on 17 May 2006.

Coonamble's Annual Report 2004-2005 is the first Council has produced in five years. While the failure to prepare an annual report for five years is a significant non-compliance with the Act, it is pleasing that Council has acted to remedy this.

The Report contains a summary of major achievements of the previous year. Council's actual performance in relation to the original targets outlined in the management plan and any discrepancies between targeted and actual performance is set out in a review table.

However, there appears to be little or no integration between Council's Management Plan and Annual Report other key documents such as the State of the Environment Report and the Social/Community Plan (see sections 6.2 Planning and other regulatory functions and 6.4 Community and Consultation for further explanation).

**(Recommendation 23)**

*Access to information and freedom of information*

Coonamble Council does not have a formal process for ensuring public access to information as set out in section 12 of *the Local Government Act 1993* but uses the Act as a guide. Council does not charge retrieval or copying fees for such information. This accords with the Department's views on the issue. To date no formal request has been made under section 12(6) of the Act.

Section 14(3) of the *Freedom of Information Act 1989* requires each council to prepare a Summary of Affairs, which is published in the Government Gazette of NSW in June and December each year. The summary includes a list of Council's policy documents, most recent Statement of Affairs, identification of the officer(s) responsible for FOI enquiries, and the Council's address and hours of business.

Council's Summary of Affairs has been gazetted for June and December 2005. To date Council has not received any Freedom of Information applications.

***Challenges to improve***

*Councillor expenses and facilities policy*

A policy on the payment of expenses and provision of facilities to the mayor, deputy mayor and Councillors is a requirement under section 252 of the Local Government Act.

Council's policy, adopted in March 2005, is clearly presented and easy to read. The policy generally complies with section 252 and the Department's circular 04/60. While most areas are covered and the policy includes monetary limits, gaps include access to secretarial services, copying/fax facilities, stationery, computer/telephone allowances and legal expenses. **(Recommendation 3)**

#### *Code of Conduct*

The Council's code of conduct adopted under section 440 of the Local Government Act is important because it assists Councillors and Council staff to understand the standards of behaviour that are expected of them. The law relating to codes of conduct has recently been amended. From 1 January 2005, all Councillors, staff and council delegates are required to observe provisions consistent with the new Model Code of Conduct for Local Councils in NSW.

Coonamble Shire Council has adopted the Model Code of Conduct issued by the Department of Local Government in January 2005.

Council has established a conduct committee that consists of the Mayor, the General Manager and a person independent of council. To date one matter has been referred to the committee and successfully resolved.

While new Councillors are made aware of the code as part of their induction they are not provided with a copy. Similarly, new staff do not receive a copy. **(Recommendation 4)**

#### *Pecuniary Interest*

The *Local Government Act 1993* sets out the parameters that must be adhered to when Councillors and staff have a conflict between their public duty and private interests that constitutes a pecuniary interest. The Act requires that Councillors and designated staff complete and lodge disclosure of interest returns. It is important that Councillors and staff observe these requirements. To not do so has the potential to seriously undermine the community's confidence in the integrity of local government and the decision-making processes.

The review team examined pecuniary interest returns lodged by all Councillors and the General Manager. The forms used are out of date and relate to the *Local Government Act 1919*. The correct form of return is contained in Schedule 3 of the *Local Government (General) Regulation 2005*. **(Recommendation 5)**

Also a few returns did not include the full details of companies, for example addresses.

Councillors and staff appear to need more support in this area. A good starting point would be to provide all Councillors with a copy of Departmental circular 04/16, which provides extensive advice on how to correctly complete a return and the Department's *Pecuniary Interest Guidelines 2006*. **(Recommendation 6)**

#### *Policy register*

Council has a policy register. However, the register was last updated in early 2000. While the majority of policy documents reviewed are clearly written and cover most key points, they do not identify who is responsible for the policy, the date it was adopted, the date last reviewed and any related policies or other documents. **(Recommendation 7)**

#### *Purchasing and Tendering*

Provisions relating to purchasing and tendering are set out in section 55 of the *Local Government Act 1993*. The *Local Government (General) Regulation 2005* consolidates a number of local government regulations including the *Local Government (Tendering) Regulation 1999*.

Council adopted a Procurement Policy in September 2004. It is a basic policy, which includes a Statement of Business Ethics and generally complies with the Act. However, it should be noted that the Policy still refers to calling public tenders in excess of \$100,000. The Act and Regulation have raised this threshold to \$150,000.

The review team reviewed the records of two recent Council tender processes. In general, Council's tender process was satisfactorily documented. Some matters, however, could be improved in future:

- A copy of the tender advertisement was not on file.
- Very limited tender assessment criteria were identified in the tender documents
- A documented tender assessment matrix was not completed.

Council should review its Procurement Policy to ensure that it complies with the current legislation and consider using a broader tender assessment. The Circular to Council's 06/07 "Procurement in NSW Local Councils" and the Department's "Tendering Guidelines for NSW Local Government – Consultation Draft" may be of assistance to Council when reviewing the policy and determining further assessment criteria for tenders. **(Recommendation 8)**

### *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 consider 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 currently have an overall plan to guide its risk management activities. **(Recommendation 9)**

#### *Internal audit*

While the Council has key elements of a strong governance framework, Council does not have an internal audit program or a fraud control policy and/or strategy. Internal audit is an important element of a strong system of internal control. Internal audit can provide management and Councillors with additional assurance as to the effectiveness and efficiency of Council operations. **(Recommendation 10)**

Council also does not have a systematic means for monitoring and ensuring that it complies with ongoing legislative change. **(Recommendation 11)**

#### *Section 355 committees*

Council has a number of section 355 committees covering a range of purposes. Council does not provide these committees with a constitution or charter setting out their membership, functions and delegations.

The General Manager indicated his intention to audit or review these committees and ensure they receive appropriate assistance. As committees of Council they should also be provided with a copy of Council's code of conduct (which applies to council delegates), procedure manuals and relevant training. **(Recommendation 12)**

## 6.2 Planning and Other Regulatory Functions

Councils must ensure that all planning and development in their local government area complies with the *Environmental Planning and Assessment Act 1979* and *Environmental Planning and Assessment Regulation 2000*.

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

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

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

### ***What's working well***

#### *Environmental planning instruments and policies*

Council is required by section 73 of the *Environmental Planning and Assessment Act 1979* to keep its planning instruments and policies, such as local environmental plans (LEPs) and development control plans (DCPs), "under regular and periodic review".

The Coonamble Shire Council Local Environmental Plan was gazetted in 1997. Council is currently undertaking a detailed land use study in partnership with the Councils of Gilgandra, Narromine, Warren and Bogan Shires. The study will produce the information and data to allow each council to develop a LEP appropriate to its area.

## ***Challenges to improve***

### *Development assessment process*

All development proposals in NSW must be assessed to ensure they comply with relevant planning controls and, according to nature and scale, that they are environmentally and socially sustainable. State, regional and local plans and policies indicate what level of assessment is required, and who is responsible for assessment: council, an accredited private professional or the Minister for Planning.

Council does not deal with many development applications (DAs). According to the latest comparative information from the Department, Council considered 59 DAs in 16 days in 2003/04. This compares to 49 DAs considered in about 20 days in 2002/03.

Council does not have a dedicated planning officer. It makes use of a part time consultant Health and Building Surveyor to determine most DAs.

It is noted that Council has identified the lack of a permanent Health and Building Surveyor as an issue. In response it has employed a cadet Health and Building Surveyor who is currently pursuing formal qualifications and is being mentored by Council's consultant Health and Building Surveyor.

A review of Council's DA files revealed the following issues:

- Council does not have formal notification policy. (Though it is acknowledged that Council advised the review team that persons affected by a development are notified.)**(Recommendation 13)**
- Regular reports are not provided to Council advising it of the determined DAs.**(Recommendation 14)**
- Applicants are not advised of their right of review of determination under section 82A of the *Environmental Planning and Assessment Act 1979*.**(Recommendation 15)**



### *Section 94 contribution plan*

Council does not have a section 94 plan. Councils are not compelled to have such a plan. However, this decision has a direct impact on the revenue available to Council to undertake infrastructure projects to meet increased demand generated by development. It may in the long term impede development should Council seek to develop a plan at short notice in response to development proposals.

### **(Recommendation 16)**

### *State of the environment report (SoE)*

The important role of local government in implementing the principles of ecologically sustainable development in NSW has been formally recognised in the Local Government Act 1993, which requires councils to manage their regulatory and service functions in an ecologically sustainable manner. Each council must submit an annual *State of the Environment Report (SoE)*.

The first SoE report of a council for the year ending after each election must be a comprehensive SoE, which addresses the eight environmental sectors of land, air, water, biodiversity, waste, noise, Aboriginal and non-Aboriginal heritage. Supplementary reports that identify any new environmental impacts since the council's last SoE must be submitted in the intervening years. SoE reporting at the regional level is also encouraged.

The Department's *Environmental Guidelines – State of the Environment Reporting by Local Government – Promoting Ecologically Sustainable Development 2000* aim to help councils produce their SoE in accordance with the Act and Regulations.

A comprehensive SoE report has been prepared for Council in November 2005 by a consultant and is contained in the 2004/05 Annual Report. Coonamble's 2005 report is generally adequate, well written and well presented. The format reflects awareness of the Act and Regulations.

There appears to be little or no integration between the Annual Report and the Management Plan. The Management Plan contains a general overview of the SoE report only - no specific targets or actions. Proposed actions in the SoE report do not appear in the Management Plan (eg, inclusion of KPIs to ensure that the Department of Environment and Conservation licensing conditions are met in future - not referred to at all in the Management Plan or Annual Report).

A 2004 supplementary report is referred to in the 2005 comprehensive report but a copy is not attached to the document for comparison. There appears to be no comparison with any earlier comprehensive report.

Major issues raised in the SoE report are not analysed or addressed, eg the radical drop in recycling per capita between 2002/03 (185.57 kg/capita) and 2003/04 (15.34 kg/capita). Also, the amount of waste collected is identified as being almost three times the Group 9 average but no discussion about why this is so and what is being done to address the issue. However, the existing recycling service has been earmarked for review to ascertain its viability. This priority has been reflected in the Management Plan and the Annual Report notes that the review has resulted in (unspecified) changes to ensure the service's financial viability.

The Coonamble area includes some significant environmental features such as the Macquarie Marshes, the Warrumbungles and the Brigalow/Nandawar biodiversity hotspots, and serious issues are raised in the report of anthropogenic impacts on these features. However, little or no mention is made of actions for Council to address those issues (eg water consumption, waste generation, water pollution, land degradation, erosion, feral plants and animals, erosion, destruction of Aboriginal sites and artefacts). **(Recommendation 17)**

### *Enforcement activities*

Council does not have an enforcement and prosecution policy to guide its enforcement activities including how it deals with non-compliance issues. **(Recommendation 18)**

Council also does not provide information to the public on how to report non-compliance and alleged breaches. **(Recommendation 19)**

### *Companion animals*

The adoption of a local companion animal management plan assists Council in achieving a balanced relationship between companion animals, humans and the environment. Such a plan also provides 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. Council does not currently have such a plan or related community education programs. **(Recommendation 20)**

Council has not reported pound data to the department for some time. The recently requirement to do so has become legislative – see the amended Companion Animals Act 1998, which provides that the Director General can “*require a council to report to the Director-General on any matter relating to the activities of a council pound operated by the council or the council's agent.*” (section 67A). Council should commence providing relevant pound data to the department on a periodical basis. **(Recommendation 21)**

### 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.

#### *Operating results and trends*

Council achieved an operating surplus before and after capital items for the past two years, despite having budgeted for a deficit in both categories over the past 4 years.

In the past four years Council has improved on its results before capital items, from a deficit of (\$654K) in 2001/02 to a surplus of \$1.110M in 2004/05. Council's results after all activities shows a similar improvement as is evidenced in the following table.

#### *Budgeted vs. Actual Results*

	Before Capital		After Capital	
	Budget	Actual	Budget	Actual
<b>2004/05</b>	(\$2.858M)	\$1.110M	(\$2.760M)	\$1.198M
<b>2003/04</b>	(\$3.650M)	\$871K	(\$3.550M)	\$996K
<b>2002/03</b>	(\$2.059M)	(\$439K)	(\$1.959M)	(\$429K)
<b>2001/02</b>	(\$2.116M)	(\$654K)	(\$1.976M)	(\$557K)

Grants and contributions for operating and capital purposes have remained relatively stable over the 4 year period.

#### *Liquidity and Cash Position*

Council's unrestricted current ratio (UCR) for 2004/05 was 6.93. For the periods 2003/04, 2002/03 and 2001/02 it was 7.17, 6.88 and 5.18 respectively. The UCR measures the adequacy of working capital and the ability to satisfy obligations in the short term. It does not include externally restricted activities such as water, sewer or specific grants. A good UCR is considered to be greater than 2.

Council's unrestricted cash over the past 4 years is considered adequate:

<b>2004/05</b>	<b>2003/04</b>	<b>2002/03</b>	<b>2001/02</b>
\$794K	\$771K	\$575K	\$992K

*The Rates & Annual Charges Outstanding Percentage (RACO%):*

<b>2004/05</b>	<b>2003/04</b>	<b>2002/03</b>	<b>2001/02</b>
11.7%	13.0%	11.8%	11.8%

Council's 2004/05 results show a slight improvement on 2003/04. However, Council's outstanding rates and annual charges percentage of 11.7% is above that considered reasonable for rural councils. The RACO% assesses the impact of uncollected rates and charges on liquidity and the efficiency of debt recovery. A benchmark for rural councils such as Coonamble is less than 10%.

#### *Council's debt*

Council's Debt Service Ratio (DSR) for 2004/05 is 0.96%, continuing a low DSR trend over the past 4 years. Council's DSR has ranged from 0.96% to 2.57% in this time. 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. A DSR ratio from 10% to 15% is considered borderline and a DSR or more than 15% is considered to be of concern.

While Council's DSR is low and it appears to have the capacity to borrow, Council is not borrowing to maintain the standard of its infrastructure which has deteriorated substantially over the past 2 years, if its estimate on the cost of bringing it back to a reasonable standard is realistic.

Total loans outstanding as at 30 June 2005 were \$408K. No new loans were raised in the last 4 years. However Council did apply in 2004/05 for \$300K for buildings. Council applied for loans of \$330K in 2005/06 for buildings (\$180K) and infrastructure (\$150K).

*Council's employee leave entitlements*

Council's Employee Leave Entitlements (ELE) is cash funded to 27% by internal restricted reserves. This is considered a little high as a percentage of 20% is considered adequate.

*Assets Management and Infrastructure Maintenance*

The written down value (WDV) of Council's assets for 2004/05 period are as follows:

<b>Infrastructure:</b>	<b>WDV%</b>	<b>Estimated cost</b> to bring assets to satisfactory standard
Roads Bridges & Footpaths	58%	\$4.58M (\$4.31M in 2003/04)
Stormwater Drainage	80%	\$400K (\$400K in 2003/04)
Water Supply Network	44%	\$2.5M (\$155K in 2003/04)
Sewerage Network	30%	\$2.8M (\$195K in 2003/04)
Total Infrastructure		\$10.681M (\$5.322M in 2003/04)

A WDV below 50% may be cause for concern. Council's WDV for the Water Supply and Sewerage categories of infrastructure indicates that these may be nearing the end of their useful life. This may explain the substantial increase in estimated cost to bring assets back to a satisfactory condition for these two categories.

Council's estimated costs to bring all assets to a satisfactory condition were \$10.68M in 2004/05. With the revision of costs for Water Supply and Sewerage, this estimate has double from that of 2003/04 (\$5.32M).

Council estimated their annual maintenance for 2004/05 at \$1.719M while program maintenance works for the year amounted to \$1.624M, a shortfall of around \$100K.

Council management has initiated management plans for most of its engineering activities. These new management plans include:

- Fleet Management Plan
- Building Management Plan
- Water and Sewer Management Plan
- Parks and Gardens Management Plan
- Road Management Plan

Generally the objective of the plans is to achieve consistency in planning, implementation and reporting on the maintenance and renewal of various council assets. The purpose and associated benefits of establishing a program for the maintenance and renewal of council assets ensures that:

- There is a formal program of planned and prioritised maintenance works;
- Financial provision is made for unplanned maintenance works;
- Scheduled works are managed with the available budget; and
- Progress and expenditure can be monitored and the program adjusted if required.

Through its strategic plans, Council has identified long-term maintenance and capital requirements and is working towards ensuring funding is allocated. For example timber bridges replacement are funded at the rate of \$290,000 pa from revenue, and the loaming of roads, which previously had no allocation, now has \$200,000 pa allocation.

A review of the Council's plant and fleet resulted in the reduction of one grader and the reduction of one truck. This has freed up additional funding for roads and other works requested by the community. Examples of these works include the replacement of toilets in McDonald Park and cabins at the Council's caravan park.

### *Community land*

The *Local Government Act 1993* requires that councils classify public land under their control as either community land or operational land. Councils cannot sell community land, and cannot lease, license or grant any other estate over it for more than 21 years. Councils must manage community land in accordance with a plan of management adopted by the council.

Councils do not have to prepare a plan of management for operational land. Nor are there any restrictions on councils selling or granting leases, licences or other estates over operational land.

All public land under Coonamble Shire Council's control is currently classified as community land. Council does not have plans of management in place for this land. Council is not in compliance with Chapter 6 Part 2 of the Act.

Some of Council's public land may be more appropriately classified as operational.

Council can only reclassify this land as operational land through a local environmental plan (LEP). The procedures for making a new LEP under the *Environmental Planning and Assessment Act 1979* ("the EPAA") require that councils place draft LEPs on public exhibition. In recognition of the special significance of community land, section 29 of the LGA provides that councils must hold a public hearing under section 68 of the EPAA into a draft LEP that is designed to reclassify community land.

It is critical that Council conduct an audit of its public land and appropriately classify all of its public land in accordance with Chapter 6 Part 2 of the *Local Government Act 1993*. It is critical that Council prepare a plan of management for all community land.

**(Recommendation 22)**



### *Auditor's Comments*

Council's auditor, taking into consideration the nature and level of the internally restricted assets (reserves) set aside, is of the opinion that Council's Available Working Capital at 30 June 2005 was sound. Given this, and the other indicators, they are of the opinion that Council's overall financial position was sound at 30 June 2005.

### *Business Activities*

Council has declared 2 business activities - the Water Supply and the Sewerage Service. Water Supply had a surplus result before and after capital amounts of \$297K, while the Sewerage Service had a deficit before and after capital amounts of (\$81K).

### *Changes to financial reporting to Councillors*

The review team was advised that the introduction of simple headings for different account categories to quarterly financial reports presented to Council has allowed the accounts to be more easily understood by Councillors. The result of this was that less time was needed during Council meetings to review the reports.

### *Rates and charges recovery policy*

Council advised that since the implementation of its rates and charges recovery policy it has been more successful in recovering rates. The policy was adopted on 9 February 2005. The arrears as at 26 February 2005 was \$412,187. In comparison, the arrears on 1 May 2006 had reduced to \$352,599.

## 6.4 Community & 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.

As described earlier (section 4 – Context), Coonamble is a very disadvantaged community with a rapidly declining population.

The extent of socio-economic disadvantage extends across a range of indicators. For example, average weekly incomes are much lower than the NSW average and unemployment rates are also significantly higher than other local government areas in the state.

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

#### *Relationship with the Indigenous community*

The Coonamble local government area is part of the Murdi Paaki Region of the Aboriginal and Torres Strait Islander Service (ATSIS) reaching from Lightning Ridge in the north to the Murray River in southern NSW.

The General Manager reported that Council has made a concerted effort in recent years to improve its relationship with the Indigenous community.

Council is part of the Murdi Paaki Regional Council of ATSIS, and is a member of the Barwon Darling Alliance – a joint initiative between local government and local Aboriginal Lands Councils.

A strong and positive working relationship operates between Council and the Murdi Paaki Regional Enterprises Pty Ltd. During 2004/2005 Council transferred the auspice of the Coonamble and Gulargambone Youth Centres to this group. A shared Community Facilities Coordinator develops a range of activities and programs.

#### *Public Access forum*

Members of the public are able to address Council at its meeting. The Mayor and General Manager reported that this opportunity is exercised on a regular basis.

#### *Tidy Towns Award*

Gulargambone was the winner of the Tidy Towns NSW State Final. This achievement reflects a strong community spirit and the tireless effort by residents in creating a village they can be proud of.

#### *Cultural planning*

Coonamble is included in the Outback Arts Regional Cultural plan and Regional Aboriginal Cultural Strategy. Council has prepared a cultural plan specifically for the Coonamble area.

#### *Tourism*

Council employs a Tourism Development Manager to implement the Tourism Action Plan adopted in 2003. Two Visitors Information Centres have been established. A Marketing strategy is underway and has resulted in the development of a tourism brand and logo. New entry signs have been ordered after significant community input. Examples of successful projects include the Gulargambone community tourism project "twoeighttwoeight" and the Coonamble museum project.

Proposed initiatives for 2006/07 include the preparation of a Media Kit on Coonamble and the formation of a Tourism Industry body.

### *Economic Development*

Council has developed a range of economic development plans and reports including:

1. Business Action Plan (sense of place)
2. Agriculture Action Plan
3. Tourism Action Plan
4. CBD Revitalisation Project 2005 Report

Proposed projects, which involve a new more proactive approach to economic development, include a meat processing plant, a local Feedmill and a Bore Baths Facility.

Current initiatives include a Business Assistance Fund to attract new business and expand existing businesses and a Local Heritage Fund to assist in improving the appearance of properties to attract expanded patronage.

Council has a dedicated Economic Development Officer (EDO) position, which is shared by two staff.

### *Rural Transaction Centre*

Council also provides considerable assistance to the Rural Transaction Centre. The centre is home to Westpac Banking Agency, a second Centrelink Agency, Tourist Information, the Neighbourhood Centre, Medicare, Castlereagh Advisory Service, Cottage Industries and the Internet Centre. Training rooms and interview rooms are also made available to visiting specialists for hire.

### *Crime prevention*

Council has prepared a Crime Prevention Plan and has recently installed Closed Circuit Television Cameras throughout the central business district. These initiatives have resulted in better crime solving and reduction in petty crime.

## ***Challenges to improve***

### *Community and Social plan*

The *Local Government (General) Regulation 2005* requires all councils in NSW to develop a social/community plan to meet the needs of residents in their area. The plan must be prepared in accordance with guidelines issued by the Department.

The Coonamble's Community and Social Plan 2004-2009 is well presented and readable. As part of the consultation in the preparation of the Social Plan, small focus groups, service providers and community organisations were approached and asked to contribute by discussing the various issues currently affecting Coonamble.

The Plan meets the minimum requirements set out in the Department's *Social and Community Planning Guidelines 2002* and was submitted to the Department on time.

The plan states that "in accordance with the *Social and Community Planning and Reporting Guidelines 2002* it will be reviewed annually during the Annual Report process and accounted for in Council's Management Plan – Statement of Access and Equity Activities."

However, while some aspects of Council's management plan and annual report are integrated with each other, they make no mention of the social plan or its proposed actions.

For example, the Community and Social Plan (revised and adopted in 2004) sets out a strategy to address the women's mandatory target group to review Council's Equal Employment Opportunity (EEO) Plan annually, as a responsibility of the Human Resources section. However, the 2004-2007 Management Plan indicates that the Human Resources function has no dedicated staff and a review of the EEO Plan is not mentioned as a possible outcome. The 2004-2005 annual report access and equity statement refers only to an EEO policy adopted in 1994, making no reference to an EEO plan or any annual review.

The only reference to the Community and Social Plan in the 2004-05 annual report was to mention that the Community and Social Plan had been reviewed and adopted in October 2004.

Most actions do not assign responsibility to anyone and timeframes given are general and ambiguous.

Having said that the document does form an appropriate starting point for addressing community needs. Subsequent reviews of the document should include specific actions, timeframes and responsibilities that align with Council's management plan priorities and are then reported on in the annual report. **(Recommendation 23)**

#### *Reporting Access and Equity Activities*

The *Social and Community Planning Guidelines (section C2) and Manual (section C1)* issued by the Department sets out what an Access and Equity Activity Statement must include. Included in the management plan and linked to the budget, it is a simple statement and/or list that outlines what actions from its Community and Social Plan as well as any other activities it will carry out to improve access and equity for its residents during the next year. Progress should then be reported in next annual report.

Council's draft Management Plan 2006 – 2009 and *Annual Report 04/05* does not include an Access and Equity statement and report. **(Recommendation 24)**

#### *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.

With 14.3 per cent currently aged 65+ years, Coonamble is NSW's 82nd oldest LGA. By 2022 it will be its 71st oldest.

Between 2004 and 2022 the population of Coonamble is projected to decline in size, from its current 4,746 to around 4,007 (-16 per cent). Its youth and working age populations are projected to decline in size, and its elderly population to grow substantially.

Currently, 14.3 per cent of the Coonamble population is aged 65+ years - this is projected to grow to 22.3 per cent by 2022. At an average increase of 0.44 percentage points per year, this 'force of ageing' is somewhat faster than that projected for Total NSW (0.33) but the same as for NSW Balance (0.43). Coonamble's 85+ population is projected to increase in proportion, from 1.5 to 2.3 per cent 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 and will impact on many aspects of council's operations. The Local Government and Shires Associations have produced *Planning the Local Government Response to Ageing and Place*. This paper is intended to offer a framework to assist councils to begin to plan for the population ageing unique to their area by:

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

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

Council's social plan includes some strategies for older people. It demonstrates an awareness of the implications of having increasing numbers of older residents. But council must ensure it has integrated strategies across its various functional areas to address this challenge.

Council needs to consider ways to raise the awareness of this issue across all sections of council. Building upon strategies in its Community and Social Plan and using the Ageing and Place Framework developed by the Associations, council should prepare long term strategies to meet current and future needs for older people as part of its strategic directions.

Priority strategies should be determined on an annual basis and incorporated in Council's Management Plan. The review of council's local environmental plan allows council to explore the impact of ageing on the current and future council housing stock. Progress in relation to these priorities should be reported on a quarterly basis via the performance appraisal system and quarterly management plan reports as well as annually in council's annual report. **(Recommendation 25)**



## 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:

- *Consultative committee processes*
- *Recruitment and selection processes*
- *Job specifications and employee remuneration*
- *Employment contracts*
- *Equal employment opportunity*
- *Staff development*
- *Occupational health and safety*

### *Overview of the organisation*

Coonamble Shire Council's current organisation structure was adopted in November 2005. The structure is clearly set out in an organisational chart, which includes a brief note about the role of each position. Also worth mentioning is that a more simplified diagram in the management plan and annual report places the community at the top.

The executive management team is made up of the General Manager and two senior Managers. The position of Manager Corporate Services is currently vacant.

Council is a major employer within the Shire and employs approximately 103 staff (equivalent full time). Of the current employees, 20% are aged 55 years and over and 3.8% are aged 24 years and under. Women represent 30.8% of Council's workforce and 4.3% are of non-English speaking backgrounds. Approximately 8% of staff members are Aboriginal or Torres Strait Islander. Council does not currently employ any staff with a physical disability.

## ***What's working well***

### *Human Resource policies and strategies*

Council has a wide range of policies and strategies to respond to its workforce issues and encourage positive workforce relations.

While Council does not have a dedicated Human Resources Officer, the General Manager and Manager of Corporate Services coordinate this function.

### *Recruitment and selection*

Recruitment and selection can be a constant activity as councils replace employees who move into other positions within council, leave to take up external opportunities or those who retire.

While Council does not have a recruitment and selection policy, it has a flowchart, which details each step of the process and the basic requirements.

The review team inspected several recruitment and personnel files. All files documented all steps of Council's flowchart. For example, these included copies of the job advertisement, job description, a record of who inquired and applied; culling sheets linked to the selection criteria, a record of interviews and reasons for recommending the successful applicant.

### *Job specifications and employee remuneration*

The Local Government (State) Award 2004 requires that council have a salary system that determines how employees are paid and requires that an "employee shall be paid the salary system rate of pay that recognises the skills the employee is required to apply on the job".

Personnel files reviewed reflect clear job descriptions and provisions of a documented salary system.

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

Council adopted an OH&S policy in 2002 and has a Rehabilitation/Return to Work Program. Regular systematic risk assessments are carried out every two months.

The Occupational Health and Safety Committee meets regularly to consider health and safety issues and make recommendations to Council on matters pertaining to the overall improvement of health and safety across the organisation.

### *Staff training and development*

Council conducts annual staff appraisals from which skill gaps are identified. Individual training plans are developed and aggregated into Council's overall training and development program for both indoor and outdoor staff.

Council's total training expenses for the year 2004/2005, including wages, were \$132,951. A wide range of training courses was provided. Overall a total of 147 staff attended these courses with the most popular being First Aid (34 staff), Supervision (22 staff) and general OH&S (16 staff).

### *Staff Induction*

Induction of new employees is an important part of their orientation to the organisation and their receiving accurate information about their workplace such as the context, policies and procedures they will work within.

Coonamble Council has a structured induction program for new employees. All new staff also undertake a general induction and an Occupational Health and Safety Induction.

### *Management and staff relations*

The relationship between management and staff has reportedly improved in recent times. Management has initiated a regular BBQ to keep staff informed. The majority of Councillors now attend staff social functions. Employees of the month and year awards have also been successfully introduced.

### *Employment contracts*

The contracts of the General Manager, Manager of Works and Manager of Corporate Services were reviewed and found in compliance with the Act. There was also evidence that performance reviews are being implemented in accordance with the contract.

Using powers available under the *Local Government Amendment Act 2005*, the Director General of the Department recently approved the Standard Contract of Employment for General Managers of Local Councils in New South Wales to be in force from 1 July 2006. The Contract is attached to Circular 06/73 and is downloadable from the Department's website at [www.dlg.nsw.gov.au](http://www.dlg.nsw.gov.au).

The Contract represents the standard documentation that councils must use when employing general managers. The Standard Contract of Employment for Senior Staff (other than General Managers) of Local Councils in New South Wales will be circulated in the near future.

The new standard contract requirements will not affect existing employment contracts unless those contracts are renewed (see new sections 338(8) and 338(9)).

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

#### *Performance management*

The Local Government Award requires that all employees shall have on-going feedback about performance. The Award states that the "*performance development process can be simplified to three stages:*

- (1) joint development on objectives and performance standards;*
- (2) progress reviews; and*
- (3) a formal performance review which is followed by decisions and outcomes."*

Council does not have a competency and performance management policy or documented process in place. **(Recommendation 26)**

*Equal employment opportunity (EEO)*

Council's EEO policy was adopted in 1994 and has not been reviewed since. No recent initiatives were reported in the annual report.

The General Manager has identified this as an area requiring improvement and action **(Recommendation 27)**

*Workforce planning*

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.

As mentioned earlier, of Council's current employees, 20% are aged 55 years and over and 3.8% are aged 24 years and under.

It is noted that Council has identified the lack of a permanent Health and Building Surveyor as an issue. In response it has employed a cadet Health and Building Surveyor who is currently pursuing formal qualifications and is being mentored by Council's consultant Health and Building Surveyor.

The Department is encouraging all councils to 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
- increasing opportunities for apprenticeships, cadetships and traineeships to address any gaps
- making more work experience opportunities available across a number of areas to students, participants in labour market programs and participants of rehabilitation programs

Council does not currently have an adopted long-term workforce or succession plan.

**(Recommendation 28)**

## 7. COUNCIL'S RESPONSE

Council considered the draft report at a Special Meeting on 23 August 2006. Council has provided a detailed response to all of the recommendations in the draft report.

In its response council supports the majority of recommendations and provides information on what action council intends to take or has taken. This information is not reproduced in this report and should be incorporated in the action plan that council is required to complete after it has tabled the final review report.

Council thanked the Investigators for their frankness and courtesy throughout the process and appreciated the contribution made towards improving the management of the organisation.

Council's concerns regarding particular recommendations in the draft report are reproduced and addressed by the review team below.

### Recommendation 10

To enhance the effectiveness and efficiency of Council operations, Council should develop an internal audit program or a fraud control policy/strategy.

### Recommendation 11

Council should develop an internal audit program (which monitors and ensures compliance with legislative change) and a fraud control policy/strategy.

### **Council's comment:**

*A Fraud Control Policy/Strategy is currently being developed. Concern is expressed that an internal audit program, as suggested, will necessitate highly skilled persons will need to be engaged at a significant cost. It should be noted that executive staff currently have a workload in excess of reasonable expectations.*

**Review team's comment:**

Internal audit is considered to be beneficial to all councils, regardless of size. It is a key part of the governance framework and provides valuable feedback to the council regarding its operations. It is therefore recommended that all councils use the services of an internal audit function.

However, the review team acknowledges that not all councils, particularly smaller councils, have ready access to, and/or can afford, full internal audit services. It is suggested that council consider alternative options to assist it in achieving the benefits of an internal audit function.

Council could consider pooling resources with other councils to share risk management planning and internal auditing resources. Council may also consider “peer” assessment, utilising the skills of other councils and sharing experience throughout the other regional councils or throughout local government statewide. It is considered that “peer” assessment and audit may assist in sharing good practices in the industry and developing skills in smaller councils.

Recent reviews of Narrabri Shire Council, Bogan Shire Council and Dubbo City Council (all members of the Orana Regional Organisation of Councils - OROC) have identified the need to develop internal audit functions. Coonamble Shire Council could consider opportunities in the future to share internal audit resources with these councils or consider a regional initiative in this area through OROC.

The review team has modified recommendations 10 and 11 in the final report to allow council to act on such opportunities accordingly.

Recommendation 16.

Council should consider adopting section 94 contributions plan(s) for the Coonamble local government area.



**Council's comment:**

*Council notes the desirability for a defined approach, however concern is expressed at the negative impact such contributions may have on potential development within the Shire.*

**Review team's comment:**

The review team acknowledges council's viewpoint but encourages council to consider Circular – PS 05 –003 Changes to the development contributions system in NSW and the Development Contributions - Practice Notes issued by Department of Infrastructure Planning and Natural Resources in June and July 2005 respectively.

Council should explore the options provided by recent amendments to the *Environmental Planning and Assessment Act 1979*, which extend the way in which development contributions may be collected and used.

The changes offer two extra ways for development contributions to be obtained, by:

- voluntary planning agreements
- fixed development consent levies.

The traditional imposition of section 94 contributions as a condition of development consent remains as a third option.

These options allow council to choose the method, or combination of methods, that best suits its area.

The practice notes aim to:

- promote the efficient and effective provision of public infrastructure for new development
- ensure that statutory responsibilities are met
- ensure that councils carefully consider the implications of implementing a particular contributions system

- encourage councils to view the contributions system in the context of corporate, financial and strategic planning
- promote development contributions plans which are more user friendly and simplify the approach to plan preparation
- provide guidance on planning agreements and ensure public accountability in the process
- remove inconsistencies of interpretation
- improve public and financial accountability, and governance.

The review team has modified recommendation 16 in the final report accordingly to allow council to explore the recent legislative changes and options that promote the efficient and effective provision of public infrastructure for new development in the shire.

#### Recommendation 24

Council should as a matter of priority prepare an Access and Equity Statement to be included in (or appended to) its Management Plan 2006-2009. The Statement should:

- list which Community and Social Plan actions and any other activities it will carry out to improve access and equity for its residents during 2006/2007
- outline specific actions, timeframes and responsibilities
- be linked to the 2006/2007 budget
- be reported on in the next annual report.

#### **Council's comment:**

*As the Management Plan for 2006 – 2009 has been adopted an Access and Equity Statement will be included in next year's plan and be linked in accordance with this recommendation.*

#### **Review team's comment:**

The review team has noted that council has already adopted its Management Plan for 2006- 2007 and will include an Access and Equity Statement in next year's management plan.

It is nevertheless assumed that council is undertaking some access and equity activities in 2006/2007. It is recommended that these activities be reported on in its 2006/07 Annual Report. Recommendation 24 in the final report has been modified accordingly.

**Recommendation 28**

Council 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.

**Council Comment:**

*Council will develop a long-term workforce plan that includes career paths, skill requirements and anticipated priorities in each section of Council, along with a strategic direction for each element. Concern is expressed that without the professional level of staffing in this field, a consultant will be required at potentially a significant cost.*

**Review team comment:**

The review team acknowledges Coonamble Shire Council's lack of professional human resources staff and the potential cost of developing a long-term workforce plan. Again, it is suggested that council consider alternative options to assist it in preparing such a plan.

Council could consider pooling resources with other councils to develop a means for developing a template and methodology for developing a workforce plan. The recent review of Narrabri Shire Council revealed that while some work had been done in this area, a long-term plan to cater for workforce needs was required. Some mutually beneficial arrangement to develop a workforce plan could be explored.

Coonamble Shire Council could also consider opportunities at the regional level in regard to long-term workforce planning through the Orana Regional Organisation of Councils.

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

### COUNCIL'S PRIORITIES AND FOCUS

#### *What is working well*

- Council has a strong strategic approach to responding to the current and future challenges of its community.
- Council has a clear and shared vision for the Coonamble local government area.
- There appears to be a cooperative, respectful and positive working relationship between staff, Councillors and community at Coonamble.
- Council's reports on its performance against targets set in the management plan quarterly.

### GOVERNANCE

#### *What is working well*

- Coonamble Shire Council has the basis of a sound governance framework.
- Good governance is one of council's principal strategic goals.
- Council's corporate goals are well integrated with priority areas, key actions and performance indicators in its draft Management Plan 2006-2009.
- Councillors and staff appear to have a clear understanding of their roles and responsibilities.
- Council adopted the Model Code of Conduct, which has been used to successfully resolve one matter.
- A general induction process is held for Councillors. Specific training opportunities are made available through external providers.
- A number of joint projects are being undertaken with other councils in the region.

#### *Challenges to improve*

- New Councillors and staff are not provided with a copy of Council's Code of Conduct.
- Councillors require further guidance on the pecuniary interest provisions of the Act.
- Council's policy register requires updating and policy documents should identify who is responsible for the policy, the date it was adopted, the date last reviewed and any related policies or other documents.
- Some aspects of Council's Procurement Policy and procedures could be enhanced.
- Risk management and internal audit programs should be put in place
- Section 355 committees require a charter, procedure manuals and relevant training.

## REGULATORY

### *What is working well*

- Council is currently undertaking a detailed land use study in partnership with the Councils of Gilgandra, Narromine, Warren and Bogan Shires which will form the basis for developing a new Local Environmental Plan for Coonamble.

### *Challenges to improve*

- Some aspects of Council's development assessment process require improvement.
- Council does not comply with its statutory obligations in the management of s94 funds.
- The State of the Environment Report could be strengthened in specific areas and better linked to the management plan.
  - Council should develop an enforcement and prosecutions policy, and provide information to the public on how to report non-compliance.
- Council does not have a local companion animals plan.
- Council needs to commence reporting pound data to the department monthly.

## ASSET AND FINANCIAL MANAGEMENT

### *What is working well*

- Council's financial position is sound.
- Quarterly financial reports presented to Council have been simplified to make them more easily understood by Councillors.
- Council management has management plans for most of its engineering activities such as fleet management, building management, water and sewer, roads and parks and gardens.
- Council's Rates and Charges Recovery policy has increased rates recovery.

### *Challenges to improve*

- All public land under Coonamble Council's control is currently classified as community land and does not have plans of management.

## COMMUNITY, COMMUNICATION AND CONSULTATION

### *What is working well*

- Council has improved its relationship with the Indigenous community and has a positive working relationship with the Murdi Paaki Regional Enterprises Pty Ltd.
- Gulargambone was the winner of the Tidy Towns NSW State Final.
- Council has prepared a cultural plan and is included in the Outback Arts Regional Cultural plan and Regional Aboriginal Cultural Strategy.
- Council's Tourism Development Manager is implementing its Tourism Action Plan.
- Council has a dedicated Economic Development Officer and a range of economic development plans and reports.
- A Crime Prevention Plan has been prepared and Closed Circuit Television Cameras have recently been installed throughout the central business district.

### *Challenges to improve*

- Subsequent reviews of Council's Social and Community Plan should include specific actions, timeframes and responsibilities that align with Council's management plan priorities and are then reported on in the annual report.
- Access and equity statements and reporting does not comply with section C2 of the *Social and Community Planning and Reporting Guidelines*.

## WORKPLACE RELATIONS

### *What is working well*

- Council has a wide range of policies and strategies to respond to its workforce issues and encourage positive workforce relations.
- Clear job descriptions and provisions of a documented salary system.
- Council has a sound occupational health and safety (OH&S) system.
- Individual training plans form the basis of Council's annual training and development program for both indoor and outdoor staff.
- Council has employed a cadet Health and Building Surveyor
- New staff receive a general induction and an Occupational Health and Safety Induction.
- Employees of the month and year awards have been successfully introduced.

*Challenges to improve*

- Council does not have a performance management system in place.
- Council's Equal Employment Opportunity policy has not been reviewed since 1994.
- Council should develop a long-term workforce plan to respond to particular issues and trends in its workforce.