

challenges improvement innovation good governance

Promoting Better Practice Program

REVIEW REPORT

LISMORE CITY COUNCIL

SEPTEMBER 2008



Department of Local Government

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1. ABOUT THE REVIEW

Review objectives

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

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

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

Review process

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

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

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

Lismore City Council Review

Lismore City 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?

David Alderman and Lyn Brown conducted the on-site component of the review from 5 May 2008 to 9 May 2008.

The on-site review involved a meeting with Council's Mayor and General Manager, meetings with Council's staff, conducting interviews, attending a councillor workshop session, demonstrations of the practical application of Council's processes and the review of a number of Council's policies and other documents.

Following the on-site review, further analysis was undertaken. Council management was then provided with the opportunity to respond to the review's preliminary findings.

This report details the review's findings, recommendations and Council's initial response. The Department expects councils to formally respond to the review process, to prepare an action plan to address agreed issues and to provide progress reports on the implementation of the action plan.

2. EXECUTIVE SUMMARY

Council is organised in such a way that its activities are directed toward the attainment of its strategic aims. In addition, Council monitors its performance and has adopted a number of performance indicators to drive its business.

Overall, Council has demonstrated a sound understanding of the external environmental influences that have the potential to impact on achieving its mission. The organisational culture demonstrated that Council:

- has the capability to anticipate community need and expectations (for example, through the establishment of Policy Advisory Groups)
- consults and communicates
- listens and responds
- has a sensible, mature and realistic approach to its business
- is an effective organisation
- is a professional and dedicated organisation.

Overall, Council has developed good operating systems to ensure that it meets its legislative obligations. Council approaches its activities in a strategic way and yet has a system that is responsive to local community needs and expectations. While there is a risk management approach to Council activities, Council needs to document and plan this, as well as formalising an internal audit program.

Council has good practices in place in relation to decision-making, complaints management, records management, tendering and procurement.

Lismore City Council has a number of strategic land use plans that have been developed in accordance with the Far North Coast Regional Strategy that are regularly reviewed to ensure they are current and appropriate. Council has a number of checks and balances in place to ensure that its development approval processes are ethical and consistent. The efficient turnaround times, low level of litigation and the low number of development applications called up by councillors are evidence that Council's planning and development procedures are working well.

Council's approach to managing and implementing programs to meet its environmental management responsibilities is to be commended. It is clear that Council has a good understanding of its environmental responsibilities and has moved significantly towards integrating these activities with other aspects of its business. While it is evident that Council has a good attitude and approach to enforcement and prosecution, it should develop a single enforcement and compliance policy for all its enforcement practices.

Council is in a satisfactory financial position. Council has a ten year financial plan that is reviewed and revised each year as part of the management planning process. However, Council's long term financial plan does not currently incorporate major capital works for the full plan period. The work currently being undertaken on its asset management plan should also be incorporated into the long-term financial plan if the plan is to accurately predict future financial needs.

It is clear from Council's social/community plan, the management plan and the annual report that Council has a major investment in developing appropriate social infrastructure and services. Council has a range of methods for including the community in its processes and its efforts in this area are commendable. Council's customer service practices are exemplary. Council's annual report is informative and provides an excellent plain English summary of Council's finances. This is good practice.

In terms of its legislative responsibilities to staff, Council is a responsible employer. Council has excellent human resources policies and practices and an effective human resources department. Council's induction program is innovative and best practice. Council has a number of effective processes in place to ensure that employees are able to give feedback and raise concerns. Council needs to develop a strategic workforce plan that enables the organisation to respond to the strategic priorities that are set and the challenges that Council will face in attracting and sustaining its workforce.

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

3. RECOMMENDATIONS

Ambitions, Priorities and Future Focus

1. Council should review its strategic plan following the 2008 local government election to ensure its strategic aims continue to be appropriate.

Governance

2. Council should provide training to staff on the code of conduct.
3. Council should review its records management policy and procedures to ensure that councillor records are included.
4. Council should review its code of meeting practice to clarify Council's practices for closing its meetings.
5. Council should develop a procedure for the reporting of gifts and benefits and undertake an awareness program with staff and councillors.
6. Council should develop an overarching risk management plan to bring together its current risk management practices and manage all significant risk issues facing Council.
7. Council should develop an internal audit function and an internal audit program.
8. Council should develop an organisation-wide disaster recovery/business continuity plan that is inclusive of all business continuity risks that the organisation may face.
9. Council should review its 'Code of Behaviour' and 'Councillor Access to Council Documents' policies to ensure they are consistent with the Model Code of Conduct.
10. Council should review its protected disclosures policy to ensure that the information contained within it is up to date.

Planning and other regulatory functions

11. Council should develop a single enforcement and prosecutions policy to ensure there is a consistent approach to its compliance and enforcement activities across the different areas of Council.
12. Council should develop and adopt a companion animals management plan.

Asset and financial management

13. Council should incorporate its long term capital works program and asset management plan, when completed, into its ten year financial plan.
14. Council should monitor the implementation of strategies to decrease its outstanding rates and annual charges ratio to ensure that it brings the ratio in line with the industry benchmark.
15. Council should develop a hardship policy to guide its decisions in relation to requests for assistance in making rates and charges payments.
16. Council should complete its asset management strategy and ensure that it is integrated with its long term financial strategy when completed.
17. Council should develop a plant replacement strategy and ensure that this is integrated with its long term financial strategy.
18. Council should review its generic plan of management and implement an on-going review process for its plans of management.

Community and consultation

19. Council should include strategies to meet the challenges that the ageing of the population will bring in its workforce strategy and social/community plan.
20. Council should develop customer service standards for all of the services it provides.
21. Once developed, customer service standards should be monitored and reported on to ensure accountability to the community and to provide feedback to the Council.

Workforce relations

22. Council should develop a workforce plan that supports the directions set in its strategic plan.
23. Council should develop an EEO management plan in accordance with sections 344 and 345 of the Local Government Act.

4. CONTEXT

Lismore City Council is located on the far north coast of NSW. The City has an area of 1,267 square kilometres. It is largely rural with the major centre servicing the City and the region being the town of Lismore. The town of Lismore is located on the Wilsons River. The town centre and parts of the town are situated on a floodplain. Following floods in 1974 a number of residences were relocated and an extensive levee bank system was constructed to protect the business district. The City has a number of smaller villages at Nimbin, Dunoon, Clunes, Wyrallah and Bexhill. In addition, there are a number of hamlets throughout the City.

The population of Lismore City at the 2006 Census (ABS Census QuickStats) was 42,210. Most people live in the township of Lismore, being over 28,000 people. The population of the Lismore City area has been growing at a slow rate.

Lismore City has a population age profile that is similar to that of the NSW State profile. Although the current percentage of the population over the age of 55 years is similar to that of the NSW State percentage, Lismore's force of ageing is significantly faster than that projected for NSW. The median age of persons has increased from 33 years of age in 1996 to 38 years of age in 2006.

The Shire's Indigenous population is higher than the State average, being 3.7% of the Lismore City population. Only 8.5% of the population were born overseas, as compared to the State average of 22.2%.

The 2006 Census data identifies health care and social assistance, retail, education and training as the industries employing the largest number of persons aged over 15 years. The main campus of the Southern Cross University is located at Lismore. The area is promoted as an ecotourism destination.

The current Lismore City Council was formed in 1976 following the amalgamation of Terania Shire, Gundurimba Shire and Lismore City. The Council has twelve councillors, one of which is the Mayor who is elected by popular vote. Council meets on the second Tuesday of each month. While Council does not have any standing committees, the Council has a number of advisory committees that are established to focus on the aims in Council's strategic plan.

The Council has an annual income of approximately \$68 million with an approximate expenditure of \$57 million (Annual Report 2006/07). Council has had a surplus before and after capital items for the past three years. Council employs 294 equivalent full-time staff with an annual wages expenditure of approximately \$16 million. Council is organised into three directorates: General Manager's directorate; Development and Governance; and Infrastructure Services. The General Manager and Executive Directors of the other two directorates form the senior executive team.

Each of the divisions is responsible for specific aspects of Council's operations. The Infrastructure Services division incorporates roads, parks, Lismore Water, Northern Rivers Waste, quarries, memorial gardens and asset management. The Development and Governance division incorporates planning, information services, environmental health and building services, economic development and community services. The General Manager's division covers the areas of finance, corporate strategy, customer relations, communications and organisational development.

Council determined 801 development applications in 2006-07 (NSW Department of Planning, Local development performance monitoring: 2006-07, February 2008). The net mean time for determining development applications in 2006-07 was 34 days. This compares favourably to the average net mean time for similar councils of 46 days.

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.

Lismore City Council's Strategic Plan 2004-2012 was developed and adopted with the current councillors. It provides a high level, strategic direction for the community and the organisation. It is evident that Council is organised in such a way that its activities are directed toward the attainment of its strategic aims.

Council undertook a restructure in 2005 to enhance strategic management and customer service delivery, and improve cross-organisational communication and efficiency. This restructure more closely aligned the organisation to the pursuit and achievement of its strategic aims. It is easy to see that the three directorates that were established are responsible for the strategic priorities identified in Council's strategic plan.

Council has a clearly articulated set of values in this plan. Council's strategic aims are evident in its management plan, although, the link between the strategic aims and the activities outlined in the management plan need to be made clearer.

While there are some minor issues with Council's management plan, no recommendation will be made at this stage for improvement (see the Governance section of this report). The reason for this is that the Department of Local Government has approved a new approach to integrated planning and reporting for local councils in NSW. The requirements will be promulgated later this year, with a staged approach to implementation.

Integrated planning will require councils to develop integrated plans that incorporate both a long-term strategic focus and more detailed shorter-term operational plans. This will include guidelines to better integrate a range of plans that councils are currently required to prepare. Council is well placed to implement these requirements when they are released.

Council undertook extensive community consultation as part of the development of its strategic plan. This included a comprehensive and widespread survey of residents, a call for submissions and conduct of a number of focus groups. Council has also established a number of policy advisory groups to provide Council with on-going strategic policy advice in relation to the strategic priorities in its plan (see the Community and Consultation section of this report). The high level of community involvement in Council's strategic direction is a strong and positive feature of its approach to strategic planning.

The period following the local government election in 2008 would be an opportune time for Council to review its strategic direction and look back on how it is going in achieving its strategic aims.

While Council has developed strategic priorities, it has not linked its capital works program to this. Council's current ten year financial plan does not include capital works for this period of time, nor does it include financial implications relating to assets (see the Asset and Financial Management section of this report). These need to be incorporated in the review of the strategic plan. **(Recommendation 1)**

In addition, the workforce plan that is being developed by Council needs to ensure that the organisation can respond to the strategic priorities that are set and the challenges that Council will face in attracting and sustaining its workforce. It is important that the issues facing the community and the Council workforce in relation to the ageing of the community should also be incorporated into Council's workforce plan (see the Workforce Relations section of this report).

A key aspect of an organisation's plans and operations is to be able to continually monitor performance to ensure that the organisation is heading in the set direction and responding appropriately to changes in the environment. It is evident that Council monitors its performance and has adopted a number of performance indicators to drive its business. These are included in the management plan and link to the relevant strategies.

Monitoring and reporting on these indicators is a feature of Council's business processes. The scope of Council's senior executive meetings provides that they oversee the implementation and monitoring of the management plan. In addition the senior executive meetings are used to develop initiatives to execute objectives from the management plan.

In accordance with section 407(1) of the *Local Government Act 1993* the General Manager is required to report to Council within two months after the end of each quarter as to the extent to which the performance targets set by Council's current management plan have been achieved during the quarter. This reporting format has recently been reviewed and revised after feedback from councillors. The revised reporting format is aligned to the strategies identified in the management plan and gives a clear indication of the progress in implementing the strategies.

Council is also required to report in the annual report on its performance in implementing its activities outlined in the management plan. Council's annual report for 2006/07 provides an outline of its achievements. However, whether or not the performance indicators have been met is not included. Council should include a similar format of reporting in its annual report as has now been adopted for its quarterly reporting (see Community and Consultation section of this report).

Council is also implementing a system of monitoring the performance of the organisation, as set out in the management plan, through the performance management of its staff. This is a change in approach from skills based performance to performance assessment based on outcomes. This approach has commenced with aligning the General Manager's performance to the measures outlined in the management plan. Council is encouraged to continue this approach to its performance management.

Lismore City Council is working well at a regional level and is a member of many of the existing regional bodies. Examples of this include Council's involvement in the Northern Rivers Regional Organisation of Councils (ROC), a regional alliance of general managers and a regional human resources group, to mention a few. The Council is a partner with the Northern Rivers Risk Management Group, which was

awarded a Risk Management Excellence Award. Council has also been generous in assisting smaller councils within the region where it is able.

The focus of the general managers' alliance group is around operational issues that face the councils. For example, this group has recently been discussing the establishment of a regional approach to internal audit. This is encouraged (see Governance section of this report). The Northern Rivers ROC discusses the political and strategic issues facing the region. The Regional Organisation of Councils consists of coastal and inland councils. It is acknowledged that this membership can sometimes make it difficult in coming to a coordinated position, as there is not always a shared interest in all matters.

Overall, Council has demonstrated a sound understanding of the external environmental influences that have the potential to impact on achieving its mission. The organisational culture demonstrated that Council:

- has the capability to anticipate community need and expectations (for example, through the establishment of Policy Advisory Groups)
- consults and communicates
- listens and responds
- has a sensible, mature and realistic approach to its business
- is an effective organisation
- is a professional and dedicated organisation.

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

Lismore City Council has sound governance practices that are supported by an organisation structure that identifies key positions with responsibility for undertaking its governance functions. For example, Council has the positions of Corporate Compliance Coordinator, Communications Coordinator and Executive Services Coordinator that work well as a governance team.

Overall, Council has developed good operating systems to ensure that it meets its legislative obligations.

Council approaches its activities in a strategic way and yet has a system that is responsive to local community needs and expectations. While there is a risk management approach to Council activities, Council needs to document and plan this approach, as well as developing a more defined approach to internal controls.

6.1 Governance

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

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

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

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 require certain particulars to be included in Council's draft management plan. The draft management plan is to be exhibited in accordance with section 405 of the Act.

Council's management plan meets the legislative requirements in most areas. However, Council's 2007/08 - 2010 and 2008/09 - 2011 management plans report along organisational structure lines and do not provide a link to the strategic plan directions. Council needs to ensure that its management plan is implementing the direction set in its strategic plan.

A good aspect of Council's management plan is that it is easy to read and understand. Council has also effectively engaged with its community in developing the management plan, providing a number of opportunities for their involvement in its development. This includes at the time when the plan is being developed, when the plan is prepared as a draft and a public session at the Council meeting when the plan is being discussed. Council also considers input from its Policy Advisory Groups when developing the management plan. This is another example of Council's positive approach to involving its community.

Council monitors and reports on the implementation of its management plan through a quarterly reporting process. As previously stated, Council has recently revised its management plan quarterly reporting format. The revised reporting format is aligned to the strategies identified in the management plan. The format gives a clear indication of the progress in implementing the strategies.

While the management plan meets the legislative requirements in most areas, there are some areas where Council should provide more information. The management plan does not currently provide specific information on its access and equity initiatives or programs to be undertaken to implement its equal employment opportunity management plan. Council has not provided an estimate of Council's income and expenditure for the second and subsequent years for which the plan is prepared as required by section 404(4).

Additionally, the plan does not meet all the environmental information requirements. However, as previously discussed in this report (see section on Council's ambitions, priorities and future focus) the format of planning and reporting is likely to change in the near future. In this regard, no recommendation will be made regarding the current reporting requirements.

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. From 1 January 2005, all councillors, staff and Council delegates were required to observe provisions consistent with the Model Code of Conduct for Local Councils in NSW that is prescribed by the Local Government (General) Regulation 2005. A revised Model Code of Conduct came into effect at the end of June 2008.

Lismore City Council adopted its code of conduct in February 2005. Councils are able to supplement the provisions in the Model Code of Conduct, as long as the supplementary provisions are consistent with the spirit and intent of the Model Code provisions, or else they will be invalid. Lismore City Council has adapted the Model

Code to meet its needs by incorporating a number of relevant matters in its code that were provided in the Department's Guidelines for the Model Code of Conduct.

As Council operates child care facilities it could also consider including aspects of the child protection code (NSW Ombudsman), as provided in the Department's 2004 Guidelines. Council could consider the inclusion of this information in its code when it is reviewed following the 2008 local government elections.

Council provides a copy of the code of conduct to its councillors, staff and members of its Policy Advisory Groups and committees at induction. Council staff advised that the relevant staff member who supports the advisory committees goes through the code with the committee members. Council is currently building an interactive induction computer program called 'Learning Seat' that incorporates information on the code of conduct (see Workforce Relations section of this report). The code of conduct will be a "tracked document", which means that the person undertaking the induction will have to answer and respond to questions to ensure that they have read it.

However, Council indicated that staff, other than new staff at induction, had not received any refresher training on the provisions of the code of conduct. This means that there may be many staff who have received no training on the mandatory code of conduct that was introduced in January 2005. Council should ensure that all staff receive training on the code of conduct. **(Recommendation 2)**

Disclosure of interests returns

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

Council has developed a procedure that identifies the criteria that determines who will be classified as a designated person. In addition to the statutory requirements,

the procedure states that staff directly involved in assessing and issuing consent to development applications or construction certificates, those involved in strategic planning and those staff authorised to order goods over \$20,000 are designated persons.

The review team inspected the disclosure of interest returns for councillors, senior staff and a sample of designated persons. The returns are generally good with a few areas that need greater attention in the future.

This mainly relates to ensuring that 'nil' is entered where entries are blank (not a line), that declarations of shares that are not worth more than 10% are made at section B3 and not in section E and that the return relates to either the "period" or the "as at" date, not both. Section B1 should include information relating to sources of income from occupations. If a directorship is identified in this section as an income source, then the company details need to be provided at section E as well.

Privacy

The *Privacy and Personal Information Protection Act 1998* ("PPIPA") provides for the protection of personal information and for the protection of the privacy of individuals. Section 33 of the PPIPA requires all councils to prepare a Privacy Management Plan to deal with:

- the devising of policies and practices to ensure compliance by the council with the requirements of the PPIPA
- the dissemination of those policies and practices to persons within the council
- the procedures that the council proposes for internal review of privacy complaints
- such other matters as are considered relevant by the council in relation to privacy and the protection of personal information held by it.

Council's Plan should be read in conjunction with the Privacy Code of Practice for Local Government. Council collects, stores and uses a broad range of information. A significant part of that information is personal information. Council's Plan applies to that part of the Council's information that is personal information.

Council adopted a Privacy Management Plan in September 2000. Council has a more recent policy that ensures that Council has a Privacy Management Plan in place. While Council's Plan is more than 5 years old, the review team was advised that Council had recently reviewed the Plan. Council should ensure that its review dates are clearly shown on its documents.

It is evident that Council is aware of its responsibilities in relation to privacy matters and appropriately advises community members about these. For example, when Council calls for submissions as part of notifying of development applications, a privacy statement is included.

Council indicated that it had received one complaint about a contravention of an information protection principle or disclosure of personal information. This will be reported on in the next annual report.

Record keeping

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

Council has a records management policy, records disposal procedure and a records disaster recovery plan. Council's policy is up to date and comprehensive. These documents effectively meet the operational business needs, accountability requirements and community needs applicable to the organisation. The policy has been reviewed in conjunction with the introduction of the electronic document records management system.

Councillors have been offered training in records management. However, Council's records management documents do not refer to councillors' records. State Records NSW recently issued a recordkeeping publication for local government councillors, 'Sample records management policy, procedures, leaflets and templates for local government councillors', that provides guidance about the keeping of records that relate to the councillors' role. Council should review its records management policy to ensure that councillor records are included. **(Recommendation 3)**

Delegations

The power of delegation is an important tool that assists council officers to carry out the functions of Council in an effective and timely manner. Delegations need to be made in accordance with sections 377-381 of the Local Government Act and continually reviewed to ensure they remain current.

Council maintains a delegations register in accordance with the Act. The delegations are clear and seem appropriate. Council ensures that its staff delegations are up to date and relevant by reviewing them annually during the annual salary/performance review process. It was noted that some of the newer delegations did not require the relevant staff member to sign that he/she had received them. As Council's past practice was to have the delegations signed by the relevant staff member, which was a good feature of Council's delegations process, it should be continued.

Council should include an audit of the exercise of delegations as part of its internal audit program (see Recommendation 8).

Policy register

Council has a "policy on policy making", which was reviewed in 2006. This policy provides guidance to staff when developing new and reviewing existing Council policies.

Council's policy register is thorough. Council has a policy manual that is available on its intranet site for staff. In addition, many of Council's policies are available on its website. Council provides hard copies of its policy manual to workplaces where computer access is limited or not available, for example, the works depot. Council has developed a number of procedures to assist in the implementation of its policies.

Most policies contain information to track the policy's development. For example, when the policy was adopted and reviewed, when it is due to be reviewed again and who is responsible for the policy. Council should ensure that it applies its standard format consistently to all its policies.

Council meetings

Council meetings are the primary means by which Council makes its decisions. Council last adopted a code of meeting practice in February 2006. This code, in combination with the Council's code of conduct, regulates the behaviour of councillors and staff.

Council meetings are held once a month. In addition, Council conducts councillor workshops on the remaining Tuesdays of the month that are generally open to the public. The review team inspected a sample of Council's meetings minutes, attended the councillor workshop on 6 May 2008 and one reviewer attended the Council's meeting on 12 February 2008. Attendance at the meeting revealed that, while there were clearly councillors who had differing views on matters, these views were expressed in a mature and respectful manner. It was clear that the councillors who spoke at the meeting had researched and understood the matters at hand. The meeting was chaired effectively by the Mayor.

Council has a public deputation section at the beginning of its meetings where members of the public may speak on matters that are included in the business paper.

Council's code of meeting practice has some excellent elements. The code includes information on the procedures that apply to the public access and public question time sessions at the Council meetings. Council's code of meeting practice indicates that Council records votes against matters as a matter of course and provides procedures for this process. However, it was observed at the meeting that the recording of the votes was somewhat problematic for the staff members who were required to minute the meeting. It would assist with the recording of the votes if the Mayor called the names of the councillors who voted against a motion rather than just counting the show of hands.

Council should consider providing the information about its public access procedures in the front of its business paper and on its website to ensure that members of the public are informed of the process. Although, Council is proactive in advising

community members, who it is able to identify, who may have an interest in an item on the business paper.

Council's code provides information on the procedures for closing meetings to the public. However, a review of this information gives the impression that committee of the whole is a closed meeting of Council. To move into committee of the whole simply relaxes the rules of debate. Council can consider matters in closed or open committee of the whole.

The code of meeting practice also gives the impression that the minutes from closed meetings (or closed committee of the whole) are not available to the public. An examination of Council's agendas and minutes indicates that Council rarely has items to discuss in closed session. When Council does, it reports on those matters when it opens its meeting to the public in accordance with the requirements of the Local Government (General) Regulation 2005 and this is recorded in its minutes.

It is evident that Council applies the provisions of section 10D of the Act effectively in closing its meetings. If Council chooses to conduct its confidential matters as a committee of the whole, then it should review its practice to ensure that it resolves itself into committee and then closes its committee to the public. Council should review its code of meeting practice to take account of these comments.

(Recommendation 4)

Council includes a 'questions without notice' session in its meetings. The Department issued a circular in 2007 (07-14) in relation to business without notice. The general provision of the Act and Regulation is that Council must not transact business at a meeting unless a councillor has first given notice of the business in writing within the period fixed by Council's code of meeting practice or by Council resolution (cl241). Clauses 241 and 243 provide limited exceptions to the general provision.

It is noted that during this section of the meeting, only questions are allowed and no decisions are made. Council has developed strict procedures to govern this part of the meeting. However, Council needs to monitor the practice to ensure that this doesn't get misused or out of control.

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. Councils are required to submit their expenses and facilities policies to the Department by 30 November each year. Policies are required to comply with the provisions of the Act, the Regulations and relevant guidelines issued under section 23A of the Act.

The Department issued updated guidelines for the preparation of policies under section 252 in May 2007. Council reviewed and adopted its revised policy in July 2007, however, the policy is still dated 14 November 2006.

There are some good aspects of this policy. It is clear that only actual expenses will be reimbursed. The policy takes account of the location of the Council by providing information on travel to South East Queensland. Council provides monetary limits for many of its expense categories.

There are some areas of the policy that Council should review, when it is next required to do so, to ensure that the policy is consistent with the current Guidelines issued by the Department. This includes the information on legal expenses and clarifying the rate of reimbursement for the private use of the Mayoral vehicle. For example, there should be a statement that makes it clear that there are no circumstances in which legal expenses should be met by Council for proceedings initiated by a councillor.

Council's policy also provides an annual allocation to each councillor for professional development. Where a councillor reaches the limit of this allocation, he/she is able to negotiate with the Mayor for additional funds from this pool. Council should monitor the use of these funds to ensure that all councillors undertake relevant professional development and receive a fair share of the pool.

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.

This is an area of good practice for Council. Council's policy is well structured, identifies who is responsible for the policy and identifies how it links to the strategic plan. There is space for the adoption and review dates, however, these entries are blank.

The policy defines complaints in a simple and straightforward way, and distinguishes them from requests for service and a number of other requests, such as an enquiry about a particular development or compliance matter. The policy provides for a three-tiered approach that involves resolution of complaints at the front line where possible with one level of internal review.

Council has appointed a customer advocate whose role is primarily to facilitate the resolution of complaints and maintain complaint handling records. The complaints handling policy makes it clear that Council staff are responsible for dealing with the specifics of a complaint. This position has been in place for a year and is well supported by the organisation with procedures about how the position operates. Council has had positive feedback from community members who have been referred to the customer advocate.

In addition, Council keeps a record of the complaints it receives in a complaints register. Council is in the process of implementing a software system to assist it to track, monitor and report on its complaints.

Council has developed a 'one stop shop' customer contact centre that has been in operation for two years. It is a valuable component of Council's co-ordinated approach to complaints management (see Community and Consultation section of this report).

Council also has a formalised councillor complaints system that is very effective and appropriately used by councillors.

Council's approach to complaints handling is impressive. Council could improve on its practices by identifying timeframes for responses to complaints in its policy. Council should continue with the implementation of its software system and ensure that it monitors and reports on its complaints.

Council could also make information on the complaint process more explicit on its website for members of the public. This information could assist members of the public to use the appropriate process to lodge a complaint, ie, it could distinguish between the process to register a service request and a complaint about a service.

Information technology

Lismore City Council has an information technology and telecommunications strategic plan in place to support its goals. The plan operates from 2006 - 2009. Council has followed best practice in preparing the plan as defined by the NSW Department of Commerce - Office of Information and Communication Technology (OICT) Information Management and Technology (IM&T) Strategic Planning Guideline.

The strategic plan is comprehensive and identifies relevant issues facing Council's information technology systems and has documented strategies to address these. The plan identifies that its disaster recovery plan needs to be updated. The strategic plan has identified the costs of each of the projects that are included.

Council has budgeted for, and included, information technology in its management plan. Council is in the process of implementing the 'Authority' integrated software platform across its organisation. The review team is aware of some issues with this implementation. Council needs to keep on top of this to ensure that this does not impede Council's ability to provide effective services.

Tendering, procurement and asset disposal

Procurement, disposal of assets and tendering are areas of any organisation's operations where benefits passing between the public and private sectors may provide ample opportunity and incentive for corrupt dealings. These activities should

be governed by considerations of probity, transparency and accountability in the expenditure of public funds for public purposes.

Non-existent or weak policies and procedures for these activities, and failure by organisations to conduct risk assessment and regular audits of these policies and practices, have been identified by regulatory agencies as areas of the highest risk.

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

Council's procurement policy was reviewed and a revised draft policy was being prepared during the time of the review team's visit. The draft policy is an excellent example and covers the important areas relating to procurement. Council is currently drafting procedures to support the policy.

The policy provides guidance for staff involved in the procurement process to ensure that Council's processes are best value for money and cost effective, meet the needs of the community, promote good management practices, ensure transparency and probity and promote sustainability.

Guidance is provided in the policy on when direct purchases can be made and when quotations are required. In addition, the policy reminds staff that a request for tender is required for procurement of goods and services in excess of \$150,000. The policy provides a handy table that gives a summary of the procurement methods. It is very clear and easy to understand.

Council uses e-tendering and subscribes to the 'Tenderlink' process. Tenderlink is a hosted website that allows electronic lodging of tenders via the web portal.

The review team looked at two tender files. Council's tendering files were complete, well documented and satisfied the requirements of the Act and Regulation. Council had electronic and paper records to support its tendering processes. While the review team acknowledges that this is only two files, they were picked randomly and are an indication that Council's tendering practices are sound and well documented.

Council's disposal of assets policy covers the disposal of any of Council's assets. The objective of the disposal policy is to ensure that assets are disposed of *...for their highest value and in a manner that ensures probity, fairness and an open competitive system of disposals.*

The policy prohibits staff from purchasing assets unless it is through a public tender process, auction or similar arrangement. The policy clearly states that any attempt to circumvent this approach will not be tolerated. In addition, the policy outlines the appropriate procedures to be followed for the disposal of assets of varying values.

Councillor induction, development and training programs

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 governing body. To assist councillors in achieving these goals, councillor induction training should familiarise councillors with the activities and functions of their council and the legislative framework in which they operate. The program should ensure that councillors are made aware of their general legal responsibilities as an elected member.

The Department is currently preparing a councillor development strategy and has recently issued a circular (08/22) in this regard. As part of the councillor development strategy, all councils are being strongly urged to develop and implement both a councillor induction program and an on-going professional development program for councillors.

Council does not currently have an induction program for councillors. However, Council is proposing to undertake a councillor skills needs analysis to guide it in developing councillor induction and development programs. Some development and training is already provided to councillors by Council and a budget is made available for each councillor for training and development each year. In this regard, Council should keep records of the training and development undertaken by each councillor.

Statement of business ethics

A statement of business ethics can be an excellent tool for 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 did not have a statement of business ethics at the time of the on-site review. Staff advised the review team that one was currently under preparation. However, despite not having a stand alone policy, Council's standard request for tender documents includes many of the issues that will be canvassed by a statement of business ethics. Additionally, it is noted that Council's current procurement policy (draft at the time of the review) contains a reference to the proposed statement of business ethics.

It will be useful for Council to have a stand alone statement document and once developed and adopted Council should ensure that the business ethics commitments are covered in its main business documents, such as its tendering and contract documents.

Council advised in its response to the draft report that it had adopted a statement of business ethics and was incorporating this into relevant business documents. The recommendation in relation to this matter was removed.

Council could expand on a statement further, if it wished, to provide guidance to developers, staff and councillors in relation to planning and development interactions to avoid situations such as those recently raised by the ICAC Inquiry into Wollongong City Council. In this regard, a similar statement of business ethics for developers who are lodging applications with Council could be developed, with the addition of information on appropriate lobbying practices. Council could refer to the information provided in the ICAC publication dated August 2006, *'Lobbying local government councillors: A guide for councillors, constituents and other interested parties'*.

Challenges to improve

Gifts and benefits

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

If council officials accept a gift or benefit, this can give rise to feelings of obligation on their part towards the giver. It can also create perceptions that they are or will be influenced because of the gift or benefit.

It is therefore important that councils develop a policy and procedures to guide and assist council officials in dealing with gifts and benefits and to support the provisions in the Model Code of Conduct regulating gifts and benefits. From 1 January 2005 councils were required to maintain a gifts register to, as a minimum, record the receipt of gifts of more than nominal value.

Council maintains a gifts register. However, Council does not have a separate procedure for the reporting of the receipt of gifts or benefits, other than that provided in its code of conduct. Council's gifts register has limited entries. It seems to only be used by one or two councillors and there is little evidence that staff are using it. The review team was advised that councillors generally do not receive gifts. However, Council should develop a procedure for the reporting of gifts and benefits and undertake an awareness program with staff and councillors. **(Recommendation 5)**

Internal controls (risk management, internal audit, fraud control, legislative compliance)

Internal control processes, such as internal audit, fraud control, risk management and legislative compliance provide for systematic assessment of the adequacy and weaknesses of Council processes and systems. This, in turn, enables the organisation to ensure, on the one hand, that statutory and service level requirements are met, and, on the other, to test organisational processes for risks or vulnerabilities and to strengthen its processes and systems.

Risk management is about the systematic identification, analysis, evaluation, control and monitoring of risks. While risk cannot be entirely eliminated, Council should aim to establish a risk aware culture and to continually work towards establishing structures, processes and controls that cost effectively reduce 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.

Council is a member of the Northern Rivers Risk Management Group that is sponsored by Statewide Mutual, which is the public liability insurer for many councils. This group won a Regional Group Risk Management Excellence Award in 2006 for the program that was developed for footpath inspections. Council completes an annual self-assessment that is conducted by Statewide Mutual, which is aimed at providing financial incentive for councils who rate well. These activities only relate to insurable risks. There are a number of other risks that are not insurable that should be included in Council's approach to risk management.

Council does not have an overarching risk management plan for the organisation. Risk management forms part of many of the plans and activities of individual sections of Council's operations. Program managers are responsible to manage risks within their areas of responsibility.

Council has not undertaken a systematic fraud risk assessment. It is important that fraud risks are identified and managed effectively and that processes are put in place to ensure that the existing and emerging risk areas are managed appropriately.

While some of Council's risk practices appear sound, Council needs to develop an overarching risk management plan to bring the practices together. This should include a risk profile and register and include governance and fraud risks as well as insurable risks. **(Recommendation 6)**

Council does not have an internal audit function or program. Council should develop an internal audit program to review relevant sections of its operations on a regular basis, such as, procurement processes and the exercise of delegations. The establishment of a regional approach to internal audit is an issue that has been discussed at the general managers' alliance group. Council is encouraged to formalise an internal audit function and develop an internal audit program.

(Recommendation 7)

Business continuity planning

Business continuity management is an integral part of business risk management, corporate governance and quality management. A business continuity plan can be an effective map and record for Council to minimise the impact of an emergency or adverse event on its activities. Council should ensure that it has in place a well developed business continuity plan that addresses the key risks to Council's continued activities and provides a well articulated plan to minimise the potential impact of these risks.

Council has included components of disaster recovery/business continuity in its information technology and telecommunications strategic plan and its records management policy. Some components of business continuity activities are also undertaken by human resources, for example, annual flu shots for staff.

However, business continuity is not co-ordinated and it is not evident that all business continuity risks have been identified. There needs to be an overall approach to ensure that all risks to business continuity have been identified and strategies have been developed that manage these. **(Recommendation 8)**

Councillor/staff interaction

Council has a policy on the 'Code of behaviour'. This policy does not appear to have been reviewed since the introduction of the Model Code of Conduct. Some of the information included in the interaction policy may now be inconsistent with the requirements of the Model Code. This particularly relates to contact between councillors and staff.

Council needs to be clear that the inappropriate interaction part of the Model Code is meant to govern interaction in relation to Council business and the way business between councillors and staff is conducted. This was not intended to influence council officials as member of the community. Everyone should understand that there will be social occasions when councillors and staff will meet.

Concerns were raised with the review team that there are councillors whose business interests mean they need to conduct business with Council on a regular basis. Council needs to manage this contact between these councillors and Council officers to minimise inappropriate access to staff and to provide guidance to support staff with these interactions. This could include keeping a register of contacts to ensure that these contacts remain appropriate.

Council has taken a formal and proactive approach to councillor/staff interaction but could consider providing more informal opportunities for staff and councillors to interact, in a manner that enables councillors to see and understand the work undertaken by Council staff.

Council also has an access to information policy and procedure for councillors. These should be reviewed to ensure that the information is current, as it was last reviewed in 2002. In this review Council could include procedures to keep records of requests for information over and above what is required for the councillor role.

(Recommendation 9)

Internal reporting

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

Council has a protected disclosures policy that was adopted in 1995. The policy does not appear to have been reviewed since it was adopted. The policy contains inaccurate information in relation to the role of the Director General of the

Department of Local Government. Council should review the policy to ensure that the information contained within it is up to date. The NSW Ombudsman's Protected Disclosures Guidelines, 5th edition, May 2004, provides a model internal reporting policy that could be used. **(Recommendation 10)**

6.2 Planning and other regulatory functions

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

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

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

What is working well

Strategic land use planning instruments

Council is required by section 73 of the *Environmental Planning and Assessment Act 1979* (EP&A) to keep its planning instruments and policies, such as local environmental plans (LEP) and development control plans (DCP), "under regular and periodic review". In addition, under amendments to the EP&A Act, the Department of Planning has sought to standardise planning instruments throughout the State by issuing a prescribed LEP template that councils are required to use.

Lismore City Council has a number of strategic land use plans that have been developed in accordance with the Far North Coast Regional Strategy, which are reviewed after every census. In addition, Council has a program of review for all of its planning controls that includes continuous monitoring of industry standards and legislative change. However, reviews are also conducted at relevant times to take account of emerging issues. The review program provides priorities for reviewing the

various chapters in Council's development control plan (DCP) based on an importance rating.

Lismore City Council's DCP is comprehensive and includes an excellent notification policy. The policy encourages applicants to discuss proposals with their neighbours, encouraging applicants to be aware of objections and to try to resolve these. It clearly identifies when a development does not have to be notified and the criteria relevant to this decision. The policy provides for site signage to be erected on a development property, as well as identifying the relevant persons that need to be notified.

An innovative aspect of the policy is the inclusion of guidelines for the mediation of disputes in relation to development applications. Staff advised that this is not well used because both parties have to agree to use the mediation process to resolve any dispute. Council staff also provide a pre-lodgement advice service for applicants.

Council's DCP also includes information on exempt and complying development. Council could improve its practices in this area by providing checklists to help the community determine whether or not their proposed development meets the requirements of the exempt or complying development policy. Currently, Council relies on members of the community contacting them to find out about this information.

Recently Council has been training staff in its customer contact centre to deal with planning and development enquiries. This frees up specialist staff to deal with more complex matters (see Community and Consultation section of this report).

Development assessment

Council indicates that 99% of its development applications (DAs) are dealt with under delegated authority. According to the Department of Planning's Local Development Performance Monitoring: 2006-07 report, this is 100%. This is an excellent use of delegation.

Council's turnaround times for development applications are excellent. The Department of Planning's Local Development Performance Monitoring: 2006-07

report states that the net mean time for determining development applications was 34 days. This compares favourably to the average net mean time for similar councils of 46 days.

Council has a number of checks and balances in place to ensure that its development approval processes are ethical and consistent. Council has separated the assessment and consent processes by establishing a Development Assessment Panel (DAP). Council staff undertake the assessment of development applications and make recommendations to the DAP for endorsement where appropriate. Council staff have no delegation to determine a development application without DAP endorsement.

Council has developed a policy for the DAP that identifies its role, constitution and operation. The role clearly identifies the development applications that will not be considered by the DAP and must be referred to the Council for determination. This includes development applications that generate objections of a significant nature and those that are called up by at least two councillors for the consideration and determination of Council.

However, Council has also developed effective processes to keep councillors informed of the work of the planning and development sections. This includes a weekly update to all councillors on development assessments and routine discussions with councillors when required. The planning and development sections of Council report that there is a good working relationship with councillors in regard to planning and development matters.

Council staff are also proactive in discussing development applications with applicants and objectors. The way in which staff deal with people during the development application process contributes to its effectiveness.

Council does not currently have on-line DA tracking, but has purchased the modules in the 'Authority' software package to be able to do this in the future. It is expected that this facility will be implemented with the electronic document records management system. Currently, Council has in-house tracking of its DAs and regular status reports are provided to management and councillors.

The efficient turnaround times, low level of litigation and the low number of applications called up by councillors are evidence that Council's planning and development procedures are working well.

Council has also put arrangements in place to separate its role as consent authority and applicant for its own development applications. In this regard, Council has a corporate procedure that guides the preparation and assessment of its own applications, which includes utilising an external consultant to undertake the assessment process.

Planning agreements and section 94 contributions plans

Council is able to collect contributions from developers, in accordance with section 94 of the Environmental Planning and Assessment Act, if it is satisfied that a development is likely to require the provision of, or increase the demand for, public amenities and public services within the area. Any contribution imposed must be in accordance with a contributions plan that has been publicly exhibited and adopted by Council. Council can have more than one contributions plan and is required to keep these plans under review. In addition, Council must maintain a contributions register that is available to be viewed by the public.

Council has a section 94 register, as required by the Environmental Planning and Assessment Regulation, that is kept at its front counter. Council does not collect a lot of section 94 funds. However, it has an annual process in place to ensure that it reconciles that it spends its collected funds in accordance with the section 94 plan.

Council has started utilising planning agreements. It has recently developed and exhibited a planning agreements policy that provides the principles and procedures to guide its decisions in relation to negotiating planning agreements with developers. At the time of the review, Council was drafting two agreements.

Environmental management

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

environmental sectors and include major environmental impacts and related activities.

The Local Government Act requires councils to prepare a comprehensive report the year following each council election or otherwise to provide a supplementary report in each of the intervening years. These reports must identify any new environmental impacts since a council's last report and update the trends in environmental indicators that are important to each environmental sector.

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

Lismore City Council's comprehensive and supplementary SOE reports comply with the Department's guidelines. It is clear that Council has a good understanding of its environmental responsibilities and has moved significantly towards integrating these activities with other aspects of its business.

The basis of its SOE reports are regionally agreed performance indicators. These appear comprehensive and sound. It is clear that there are links with the Catchment Management Authority. This relationship has been improved with the establishment of a natural resource management group that consists of members of the region's councils that liaises with the Catchment Management Authority.

Both reports are underpinned by extensive community consultation. Council's approach to community involvement in its environmental programs is exemplary. Council has established a Policy Advisory Group that is directly involved in the preparation and monitoring of the SOE reports. The Policy Advisory Group consists of representatives from environmental groups, farmers, the horticulture industry and developers. It is one of Council's most effective advisory groups. In addition, Council staff liaise directly with representatives of the Aboriginal community to ensure that they have input into the reporting process.

Council has adopted a number of strategies and plans to manage its environmental responsibilities. In addition, Council has established a number of registers, using

computer software applications, to help guide its activities to monitor compliance with the relevant health and environment legislation. The registers are comprehensive and up to date. Many of these registers are accessed by the customer contact centre staff, which then enables them to give accurate information to enquirers.

Council has a regime for conducting inspections and a dedicated officer to assist in this process. Council also has a compliance officer who is responsible for, among other things, following up outstanding conditions of consent.

Council takes an educative and proactive approach to its environmental monitoring responsibilities. Skill steps are included in the staff salary and performance system that require staff to demonstrate what they are doing in the way of education programs for the community in their area of expertise. For example, one of the food inspectors attended nursing homes and child care centres to share information about correct food handling and preparation practices. Staff also produce newsletters on specific topics or for specific building professions, for example, newsletters for 'shed builders' and 'plumbers'.

Council's approach to managing and implementing programs to meet its environmental management responsibilities is to be commended.

Swimming pools

Councils have a range of obligatory functions under many Acts and laws. One of these Acts is the *Swimming Pools Act 1992* that confers on councils the responsibility to take such steps as are appropriate to ensure that they are notified of the existence of all swimming pools that are within their area to which the Act applies. The Act also requires councils to promote awareness within their area of the requirements of the Act in relation to swimming pools.

Council maintains a register of all pool owners within the City. Council's compliance officer undertakes 25 private pool inspections a month. Again Council has a proactive and educative approach to the management of swimming pools. Council has prepared brochures on pool safety and conducts awareness campaigns. In addition, Council undertakes risk analysis of its own pool facilities, as required by the Department's Water Safety Practice Note.

Challenges to improve

Enforcement

In the exercise of their functions under the Local Government Act and various other Acts, councils are required to ensure compliance and, where necessary, take enforcement action.

Councils must properly deal with allegations about unlawful or non-compliant activities, which includes activities that are prohibited or unauthorised, or contrary to the terms of a consent, licence or approval, or other instrument of permission issued pursuant to lawful authority. Failure to properly deal with such allegations, quite apart from being poor administrative practice, could expose a council to liability for compensation and the expense of litigation. The way in which councils exercise their enforcement powers also plays an important part in the public's perception of a council. Alleged inconsistencies in responses to non-compliance issues are a major source of complaints about councils.

The enforcement practices of councils must be resolute and demonstrate both parity and transparency. They must signal the position taken by the particular council regarding such issues. It is good practice that councils and other agencies with such powers set out in a considered way a policy to be used to ensure rational and consistent decisions are taken. An enforcement policy should deal with the manner in which the council will carry out its functions, the procedural steps that may be involved, the circumstances in which council will institute court proceedings and the manner and circumstances in which discretions may be exercised.

Lismore City Council does not have an organisation-wide enforcement policy. It is evident that Council undertakes investigations into matters and proceeds to issue orders or penalty infringement notices. Council also undertakes routine inspections in a range of its areas of regulatory responsibility.

It is clear that Council monitors compliance in relation to its functions. As previously stated, Council has a dedicated compliance officer position and inspections officer. In addition, Council keeps a register of customer requests that relate to non-compliant and unlawful activities. Council monitors and reports on these requests.

It is evident that Council has a good attitude and approach to enforcement and prosecution. Council encourages compliance and is proactive through engaging parties and having a stepped approach to compliance, that is, warnings first and escalation if these are not heeded. This approach needs to be documented.

Council should develop a single enforcement and prosecutions policy to guide its enforcement activities and to ensure there is a consistent approach to compliance activities across the different areas of Council. It is suggested that Council may refer to the *Enforcement Guidelines for Councils* issued by the NSW Ombudsman.

(Recommendation 11)

Companion animals

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

Council does not currently have such a plan. It is evident that Council has a proactive approach to companion animals issues. Council works with a number of animal rights and rescue groups and provides relevant information to the public on companion animal management issues.

Council's customer contact centre has a role in relation to managing complaints about animals and providing information to enquirers on companion animals issues.

However, Council should undertake these activities in a planned and strategic way. To this end, a companion animals management plan will provide the framework, and identify the resource needs, to effectively undertake its companion animals responsibilities. Council should refer to the Department's *Guide to Preparing Strategic Companion Animals Management Plans* when developing its plan.

(Recommendation 12)

6.3 Asset and financial management

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

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

- *Financial management*
- *Asset management*

Overview of financial position

Councils are required to develop a budget each financial year as part of the management plan. Also, councils are required to provide estimates of revenue and expenses for the following two years within the management plan.

Councils are encouraged to develop longer-term financial plans that are integrated with the Council's strategic plan. Longer-term financial plans allow Council to forecast the revenue and expenses that are associated with Council's strategic direction. By undertaking longer-term financial planning, Council is able to forecast its financial position and measure the sustainability of its proposed activities and whether it can fund additional activities and services.

Council has a ten year financial plan that is reviewed and revised each year as part of the management planning process. However, Council's long term financial plan does not currently incorporate major capital works for the full plan period. The work currently being undertaken on its asset management plan should also be incorporated into the long-term financial plan if the plan is to accurately predict future financial needs. **(Recommendation 13)**

Council's surplus from all activities for the 2006/07 financial year was \$10.797m. Council had an operating surplus of \$6.053m before capital items in 2006/07. Council has achieved surpluses, before and after capital items, for the last three years. Council prides itself on achieving balanced or surplus budgets.

Council has no unrestricted cash. Council has made significant allocations to internally restricted cash funds to provide for short and long term commitments. Council's internal restrictions include \$4.36m in unexpended loans that is primarily, among other programs, for the Goonellabah Recreation Centre development. Council has \$20.68m in externally restricted funds. This is mainly for water and sewerage services and domestic waste management.

Council's unrestricted current ratio for all its funds for the 2006/07 period was 2.57%, a decrease on previous years. This ratio 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 ratio greater than 2 is considered to be good.

Another important ratio is the debt service ratio. This measures, as a percentage, the amount of money that Council is spending to service any debts. As at 30 June 2007, Lismore City Council has a satisfactory debt service ratio of 4.54%. A ratio of less than 10% is considered good.

Council's rates and annual charges outstanding reflect the percentage of money that has not yet been collected for rates and annual charges. The percentage of rates and annual charges outstanding increased for 2006/07 to 10.23%. A benchmark for city and coastal councils is less than 5%, while a benchmark for rural council is less than 10%.

Council has developed a draft debt recovery procedure that identifies the actions to be taken to recover outstanding monies. However, Council needs to continue to monitor this and take appropriate measures to decrease the amount outstanding. Council should also consider developing a hardship policy to support any decisions made in relation to ratepayers' difficulties in meeting their payments.

(Recommendations 14 & 15)

Overall, Council's financial position is considered to be satisfactory.

What is working well

Registers of assets and land assets

Council maintains a number of registers that identify its assets including public facilities, roads and land. Council's land register is a good example of good practice in this area. The register identifies all parcels of land owned by Council or under its care and control. In addition, Council maintains a register of leases and licences for land under its care and control.

Council has recently transferred its land data from its old software system to the new Authority system. This has enabled Council to identify where the register may be deficient or out of date. Council has also integrated a mapping program, Exponare, into the relevant registers. Where appropriate, Council should consider including information on the relevant plan of management that applies to land as part of its register data. See comments below in relation to plans of management for community land.

Annual financial reporting

Council is required to include a copy of the audited financial report in its annual report. In addition to its audited financial report, Council provides an excellent, plain English, financial analysis as part of its annual report. (See the Community and Consultation section of this report.) This is a good practice area for Council.

Internal reserves

Council is able to internally restrict its funds. This means that Council identifies the specific uses for those funds and has to make a policy decision if it wishes to spend those funds on any other activities. As described above, Council has a number of internally restricted reserves. In effect, all of Council's cash funds are restricted.

While this is commendable, Council should continually examine its priorities and expenditure decisions to ensure that they are still relevant and appropriate. Otherwise, Council may have funds that are allocated to an activity that is no longer supported or needed, that cannot be spent on any other activities. The review team

was present at the management plan workshop held by Council on 6 May 2008. It was good to see that, as part of the development of the management plan, the internally restricted reserves were reviewed and decisions made to re-allocate those funds that were no longer appropriately restricted to other activities.

Challenges to improve

Asset management

Asset management is a systematic process to guide the planning, acquisition, operation and maintenance, renewal and disposal of assets. Its objective is to maximise asset service delivery potential and manage related risks and costs over their entire lives. It involves effective coordination of Council's financial and engineering resources.

Council has a dedicated asset department with staff working specifically on asset management. Council is currently preparing a long term asset management strategy. Council is using a software platform called 'Aim' to register and manage its assets. Currently all classes of assets are registered in its electronic registers. Council is in the process of completing asset condition assessments. Council is intending to write an asset management plan for each asset group. These plans will form the asset management strategy. Council should ensure that this work is completed and fully integrated into the long term financial strategy. **(Recommendation 16)**

An important aspect of asset management is the regular re-assessment of the useful life of assets and the provision of the appropriate level of maintenance and renewal resources. Council's estimated cost to bring infrastructure assets to a satisfactory condition was \$131.692m in 2006/07. This is an increase on the previous two years.

Council estimated that annual costs to maintain its infrastructure at a satisfactory standard in 2006/07 was \$12.877m. Council spent \$13.963m on maintaining its infrastructure assets in 2006/07. These figures were assessed by Council staff and unaudited. Council's financial audit report identified the need for Council to improve financial reporting on assets, ensure that maintenance expenditure satisfies asset usage patterns and to improve asset replacement and maintenance budgeting processes.

Based on the information provided in Council's 2006/07 financial statements, some of its infrastructure assets are nearing the end of their economic life. The written down value (WDV) of Council's roads, bridges and footpaths was 38%. The Department considers that a WDV below 50% may be cause for concern. Although the WDV for this class of assets has increased slightly since 2004/05, Council needs to ensure that its asset management strategy addresses this issue.

At the time of the review, Council had in place a number of maintenance programs for its assets. For example, this includes defined programs for roads and parks. Maintenance is generally carried out in accordance with these programs. Council incorporates unplanned works into its maintenance programs. Any unplanned works are assessed for an appropriate priority ranking along with the works already in the program.

Council has a Policy Advisory Group that provides advice in relation to its road network. It is planned to change the focus of this group to infrastructure and assets following the local government election. The Group has representatives from rural and urban areas of Lismore City. Two thirds of the road network in the Lismore City Council area is located in the rural areas. This is another good practice example where Council involves its community in providing input and direction to its policy decisions.

Plant replacement

At the time of the review Council did not have a plant replacement policy or strategy. The review team was advised that a new fleet co-ordinator has just been employed. A plant replacement schedule has been completed for the next year. Also, Council has identified reserves for plant replacement needs. Council generally has unwritten practices that currently guide plant replacement decisions. Council should develop a plant replacement strategy and ensure that this is incorporated into the long term financial strategy. **(Recommendation 17)**

Plans of management

The Local Government Act stipulates how Council is to govern the use and management of community land. Council is required to have plans of management for all land that is categorised as community.

Council has a principal generic plan of management that applies to all community land in its area. In addition, there are a number of specific plans that apply to certain classifications of land or specific parcels of land. Council's generic plan of management is dated 1995 and needs to be reviewed and updated. The schedule of land attached to the plan may now be out of date. Council should ensure that there is a process in place for the on-going review of its plans of management.

(Recommendation 18)

Trust fund

Councils have two monetary funds: a consolidated fund and a trust fund. Section 411 of the Local Government Act provides that Council is required to hold money and property received in trust in its trust fund.

Council's income from trusts is being deposited into Council's consolidated fund along with Council's operating income. Council staff advised that accounting records ensure that trust funds are spent for the purposes for which they are collected. This is carried out through the use of separate general ledger accounts. However, Council should ensure that it complies with the requirements of the Act in relation to the use of its trust fund for the purposes of retaining monies from trust reserves.

6.4 Community and consultation

A council's charter requires that a council:

- Provides services after due consultation
- Facilitates the involvement of councillors, members of the public, users of facilities and services and council staff in the development, improvement and coordination of local government
- Actively promotes the principles of multiculturalism
- Plans, promotes and provides for the needs of children, and
- Keeps the local community and State government informed about its activities.

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

- *The methods council uses to involve and determine the views of its community*
- *Social and community functions of council*
- *Annual reporting*
- *Cultural planning*
- *Principles of multiculturalism*
- *Reporting to the community and keeping the State Government informed about its activities*

What is working well

Social and community planning

Clause 200(2) of the Local Government (General) Regulation 2005 requires all councils to develop a social/community plan. This plan must be prepared in accordance with guidelines issued by the Department. The guidelines require councils to prepare a social/community plan that examines and prioritises the needs of the local community, as identified through research including a demographic analysis and consultation with the local community. The guidelines require a plan to be prepared at least every 5 years. The plan must also specifically discuss the needs of seven target community groups.

The needs analysis must result in the formulation of access and equity activities that Council and/or other agencies could implement to address identified needs. Priority initiatives identified in the social/community plan must be considered for inclusion in Council's management plan for implementation and progress should be reported on in Council's annual report.

Lismore City Council's social and community plan is a well researched document with evidence of comprehensive community consultation. The plan has identified the key strategic social issues impacting on the area. It is also clear from the social/community plan, the management plan and the annual report that Council has a major investment in developing appropriate social infrastructure and services.

Council should be commended, in particular, for its integration of issues relating to Aboriginal and multicultural issues with all aspects of the plan and service provision. Council has also included affordable housing strategies in its plan and is exploring a proposal for Council to more directly intervene in this area.

Council has a number of other plans that link with its social/community plan, such as a crime prevention plan, disability action plan, cultural plan and Aboriginal employment strategy.

However, there are aspects of the social/community plan that could be improved to aid community understanding of key issues in the future. There needs to be more emphasis on strategic activity rather than reporting on operational matters. This includes making it clear what is trying to be achieved and how this will be measured.

Council should improve on the manner in which it reports on the implementation of the plan's strategies and initiatives in its management plan and annual report. However, as previously discussed in this report (see section on Council's ambitions, priorities and future focus) the format of planning and reporting is likely to change in the near future. In this regard, no recommendation will be made regarding the reporting requirements.

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.

In terms of the mean population age, Lismore City Council is NSW's 99th oldest local government area. Approximately 13.2% of the area's population is currently aged 65+ years, and this is projected to grow to 22.6% by 2022. This rate of ageing is significantly faster than the rate for most of NSW. Council's population aged 85+ years will almost double in that time. (*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 virtually all aspects of Council's operations. For example, in 2004 Lismore's labour market 'entry:exit ratio' was at approximately 1.5. This means that for every fifteen persons at labour market entry age there were ten people approaching retirement age. This figure is projected to be negative by 2018 and to decline to around nine entrants to ten exits by 2022, the same crossover time for NSW.

There is an acknowledgement of some of the issues facing older people in Council's social/community plan.

Council's human resources staff are very aware of the impact of the ageing community on the workforce. The human resources management plan has previously identified this as a focus area. However, Council needs to raise awareness of this issue across all sections of Council's operations. In addition to the affect on the workforce, Council needs to consider the impact that this will have on the provision of services. Council should prepare long term strategies to meet the challenges that the ageing of the population will bring and include these in its workforce strategy and future social/community planning. **(Recommendation 19)**

Advisory committees

Council committees are an important way in which Council exercises its functions, seeks advice from community members with particular expertise and keeps in touch with its community.

Council has established Policy Advisory Groups focussed on the strategic goals/direction in its strategic plan. The Policy Advisory Groups comprise councillors

and members of the community. Council has recently reviewed the operations of these advisory groups and developed an implementation plan for improvement measures. Council is commended for establishing the Groups and undertaking a review process. This is another example of Council's strong and positive approach to the involvement of its community in its activities. Council could increase the community's access to the deliberations of its Policy Advisory Groups by providing the minutes of the Group's deliberations on its website.

In addition to these Groups, Council has a number of reference groups and committees established under section 355 of the Act. Council has developed a manual to support all these groups. This includes information on standard meeting notices and minutes, committee meeting procedures and duties of the committee chairpersons.

Community participation and consultation

Community engagement

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

The way in which Council engages with its community when undertaking its activities is also important. Engaging the community needs to be a collaborative, inclusive, dynamic and responsive process. Community engagement processes should aim to effectively involve all members of the community. The engagement processes that are developed need to be sustainable and ongoing.

The approach to community engagement is well developed at Lismore City Council and is continuing to move towards best practice. Council has a position that facilitates and champions community engagement activities. Council has recently supported the person in this position to attend the International Association in Public Participation (IAP2) training and this is commended.

Council developed a community consultation policy in 1997 that is currently under review. Council's current policy is informative and useful for Council staff. It provides guidance in relation to when consultation is appropriate, the level of consultation needed, the methods of consultation, managing and evaluating the consultation process. This policy already provides a good basis for Council's consultation activity. Council's review of this policy and recent training for the "community participation champion" should move Council towards best practice in this area.

Council has also developed a formal approach to community interaction with councillors. In addition to the public forum sessions at its meetings, and the establishment of Policy Advisory Groups that include councillors, councillors make themselves available on a roster basis to hold interviews with any members of the public to discuss matters of concern.

Community feedback

Council conducts a community survey every two years. Council partners with the Southern Cross University in preparing and implementing the survey. A report card on the survey results is presented to Council for its consideration and the information presented to ratepayers with their rates notices. Council reflects on the survey results, as well as reviewing the survey process to ensure that it is improved and relevant each time it is undertaken.

Communications

Council has a formal approach to internal and external communications. Council has a communications policy that was developed in 1997 and a communications strategy that was developed in 2005. Both documents provide guidance to councillors and staff in relation to their communication responsibilities.

The communications strategy is a practical document that assists councillors and staff to ensure that they communicate effectively and in accordance with the organisation's adopted procedures. Some of the information contained in the strategy overlaps with the community consultation policy, however, this information is consistent and reinforces Council's approach to consultation. Council should ensure

that the information is checked following the finalisation of the review of its consultation policy.

A guide to Council's communication resources has just been completed that provides anyone communicating with Council with guidance on how to get their message across. This is an excellent one-page snapshot of the best method to use to communicate your message.

Customer service

Lismore City Council established a "one stop shop" for its customers about two years ago. Council made the decision to provide the community with direct contact to people rather than a voice automated system.

The customer service staff have been fully trained and can answer enquiries in relation to a range of Council's activities, including companion animals matters. More recently staff have been trained to answer calls in relation to planning matters. This has involved a staff member from the planning section of Council working with the customer service operators. It is evident that this is an excellent approach to providing a professional interface between Council and its customers.

In addition, Council has implemented the customer advocate position as previously discussed in this report. Council's approach to customer service is exemplary.

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

Council has a customer service charter that sets out the standards that customers can expect in relation to Council's response to letters, telephone calls, personal visits and requests for information. The standards are included in a pamphlet that is available at Council's administration centre. Council could improve its practice by including this information on its website.

Council is currently reviewing its customer service standards to include standards for all Council services. There is an action plan to drive this process and it is expected that customer service standards will be developed for all key Council services. It is important that once these standards are developed, they are monitored and reported on to ensure accountability to the community and to provide feedback to Council.

(Recommendations 20 & 21)

Annual report

Council is required to prepare an annual report of its activities within five months of the end of each financial year. Section 428 of the Local Government Act requires that Council furnish a copy of its annual report to the Minister. Council is required to submit its annual reports to the Department by 30 November each year. Council is required to include a copy of the audited financial report in its annual report. A summary of Council's financial position is not adequate.

Lismore City Council's annual report is informative and generally meets the legislative requirements. It is noted that the annual report is organised to report on the strategic priorities set in Council's strategic plan, whereas, Council's management plan is organised along organisational structure lines. This makes it difficult to compare progress in implementing the principal activities identified in Council's management plan.

Some suggestions to improve reporting in the future includes providing information in relation to the implementation of the Equal Employment Opportunity management plan, comparison information about projected stormwater management services and actual stormwater management services, inclusion of the amount of money spent on work carried out on private land and reporting on the total remuneration packages for **each** senior staff member. These should not be aggregated to one total.

However, as previously discussed in this report (see section on Council's ambitions, priorities and future focus) the format of planning and reporting is likely to change in the near future. In this regard, no recommendation will be made regarding the current reporting requirements.

In addition to its audited financial reports, Council includes a financial reports review in its annual report. This is an excellent summary document that is written in plain English, is easy to understand and is informative. In addition, Council completes and includes information on the Local Government Managers Australia Financial Health Check. This provides an 'at a glance' assessment of Council's financial performance in relation to a number of measures. The colour coding enables a quick assessment of areas where Council is doing well and may need to improve. This information is good practice. Council should consider making the financial reports review available to the public as a separate document.

Cultural planning

The Department of Local Government and NSW Ministry for the Arts publication '*Cultural Planning Guidelines for Local Government*', 2004, identifies cultural planning as a "strategic process which illuminates and gives significance to the values, material and process dimensions of culture in a community in a way which informs a council's thinking, policies and programs".

Cultural planning should integrate with Council's key social, environmental and economic development priorities and strategies. A cultural plan aims to strategically align cultural assets, resources and services with Council's overall directions and priorities. "Local cultural planning should help Council understand the unique character of its community and encourage local pride, especially in those places of symbolic significance to people, such as landmark buildings and sites, lookouts, meeting places, significant streetscapes, monuments and public art."

Council has a good approach to cultural planning. Council's cultural plan 2005-2009 sets a number of goals that are linked to Council's strategic priority of economic development and relevant strategies are evident in Council's management plan. Each strategy has a priority, key performance indicator, identifies who is responsible and the budget required.

Economic development and tourism

Council's approach to economic development and tourism is well developed and strategic. One of Council's strategic priorities is economic development that encompasses a broad range of issues and programs, such as sporting, cultural, tourism and job creation initiatives. Strategies from the economic development and tourism strategic plan are evident in the management plan. The success of economic development activities, as reported in the annual report and quarterly management plan report, are outstanding. In addition, the economic development unit gathers a range of data and information that provides evidence of its success.

Council has clearly linked economic development, tourism and cultural development. Council could consider including these initiatives in one strategy document.

Council is to be congratulated on implementing a grants officer/co-ordination position. This position provides support to the other Council services to look for and complete grant applications. It is estimated that the position brought \$1.5 million in grants to the organisation in 2006/07.

6.5 Workforce relations

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

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

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

Overview of the organisation

Council undertook a restructure in 2005 to enhance strategic management and customer service delivery, and improve cross-organisational communication and efficiency. Council is organised into three directorates: General Manager's directorate; Development and Governance; and Infrastructure Services. The General Manager and Executive Directors of the other two directorates form the senior executive team.

At the time of the review, Council employed 294 full-time equivalent staff comprising:

- 27% women
- 4% Aboriginal and Torres Strait Islander
- 3% people with physical disabilities.

Council makes extensive use of traineeships and apprenticeships. Council has 37 trainees and apprentices in various areas of Council. This has previously included female apprentices in the parks and gardens area. Council has had some success in

getting women into non-traditional areas of work, for example, there are female staff at the quarry and the weighbridge. Council human resources staff participate in careers expos and market local government as an industry with career opportunities to encourage new entrants into local government careers.

The structure of Council's human resources department is such that it provides effective support to the organisation. The activities of the human resources department support the strategic direction of the Council. This includes developing and supporting strategies to retain and develop staff, such as identifying career paths for specialist staff and talent management programs. Council has a three year development program that helps more senior staff in the organisation to be more strategic in their focus.

In addition, the human resources department has organised itself in such a way that it covers the organisation's needs. For example, two human resources staff are located at the Council depot. This provides those staff with direct access to human resource information and support.

Lismore City Council is a member of the Northern Rivers Human Resources Interest Group, which is a sub-group of the Richmond/Tweed/Clarence council alliance. This group is very active and it is evident that members share information and skills. For example, Lismore City Council human resources staff have been assisting Kyogle Council with the development of a community strategic plan.

What is working well

Human resources policies and practices

Council has well documented procedures in place to manage its human resource needs that are comprehensive and clear. It is evident that these policies and procedures guide Council activities. The policies and procedures are contained in a human resources policy manual that is available to staff through the Council's intranet site, 'LCC Informer'.

Council's family friendly policies are an excellent feature of its human resource management. Council has developed a range of policies that take into account family

commitments. This includes carers leave, flexible work practices and working from home to assist staff in meeting family responsibilities.

Council has a range of good human resource management practices. The recruitment and selection procedures are sound and well documented. Council has been innovative in using psychometric profiling to assist in employing some of its managers. Council has a consistent approach to referee checks by having one position undertake these checks.

Council has well structured performance review processes that are linked to Council's skill set and review of positions (eg, delegations and position descriptions are reviewed at this time). Council is moving towards a performance based assessment focus for its staff rather than just a focus on skills. This process has been commenced with the General Manager's performance review and all staff performance requirements will be linked to those of the General Manager. This aligns the requirements of each job to the goals of the organisation and the key performance indicators.

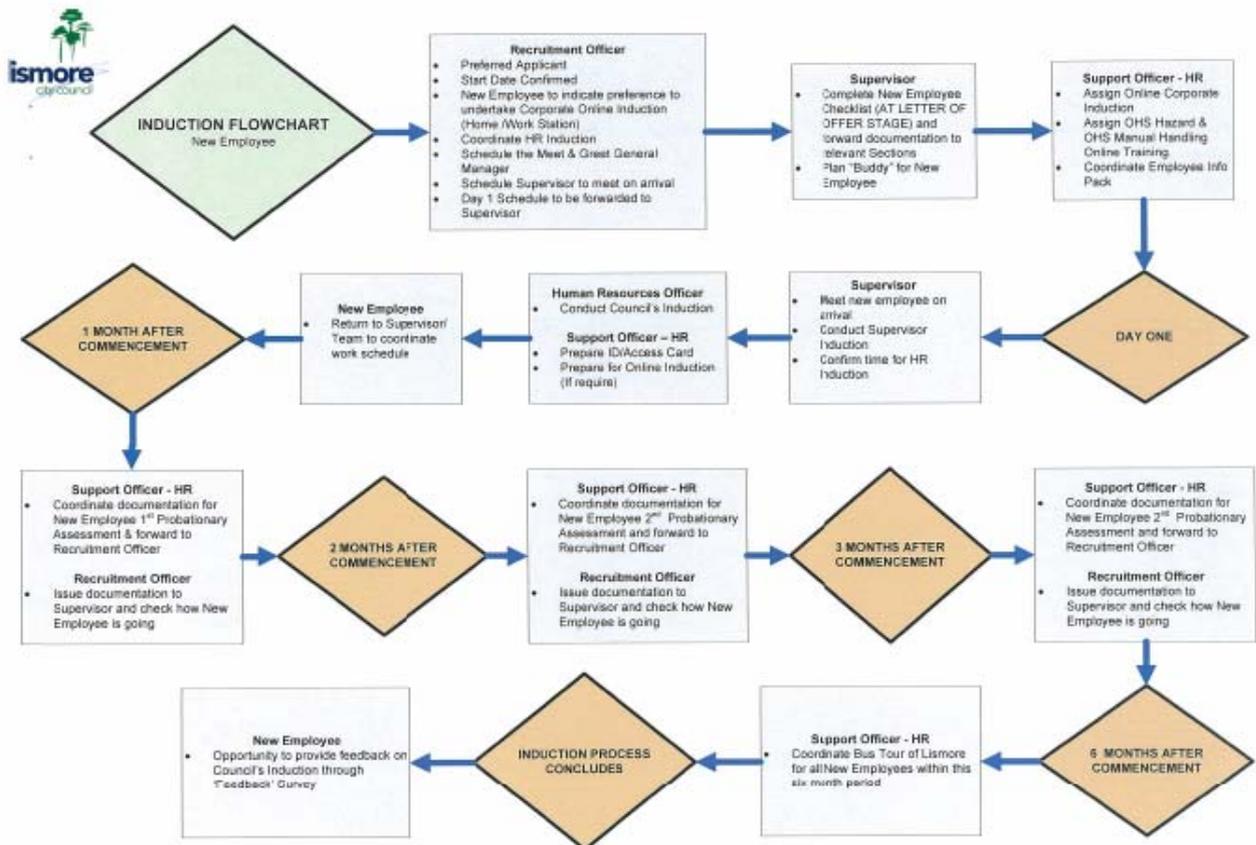
Council's human resource policies and practices are commendable.

Development and induction programs

Council has a well organised induction program that is outlined in the flow chart that follows.

The program is guided by a checklist, as well as an innovative on-line induction program called 'Learning Seat'. The on-line induction program can be undertaken at home or at Council. A number of people are involved in the induction process, including the recruitment officer, the person's supervisor and a human resources officer, and each new employee is allocated a buddy.

The 'Learning Seat' program includes parts that are considered 'tracked documents'. These are mandatory sections of the program. To be able to progress to other parts of the assessment and induction program, the employee is required to complete a quick quiz or an acknowledgement before they can move on. Council's approach to employee induction is good practice. Council should consider extending the program to any new councillors elected in 2008.



In addition to its comprehensive and effective induction program, Council has a comprehensive training and development program for managers and other staff. Council has a memorandum of understanding with the Southern Cross University that enables them to collaborate in many areas. The leadership development program is an example of this.

Employee involvement and feedback

An employee attitude survey is a useful tool in identifying what is working well at Council, areas of concern to employees or areas that require improvement.

Council has undertaken organisation wide employee surveys in 2004 and more recently in 2008. In 2006 a human resources and organisational development staff survey was undertaken. The most recent survey was linked to Council's 'Learning Seat' program and provided staff with an electronic response. Council informs staff of the results of these surveys through staff newsletters and presentations at general staff meetings.

Human resource staff conduct exit interviews with staff leaving the organisation as a matter of routine. Records are kept of why people are leaving and this is monitored and used to review practices. The issues raised at exit interviews can guide the agenda of staff meetings. This is good practice.

The human resources manager routinely reports on grievance matters to Council's General Manager. There is a checklist to guide the process that outlines the procedure to be undertaken when a grievance is received. The human resources department monitors grievance reports and responds to any issues raised that may have an impact across the organisation. For example, a matter in relation to drinking and driving resulted in an education program for staff.

Council has an active consultative committee that meets regularly. Industrial issues are placed on the agenda and the committee is informed of any disputes when they occur. Council has a number of effective processes in place to ensure that employees are able to give feedback and raise concerns.

Occupational health and safety (OH&S)

Although the review did not involve a comprehensive audit of Council's occupational health and safety practices, the review examined a number of Council documents in this area. Council has developed a safety management plan that includes a comprehensive set of policies and procedures. The plan was last reviewed in 2005.

The plan provides policies and procedures on a range of OH&S issues. It includes a number of checklists, forms and job safety plans, as well as a return to work policy and procedures.

Council's OH&S committee meets regularly. Agenda items include discussion on policies and procedures, as well as the monitoring of accidents and incidents. Routine "toolbox" meetings at the depots include risk assessments of continuing activities. Council's WorkCover premiums have reduced considerably over the last few years and this is attributed to a decrease in serious injuries and the effectiveness of the return to work program that is getting people back to work more quickly.

Secondary employment

Section 353 of the *Local Government Act 1993* and the Model Code of Conduct for Local Councils in NSW both provide obligations on Council staff in relation to engaging in secondary employment.

The Act and Model Code of Conduct place an obligation on members of Council staff who are considering outside employment or contract work that relates to the business of Council, or that might conflict with their Council duties, to notify and seek the approval of the General Manager in writing. The Model Code imposes additional obligations on Council staff to consider before engaging in any outside employment or business.

Council should have processes in place to manage the risks associated with secondary employment of Council staff. Councils should implement strategies to resolve any conflicts that arise between outside employment or business and the performance of Council duties.

Council maintains electronic records of staff secondary employment. Council has an application form and provides guidelines to assist staff to understand their obligations. Staff are required to renew their application each year and reminded of this in the January staff newsletter. The issue of secondary employment is covered with staff in the induction process. This is another example of Council's good practice in human resource management.

Challenges to improve

Workforce planning

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

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

Council is currently developing a strategic workforce plan. The plan needs to ensure that the organisation can respond to the strategic priorities that are set and the challenges that Council will face in attracting and sustaining its workforce, as well as issues such as succession planning. It is important that the issues facing the community and the Council workforce in relation to the ageing of the community should also be incorporated into Council's workforce plan.

Lismore City Council is located in an area where it finds itself competing with employers on the Queensland/New South Wales border and those in South East Queensland. The north coast employment market is a competitive one. Attracting and retaining staff is a challenge.

Council should ensure that its workforce plan is aligned to its strategic plan.

(Recommendation 22)

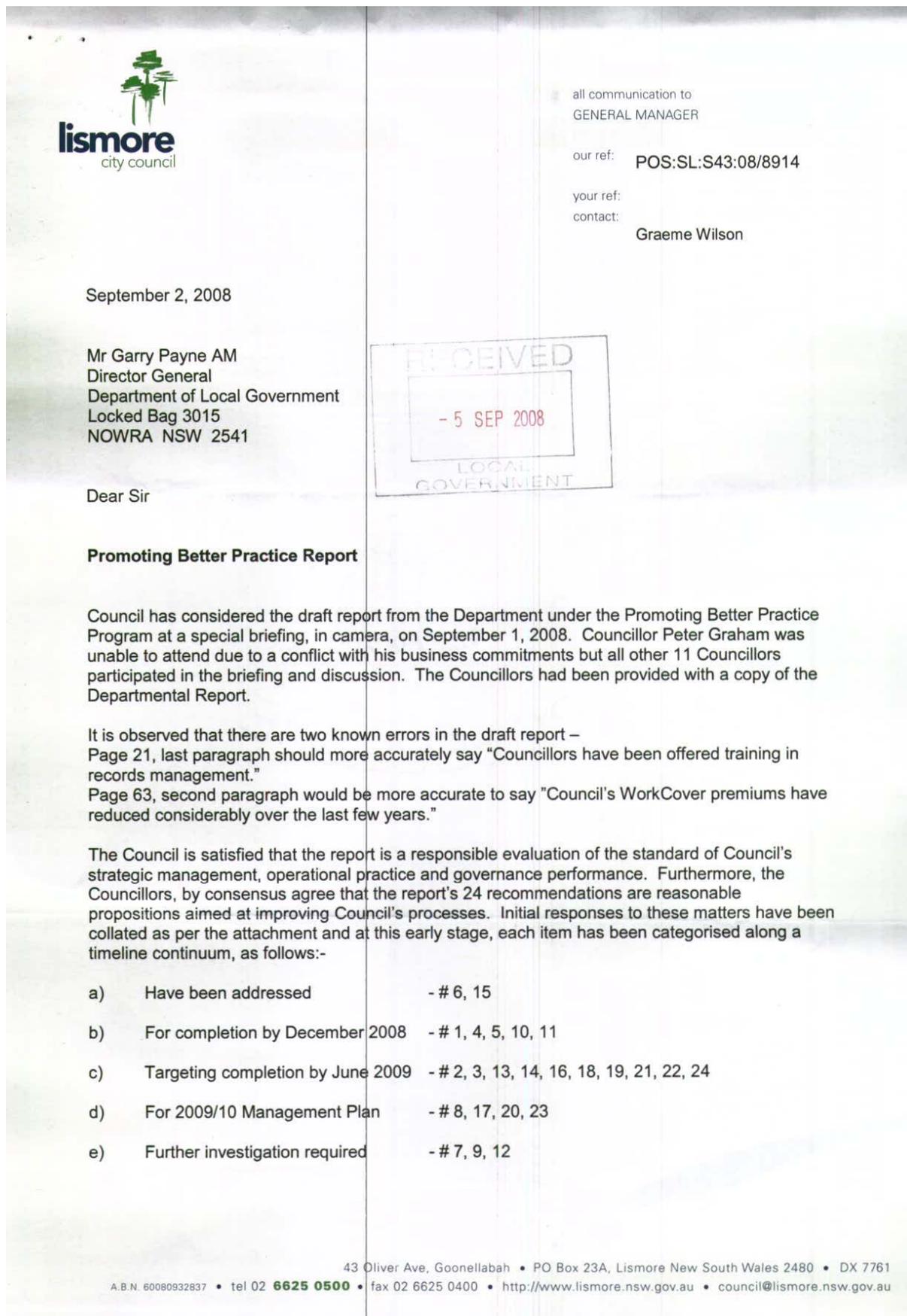
Equal employment opportunity (EEO)

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

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

Council has an EEO policy but not an EEO management plan. The policy was reviewed in 2005. It is evident that Council has many practices in place to meet its equal employment opportunity obligations. For example, Council has an Aboriginal and Torres Strait Islander employment strategy and a harassment policy that is very thorough and clear. However, these practices need to be brought together with documented strategies that align to the Council's strategic direction and management plan. Council needs to develop an EEO management plan that is consistent with the requirements of the Act. **(Recommendation 23)**

7. COUNCIL'S RESPONSE





The overall positive tenor of the report is noted, as confirmed in the Summary (pages 67 to 69) and the Council acknowledges the constructive nature of the 24 recommendations for action. The Councillors look forward to the report being finalised and submitted to Council in a form which can be presented for public consideration.

The Mayor, Councillor Merv King has asked me to pass on his compliments to Ms Brown and Mr Alderman for the way they conducted their review, their openness and their willingness to document the many positive attributes of which this Council is proud.

Yours faithfully

Paul G O'Sullivan
General Manager

Encl

Council provided its response to the draft report on 2 September 2008. Council advised of the requirement to amend part of the text to fix two inaccuracies. Changes have been made to the text at the appropriate places to correct these.

Council made comment on all the recommendations in the report. Some of the comment on the recommendations provided information on what action Council intends to take. This information is not reproduced in this report and should be incorporated in the action plan that Council is required to complete after it has tabled the review report. Council's response to relevant recommendations of the report that required amendment are reproduced and addressed hereunder.

One recommendation has been removed as a result of Council's feedback. The recommendation that was removed related to the development of a statement of business ethics. Council's comment in relation to this recommendation was as follows:

6. Council should finalise the development of its statement of business ethics. Once adopted, Council should ensure that its business ethics commitments are incorporated in its main business documents.

Council adopted a statement of business ethics at its meeting on 8 July 2008. The

statement is being progressively incorporated into various Council documentation as opportunities arise. For example, Council also adopted a new procurement policy at the same meeting and the statement of business ethics is referenced in the policy. The statement has also been included in Council's electronic tender management processes and is being progressively incorporated into contract documents.

Council responded that it had taken steps in relation to recommendation 15 to develop strategies to reduce its outstanding rates and annual charges ratio.

15. Council should develop strategies to decrease its outstanding rates and annual charges ratio to bring it in line with the industry benchmark.

Council has reviewed its policy and procedures for debt collection in recent times. The result is a streamlined process that is consistently applied to any debt that it outstanding beyond normal credit terms. The process includes the use of debt collection agency to issue warning letters and take legal action when instructed.

The review team had examined draft policies in relation to debt collection when conducting the review. It is pleasing to see that Council has adopted these. However, Council needs to ensure that these strategies contribute to decreasing the amount of rates and annual charges outstanding. In this regard, the recommendation has been altered to reflect the need for Council to monitor the implementation of these strategies.

Council should be congratulated for commencing action on a number of the recommendations in the report prior to its finalisation.

8. SUMMARY- WHAT'S WORKING WELL & CHALLENGES

COUNCIL'S PRIORITIES AND FOCUS

What is working well

- Council has a strong strategic focus that is evident in the way the organisation is structured and in the activities that it undertakes.
- Council's plans and strategies are reasonably well integrated.
- Community engagement has been a strength of Council's planning and continues to be a feature of the way Council conducts business.
- It is evident that Council monitors its performance and has adopted a number of performance indicators to drive its business.
- Council works well in the region.

GOVERNANCE

What is working well

- Council has sound governance practices.
- Council's complaint handling policy and procedures are best practice.
- Council is aware of its responsibilities in privacy matters and appropriately notifies members of the community.
- Council's record keeping effectively meets the operational business needs, accountability requirements and community needs applicable to the organisation.
- Council's tendering practices are sound and well documented.

Challenges to improve

- Formalisation of the approach to the internal audit function and development of an internal audit program.
- Provision of training to staff on the code of conduct.
- Undertake an awareness program with councillors and staff on the receipt of gifts and benefits.
- An overall approach to its business continuity planning.
- Review its code of meeting practice to clarify the committee of the whole information.

REGULATORY

What is working well

- The way in which Council staff deal with people during the development application process contributes to its effectiveness.
- Council's planning instruments are regularly reviewed.
- Council's planning and development procedures are efficient and effective.
- Council's approach to managing and implementing its environmental management responsibilities is commendable.

Challenges to improve

- Develop an organisation wide enforcement and prosecutions policy.
- Develop a companion animals management plan.

ASSET AND FINANCIAL MANAGEMENT

What is working well

- Comprehensive assets registers.
- Plain English annual financial reporting.
- Regular review of internally restricted reserves.

Challenges to improve

- Need to incorporate the capital works program and asset management strategy into the long term financial plan.
- Completion of an asset management strategy.
- Need to reduce the percentage of rates and charges outstanding.

COMMUNITY, COMMUNICATION AND CONSULTATION

What is working well

- There is evidence Council has a strong ethic and practice of engaging the community in its planning and operational activities.
- Council has a major investment in developing appropriate social infrastructure and services.
- Policy Advisory Groups provide Council with community input on its strategic direction.
- A pro-active approach to its internal and external communications.
- Excellent approach to customer service.
- Good approach to cultural planning, economic development and tourism.

WORKPLACE RELATIONS

What is working well

- Effective human resources department structure that supports the organisation's needs.
- Effective and comprehensive human resource policies and practices.
- Good practice approach to employee induction.
- A number of effective processes in place to ensure that employees are able to give feedback and raise concerns.
- Council has good secondary employment record keeping and management.

Challenges to improve

- Development of a strategic workforce plan.
- Development of an EEO management plan.