Local Government Reform Program - Promoting Better Practice

challenges improvement innovation good governance

REVIEW REPORT

KIAMA MUNICIPAL COUNCIL

JUNE 2006

Odlg

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.

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

Review process

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

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

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

Kiama Council Review

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

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

- How has council determined its ambitions and priorities?

- How do these ambitions and priorities drive the council's services and resources?

- How does council use its corporate capacity and systems to drive forward the organisation in an ambitious, challenging yet managed way?

- How does council measure the progress it is making with its agenda to ensure that its priorities are delivered and that service improvement is achieved?

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. One councillor completed the form and three councillors provided feedback direct to the review team.

The review team was comprised of Senior Investigations Officers, Caroline Egberts and John Davies; and Assistant Investigations Officer, Penny McKay. The on-site component of the review was conducted from 12 November 2005 to 14 November 2005.

The on-site review involved meetings with council's mayor and general manager, conducting interviews with senior council staff as well as other operational staff, attending council meetings including a councillor briefing session, public access meeting and ordinary council meeting. A number of council's policies and other documents were reviewed on-site and key council facilities/worksites were visited.

A draft review report was prepared and forwarded to Kiama Council on 20 April 2006 for consideration and comment.

Council formally responded to the department on 18 May 2006. Council's corporate response to the draft report is included in section 7 of this report (page 52).

2. EXECUTIVE SUMMARY

Kiama Municipal Council is a well-managed and effective local government authority. Council has strong and positive links with the local community it serves. It works well with a wide range of partners both at the local and broader regional level.

Council services the needs of a diverse community that is characterised by a high proportion of children/young people (aged 5-19 years) and their parents (aged 40-54 years), but also by a rapidly growing proportion of older people. It also has a significant challenge in maintaining and enhancing some extremely valuable natural environmental assets such as its beaches, rainforests and open rural landscapes.

In order to meet its challenges over the next 10-12 years in a strategic manner council has recently prepared a new Corporate Strategic Plan. It sets out a vision and goals based on priorities identified by the community, council staff and elected members.

Council's vision for Kiama is for a place of outstanding natural resources and beauty while providing for a diversity of opportunity, lifestyle and culture.

The management plan has been re-formatted this year to integrate to the goals and objectives of Council's new Corporate Strategic Plan.

Council monitors and documents its progress against the priorities set out in the management plan on a quarterly basis. Its annual report demonstrates solid achievement against its objectives and performance indicators.

Council's culture appears to be quite positive with councillors and staff working well together toward achieving council's vision, strategic goals and management plan.

Despite different political views, both elected officials and senior management have a mature approach to decision-making. Councillors appear to act in a manner appropriate to their civic status. The conduct of its council meetings is exemplary. The Mayor chairs council meetings very effectively and efficiently with most matters successfully dealt with in committee of the whole. Members of the public are able to address council at a public access forum held the evening prior to the Ordinary Meeting.

While council is in a sound financial position, it faces key challenges such as declining traditional sources of income/revenue, increasing costs and the renewal and maintenance of existing community assets. However, Council is aware that maintaining a balanced budget in the future will become increasingly difficult within its current revenue raising capabilities.

Council will need to continue to review and monitor its operations and implement measures to ensure an appropriate balance between revenue and expenditure. For example, council is now focusing on the maintenance of its existing assets through its new Strategic Asset and Service Management Program. New capital works will be limited to those listed as a high community priority.

Within this context, it is critical that a long-term financial plan is developed to enable council to achieve its corporate and strategic plans. The financial plan should identify alternative sources of revenue, a long-term rates strategy, and the establishment of reserves for capital works, land acquisition and anticipated demand for community facilities.

Council also has a solid governance framework. It has adopted a code of conduct that is consistent with the model code, established a conduct committee and developed a range of policies such as fees and expenses, access to information and gifts and benefits. The review team have made some recommendations to further enhance aspects of the framework.

In terms of its regulatory functions, council is aware of the need to comply with recent planning law changes. We note that the important task of reviewing council's local environmental plan is underway and that the Department of Planning is involved as a key stakeholder.

To ensure that the single LEP for the local government area responds to a range of urban, rural, social and environmental issues, council undertook a new approach by setting up a community panel. Council has also undertaken a comprehensive review of its development assessment processes and is introducing improvements progressively.

Council's state of the environment report is generally adequate, well written and well presented. The report identifies some areas where the report could be strengthened.

Over recent years Kiama Municipal Council has taken an active role in the area of community services. The provision of community facilities and comprehensive range of programs above baseline standards is quite unique for a municipality the size of Kiama. However, the demand and expectations from some sectors of the community continues to be very high.

Worth particular mention is council's very comprehensive and innovative approach in responding to the needs of a rapidly ageing population in the area and the development of its health plan.

Council appears to have a dedicated and motivated workforce. It has a well-developed set of human resource policies. Its ageing workforce, however, presents a specific challenge. While succession plans have been developed in an informal manner, council needs to develop a dedicated workforce plan to identify specific changes that may occur in particular work groups to determine strategies for the acquisition and transfer of skills.

In summary, councillors and senior management are leading a positive and vigorous process to more strategically address the future needs for the Kiama local government area. Its success in innovatively engaging the community in this journey is to be commended.

The review team wishes to thank council for its assistance in completing this review.

3. RECOMMENDATIONS

1. As a matter of priority, council should develop a long-term financial plan that aligns with and supports its strategic directions, corporate planning model and asset management processes.

2. Council should identify and further develop existing strategies and opportunities to educate councillors, staff and community about council's governance framework and other policies and procedures that support that framework on a regular basis.

3. In order to promote continuous improvement of its governance framework council should undertake regular reviews.

4. Council's statement of values should be included in its management plan.

5. Council should further review its policy on Councillor expenses and facilities when the DLG releases its new guidelines in this area.

6. To assess the ongoing value of its involvement in joint projects and resource sharing ventures with other councils and the extent to which this involvement is achieving council's objectives, council should consider undertaking formal monitoring or evaluation on a regular basis.

7. Council should undertake some external consultation or trials with users in relation to its new website before going "live".

8. The Code of Conduct available on council's website under the link 'public documents' should be removed and replaced with the current code.

9. Council is encouraged to develop procedures to assist the operations of its conduct committee.

10. Council should finalise its draft Purchasing Manual (March 2005) to guide all staff involved in purchasing activities on behalf of council.

11. The General Manager and Mayor should provide all councillors with a copy of departmental circular 04/16, which provides extensive advice on how to correctly complete a Pecuniary Interest Return and arrange further training, if necessary.

12. To maximise the achievement of councils' goals and desired outcomes, council should ensure that its plans and reports are well integrated with each other at all levels.

13. Council's internal audit committee should work with council's nominated internal auditor to develop an internal audit program/action plan by 30 June 2006.

14. Council's internal audit committee should, as a matter of priority, coordinate the development of a comprehensive risk assessment plan to identify and manage all significant risk issues facing the council in the pursuit of its objectives.

15. Council should consider producing a brochure which sets out its Complaints Management Policy and Procedures in plain English or provide a simple explanation on its new redesigned website. The next review of the policy should also consider mechanisms for regular reporting of complaints to senior management and include response time turnarounds.

16. To complement its complaints policy and demonstrate its commitment to customer service, council should develop and adopt service standards for its key customer service activities including responding to telephone calls, emails and correspondence. Council should include an appropriate means of reporting on its performance in these areas in its annual report.

17. In developing council's next State of the Environment (SoE) Report council should strengthen the section on Aboriginal heritage, and provide information on its environmental performance and the environmental impact of council activities. The relationship of the SoE report to the management plan (in particular, how the prioritised actions are included in the management plan) should also be more clearly stated.

18. Council should continue improving its development assessment process by implementing the action plan based on the recommendations of the *Review of Development Assessment Process Report (Wiggins, Blinkhorn & Wiggins).*

19. 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.

20. Council should refer to the Circular PS 05–014 State Environmental Planning Policy (Seniors Living) 2004 — (Amendment No. 1) issued by the Department of Planning in December 2005 particularly in relation to transitional arrangements. Council should liaise with the Department of Planning about the review process and any opportunities to provide input.

21. Council should prepare formal business plans for its two business activities, namely the Kiama Coast Holiday Park and a Waste Business Unit.

22. Council is encouraged to review and further develop more specific strategies, agreed outcomes and timeframes set out in the action plans of its Social/Community Plan.

23. Council's next Access and Equity Activity Statement for inclusion in its management plan should comply with the requirements of the department's *Social and Community Planning Guidelines (*section C2) and *Manual* (section C1).

24. Councils should develop a long-term workforce or succession plan that looks at the staffing needs of each section of council and allocates staff according to workload and priorities.

4. CONTEXT

The Kiama local government area (LGA) is located on the south coast of New South Wales approximately 120 kilometres south of Sydney. It is surrounded by the LGAs of Shellharbour in the north, Wingecarribee in the northwest, the Shoalhaven in the south and the Tasman Sea to the east.

Kiama was proclaimed a municipality in 1859. In the 1870s the dairying industry was supplemented by basalt (blue metal) quarrying, now one of the district's major income earners alongside tourism. Other industries that have a strong focus in the area include retailing and building.

With an area of approximately 259 square kilometres, Kiama is the smallest local government area in the Illawarra region. Its population is estimated at 20,139. (as at 30 June 2002,Australian Bureau of Statistics).

Kiama is unique in that it possesses a diverse range of physical environs including beaches, rainforests and open rural landscapes with a predominantly coastal population. While this diversity attracts a large tourist base each year, the area remains essentially rural with approximately 74% of the region zoned for this use.

The council has a total of nine councillors representing the whole local government area, who were elected on 27 March 2004. Council usually meets every third Tuesday at 5.00pm. Members of the public are able to address council at a public access forum, which is held the evening prior to the Ordinary Meeting.

The municipality is currently witnessing substantial developments in infrastructure. Projects include the North Kiama Bypass project, a bridge across the Minnamurra floodplain, Stage 1 of upgrading Kiama High School, and a new Library extension building. In 2003-2004 council determined 587 development applications.

Council has made operating surpluses before and after capital items for the past two years. For the period 2004/05, surplus before and after capital items stood at $2M and $3M respectively. Council's operating results have been boosted in the past two years by gain on sale of assets, particularly real estate sales.

5. COUNCIL'S AMBITIONS, PRIORITIES AND FUTURE FOCUS

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

What is working well

The council has built the foundations for a strong strategic approach to respond to its current and future challenges. Despite different political views among its councillors and a diversity of community needs, council has set a clear, shared vision for a better Kiama council area 10 years from now. Kiama is to be:

"a place of outstanding natural resources and beauty with a distinctive and valued heritage. It will be a place which retains the integrity of its coastal and rural charm whilst being close to major urban centres.

It will have distinct towns and villages each with its own local identity and history. It will be a place with a healthy and cohesive community and a diversity of opportunities, lifestyles and cultures."

The vision and strategic goals supporting the vision are set out in council's *Corporate Strategic Plan* developed during 2004/2005. The plan is based on priorities identified through extensive workshops and surveys carried out with the community, council staff, councillors and other stakeholders. As a result the plan has both an inward and outward looking focus.

The principal strategic goals are as follows:

- *a sustainable environment*

- *quality facilities, services and infrastructure*

- *community cohesion and well-being*

- *a vibrant and diverse economy*

- *good governance*

- *sound financial and resource management*

Council's vision and strategic objectives for the Kiama local government area appear well integrated with its current management plan. For instance, council has re-formatted its management plan to align with the vision and strategic objectives of the new Corporate Strategic Plan with its more operational goals and business activities.

A shared understanding and collaborative approach to implementing these strategies, goals and objectives was apparent during the onsite visit. All senior managers as well as the majority of other staff interviewed by the review team were able to articulate the broad vision and strategic directions and then link them to the specific goals and activities of their business unit.

Council progress in relation to meeting its priorities is monitored through its quarterly management plan reporting and quarterly financial reports. This system along with regular staff performance review creates the capacity to be flexible and innovative thereby facilitating performance improvement.

Challenges to improve

While council has built the foundations for a strong strategic approach, councillors and management acknowledge that council does not have a long-term financial strategy to underpin its strategic and corporate planning model.

In a context where traditional sources of income are generally declining and costs are increasing, Kiama Municipal Council has identified the renewal and maintenance of existing community assets as a major priority. New capital works will be limited to those of high community priority.

Council has also developed a comprehensive asset management policy/program (the *Strategic Asset and Service Management Program* – see section 6.3). However, the extent to which the program can be applied is inevitably reliant upon the availability of resources.

As a matter of priority, council's Corporate Strategic Plan, management plan and evolving asset management processes should be integrated with a long term financial plan. This financial plan should identify matters such as alternative sources of revenue, a long-term rates strategy, and the establishment of reserves for capital works, land acquisition and anticipated demand for community facilities. **(Recommendation 1)**

6. DELIVERING AND ACHIEVING

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

Overview

Council has a mature approach to decision making, which is commendable. In general, there is a cooperative, respectful and positive working relationship between staff, councillors and community at Kiama. The Mayor and General Manager both reported that they have a "strong working partnership".

Councillors attend regular briefing sessions to assist them to understand their role and keep them informed of current issues.

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 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.

What is working well

Good governance as a principal strategic goal

Kiama Council has a sound governance framework in place. One of council's strategic goals is "*to exercise good governance as an independent council, which is well administered and engages actively with its community.*"

Specific strategies are set out in council's management plan to achieve this goal. They include ensuring ethical principles are followed by all Councillors and staff; meeting legal obligations; achieving a high standard of accountability, probity and

transparency; and ensuring all Councillors and staff comply with their roles and responsibilities, and in so doing provide leadership.

The Mayor and General Manager recognise that the main challenge in relation to the ongoing effectiveness of Kiama Council's governance framework is to educate councillors, staff and community about the policies and procedures on a regular basis. **(Recommendation 2)**

Ongoing review to encourage continuous improvement of the framework is also viewed as important. **(Recommendation 3)**

Values and statement of business ethics

Organisational values are part of a framework of organisational integrity. They are an important way in which the leaders of an organisation can communicate to the rest of the organisation and the community at large what the organisation stands for.

Kiama Council's has a strong statement of values contained in its annual report 2004/2005. It includes a range of specific values related to various headings such as honesty, objectivity, courage, accountability and leadership. Council and its staff are committed to these values in all interactions with public sector agencies, other organisations and community members. For consistency, this statement also be included in the management plan. **(Recommendation 4)**

A statement of business ethics is a particular form of values statement directed to raising private sector awareness of public sector values. This is important because strong working relationships with the private sector are an essential part of building an efficient and cost-effective public sector.

Council's statement of business ethics is available on council's website. This short, easy to read document covers key issues around the values council stands by and what contractors need to be aware of in doing business with council. Key issues in terms of acting appropriately during tendering processes and responding to gifts and benefits are also included in the statement.

Roles and responsibilities of councillors and staff

Councillors and council staff appear to have a clear understanding of their respective roles within council. In interviews, the mayor, general manager, senior staff and others indicated a clear understanding of the delineation between the role of the councillors in policy development and the need for day-to-day management responsibilities of council to remain with the general manager and council officers. Councillors attend regular briefing sessions to assist them to understand their role and keep them informed of current issues.

As noted earlier, the review team was impressed by the professional approach and the apparent willingness of both staff and the elected body to work together with the community for the whole of the local government area.

Meetings

Council's code of meeting practice adopted in February 2005 is consistent with the relevant legislation and the department's Meetings Practice Note No. 16. The five-page document sets out clear procedures for council's meetings. It also refers to council's separate policy on public participation. A copy of the code is available on council's website.

The council meeting attended by the review team was extremely well chaired by the Mayor. Councillors were well aware of and complied with the standards of practice set out in the code of meeting practice.

A short ordinary council meeting dealt with general business such as apologies, adoption of previous meetings minutes, business arising from the minutes, public access, Mayoral minutes and reports of committees which have met since the last council meeting.

Council then resolved to go into Committee of the Whole to deal with officer's reports; reports for information; and notices of motions. Council and other meetings are well minuted and clearly document council adjourning the ordinary meeting to move into committee of the whole. The statutory requirements relating to the closure of meetings also appear to be complied with.

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 conducts an internal induction process for councillors. It also provides opportunities to attend training through external providers such as the Local Government Association.

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 has been reviewed regularly since it was first adopted in 1995. It was last reviewed in March 2005.

Kiama Council's policy is clearly presented and complies with the department's circular 04/60. It covers key topics and includes a schedule of reimbursements listing monetary limits on certain types of expenses.

The department is current finalising revised guidelines in this area. Council should further review its policy on Councillor expenses and facilities when DLG releases its new guidelines. **(Recommendation 5)**

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 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.

Similarly, council must issue 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).

The review team examined council's management plan for 2005-2008 and annual report for 2004/2005. Both appear to be in compliance with council's statutory responsibilities. They are well presented and easy to read documents. Of particular merit is that council activities proposed for 2006 – 2008 continue to promote or seek greater community feedback and participation.

The management plan and annual report have been re-formatted to incorporate council's vision for Kiama, strategic goals and objectives of council's Corporate Strategic Plan.

Kiama's annual report contains a summary of major achievements of the previous year. Council's actual performance in relation to the original targets set out in the management plan and any discrepancies between targeted and actual performance is set out in an attachment to the annual report.

Working with other councils and stakeholders

Kiama is one of the seven councils in the Southern Councils Group (SCG). Other member councils are Bega Valley; Eurobodalla; Shellharbour; Shoalhaven, Wingecarribee and Wollongong. The group facilitates collaborative projects and resource sharing amongst members.

Council also has a strong partnership with its neighbour, Shellharbour City Council Both councils signed a formal resource sharing agreement in April 1997. The objectives of the agreement include maximising plant fleet use, sharing training opportunities and increasing access to specialist equipment. Examples of joint projects include the calling of a joint tender for road stabilisation works (materials and services) between 1 July 2005 and 30 June 2007, a Cultural Development Program, Children's Services Program and a Community Options Program.

Other joint ventures that Kiama Council are involved in include:

- the South Coast Library Service (Shoalhaven and Eurobodalla Councils)

- Community Health Transport and Youth Arts Support Program (Shellharbour and Wollongong Councils)

- Nursing Services (Shellharbour, Shoalhaven and Wollongong Councils)

Overall participation in some of these initiatives is viewed as worthwhile and significant achievements are reported in the annual report. However, it does not appear that any formal monitoring or evaluation occurs in relation to these projects and joint ventures to assess the ongoing value of council's involvement. **(Recommendation 6)**

Policy register

Council has adopted a standard format for policies that clearly identifies who is responsible for the policy, the date it was adopted, the date last reviewed and any related policies or other documents.

Website

Council's current website and intranet is undergoing a major overhaul. The new website and intranet will improve access to a larger range of information. The new formats are currently being piloted internally. It would also be useful to undertake some external consultation/trials with users before going "live". **(Recommendation 7)**

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 conduct 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.

Kiama Council adopted a new code of conduct in February 2005. It was last revised in April 2005. The code of conduct appears to be in line with recent amendments to the Local Government Act, which provide for a mandatory Model Code of Conduct for Local Councils in NSW issued by the Department of Local Government in January 2005.

It is available on council's website in two places, firstly, under the link Codes of Conduct and secondly, under the link public documents. The code of conduct under the public documents link is out of date. **(Recommendation 8)**

Council has established a conduct committee that consists of the Mayor, the general manager and a person independent of council. To date no matter has been referred to the committee. The committee appears not to have operational procedure. **(Recommendation 9)**

Purchasing and Tendering

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

A draft Purchasing Manual was developed in March 2005 to be followed by all staff involved in purchasing activities. The draft manual is quite comprehensive and is well integrated with council's other relevant guidelines and procedures to be used when making any purchase on behalf of council. For example, it includes linkages to council's Procurement Policies and Guidelines Manual, Contracts Manual, Management of Consultants and Professional Service Contractors and a Contractor Safety Management Code of Conduct.

The documents appear to comply with the relevant legislative obligations and are available on council's intranet, and the department encourages council to finalise the documents. **(Recommendation 10)**

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 constitutes a pecuniary interest. 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. 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. This identified that a few returns did not include all prescribed information:

- The full details of companies in some cases, including addresses, were omitted from a number of returns.

- Some returns raise questions about completeness in that they disclose shareholdings or investment properties but fail to disclose dividend income from such shareholdings or investment properties.

Councillors 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. Further training could be organised, if necessary. **(Recommendation 11)**

Integrated planning and reporting

The Department of Local Government's vision is to foster a strong and sustainable local government sector that meets changing community needs. We provide the policy and legislative framework to local government in NSW so that councils are able to deliver quality services to their communities.

A major corporate priority of the department for 2006 and beyond is to work with councils to better integrate their planning, service delivery and reporting. A

discussion paper about this work and how councils can become involved is available on the department's website at www.dlg.nsw.gov.au.

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.

Kiama Municipal Council's corporate strategic plan and management plan are very well integrated with each other. The vision, strategic goals and objectives of the corporate plan provide the framework for the programs and activities of the management plan.

Council's management plan and annual report are also quite well linked. For example, the annual report contains a summary of major achievements of the previous year management plan. Council's actual performance in relation to the original targets set out in the last management plan and any discrepancies between targeted and actual performance is set out in an attachment to the current annual report (2004/2005).

The current annual report outlines the vision, strategic goals and objectives set out in council's new corporate strategic plan. It is acknowledged that the annual report could not be reformatted as it reports on the 2004/2005 management plan which was prepared prior the introduction of the corporate strategic plan.

Council has also produced a range of other plans and reports such as the *Kiama Public Health Plan 2005-2008*, the *Social/Community Plan 2004-2009* and the draft *State of the Environment Report 2005*. The extent to which they link with the corporate and management plans and each other needs some attention.

The health plan, for instance, is very well integrated. Council's vision statement and strategic goals are set out on the first page. The Mayor's foreword then makes a

clear link between this plan and the strategic and management plans. She also states which strategic goals the health plan aims to influence.

On the other hand, the social/community plan and the draft state of the environment report do not appear to be very well integrated. While it is acknowledged that these documents may have been prepared prior to the adoption of the strategic corporate plan, they do not outline council's vision and strategic focus and how they fit in or will contribute to achieving it.

The extent of integration between plans and reports that sit under the strategic and corporate levels also seems varied. For instance, the social/community plan is cross-referenced with council's *Pedestrian Access and Mobility Plan*, the *Local Environment Plan*, health plan, and the state of environment report. However, the health plan appears silent on any linkages it may have with the Kiama Social/Community Plan 2004-2009. **(Recommendation 12)**

Internal audit

While the council has 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.

While council resolved to establish an internal audit committee in July 2005, at the time of the review team's visit in December 2005 the committee had not yet met. The first meeting is anticipated to occur in early February 2006. Membership will comprise the Mayor, Deputy Mayor, General Manager, Assistant General Manager and the Manager of Corporate Services.

A charter that outlines the committee's functions and responsibilities, key objectives, duties and reporting obligations has been prepared. Development of a three-year strategic audit plan has been identified as one of the priority tasks of the committee.

Council will also appoint an external firm to undertake audit functions, and the department encourages council to move promptly to establish an internal audit program on appointment of this firm. **(Recommendation 13)**

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 which could have otherwise 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. However, the development of a risk management plan has also has been identified as one of the priority tasks of council's recently formed internal audit committee. The plan should be comprehensive enough to enable it to identify and manage all significant risk issues facing the council in the pursuit of its objectives. **(Recommendation 14)**

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 last reviewed its *Complaints Management Policy And Procedure* in February 2005. Council's complaints handling policy is available to members of the public on council's website under the public documents link.

Most of the key elements of successfully managing complaints are covered in the policy. There are, however, a couple of areas which council could improve. Aspects of the policy could be explained in a more simple and straightforward way. At times it is not clear who the audience is and whether the policy is meant for general community use at all. From the perspective of a resident or member of the public it is not "user friendly". Perhaps council could develop a plain English brochure to explain its policy or provide a simple explanation on its new redesigned website. The policy also does not include time turnarounds.

An important part of a good complaints system is for council to use complaints to identify areas of deficiency in its performance. Regular reporting of complaints to senior management is not a feature of the system. **(Recommendation 15)**

Council service standards

The review team also noted that council does not have service standards (also known as a guarantee of service). These standards set out some key performance levels so that the community have a clear understanding of what they can expect in terms of council-provided services.

Service standards are also a valuable means of reinforcing council's commitment to customer service, and of holding council staff accountable for their performance. Council has a strong level of accountability through the breadth of its reporting on its performance through the annual report and the management plan. The review team believes this would be enhanced by articulating service standards, beginning with core services such as:

- responding to correspondence by letter and email,

- answering telephone calls and

- processing of requests for service not subject to statutory deadlines.

(Recommendation 16)

6.2   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.

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 and DCPs, *"under regular and periodic review".*

However, under recent amendments to the *Environmental Planning and Assessment Act,* the Department of Planning has sought to standardise planning instruments by issuing a new prescribed LEP template that councils are required to utilise. The Department of Planning has given council three years to consolidate its LEPs in conformity with the template and has provided Kiama Council with funding of $110,000 to do so. Council advised that accommodating the diversity of land uses in the Kiama local government area within the context of the standard LEP template will be challenging.

A further challenge imposed by recent planning law changes includes the requirement that only one DCP may apply to a site. To comply with this requirement, a DCP may cover the whole local government area, a precinct or a site. Site-specific DCPs will operate to exclude the application of all other DCPs to the site.

At the time of the review, council did not have any planning vacancies. However, it has experienced turnover in planning staff and the difficulty in attracting suitably qualified and experience staff.

A key strategy used to address this issue has been to try to attract people from Sydney. While Sydney councils are able to pay higher salaries, Kiama Council has offered lease back vehicles and promoted the change in lifestyle aspect. Kiama Council has also offered planning traineeships and currently have a cadet planner.

Overall, council's environmental planning and regulatory functions appear well integrated with council's strategic and management plans.

What is working well

Kiama Local Environmental Plan Review.

Since 2002, council has been preparing for the Kiama Local Environmental Plan Review. As part of this process council saw the need to consult with its community to determine a vision and key strategic goals for the local government area.

Using consultants, 800 residents were surveyed in 2002 about what they value in their area and their perceptions about the future. The community expressed its value for agricultural land, the high environmental coastal and beach qualities, concern about urban expansion, housing affordability and employment. This information formed the basis for the development of a vision and strategic goals for council and the local government area.

In 2004, council again surveyed 800 residents to determine the level of agreement to the vision and goals. The overwhelming response was support for the vision and goals. Council now uses these as the basis for developing:

- key priorities and organisational directions

- council's management plan and budget

- the principles behind the Local Environment Plan Review

Council then held further consultation to understand the community's position in relation to four key strategic questions that the Local Environmental Plan needs to address.

A steering committee including a Department of Planning representative was established to engage consultants to provide options for a consultation process that provided a truly representative view on these issues and not one expressed by key pressure or interest groups or individuals and implement the preferred option.

Council adopted a charette or community panel approach. The panel consisted of 16 residents who were representatives in terms of age, sex and location etc.

This approach is creative and exhaustive. The panel was involved in information sessions, briefings, visits and deliberations over an intensive period. It is a collaborative planning process that harnesses the talents and energies of all interested parties to create and support a feasible plan that represents transformative community change.

The deliberations and outcomes of the panel are now being used as the basis for council's draft LEP that is consistent with new planning laws for exhibition by mid 2006. It is anticipated that a draft Plan be submitted to Minister of Planning in December 2006.

Section 94

Council has undertaken various detail studies and reports that can be used to calculate developer contributions under section 94 of the *Environmental Planning and Assessment Act 1979.* An overall Section 94 report/plan was prepared in 2002. The draft *Open Space and Recreation Study, April 2005* is a comprehensive planning document in relation to open space provision and includes standards relating to open space in Kiama.

The *Draft Community Facilities Study April 2005* identifies current and future needs for community facilities in the municipality of Kiama. It draws on a range of other relevant council documents including the *Social/Community Plan 2004/2009* and the community panel report on the draft LEP.

Council keeps a section 94 contributions register and monitors expenditure to ensure that funds are spent within a reasonable time and in the area to which they relate.

Companion animals

Council has a companion animals management plan and program, which is working well. Its rangers are active and a range of community education material is available to educate the community in relation to their responsibilities as pet owners.

BASIX

BASIX is a NSW Government initiative (administered by the Department of Planning) that commenced from 1 July 2005 to ensure new homes are designed and built to use less potable water and produce fewer greenhouse gas emissions.

The building applicant, (e.g. architect, builder, owner builder) is responsible for completing the assessment, ensuring the BASIX commitments are clearly marked on the plans, and submitting the BASIX Certificate with the development application.

Council is responsible for monitoring compliance with these requirements. The implementation of BASIX was a strategy of the Kiama Public Health Plan 2005 – 2008. Council has trained staff about BASIX requirements, developed an information leaflet and included it as part of checklist of considerations. From 2006 council plans to encourage the retro-fitting of existing homes using BASIX principles.

State of the Environment Report

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.

Kiama's 2005 report is generally adequate, well written and well presented. It addresses all necessary environment sectors. The report effectively provides a useful assessment of the potential future responses at the end of each section

addressing the various environmental sectors. Council appears significantly engaged with the local community on a range of projects. An additional section in the report measures council's effectiveness in moving toward sustainability.

Areas that could be strengthened include the section on Aboriginal heritage, information on council's environmental performance and the environmental impact of council activities. The relationship of the SoE to the management plan (in particular, how the prioritised actions are included in the management plan) is also not clear. **(Recommendation 17)**

Challenges to improve

Review of Development Assessment Process

In 2003-2004 council determined 587 development applications that represents a slight variation of –1% (6 DAs) since 2002-2003. Council's median determination time for 2003-2004 was 29.8 calendar days which is well within the required median time of 40 calendar days.

In late 2004, council commissioned consultants to undertake a comprehensive review of its current development assessment (DA) process.

A key feature of the review was to consider the DA process in its key stages from pre-lodgement to project/completion/occupation. Yardsticks used to audit each stage were the efficiency and effectiveness principles, legislative requirements and local/overseas good practice. A total of 21 recommendations are included in the *Review of Development Assessment Process Report (Wiggins, Blinkhorn & Wiggins).* Some of the key findings in each stage include:

- Enquiries and lodgement: The current quality of customer service is viewed as good and includes pre-lodgement discussions. However, the lack of written material places a heavy load on counter staff. (Recommendations propose simple hard copy and web based information eg. information kits and self assessments checks)

- Allocation of DAs to staff, notification and referral: The allocation system could be reviewed to consider workload, location, experience and challenge. A notification Development Control Plan is required.

- <u>Assessment</u>: Staff are performing well in this area. Recommendations for improvement include the use of standard reporting templates encompassing Section 79C assessment and consider the establishment of an Independent Hearing and Assessment Panel.

- <u>Issuing Construction and Occupation Certificates</u>: While the issuing Construction Certificates is well organised, further documentation is recommended to enable a final check prior to issue of the certificate.

The report also recommends greater attention to process and policy monitoring including delays. Council's new computer system will enable the generation of regular, detailed statistics and a DA tracking system. A detailed action plan is also included in the report.

Council has adopted the review report and has started implementation. Low staffing levels has limited progress to some extent. **(Recommendation 18)**

Enforcement

Council does not have an enforcement and prosecutions policy to guide its enforcement activities. Such a policy helps create a more consistent approach to compliance activities across different areas of council such as Development Services, Environmental Management and Public Health.

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

Seniors Living Policy

Under the State Environmental Planning Policy (Seniors Living) 2004, land that adjoins urban/residential land does not require rezoning to develop housing for over 55 year olds and people with disabilities. Council has received several of such proposals. This is inconsistent with council's strategic objective of preserving rural/agricultural land.

Kiama Council and the Local Government Association asked the State Government to delete this provision to ensure that proposals do not undermine local planning strategies. These proposals should also be appropriate in terms of agricultural land

value and service provision and other factors as is the case for other Development Applications.

An amendment to State Environmental Planning Policy (Seniors Living) 2004 was gazetted on 16 December 2005. The change to the Policy restricts the form of seniors housing permitted on land adjoining urban areas to hostels or residential care facilities. It means that serviced self-care housing is no longer permissible on land adjoining land that is zoned primarily for urban uses.

The amendment to the SEPP is an interim measure. Its purpose is to prevent development applications for serviced self-care housing proposals in inappropriate locations in rural areas while a wider review of the Policy is undertaken.

The Department of Planning will be reviewing the Seniors Living Policy to ensure a strategic approach to the provision of housing for seniors and the disabled. The supply and location of seniors housing in rural areas and potential impacts on existing settlements and other rural uses, such as agricultural production, will be examined. **(Recommendation 20)**

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.

Overview of financial position

Council has made operating surpluses before and after capital items for the past two years. For the period 2004/05, surplus before and after capital items stood at $2 M and $3M respectively. Council's operating results have been boosted in the past two years by gain on sale of assets, particularly real estate sales.

The department publishes comparative information annually. For comparison purposes councils are grouped with similar councils. Kiama Municipal Council is a Group 4 council. The following table compares Kiama's performance to other Group 4 councils.

Table 1 - Comparative Information 2003/2004[1]

Indicator	Kiama	Group 4 Average
Average rate per residential	$860	$611
Average charge for domestic waste	$204	$169

Budgeted vs Actual Results

Actual surplus before capital items in 2004/05 was $2M compared to budgeted deficit of $2M. Variance was due to higher than budgeted gain on sale of assets. Actual surplus after capital items for the same period was $3M compared to budgeted deficit of $686k. During the period 2003/04 and 2002/03 the actual results after capital items were surplus of $10.9M and $690k respectively compared to budgeted deficit of $1.1M and $2.4M respectively.

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[1] Further comparative information and an explanation of the indicators are available in the DLG publication "Comparative Information on NSW Local Government Councils 2003/2004".

Liquidity and Cash Position

Council's unrestricted current ratio (UCR) for the 2004/05 period was 2.14. For the period 2003/04 and 2002/03 it was 2.32 & 1.46 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 greater than 2. A ratio of 1.5 to 2 could be of concern if other indicators are not adequate. A ratio of 1.5 is considered unsatisfactory. Council's unrestricted cash for the periods 2004/05, 2003/04 & 2002/03 were $7.9M, $11.9M and $4.6M respectively.

The Rates and Annual Charges Outstanding Percentage (RACO%) in 2004/05 was 2.14. The RACO% assesses the impact of uncollected rates and charges on liquidity and the efficiency of debt recovery. A benchmark for city and coastal councils is less than 5% while a benchmark for rural councils is less than 10%.

The Debt Service Ratio (DSR) in 2004/05 was 5.32%. 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 then 15% is considered to be of concern.

Infrastructure Maintenance

Council's infrastructure assets are in good condition as per the information provided. The written down value (WDV) of Council's assets for 2004/05 period are as follows: Roads, Bridges and Footpaths 85% & Stormwater Drainage 90%. DLG considers that WDV below 50% may be a cause for concern. Council's estimated costs to bring assets to satisfactory condition were $12.7M in 2004/05. Estimated annual maintenance was $2.2M whereas programmed maintenance was $2.7M. Internally restricted funds set aside in 2004/05 for infrastructure was $1.5M.

Auditor's Comments

"……….Council had sufficient net current assets to cover the external restrictions placed on those assets, and provide a satisfactory buffer for reasonable unforeseen costs."

Compliance with the Accounting Code

For 2004/05 Council was fully compliant with both the Accounting Code and the LG Act as far as financial provisions were concerned.

History of Special Variations and Loans Outstanding

Council has not applied for a special variation for the past 8 years including the 2005/06 financial year.

Total loans outstanding as at 30/6/05 were $9.3M of which $3M was raised in the 2004/05 financial period.

Timeliness of Submission of Financial Statements

Council has always submitted its financial statements to the DLG in a timely manner.

What is working well

Proactive approach to economic development

The *Economic and Employment Strategy 2003*, the recent establishment of an Economic Development Committee and the appointment of an Economic Development Officer are key initiatives of council's proactive approach to encouraging sustainable economic development.

Key objectives for Kiama in this area include elevating the profile of the economic perspective, researching barriers to business activity, improving networking to respond to challenges, identifying and responding to business groups, identifying strategies to build economic activity and providing input on planning issues.

Strategic Asset and Service Management Program

Council has recently made a shift in strategic direction from infrastructure provision to infrastructure maintenance.

The new Strategic Asset and Service Management Program (SAMP) has taken over five years to develop and represents a major strategic investment by Council. It is essentially a policy document not an asset management tool. SAMP captures all asset and service groups under one unified asset and service management policy. It

sets out a consistent corporate approach to asset and service management standards and levels of service. For example, how often assets will be inspected and at what point they will be repaired.

Council's Infrastructure Asset Strategy requires that a portion of its land development sales is set aside as an internally restricted asset for the maintenance and capital renewal of infrastructure assets Council set aside $1.5 M in 2004/2005.

Challenges to improve

Alternative income streams

Kiama municipality continues to be subject to the effects of the 'sea change' phenomenon that is impacting on coastal communities in every state in Australia. The rate of growth in these areas is more than 60% higher than the national average and is gathering momentum.

Councils in high growth coastal areas reach a point where they do not have sufficient resources to keep pace with increasing demand for infrastructure, such as roads, water and sewerage. They also lack adequate services, such as public transport, health care, emergency services and education facilities. Further information and resources about this phenomenon are available from the Sea Change Taskforce website at http://www.seachangetaskforce.org.au/index.html.

Kiama, like many coastal communities has had to face the added impact of a dramatic and ongoing increase in the level of tourism. While tourism injects revenue into the local commercial economy and helps to generate employment opportunities it does not contribute to the cost of public infrastructure needed to meet the needs of visitors. The burden of expanding infrastructure capacity to meet the growth in tourism usually falls on local ratepayers.

In general, Kiama council has successfully implemented measures for planning, funding and managing rapid population and tourism growth to maintain the unique coastal and rural identity, character and lifestyle of the area.

While Kiama's average residential rate in 2003/04 was well above the average of other group 4 councils in the NSW (see in table 1), rates represented only 32% of council's total income. This is below the group 4 councils average of 41%.

Council has actively pursued various commercial activities as an alternative source of income. The Elambra Estate Stage 4 was developed in 2004/2005. Unfortunately, the downturn in market has had a negative effect on sales. Also, there is a scarcity of land available for further residential housing development.

Council is currently committed to formally investigating the possible installation of parking meters in certain parts of its central business district. This and other alternate income streams should be incorporated in a long-term financial plan **(see recommendation 1)**.

Long term financial plan and asset maintenance

Within the context of generally declining traditional sources of income and increasing costs, the renewal and maintenance of existing community assets is a major issue for council and the community.

The cost of managing and maintaining council's assets or services at the ideal (as quoted by Council's Corporate Risk Management Consultant) or even a satisfactory level would have a dramatic effect on council's annual budget.

Balancing its financial position and its commitment to the provision and maintenance of important community works and services, council has had to consider alternate income streams. These include borrowing from external sources, making a special rate, reallocating funds from its existing budget. Council must ultimately adopt a level of expenditure with respect to its assets that it is able to afford.

As outlined earlier in this report it is imperative that council develop a long-term financial plan that should be integrated with asset management processes. (**see recommendation 1)**

Business Activities

Council has two business activities, namely the Kiama Coast Holiday Park and a Waste Business Unit. While both are performing reasonably well, it appears neither has a formal business plan to assist council to identify objectives for the operations of the business and monitor performance against these objectives. **(Recommendation 21)**

6.4 Community and Consultation

A council's charter requires that a council:

- Provides services after due consultation

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

- Actively promotes the principles of multiculturalism

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

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

What is working well

Over recent years Kiama Council has taken an active role in the area of Community Services. This has been in response to a high population growth for the area and a greater demand from residents for Council to provide more services and facilities.

Council has been able to develop a wide range of programs to service different groups within the area by taking advantage of funding contributions available from Commonwealth and State Government sources. At the same time Council has undertaken progressive development of children's, youth, cultural, community, and neighbourhood facilities with its own funds.

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 Kiama Council is projected to increase in size, from its current 20,524 to around 23,205 (13%).

With 17.6% currently aged 65+ years, this is projected to grow to 25.6% by 2022. At an average increase of 0.45 percentage points per year, this 'force of ageing' is somewhat faster than that projected for both NSW as a whole (0.33) but virtually the

same as that for NSW Balance (0.43). Kiama's population aged 85 and over is projected to increase in proportion from 2.1 to 3.6 of the population.

Council's elderly to child ratio will grow markedly from 0.9 to 1.6 by 2022 (meaning it will have 16 elderly residents for every 10 children). Kiama's entry/exit ratio will deteriorate from 1.1 to 0.7 by 2022, meaning there will only be 7 people at labour market entry age for every 10 at retirement age (*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 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 processes.

Kiama is one of the few councils reviewed by the department to date that is delivering a range of innovative and comprehensive services to address the needs of its own ageing population as well as the broader Illawarra region.

Council has established the Kiama Council Community Support program which offers a single regional point for entry for consumers, potential consumers, carers and advocates to a wide range of in-home and community support services.

Examples include:

- In home support – 100 Community Aged Care in 04/05

- Nursing Brokerage Service

- Community transport - 10,000 trips in 04/05

- Domestic Assistance

- Neighbour Aid

Kiama council is also one of only a few councils in Australia that provides a three-tier retirement village and aged care facility encompassing a nursing home, hostel and independent living units. In 2004, the Blue Haven Aged Care Facility celebrated 25 years of care. Council has commenced Stage 5 of the Blue Haven Independent Living Units consisting of 89 self-care units. Strong interest has been shown with refundable deposits being lodged for over half of units.

Public Access forum

Members of the public are able to address council at a public access forum, which is held the evening prior to council's Ordinary Meeting. Council has developed a clear one-page policy, which sets out guidelines for public participation.

Kiama Public Health Plan 2005 – 2008

Kiama Council was one of the first councils in NSW to develop a health plan. Developed in a collaborative manner using a multifaceted consultation approach. The *Kiama Public Health Plan 2005 – 2008, "Healthy Communities – Town, Country and Coast – Creating Environments for Health"* delivers a shared vision of a healthy community.

The plan forms part of council's corporate planning framework (along with its Strategic Plan and Management Plan) to promote individual and community well-being and environmental sustainability.

Although the plan covers the whole population, it also identifies several priority population groups such as older people, children, families and tourists. The needs of Aboriginal and Torres Strait Islander communities and people from culturally and linguistically diverse backgrounds are also acknowledged.

The three-year plan includes a range of actions in three main areas strengthening community, supportive social environment for health and health of our environment.

The Mayor presented the outcomes of the first Health Plan and the strategies outlined in the second plan at the international conference of the Healthy Cities Alliance in Sarawak, Malaysia at the end of 2004.

In 2005, the Plan was the winner of the Policy and Healthy Community category of the Heart Foundation and Kellogg Local Government Awards.

Social/Community Plan 2004-2009

The Kiama *Social/Community Plan 2004-2009* is well presented and readable. It meets the minimum requirements set out in the department's *Social and Community Planning Guidelines 2002*.

The plan demonstrates a partnership approach at the local and regional levels. For example, programs to address a number of regional social issues have been planned and delivered with Shellharbour and Wollongong City Councils.

The plan is available for viewing at Council, or at the Kiama Library or a copy can be purchased from council for a charge of $15.00. While the community profile contained in the plan is available on council's website, the rest of the plan is not.

Some of the strategies, agreed outcomes and timeframes set out in the action plans are broad and would benefit from being more specific. **(Recommendation 22)**

Library award

Kiama Library's SMS service received a Highly Commended Marketing Award from the Country Libraries Association in 2005. Since 2004 members have been able to text Kiama Library a question via mobile phone and then receive a text reply within 24 hours.

Challenges to improve

Integrated planning and reporting

The importance of developing integrated planning and reporting processes are sufficiently interconnected to maximise the achievement of councils' goals and stated outcomes is covered earlier in this report in section *5.1 – Governance – Integrated planning and reporting*.

The extent to which the *Kiama Public Health Plan 2005-2008*, the *Social/Community Plan 2004-2009* and the draft *State of the Environment Report 2005* link with the corporate and management plans and each other needs some attention. (**see recommendation 11)**

Reporting Access and Equity Activities

The Social and Community Planning Guidelines (section C2) and Manual (section C1) detail what an Access and Equity Activity Statement must include. This statement in effect outlines what council will achieve and should be linked to council's budget and reporting cycle.

Council's management plan includes an *Access and Equity Statement* that generally defines access and equity and then describes process used to develop the social plan. While achievements are to be reported in next annual report, the statement does not detail any of the proposed activities or where they might be located in the rest of the plan. Other aspects of section C2 of the Guidelines are also not complied with. **(Recommendation 23)**

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.

Overview of the organisation

Kiama Municipal Council's executive management team is made up of the General Manager and four Directors.

Council employs approximately 387 staff on a full-time, part-time and casual basis. Of the current employees, 5.9% are aged 55 years and over. Women represent 58.6% of council's workforce and 7.4% are of non-English speaking backgrounds. People with a physical disability represent 2.0 % of the workforce and 0.6% are Aboriginal or Torres Strait Islander.

Human Resource policies and strategies

Council has developed a comprehensive set of policies and strategies to respond to its workforce issues and encourage positive workforce relations. Most of these documents are contained or referred to in council's *Employee Handbook.*

Through both the Equal Employment Opportunity and Consultative Committees, which comprise staff and management representatives, council has recently developed and implemented a number of policies to allow a fair degree of flexibility to employees in balancing their work and carer responsibilities. These include the *Flexible Work Arrangements Policy and Procedures*, the *Working from Home Policy and Procedures* and the *Leave Provisions Policy*.

Recruitment and selection

Recruitment and selection can be a constant activity as councils replace employees who move into promotions positions within council and other organisations, those who retire, and additional vacancies made available by various sources of grant funding.

This year council also reviewed its *Recruitment and Selection Policy and Procedures* to ensure its practices were as efficient as possible, giving due consideration to its legislative requirements and its position as a major employer within the Municipality.

The Policy reviewed in consultation with the EEO and the Staff Consultative Committees. This included decentralising recruitment and selection processes supported by training and day to day assistance of panels as required.

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".

Council's annual report 2004/2005 indicates that it is using the Wyatt Job Evaluation specifications and competency documents on an ongoing basis from 2004 to 2006.

Occupational health and safety (OH&S)

The review did not involve a comprehensive audit of council's occupational health and safety practices. However, the review team did consider key elements to gain an understanding of council's OH&S system.

Council's *Employee Handbook* defines council's responsibilities as employer and those of it employees in terms of work place conditions and safety. More detail about these responsibilities and specific procedures are provided in the *Occupational Health and Safety Policy* adopted in April 2005.

Council's OH&S activities have recently focused on the review and implementation of specific procedures and policies to improve their continuous effectiveness and to meet Council's legislative requirements. A recent initiative to assist in this area was the employment of a specialist Safety Officer.

As reported in its Annual Report council has also carried out substantial work in the areas of hazard identification, risk assessment and the development and implementation of safe work methods. This, together with ongoing provision of

safety training and information sessions continues to be a major component of council's health and safety management systems.

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.

Council reviewed the status of its Hepatitis B immunisation program and in 2005 many employees were tested for immunity and where necessary, re-immunised.

Trainees, apprentices, cadets and work experience placements

Council has demonstrated a strong commitment to skills development within the community and council. Apprentices are currently placed in a diverse range of business areas such office administration, horticulture, carpentry, the Mechanical Workshop. A number of trainees have been placed at Blue Haven Aged Care Facility.

Council has also employed a Cadet Accountant and a Cadet Engineer who are working towards the attainment of their Bachelor Degrees while getting valuable on-the-job experience.

Council also has a strong commitment to making work experience opportunities available across a number of areas to students, participants in labour market programs and participants of rehabilitation programs in accordance with Council's recently revised Work Experience Policy.

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 has a competency and performance management process in place. The performance management process is reviewed annually, with employees and their supervisors being invited to provide feedback and recommend changes via the staff Consultative Committee.

Staff training and development

Council prepares an annual co-ordinated council training and development program. Specific learning and development needs identified by individuals and their supervisors during the competency and performance management process, along with any other projected corporate or legislative needs, form the basis of the program.

Corporate training planned for 2005/2006 includes training for all employees in the new *Model Code of Conduct*, *Complaints Management Policy and Procedure*, internal reporting procedures and EEO Awareness.

Study assistance is also provided to employees participating in relevant tertiary training. Council also continued to provide further opportunities for development of skills, knowledge and experience through its *Higher Grade Pay Policy*, assisting succession and career path planning processes.

Employee handbook and staff Induction

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

Council's Consultative Committee and Equal Employment Opportunity Committee have assisted in the review and update of the existing process to ensure new employees are provided with the information they need in an appropriate format and in a timely fashion. The new program will highlight a comprehensive *Corporate Induction Day*.

Council's updated Employee Handbook is in the final stages of editing.

Equal employment opportunity (EEO)

The EEO and Consultative Committees also undertook a comprehensive review of the opportunities for improvement in Council's approach to EEO, resulting in the *2005-2007 EEO Management Plan*. Adopted by council in February 2005 the plan is well presented and contains objectives, strategies, specific actions, target dates, responsibility and performance indicators.

Other achievements in this area in 2005 include the completion of an EEO survey and a revised constitution for the EEO Committee.

Challenges to improve

Long-term workforce plan

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

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

- council's ageing workforce,

- the provision of a plan of succession for key positions, and

- increase opportunities for apprenticeships, cadetships and traineeships to address these concerns.

Council does not currently have an adopted long-term workforce or succession plan. However, as a small council it has made and managed informal succession plans for key positions in particular sections. **(Recommendation 24)**

7. COUNCIL'S RESPONSE

On 18 May 2006 Council forwarded the following corporate response to the draft review to the department.

Council appreciated the opportunity provided by the Department of Local Government for an independent review of the Council's practices. The review assists Council in making improvements for the benefits of the community and staff.

It is pleasing that the report recognises that Kiama Municipal Council is a well managed and effective local government authority. It is also pleasing that the report states that Councillors and Senior Management are leading a positive and vigorous process to more strategically address the future needs of the Kiama local government area.

Council accepts the recommendations within the report some of which were raised by Council during the review process. Council has commenced action to address the recommendations and Council will provide the Department of Local Government with a timetable of implementation.

8. SUMMARY- WHAT'S WORKING WELL & CHALLENGES

COUNCIL'S PRIORITIES AND FOCUS

What is working well

- Council has a clearly articulated strategic direction that has been formulated in consultation with the community.
- Council's management plan reflects the strategic objectives set in the strategic plan.
- Council's quarterly reports on its performance against targets set in the management plan are clearly set out and easy to comprehend.
- Council appears to work effectively with other councils in the region.

Challenges to improve

- As a matter of priority, councils strategic directions, management planning and asset management processes should be integrated with a long term financial plan.

GOVERNANCE

What is working well

- Good governance is one of council's principal strategic goal
- Council has a well developed governance framework
- Council has clear statements of its values and business ethics
- Councillors and staff demonstrate a clear understanding of their roles and responsibilities
- Planning and reporting at the strategic level appear integrated
- Council has a number of joint projects with other councils and stakeholders
- Council has an up to date code of conduct, and has provided training for councillors and staff.
- Procurement (tendering) policies and procedures are consistent with relevant legislative obligations.

Challenges to improve

- Council should provide further guidance to councillors on the pecuniary interest provisions.
- Council's strategic corporate plan and management plan should be better integrated with other plans such as the social/community plan and health plan.
- Risk management and internal audit programs should be put in place

- Council should develop a comprehensive risk management plan to assist it to manage all relevant risks to council performing its functions.

REGULATORY

What is working well

- Council is undertaking a review of LEP in an innovative and consultative manner and is aware of recent planning law changes.
- Council has the key elements of an effective DA assessment process
- Council complies with its statutory obligations in the management of s94 funds.
- Council has a comprehensive local companion animals plan in place and a range of community education material to educate pet owners.
- BASIX requirements have been integrated into the public health plan and staff have been trained in this area.

Challenges to improve

- State of the Environment Report could be strengthened in specific areas and better linked to the management plan.
- Council needs to implement the recommendations of its DA assessment process review to further improve its effectiveness.
- Council should develop an enforcement and prosecutions policy, and provide information to the public on how to report non-compliance.

ASSET AND FINANCIAL MANAGEMENT

What is working well

- Council's financial position is sound.
- Has made a strategic shift to asset maintenance rather than creation. New assets will only be provided if of a very high priority.
- In general, council has a proactive approach to economic development
- Council has developed a comprehensive and integrated Strategic Asset and Service Management Program", (SAMP) which sets out the ideal level at which each asset is to be maintained.

Challenges to improve

- *A long term financial plan and asset maintenance plan should be developed this includes securing alternate sources of income*

- *Business plans should be in place for council businesses*

COMMUNITY, COMMUNICATION AND CONSULTATION

What is working well

- Council has comprehensive and innovative strategies to meet the needs of a rapidly ageing population
- Members of the public are able to address council at a forum held the evening before Council's ordinary meeting.
- The Kiama Public Health Plan 2005 – 2008
- The Social/Community Plan 2004-2009
- Kiama library's SMS service received a highly commended Marketing Award in 2005.

Challenges to improve

- The extent to which all of councils plans such as the health plan and social/community plan link with corporate and management plans needs some attention.
- Council's current reporting of access and equity plans and activities within its management plan and annual report does not comply with section C2 of the Social and Community Planning and Reporting Guidelines.

WORKPLACE RELATIONS

What is working well

- Council's has an Employee's Handbook (an updated version is in the final stages of editing). The handbook includes a comprehensive set of workforce strategies and policies and is the foundation for staff induction.
- Council recently reviewed its Recruitment and Selection Policy and Processes in consultation wit the EEO and Staff Consultative Committee.
- Council has a sound occupational health and safety (OH&S) system that it appears to be continuously improving.
- Council has a strong commitment to skills development through apprenticeships, traineeships and cadets.
- Council's annual training and development program.
- The 2005-2007 Equal Employment Opportunity plan is well presented and comprehensive.

Challenges to improve

- Council should develop a long-term workforce plan to respond to particular issues and trends in its workforce, particularly its ageing workforce.