challenges   improvement   innovation   good governance

REVIEW REPORT

DUNGOG SHIRE COUNCIL

MAY 2005

dlg   **Department of Local Government**

TABLE OF CONTENTS

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.

Dungog Shire Council Review

Dungog 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 Carole Medcalf and Keith Coates comprised the review team who conducted an on-site review of council from 16 March 2005 to 17 March 2005.

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

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

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

The on-site review consisted of a briefing for council's Mayor and acting general manager, conducting interviews with staff, and the review of a number of council's policies and other documents.

2. RECOMMENDATIONS

1. Council should develop strategies to assist council to effectively manage operational aspects such as infrastructure and risk management.

2. Council should prepare long term strategies to meet current and future needs for older people. Priority strategies should be determined on an annual basis and incorporated in council's management plan and budget, the business plans of each section and the work plans of individual officers. Progress in relation to these priorities should be reported on a quarterly basis via the performance appraisal system and management plan reports as well as annually in council's Annual Report.

3. Council should review the format of its Annual Report to ensure it complies with the requirements of the Local Government Act and the General Regulation.

4. Councillors and staff who are identified as designated persons should be provided with information to assist them to complete their pecuniary interest returns accurately and in a timely way. Council could use the information provided in the department's circular 04/16 to prepare information for staff and councillors to assist them in completing their returns.

5. Council should develop a statement of business ethics to guide its relationships with private industry.

6. Council should develop an overall plan to guide its risk management activities.

7. Council should develop a fraud policy and carry out a fraud risk assessment.

8.   Council should conduct a risk assessment of council's procurement procedures.

9.   Council should examine the costs and benefits of establishing an internal audit function. Given the council's size, consideration should be given to contracting for this function or to sharing this function with other councils.

10.   Council should develop an internal reporting policy to assist and guide councillors and staff who wish to make disclosures under the Protected Disclosures Act 1994.

11.   Council should develop a system for the internal reporting of legislative non-compliance and council should act promptly to develop such a system.

12.   Council should establish and maintain a records management program that conforms to the requirements of the State Records Act 1998.

13.   Council should develop a records disaster recovery plan. A business continuity plan would assist council with the proper management of council's physical and electronic records. As part of Hunter Inc., council has access to some assistance in these matters.

14.   Council should implement its organisation structure in accordance with the requirements of section 333 of the Local Government Act.

15.   Council should ensure that when a meeting is closed to the public, the minutes of the meeting record the reasons for closure in full compliance with section 10D of the Local Government Act 1993.

16.   Council should provide a detailed induction and training program for councillors in relation to their roles within council (as prescribed by the Local Government Act 1993).

17. Council should ensure that all tenders comply with better practice tendering by ensuring necessary details are recorded on files.

18. Council should provide procedure or operational manuals for its section 355 committees and make membership of the committees subject to council's code of conduct. It is also suggested that council provide adequate training for committee members in relation to their relevant area of operation and the requirements of the code of conduct.

19. Council should adopt a complaint handling system and a related policy that reflects good practice in this area.

20. Council (or an appropriate committee of council) should ensure that it puts in place processes to carry out performance reviews of the general manager's performance within the timeframe prescribed by the general manager's employment contract and at least annually.

21. Councillors must take steps to ensure greater compliance with council's adopted code of conduct and council's councillor/staff interaction policy with regard to their interactions with staff, in particular with regard to the general manager who is responsible for council's day-to-day operations.

22. Council should develop an internal reporting system in relation to prosecutions, penalties and fines incurred by council for legislative non-compliance in order to ensure that council is kept informed of possible impositions on its budget.

23. Council should adopt a companion animal management to provide an opportunity to identify the future direction of these services and strategies to meet the challenges faced in providing these services.

24. Council should consider establishing a companion animals advisory committee to oversee this plan.

25. Council should develop a program to meet the requirements of the Swimming Pool Act 1992 (in that council must promote awareness of the requirements of the Act in relation to private swimming pools within its area).

26. Council should develop plans of management for all community land under its control as required under section 35.

27. Council should develop a long-term asset management plan.

28. Council should put in place better mechanisms to inform the community about its work in trying to meet community needs.

29. Council should update community profiling and other data in order for council to better anticipate community needs in what is a steadily developing area. Working with state and federal government grant providers could enhance this part of council's activities.

30. Council should review the social plan to ensure it meets all of the department's requirements, including setting out an assessment of the effectiveness of council's previous social plan, including the updated community profile and other data as per recommendation 29 and ensuring that the plan is readable and accessible to the community, councillors and council staff.

31. Council should carry out systematic OH&S risk assessments in relation to indoor staff and all permanent worksites.

32. Council should consider implementing a long-term workforce plan that identifies staffing needs for the council into the future, particularly in the context of changes to the age of the council's population and the age of council's workforce.

33.   Council should consider ways to increase opportunities for apprenticeships, cadetships and traineeships, particularly in areas where council has identified existing and future staff skill shortages.

34.   Council should develop a staff induction program for new staff.

35.   Council should implement a staff performance management system.

36.   Council should adopt a secondary employment policy.

37.   Council should ensure that its consultative committee meets on a regular basis in compliance with Clause 12a of the Local Government (State) Award.

3. CONTEXT

The Shire of Dungog is located in the Barrington Tops region. It is bound by Great Lakes Shire (east), Singleton Shire (west), Scone Shire (north-west), Gloucester Shire (north) and by Port Stephens Shire and the City of Maitland to the south.

Dungog Shire Council was created in 1958 and has a population of approximately 8,500. All major urban centres are located in the southern half of the Shire. In the north, the settlements become increasingly sparse, with numerous small villages and farming communities in the Shire's more mountainous north being comparatively isolated.

Council has nine elected members, with three wards within the Shire. There are three Aboriginal Land Councils in the Dungog Shire Council area. They are the Mindaribba Land Council, the Worimi Land Council and the Karuah Land Council.

The Shire's economy has traditionally been based on agriculture, including beef cattle, dairy products and fruit and grain production. However, tourism is now playing a major role within the Dungog Shire. All major Shire towns are on tourist routes and all appear to benefit from the "through-traffic" of visitors to the region. The Shire's proximity to the Barrington Tops National Park (which is a major drawcard to tourists) is helping the Shire to foster a sustainable tourist industry.

4. COUNCIL'S AMBITIONS, PRIORITIES AND FUTURE FOCUS

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

What is working well

Council has formed a strategic alliance (via the formation of a limited company) with a number of other Hunter councils for the provision of records management. The company in question has an established business plan providing guidance and direction in relation to the management of this activity. Council is working cooperatively and proactively with other councils within the region in relation to this key activity.

Council undertook a strategic direction process in 2001 that developed six community outcomes to be achieved. Council has developed strategic goals for these outcomes. The community outcomes guide council's annual management planning process. The outcomes were developed in consultation with councillors and staff.

Council aligns its business activities with its identified community outcomes and strategic goals. Council monitors its progress in relation to these goals through its quarterly management plan reports and financial reports.

Council has a number of specific strategies that support its direction. This includes an Economic Development and Promotion Strategy, a Rural Strategy and an On-site Sewage Management Strategy. Council is looking to further develop strategies in the area of tourism, industry and agriculture development.

Council has recently completed the development of a shire wide LEP that is supported by a Rural Strategy and an Environmental Study.

It is clear that the rural lifestyle and natural environment are an important part of the Dungog community. Council's vision includes the preservation of the rural character and the lifestyle goal includes the enhancement of the natural environment. Having these two studies to underpin the LEP show strong support for achieving these outcomes.

Challenges to improve

Council's development of a strategic direction is commendable. This work would be strengthened if council used its community survey process from time to time to monitor the community's aspirations and thereby the continuing relevance of the community outcomes developed by council.

Council has developed a large number of strategic goals. Council believes it has been impeded from achieving these goals due, in particular, to resource limitations. There does not appear to be any priority to council's strategic goals. The only attempt to prioritise appears to be annually at budget time where decisions are made about the inclusion or removal of projects from council's work program. Council would be in a better position to achieve its strategic goals if there were fewer and they more achievable within council's resources. Rather than having everything, council should determine which goals are the most important and then which targets are the most important in achieving these goals. These decisions should be made in the context of resource limitations and with community input.

Council acknowledges that its operational plans are not effectively integrated other than elements of some plans being encompassed in the management plan. This is an area where council should undertake some work.

Council's strategy development appears to focus on the area of economic endeavour. More emphasis is needed on developing strategies to assist council to effectively manage operational aspects such as infrastructure and risk management. The maintenance and development of infrastructure is important to meet the future social, economic and cultural needs of the community. *(Recommendation 1)*

An ageing population

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

Between 2004 and 2022 the population of Dungog is projected to increase in size, from its current 8,530 to around 9,160 (7 %). Its youth and working age populations are projected to decline in size (although some age groups grow), while its elderly population will grow substantially.

With 14.8% of residents currently aged 65 or over, council is NSW's 75th oldest local government area. By 2022 it will be its 45th oldest. The population currently aged 65 or over is projected to grow to 25.0% by 2022. At an average increase of 0.57% per year, this 'force of ageing' is substantially faster than that projected for both NSW as a whole (0.33) and NSW Balance (0.43). Dungog's population aged 85 and over is projected to increase in proportion from 1.6% to 2.7% 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 quite dramatic and will impact on virtually all 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 performs, 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 its planning process.

Council's social plan includes some strategies for older people. However, it was not evident to the review team that council has integrated strategies across its various function areas to address this challenge.

Given council's ageing population is increasing at a significant rate, council needs to consider ways to raise the awareness of this issue across all sections of council. Building upon strategies in its 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.

Priority strategies should be determined on an annual basis and incorporated in council's management plan and budget, the business plans of each section and the work plans of individual officers.

Progress in relation to these priorities should be reported on a quarterly basis via the performance appraisal system and management plan reports as well as annually in council's Annual Report. *(Recommendation 2)*

5. DELIVERING AND ACHIEVING

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

5.1 Governance

"Corporate governance refers to all the means by which entities are directed and controlled." (Standards Australia, HB401-2004:12) Corporate governance is

important because it enhances organisational performance; manages and minimises risks; increases the confidence of the community and the industry in the organisation; ensures that an organisation is meeting its legal and ethical obligations; and assists in the prevention and detection of dishonest or unethical behaviour.

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

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

What is working well

Management plan

Each year council is required to prepare a draft management plan with respect to its activities for at least the next 3 years and its revenue policy for the next year. Sections 403 and 404 of the Local Government Act 1993 and the Local Government (General) Regulation 1999 require certain particulars to be included in council's draft management plan. The draft management plan is to be exhibited in accordance with section 405 of the Act.

The review team examined council's draft management plan for 2004-2005. The draft plan appears to be is in accordance with the Local Government Act and Regulations.

Annual Report

The department's review of council's annual report against statutory requirements revealed a generally high level of with these requirements. There are only a very small number of areas of non-compliance.

Council has provided a statement within its annual report in regards to the establishment of a complaints handling mechanism for competitive neutrality

complaints. However, the report does not state the manner in which such complaints are made known to the public or the subject matter or nature of the complaints as stipulated by clauses 31(1)(d)(vii) and 31(1)(d)(ix) of the Local Government (General) Regulation 1999. Further, the report does not provide a statement of activities being undertaken to implement council's equal employment opportunity management plan as required under section 428(2)(n) of the Local Government Act 1993. (Recommendation 3)

Code of Conduct

The council's code of conduct adopted under the Local Government Act is important because it assists councillors and council staff to understand the standards of conduct that are expected of them.

Council has moved quickly to adopt the prescribed model code of conduct and has held two information sessions for council staff in relation to the provisions of the code. Council is currently forming its conduct committee and will be providing comprehensive training for all councillors and staff.

Challenges to improve

Pecuniary Interest

The Local Government Act sets out the parameters that must be adhered to when councillors and staff have a conflict between their public duty and private interests that constitute pecuniary interests. The Act requires that councillors and designated staff complete and lodge disclosure of pecuniary interest returns.

It is important that councillors and staff observe these requirements, as to not do so has the potential to seriously undermine the community's confidence in the integrity of local government and the decision-making processes.

We conducted a review of pecuniary interest returns. This identified that some returns were deficient, in that they did not stipulate the sources of income or the circumstances in which the income was received.

Some councillors used "primary" return forms instead of the form prescribed by the Local Government (General) Regulation.

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

It is important that councillors and staff who are identified as designated persons complete the correct pecuniary interest returns accurately and in a timely way. Council could use the information provided in the department's circular 04/16 to prepare information for staff and councillors to assist them in completing their returns.
(Recommendation 4)

Statement of business ethics
Council has business relationships with the private sector but does not have a statement of business ethics to guide these relationships. This is important because strong working relationships with the private sector are an essential part of building an efficient and cost-effective public sector.

A statement of business ethics can be an excellent tool for raising private sector awareness of public sector values. *(Recommendation 5)*

Risk management and internal control
A risk management plan provides council with a framework to proactively identify and manage generic and specific risks. Fraud is a specific risk facing all councils across their operations.

Council does not have an overall plan to guide its risk management activities. It does not have a fraud policy and has not carried out a fraud risk assessment. It does not have a procurement policy that assesses risk. It does not have an internal audit program.

There is no systematic scrutiny of council's operations, systems and performance. Council should implement such systems as a matter of some urgency. *(Recommendations 6, 7, 8 & 9)*

Council does not have an internal reporting policy to assist staff with disclosures under the Protected Disclosures Act 1994. Nor does council have a system for the internal reporting of legislative non-compliance or prosecutions against council. Council should act promptly to develop such systems. *(Recommendations 10 & 11)*

Record keeping and information technology
Council is required to make and keep full and accurate records of its activities in accordance with section 12 of the State Records Act 1998. Council does not have a records management plan. Council must establish and maintain a records management program that conforms to the requirements of the State Records Act 1998. *(Recommendation 12)*

Council does not have a records disaster recovery plan. This leaves council vulnerable to more significant disruption should a significant event impact on council operations. A business continuity plan should be developed to assist council with the proper management of council's physical and electronic records. *(Recommendation 13)*

Council's Organisation Structure
Pursuant to section 333 of the Local Government Act, council must re-determine its organisation structure within 12 months of an ordinary election. At the time of the review council had previously reviewed its organisation structure in August 2000. A report had been submitted to council for a organisational structure at the March meeting of council which the Review Team did not view. Council is required to implement its reviewed organisational structure at the earliest possible time.*(Recommendation 14)*

Council meetings

As a general rule, meetings of the council and its committees are required to be open to the public.

Where council determines that a matter should be dealt with in confidential session, sections 10A – 10D of the Local Government Act 1993 outlines the requirements for this determination.

Based on our review of council's minutes, council has considered a number of confidential issues and only closes that part of the meeting relating to the confidential item.

However, from our review of the recent confidential items, it appears that on occasion, the reasons for closing the meeting are not stated in the relevant minutes as required under section 10D of the Act. Council should ensure compliance with this section of the Act. *(Recommendation 15)*

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. Council has not developed an induction-training program for its elected representatives.

To provide new councillors with a range of skills, council should look at providing training and guidance to councillors, preferably covering the following areas:

- The legal and political context of local government (including a familiarisation with the relationships between the three tiers of government);

- The role and responsibilities of councillors and staff;

- An overview of the organisation, its staffing and major policy documents;

- Customer service and complaints handling;

- Strategic planning;

- Financial processes and their relationship with other planning processes;

- The key functional areas of council operations;

- The legal and ethical responsibilities of an elected member; and

- Teamwork skills (including conflict resolution).

(Recommendation 16)

Tendering

During the course of the review process, the review team was advised that council entered two contracts that exceeded the (then) $100,000.00 threshold prescribed by section 55 of the Local Government Act 1993. We were further advised that council had utilised the tendering process in relation to the two relevant contracts. The contracts in question relate to the replacement of three road bridges within the council area and the collection of waste.

The review team reviewed the files relating to these tenders and found that in the main, the tendering requirements as prescribed by the Act and the Local Government (Tendering) Regulation 1999 had been followed.

However, the review team did note the following records were lacking:

- A record of all requests for tender documents kept on the tender file

- A record of council decision regarding either "open" or "selective" tendering methods

- A record of the documented tender assessment criteria and matrix

- A copy of the relevant advertisement

- A record of the tender assessment panel members.

- A record of the staff involved in preparing and issuing tender documents

- The tender documents provided to tenderers did not appear to include information relating to interaction with councillors (including a prohibition on contacting councillors).

Council should ensure that all tenders comply with better practice tendering by ensuring details of this kind are recorded on files. *(Recommendation 17)*

Section 355 committees

Section 355 committees are an important way in which council exercises its functions. Council has a number of section 355 committees. In order to assist the committees operations, council should provide procedural or operational manuals and make membership of the committees subject to council's or a committee specific code of conduct. It is also suggested that council provide adequate training for committee members in relation to their relevant area of operation and the requirements of the code of conduct. *(Recommendation 18)*

Complaints handling

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

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

- Council does not have a complaints handling policy to inform and guide council staff, members of the public and councillors.
- Council's previous policy was revoked at council's meeting of 19 August 2003. The policy was never reinstated. Nor did council adopt a new policy.
- There are no performance targets or standards of service in relation to turnaround times for responding to complaints; and
- Management does not prepare and receive regular reports on the number, progress and outcomes of complaints.

Council should adopt a complaint handling system and policy that reflects the best practice in this area (and also addresses the concerns canvassed above). Council should consider utilising the following resources to achieve this goal.

The NSW Ombudsman: Complaint Handlers' Toolkit (2004) and the Department of Local Government: Practice Note No. 9 Complaint Handling in Councils (1995). *(Recommendation 19)*

General manager's performance reviews

Council's previous general manager resigned in January 2005. We are advised that his contract called for annual performance reviews. However, his last performance review was conducted in July 2003. As council is currently recruiting a new general manager, council should be mindful that under section 338 of the Local Government Act, its general manager is employed under a performance-based contract. As such, council (or an appropriate committee of council) should carry out performance reviews within the timeframe prescribed by the general manager's employment contract and ideally at least annually. *(Recommendation 20)*

Councillor involvement in staffing issues

Pursuant to section 335 of the *Local Government Act 1993*, council's general manager is responsible for the day-to-day management of the council.

The general manager is also responsible for directing council staff and addressing staffing issues. Sections 232 (1) and 232 (2) of the Act set out the role of a councillor as a member of the elected body. Generally, it is not the role of a councillor to participate in operational or staffing matters.

During the course of the review, we were advised of concerns that some councillors had been approaching non-senior council staff to request information and on one occasion had given directions to a staff member in relation to their work duties. We were also advised of claims that some councillors were entering staff designated areas and directly approaching non-senior staff.

Councillors should be mindful that under section 335(2) of the Local Government Act 1993, the general manager is responsible for directing staff.

Further, council's policy relating to councillor interaction with staff clearly states that councillors must not direct staff as to the performance of their work. Councillors should not enter staff-only designated areas other than in accordance with council's interaction policy.

Clause 8.2 of the Model Code of Conduct, as adopted by council, also states that a councillor must refrain from contacting a member of staff unless in accordance with procedures governing such interaction that have been authorised by the general manager.

If the concerns raised with the review team are correct, such conduct would be in breach of the provisions of the Local Government Act, council's adopted code of conduct and council's interaction policy.

Given the concerns raised, council should take steps to provide councillors with a briefing (possibly by a suitably qualified legal adviser) on the relevant provisions of the Local Government Act 1993, council's adopted code of conduct and council's own interaction policy. *(Recommendation 21)*

Internal reporting of legislative non-compliance
Council does not have an internal reporting system in relation to prosecutions, penalties and fines incurred by council for legislative non-compliance. As such, matters may produce an impact on council's monetary reserves, it is essential that council is regularly updated on outstanding matters and their related costs. Council should adopt such a system as a matter of urgency. *(Recommendation 22)*

5.2   Regulatory Functions

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

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

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

What is working well

Determination of Development Applications

Council has developed a clear set of criteria to assist staff in deciding which DA determinations are referred to council. Council indicates that 88% of its DAs are dealt with under delegated authority. Councillors "call up" DAs as the fairly rare exception rather than as a rule. This indicates that councillors are aware of the role of staff in the determination of DAs and the need for council to focus on major and significant DAs.

Application processing

Council has implemented a new electronic document management system that it is relying on to manage its DA information and to link DA files to other relevant documents.

This system allows council to easily locate DAs at any point during processing. This system will also allow council to fairly apply the "stop the clock" provisions of the Environmental Planning and Assessment Regulation.

Challenges to improve

Companion Animals

The adoption of a companion animal management plan is recognised as good practice. Council does not currently have such a plan. A plan would provide council with an opportunity to identify the future direction of these services and strategies to meet the challenges faced in providing these services.

Many councils establish a companion animals advisory committee to oversee this plan. Council may wish to consider this option. *(Recommendations 23 & 24)*

Swimming pools

The Swimming Pool Act 1992 requires council to promote awareness of the requirements of this Act in relation to private swimming pools within its area. Council does not currently have a program to meet these requirements. *(Recommendation 25)*

Plans of management – community land

Pursuant to section 35 of the Local Government Act 1993, community land is required to be used and managed in accordance with a plan of management.

Council does not currently have plans of management for all the community land under its control. Council should act promptly to develop plans of management for the land in question. *(Recommendation 26)*

5.3   Asset & Financial Management

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

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

- *Financial management*
- *Asset management*

Overview of financial position

Council has incurred operating deficits (before capital items) for each of the past five years. The deficit before capital items for 2003/04 was $306,000. The unrestricted current ratio for council as at 30 June 2004 was 3.1.

This indicator is a measure of council's ability to meet its current financial obligations. A ratio of 1.5:1 is considered satisfactory: a ratio of 2:1 or better is generally viewed by the industry as good. Council's ratio has improved from 2002/03 and is considered to be very sound.

Council's debt service ratio for 2002/03 was 2.10% and 2% for 2003/04. This indicator assesses the degree to which revenues from ordinary activities are committed to the repayment of debt. There is no set benchmark for the debt service ratio given debt is influenced by a range of factors including the level of growth in a local government area.

What is working well

Council's overall financial position is deemed to be satisfactory. The council is not listed on the department's current financial monitoring list. Council's current debt recovery process appears to be sound. Council has improved its outstanding rates and annual charges indicator significantly and council's unrestricted ratio is also to be commended.

Council holds satisfactory levels of employee leave entitlements funded by internally restricted reserves. Its cash assets have increased from the previous year by $1.633 million.

The rates and annual charges outstanding percentage assesses the effectiveness of a council's revenue collection.

The percentage of rates and annual charges that are unpaid at the end of the year is a measure of how well a council is managing debt recovery.

In 2000/01 council had an outstanding rates and annual charges percentage of 10%. For the financial year 2003/04 this percentage had decreased to 2.4%. Council should be commended on this effort. Council should also be encouraged to maintain this indicator at its current level.

Council has not applied for a special variation in rates in the past five years. In 2002/03 council had slightly higher than average residential rates compared to councils in its comparative group, with average rates of $410.02 compared to $364.28 for the group.

Council levied lower rates for both farmland and business categories in comparison to councils in the same category.

Average farmland rates were 9.62% lower than the group average and the average business rates, at 54.9%, were significantly lower than the average for comparable councils.

Challenges to improve

Asset management planning

Council has not developed a comprehensive asset management plan. This has not allowed council to forward plan its asset maintenance requirements and seek funds to address its asset maintenance shortfall. Council should develop a long-term asset management plan. *(Recommendation 27)*

The current condition of council's infrastructure appears generally unsatisfactory. Although the written down value for its roads infrastructure (at 77%) is satisfactory, its storm water drainage (at 45%), water supply network (at 47%) and sewerage network (at 26%) are at unsatisfactory levels. Council has stated in its 2003/04 financial reports that it is required to spend $32.255 million to bring its infrastructure to a satisfactory condition.

The council had an unfavourable shortfall of $378,000 between the actual and required amount of maintenance of its assets in the 2003/04 financial year.

5.4   Community, Communication & Consultation

A council's charter requires that a council:
- Provides services after due consultation

- Facilitates the involvement of councillors, members of the public, users of facilities and services and council staff in the development, improvement and coordination of local government

- Actively promotes the principles of multiculturalism

- Plans, promotes and provides for the needs of children, and

- Keeps the local community and State government informed about its activities

The review of council's activities in this area looked at:

- *The methods council uses to involve and determine the views and needs of its community*

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

What is working well

Council's community focus and community feedback

Council uses a range of methods to obtain feedback from its community, including a householder survey, focus groups, community forums and informal assessments through networking.

Community information and council's website

Council maintains and updates a website, which is user-friendly The website contains some of the required policies and public access documents.

Information is also made available through council facilities, its libraries and visitor information centres.

Challenges to improve

Community survey

Council's community survey needs to be more balanced in the questions that are asked. For example, Question 14 (which covers satisfaction with service levels when contacting council staff) needs to have a broader spectrum of behaviour to assess staff against.

Without this, people may be deterred from participating as they do not see the relevance of the survey to their experience.

In addition, the survey only attracted a small number of responses. As such, council will need to lift the profile of the survey in an attempt to have a larger number of responses as the survey is a useful tool for determining community perceptions and satisfaction levels in relation to council functions and activities. The survey is also a barometer for gauging whether council is meeting community needs. *(Recommendation 28)*

Community profiling

Council community profiling and other data requires updating in order for council to better anticipate community needs in what is a slow but steadily developing area.

Working with state and federal government grant providers could enhance this aspect of council's activities. *(Recommendation 29)*

Council's community focus and social/community plan

Dungog's social plan does not meet all of the department's requirements. For example, an assessment of the effectiveness of council's previous social plan is not included and information regarding the demographic community profile and the mandatory social justice target groups is limited. Council should revise the social plan to address these issues, and to ensure it produces a clear, consistent and easy to read document for use by the community, council and other agencies. (*Recommendation 30*)

5.5   Workplace Relations

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

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

- *Consultative committee processes*

- *Job descriptions and job evaluation*

- *Recruitment and selection processes*

- *Employee remuneration*

- *Equal employment opportunity*

- *Staff development*

- *Grievance management*

- *Occupational health and safety*

- *Secondary employment*

Overview of the organisation

Dungog Shire Council has a workforce of 68 full time equivalent staff, of these employees, 28% are women and 2% identify as people with disabilities. Council expenditure on its salary budget last financial year was $2,713,141 and its current salary expenditure is on budget. Council has no registered enterprise agreements and a number of current council agreements.

What is working well

Selection procedures

Council has a documented selection policy and procedure that applies to all recruitment processes. All council positions have job descriptions, which are provided to staff. Council has a formal policy for the review of job descriptions.

Skills based salary system

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

Occupational Health and Safety

Council has all the required policies for a responsible employer with regard to OH&S. Any injuries/lost work time is reported on a quarterly basis, allowing council to manage its workforce in this regard. However, council has not carried out systematic OH&S risk assessments in relation to indoor staff or permanent worksites. Council

should conduct these assessments to maintain a safe working environment for the relevant staff. *(Recommendation 31)*

Workforce Management

Council has a grievance handling policy and procedures and it has conducted an employee survey. The relatively small number of staff allows senior management to develop good working relationships with a broad range of staff members.

Challenges to improve

Workforce planning

Council needs to consider a long-term workforce plan that looks at the staffing needs of each section of council and allocates staff according to workload and priorities. Like many rural councils, Dungog faces challenges due to an ageing population and an ageing workforce, and it needs to plan to manage these issues. The long-term plan should also address the issue of council's training needs. *(Recommendation 32)*

Council should look at ways to increase opportunities for any apprenticeships, cadetships and traineeships, particularly in areas where there are staff skill shortages. *(Recommendation 33)*

Induction

Council should develop a staff induction program for new staff. New staff need to become familiar with their workplace through a thorough and considered process that effectively equips them with the knowledge needed to perform their roles. *(Recommendation 34)*

Performance management

Council should implement a performance management system that would allow managers to assess their staff against identified performance targets. Such a system will better enable council to meet its identified objectives. *(Recommendation 35)*

Secondary employment

Section 353 of the Local Government Act stipulates the requirements for both the

general manager and staff in relation to secondary employment. Section 353 (1) states that a general manager must not engage on outside employment or contract work without the approval of council. A policy regulating this area would give greater clarity and transparency to decisions concerning secondary employment. *(Recommendation 36)*

Consultative committee

Clause 25a of the Local Government (State) Award requires each council to establish a consultative committee and to meet regularly. Council's committee has only met once in the past five and a half years.

Council should ensure that its committee meets on a regular basis in compliance with the Award and as an appropriate vehicle to facilitate consultation in workplace issues. *(Recommendation 37)*