good governance

innovation

improvement

challenges

Local Government Reform Program - Promoting Better Practice

REVIEW REPORT

MOREE PLAINS SHIRE COUNCIL

NOVEMBER 2005

dlg **Department of Local Government**

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1. ABOUT THE REVIEW

Review objectives

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

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

Review process

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

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

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

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

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

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

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

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

Moree Plains Shire Council Review

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

Senior Investigations Officers Keith Coates and Lyn Brown comprised the review team who conducted an on-site review of council from 26 May 2005 to 27 May 2005.

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

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

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

The on-site review consisted of a briefing for council's senior staff and councillors, conducting interviews, visiting council's works depot and the review of a number of council's policies and other documents.

2. RECOMMENDATIONS

1. Council should work towards the integration of its strategic plan with other plans such as the management plan, financial plan, social and community plan, workforce plan, asset and capital works plans.

2. Council needs to adopt performance indicators across the organisation that are realistic and measurable to ensure a best value approach to services is developed.

3. Councillors and senior management should continue to proactively build and improve their working relationship.

4. Council should provide councillors with further education on their role and responsibilities.

Governance

5. Council should continue its project of bar coding its files.

6. Council should develop an information and communication technology strategic plan.

7. Council should review the format of its management plan to ensure that it complies with the requirements of the Local Government Act and Regulations.

8. Council's policies can be improved by identifying who is responsible for the policy, the date the relevant policy was adopted, the date for review and any related policies or other documents are cited.

9.   Council should use the information provided in the department's circular 04/16 to prepare information for staff and councillors to assist them in completing their pecuniary interest returns.

10.   Council should develop a statement of business ethics to communicate both internally and externally the ethical standards that council abides by and expects others to abide by in doing business with council. *(Suggestion: Refer to the ICAC publication: Developing a statement of business ethics)*

11.   Council should develop a risk management plan that provides a framework to proactively identify and manage generic and specific risks.

12.   Council should conduct routine fraud risk assessments as part of its risk management responsibilities.

13.   Council is encouraged to adopt a policy for gifts and benefits. Council should review the ICAC publication, *Gifts, Benefits or Just Plain Bribes (1999)* when preparing this policy.

14.   Council adopted the Model Privacy Management Plan in 2000. This plan should be reviewed and councillors and staff should receive training in the requirements of the privacy legislation.

15.   Council should develop and adopt a policy supporting legislative compliance.

16.   Council should review its decisions for conducting matters in closed session to ensure that matters are discussed in the appropriate forum. Specifically, in deciding whether or not a matter should be discussed in closed session, council should apply the public interest test as required by section 10D of the Act.

17. Council should ensure that when it records the reasons for closing its meetings to the public in the minutes of the meeting, it does so in full compliance with section 10D of the Local Government Act.

18. Council should develop strategies to reduce the need for as many extraordinary meetings.

19. Council should provide procedure or operational manuals for its section 355 committees. Council should also provide adequate training for committee members in relation to their relevant areas of operation.

20. Council should adopt a complaint handling system and policy that reflects the best practice in this area. Council should develop an implementation plan for the complaint handling policy which includes:

    a. identifying who is responsible for dealing with complaints and how they are handled
    b. training for staff in complaint handling
    c. the reporting of complaints data to senior management and council
    d. how the community will be informed of council's complaint handling procedures. *(Suggestion: Refer to the NSW Ombudsman: Complaint Handlers' Toolkit (2004)* and the *Department of Local Government: Practice Note No. 9 Complaint Handling in Councils (1995).)*

21. Council should provide information to the public about council documents that are available under section 12 of the Act and how they can be accessed.

Regulatory

22. Council should consider delegating the power of refusal of development applications to its staff so as to further streamline the development assessment process.

23. The format of the State of the Environment Report should be reviewed to ensure that it is consistent with the state of the environment reporting guidelines issued by the Department of Local Government (1999).

24. Council should document its policy and procedures in relation to dealing with non-compliance issues.

25. Council should provide information to the public on how to report non-compliance and alleged breaches.

26. Council should develop a companion animal management plan. Council should also establish a companion animal advisory committee to oversee the development and implementation of the plan.

Asset and financial management

27. Council should continue to monitor its rates and annual charges outstanding ratio and continue its steps to improve the level of rate arrears.

28. Council should develop a long term financial plan in order to give it greater capacity to identify and plan for future risks.

29. Council should review the condition, the current value, depreciation rates and the useful lives of its assets.

30. Council should develop a comprehensive asset management plan which includes the rationalisation of assets and a maintenance program.

31. Council should develop plans of management for all community land under its control as required under section 35 of the Local Government Act.

Community, communication and consultation

32. Council is encouraged to develop an organisation-wide community consultation policy and framework to guide its practice.

33. Council needs to ensure that its social and community plan is developed in line with departmental guidelines and is accessible to members of the community, councillors and other council staff. The social plan should also be integrated with council's management plan.

34. Council should monitor and report on its customer service standards to ensure accountability to the community and to provide feedback to the council.

Workforce relations

35. Council should develop a workforce strategy to address its future employment needs, particularly in relation to the age of its workforce and staff availability.

36. Council should not appoint councillors as members of its consultative committee.

3. CONTEXT

The Shire of Moree Plains is located in the Gwydir Valley in north western NSW. The Shire covers an area of approximately 17,852 kilometres, bounded by the villages of Boggabilla to the North, Mungindi to the west, Pallamallawa to the east and Gurley to the south. In 2005 there are 4,270 properties classed as residential, 607 business properties, (including agri-business) and 1,628 farmland properties. The town of Moree is the Shire's major population centre, with 10,250 residents.

The Shire's population is approximately 15,700. Based on the census statistics, the population is quite a young one. 37% of the population is aged under 25 years, with a further 31% aged between 25 and 44 years and only 9.2% of the population being aged 65 years and over. The census statistics indicate that the area's population is growing with an increase of 1.4% since the 1996 census. The indigenous population is approximately 17% of the Shire. The majority of the Aboriginal people live in Moree, Mungindi, Toomelah and Boggabilla.

The region boasts strong agricultural industries in cotton, grain and oilseeds. The famous Moree Thermal Artesian Baths are a major tourist destination, attracting many of the approximately 250,000 visitors a year to the region.

Council has 12 elected representatives. Council has five committees which meet monthly, followed by a full council meeting once a month.

Moree Shire Council employs 220 full time equivalent staff. Council has structured itself into four corporate divisions. These are Corporate Services, Planning and Development, Engineering Services and Water and Waste.

In 2004/05 council had a total expenditure budget of approximately $27.6 million. Council has made an operating surplus before capital items on two occasions and surplus after capital items on three occasions in the past 4 years. Council has an estimated surplus for 2004/05 of $459,000 (after capital items).

Moree Shire Council determined 229 development applications in 2003/04 (latest comparatives) with a mean time for determining development applications of 16 days.

4. COUNCIL'S AMBITIONS, PRIORITIES AND FUTURE FOCUS

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

Council had a clearly articulated mission and set of values to guide the organisation that are focused on the community it represents.

Council is currently developing a strategic plan for the organisation and the area. Moree Shire Council has faced financial difficulties in the past and up until now has focused on its financial recovery. There has been a significant improvement in council's financial position in the last two years. Council is now ready to shift its focus to sustainability and it is within this context that the strategic plan is being developed. In this regard council needs to also develop a long term financial plan. (Recommendation 28)

One of the most important strategic challenges facing local government is the effective management of its infrastructure. Council needs to develop a long term asset management plan. Council should aim to ensure local infrastructure supports future social, economic and cultural needs. (Recommendation 30)

Council should work towards the integration of its strategic plan with other plans such as the management plan, financial plan, social and community plan, workforce plan, asset and capital works plans. (Recommendation 1)

Council has commenced the development of performance indicators in some areas of its work. This is not widespread across the organisation. Performance indicators that are developed need to be realistic and measurable. Council needs to adopt performance indicators across the organisation to ensure a best value approach to services is developed. (Recommendation 2)

In April 2005 the Department of Local Government engaged the services of an external consultant to assist in resolving a number of concerns about the working relationship between council and its senior management. Following this work, trust is slowly being built between councillors and the senior management. Councillors and senior management need to continue to proactively build and improve this working relationship. (Recommendation 3)

As part of this process, councillors are getting a better understanding of their governance role and are starting to talk about long term issues and getting plans in place in order to effectively manage council into the future. Councillors have spent time on operational matters in the past instead of focusing on strategic and policy matters. Councillors would benefit from further education on their role and responsibilities. (Recommendation 4)

5. DELIVERING AND ACHIEVING

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

5.1 Governance

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

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

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

What is working well

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.

Moree Plains Shire Council has adopted the Model Code of Conduct for Local Councils in NSW. Council should be commended as it has organised and conducted

awareness workshops on the newly adopted code of conduct. Every staff member and all but two councillors have been trained in the application of the new code of conduct. Council has also produced a workbook on the code of conduct for every staff member and councillor. The code of conduct is provided to all new staff and councillors as part of their induction training. The code of conduct is available to the community on council's website.

Record keeping and information technology

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

Council has adopted a Records Management Plan that effectively meets the operational business needs, accountability requirements and community needs applicable to the organisation. The plan in question applies to all council business including electronic documents. The policy has been promoted to all staff through training. In addition council has adopted a disaster recovery plan that applies to paper, electronic and archived records.

At the time of the review council staff were considering the bar coding of all files and stand alone documents. This would assist and further streamline the current system in the retrieval of such documents. Council advised in its response to the draft report that the bar-coding of files is currently being implemented. (Recommendation 5)

Council demonstrates a good use of information technology in carrying out its functions. This is demonstrated by its records management system, current website and use of technology in mapping its assets. The use and planning for this technology should be guided by an overall information and communication technology strategic plan. (Recommendation 6)

Challenges to improve

Management planning

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

The review team noted that council's management plan for 2004-2007 requires greater detail in order to comply with sections 403 and 404 of the Local Government Act and the Local Government (General) Regulation 1999. Specifically, the management plan should contain more information on the following:

- activities that respond to its current state of the environment report and identify the activities to manage, develop, protect, restore, enhance and conserve the environment
- proposed council activity relating to access and equity activities to meet the needs of residents in the council area
- activities relating to stormwater in accordance with clause 28 of the Regulation.

Council should review its management plan in order to ensure that it complies with the requirements of the Act and Regulation. (Recommendation 7)

Policy register

Council has a policy manual that is available on its website. Council advised that it is currently reviewing its policies. An examination of council's policies indicate that they can be improved by identifying who is responsible for the policy, the date the relevant policy was adopted, the date for review and any related policies or other documents are cited. (Recommendation 8)

Pecuniary interest returns

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

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

We conducted a review of pecuniary interest returns. This identified that some returns were deficient. One was not dated and some sections without entries were left blank instead of writing "nil" as required under the Local Government (General) Regulation 1999.

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

It is important that councillors and staff who are identified as designated persons complete the pecuniary interest returns accurately and in a timely way. Council could use the information provided in the department's circular 04/16 to prepare information for staff and councillors to assist them in completing their returns. (Recommendation 9)

Statement of business ethics

Council has business relationships with the private sector but does not have a statement of business ethics to guide these relationships. This is important because strong working relationships with the private sector are an essential part of building an efficient and cost-effective public sector. A statement of business ethics can be an excellent tool for raising private sector awareness of public sector values. (Recommendation 10)

Risk management and internal control

A risk management plan provides council with a framework to proactively identify and manage generic and specific risks so that ethical behaviour and practice can be promoted.

Council does not have an overall plan to guide its risk management activities. It does not have a fraud policy nor has it carried out a fraud risk assessment. Council has only recently adopted a procurement policy and sale of surplus assets policy. (Recommendations 11 and 12)

Gifts register

Council does not have a gifts and benefits policy. A gifts register is available, however, there is no evidence that staff are informed about the use of this register. Council has adopted the Model Code of Conduct for Local Councils in NSW, which provides some information on the procedures to be followed by staff and councillors in relation to gifts and benefits. Council is encouraged to adopt a policy for gifts and benefits. Council should review the ICAC publication, *Gifts, Benefits or Just Plain Bribes (1999)* when preparing this policy. (Recommendation 13)

Privacy management

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 the Model Privacy Management Plan in 2000. This plan should be reviewed and councillors and staff should receive training in the requirements of the privacy legislation. (Recommendation 14)

Legislative compliance

A fundamental principle of good public administration is that public officials comply with both the letter and the spirit of the law. No public official has an unfettered power or discretion.

To facilitate compliance with legal requirements, councils and their senior staff should ensure that:

- management commitment to compliance is clear and unequivocal,
- the legal requirements which apply to each activity for which they are responsible are:
    - identified (including updates reflecting changes to the law), and
    - documented (preferably in detail, but as a minimum by reference to relevant provisions),
- all staff are kept fully informed, briefed and/or trained about the key legal requirements relevant to their work,
- staff are made aware of the potential repercussions of non-compliance with legal requirements that apply to them, and
- record-keeping systems and practices that capture evidence of compliance and non-compliance are in place.

Essentially there are two areas that a policy on legislative compliance could cover. The first is in regard to implementation. When legislation changes, council should have a system in place to ensure that, where necessary, steps are taken to ensure that action complies with the amended legislation. The second area is in regard to a review process. Council should review its current processes to ensure that it is complying with legislative requirements. This aspect could be incorporated with an

internal audit function, where periodic examinations are conducted into key operational areas.

Council should develop and adopt a policy supporting legislative compliance. (Recommendation 15)

Number of councillors

Moree Plains Shire Council currently has twelve councillors. The Local Government Act 1993 has recently been amended to enable councils to apply to the Minister for Local Government for a reduction in the number of councillors. Public notice must be given of the application and submissions may be made to the council. The application from council can only be made within twelve months after the commencement of the amendment.

In a comparison with other councils in their group (a total of 14 existing councils), as listed in the department's comparative data collection, Moree Plains is one of five councils in that grouping with 12 councillors. The average number of councillors for the group is 10 councillors. Half of the councils in that grouping have less than 10 councillors.

The draft report recommended that council examine the utility (including the potential cost savings) of taking advantage of the amendment to the legislation to make a reduction in the number of councillors. In its response to the draft report, council advised that the matter had been considered at a council meeting on 2 August 2005 (held after the review team had been on site) and council resolved to remain with 12 councillors. The recommendation to consider reducing the number of councillors has therefore been removed.

Council meetings

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

Based on our review of council's minutes, council considers a number of matters in the absence of the public. While council only closes that part of the meeting relating

to the confidential item, it appears to conduct a large number of confidential sessions. Council should review its decisions for conducting matters in closed session to ensure that matters are discussed in the appropriate forum. In deciding whether or not a matter should be discussed in closed session, council should apply the public interest test as required by section 10D of the Act. (Recommendation 16)

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

However, from our review of the recent confidential items, it appears that the grounds for closing the meeting as contained within section 10A(2) of the Act are not stated as required under section 10D(2). Specifically, the information required by section 10D(2)(a) and (c) is not included in the grounds. (Recommendation 17)

Additionally, council holds a number of extraordinary meetings in a year. This is an issue as the same public notification requirements do not apply to council's extraordinary meetings. Council should develop strategies to reduce the need for as many extraordinary meetings, thus allowing full notification to the public, which in turn encourages public participation in council's affairs. (Recommendation 18)

Council responded to this recommendation in the draft report to advise that full notification of meeting times of extraordinary meetings are advertised publicly in the local paper as well as published on the web site. The recommendation has been reworded to reflect this feedback. However, council is still encouraged to develop strategies to reduce the need for as many extraordinary meetings.

Section 355 committees

Section 355 committees are an important way in which council exercises its functions. Council has a number of section 355 committees. In order to assist the committee's operations, council should provide procedural or operational manuals and a constitution or charter setting out their membership, functions and delegations. It is also suggested that council provide adequate training for committee members in relation to their relevant area. (Recommendation 19)

Complaints handling

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

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

- Council does not have a complaints handling policy to inform and guide council staff, members of the public and councillors.
- There are no performance targets or standards of service in relation to turnaround times for responding to complaints; and
- Management does not prepare and receive regular reports on the number, progress and outcomes of complaints.

No specific training has been provided for staff in complaints handling. Council should adopt a complaint handling system and policy that reflects the best practice in this area (and also addresses the concerns canvassed above). (Recommendation 20)

Access to information

Section 12 of the Local Government Act identifies the documents that are available for the public to inspect free of charge. Council has provided information to staff about these documents in its Records Management Plan. The section in this plan on the restriction of access to files needs to be reviewed to ensure that it complies with the requirements of the Local Government Act. Additionally, the council needs to provide information to the public about council documents that are available under section 12 of the Act and how they can be accessed. (Recommendation 21)

6.2 Regulatory Functions

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

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

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

What is working well

Planning instruments
Council currently has one Local Environmental Plan (LEP1995) that covers the entire Shire area. Council also has a number of development control plans in place (DCPs).

Council is required by section 73 of the Environmental Planning and Assessment Act 1979 to keep its planning instruments and policies, such as local environmental plans and development control plans, "under regular and periodic review". Council is currently undertaking an extensive process of reviewing its LEP.

Council has a notification policy in relation to its development application assessment process: Development Control Plan No 14. This policy is comprehensive and provides staff with clear guidance on the notification and consultation required for the various development applications.

BASIX

BASIX is the Department of Infrastructure Planning and Natural Resources' new building sustainability index. BASIX will require all proposed single dwellings and dual occupancies to meet specified standards in relation to solar orientation, water collection, water re-use and water saving devices. Each development must have a BASIX certificate at the time a development application is lodged with council.

While the BASIX system does not apply to the Moree Shire area at this stage, council appears to be well prepared for the implementation of these new requirements. Council has already commenced training staff and working with local professionals in relation to these changes.

Challenges to improve

Development assessment

Council indicates that 80% of its development applications (DAs) are dealt with under delegated authority. However, staff do not have delegated authority to *refuse* DAs. As such, all DAs not *approved* by staff are ultimately put before council for final determination.

Council should consider delegating the power of refusal to its staff so as to further streamline the development assessment process. (Recommendation 22)

State of Environment Reporting

Local government plays a significant role in environmental management. A local State of the Environment Report provides a summary of the attributes of the local government environment and the human impacts on that environment. It also provides a public record of the activities of government, industry and the community in protecting and restoring the environment.

Council currently includes its State of the Environment Report in its annual report. This document is easy to read and covers the themes that are required to be included in the report. The report does not however cover some of the aspects of

environmental reporting required by legislation, such as environmental indicators and trends, a comparison with the previous report, and goals and targets. The format of the report should be reviewed to ensure that it is consistent with the state of the environment reporting guidelines issued by the Department of Local Government (1999). (Recommendation 23)

Compliance

Council does not have a policy to guide staff in relation to enforcement and prosecutions. However, we were advised that council staff do have a consistent approach in dealing with non-compliance. This is the three strikes approach: a phone call is the first approach, followed by contact in writing and then a formal notice of intention. Council should document its policy and procedures in relation to dealing with non-compliance issues. (Recommendation 24)

Further, council does not provide information to the public on how to report non-compliance and alleged breaches. Given its statutory obligation in areas of public health and safety, the council should also ensure that the residents of Moree Shire are properly informed as to how they may report alleged breaches and non-compliance. This will enable council to more effectively monitor these key areas of responsibility and thus reduce the risk of non-compliance for residents. (Recommendation 25)

Companion animals

The adoption of a local companion animal management plan assists council in achieving a balanced relationship between companion animals, humans and the environment. Such a plan also provides council with an opportunity to identify the future direction of these services and strategies to meet the challenges faced in the provision of these services. Council does not currently have such a plan.

Many councils establish a companion animals advisory committee to oversee this plan. Council should consider such a committee as part of its structure. (Recommendation 26)

6.3 Asset & Financial Management

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

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

- *Financial management*
- *Asset management*
- *Water supply and sewerage*
- *Insurance*

Overview of financial position

Moree Plains Shire Council was placed on the department's financial monitoring list in 1998/99 due to continued late lodgement of its annual financial reports, poor liquidity, poor debt recovery and deteriorated condition of its infrastructure. However, council has submitted its financial reports on time for the past three years. Council currently remains on the department's financial monitoring list.

Over the past four years council has made an operating surplus before capital items on two occasions and a surplus after capital items on three occasions.

Council budgeted for a surplus after capital items of $537,000 in 2003/04 and the actual surplus was $3.078 million. For the 2002/03 and 2001/02 periods, budgeted surpluses after capital items were $528,000 and $234,000 respectively. The actual results for the periods were $1.715 million and $3.168 million respectively. The high variance between budgeted and actual results was due to the fact that council did not budget for capital grants and contributions. For the 2004/05 period council has budgeted $1.799 million for capital grants and contributions and a surplus of $459,000 after capital items.

The rates and annual charges outstanding percentage in 2003/04 was 11.69%. The rates and annual charges outstanding percentage assesses the impact of uncollected rates and charges on liquidity and the efficiency of debt recovery. A satisfactory result for rural councils would be less than 10%. The auditor has commented on this ratio being above industry expectations in the last three years. The council's auditor recently commented that "council should continue to monitor this ratio and take steps to improve the level of rate arrears."

Council has advised that the rates and outstanding percentage for 2004/05 has reduced to 9.73%. This is acknowledged and commended. Council should continue to monitor this ratio. (Recommendation 27)

What is working well

Asset management

Council has compiled an asset register for roads, bridges and drainage infrastructure. Further, council has mapped the location of its roads, bridges and quarries using current geographical information system (GIS) technology. This information is mapped on computer and will be used to manage and monitor the condition of these assets. Council is currently adding its cemetery information to this system.

Contract performance management

Council has a single invitation contract with the Roads and Traffic Authority (RTA) for the maintenance of state roads. Ancillary to this contract process, council uses a combination of RTA and AUS-SPEC standards for maintenance and construction of state and regional roads and is extending this to its local roads and open space areas. These standards are based on quality assurance methodologies that incorporate a range of performance measures. Council has pre-qualified and is able to carry out construction on RTA roads required to meet the RTA set benchmarks. The GIS mapping already undertaken by council will also facilitate reporting on the condition of the road network in the area. Council is encouraged to pursue extending the applicable performance measures to council owned roads in the area.

Two part water and sewerage pricing

The 1994 Council of Australian Governments (CoAG) agreement on a strategic framework for the efficient and sustainable management of the Australian water industry encourages councils to adopt best practice water and sewerage pricing. A number of mechanisms have been employed to encourage council compliance with best practice pricing principles. These include making compliance a condition of:

- Grants under the Country Town Water Supply and Sewerage Program,
- Dividend payments under section 409 of the Local Government Act, and
- Approval for special variations to general income under section 509(2) of the Local Government Act.

Council has had best practice pricing for water for three years and uses the Department of Commerce guidelines. Best practice pricing for sewer commenced this year and will be phased in over two years. Council is currently developing its sound demand management strategy and sound drought management plan.

Challenges to improve

Long term financial planning

Council demonstrates an understanding of its past financial problems. However, council has only undertaken long term financial modelling for its water and sewer businesses. Council should develop a long term financial plan in order to give it greater capacity to identify and plan for future risks. (Recommendation 28)

Infrastructure maintenance

Council's infrastructure assets are in a less than satisfactory condition. The written down value (WDV) of council's assets for 2003/04 are as follows:

- Roads, bridges and footpaths   36%
- Stormwater drainage   46%
- Water supply   51%
- Sewerage   54%

The department considers that anything below 50% may be cause for concern. Council's estimated costs to bring assets to a satisfactory condition were $16.128 million in 2003/04. Estimated annual maintenance was $8.133 million whereas program maintenance was $7.242 million (shortfall $891,000). Internally restricted funds set aside for infrastructure replacement for the same period amounted to $399,000, which is inadequate. Council staff advised that they felt that the depreciation periods adopted for assets were too short and therefore not fully funded. Council should review asset condition, current value, depreciation rates and the useful lives of assets as part of the asset management plan discussed below. (Recommendation 29)

Asset management plan

Although council is using technology to map and manage its assets, it has not commenced work on a long term strategy, nor has it completed a comprehensive asset management plan. This has not allowed council to forward plan all of its long term asset requirements. Council should prepare such a plan, including any potential rationalisation of assets. (Recommendation 30)

Plans of management – community land

Section 35 of the Local Government Act requires council to use and manage community land in accordance with a plan of management.

Council does not currently have plans of management for all the community land under its control. Council should act promptly to develop plans of management for the land in question. (Recommendation 31)

6.4 Community & Consultation

A council's charter requires that a council:

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

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

- *The methods council uses to involve and determine the views of its community*
- *Interaction between councillors and staff*
- *Social and community functions of council*
- *Annual reporting*
- *Cultural planning*

What is working well

Community participation

Council has a number of sub-committees that regularly meet and include members from the community. Council conducts a public forum session at each of its monthly meetings and has a policy to guide this process. Council undertakes a range of consultation processes with its community. There is evidence that council reflects on this practice and makes changes to its approach to community consultation based on this. There are internal undocumented policies that guide community consultation. Council is encouraged to develop an organisation-wide community consultation policy and framework to guide its practice. (Recommendation 32)

Challenges to improve

Social and community planning

The Local Government (General) Regulation 1999 requires all councils to develop a social/community plan at least once every five years to meet the needs of the residents of their area. This plan must be prepared in accordance with guidelines issued by the department. Aspects of the social/community plan must be reported in council's management plan and annual report.

The department has not previously received a social and community plan from council. Council is currently in the consultation stages of developing its social/community plan. An incomplete plan was provided to the review team, which appears to be a good start on the development of this plan. The plan contains an executive summary and clearly identifies the objectives for council functions, benefits to council and the community. The acknowledgement of the traditional land owners and overview of the history of the indigenous people of the area is a good example of better practice.

Council needs to ensure that the plan is finalised, and that it is in line with departmental guidelines. It must be accessible to members of the community, councillors and other council staff. It would be useful to include an overview of the consultation process undertaken in developing the plan. This could be included in the section on methodology. A number of other plans that are currently being developed will need to be integrated and cross-referenced to the social and community plan. The social and community plan should also be integrated with council's management plan. (Recommendation 33)

Customer service standards

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

Council has developed customer service standards. However, it is important that these are monitored and reported on to ensure accountability to the community and to provide feedback to the council. (Recommendation 34)

6.5 Workforce Relations

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

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

- *Consultative committee processes*
- *Job descriptions and job evaluation*
- *Recruitment and selection processes*
- *Equal employment opportunity*
- *Staff development*
- *Grievance management*
- *Occupational health and safety*
- *Secondary employment*

Overview of the organisation

Moree Shire Plains Council reviewed its organisational structure and adopted its current structure on 5 April 2005. The executive management team is made up of the General Manager, three directors and a business manager for water and waste services.

Like many councils in rural NSW, Moree Plains Shire Council has difficulty in recruiting and retaining professional staff. Council is now building a stable and knowledgeable executive staff team. Many of these persons have not been in their positions for longer than two years. However, it is apparent to the review team that many of the beneficial changes have occurred within this timeframe.

What is working well

Human resource management - overall

Council has well documented procedures in place to manage its human resource needs. Council is to be commended on its well documented recruitment and

selection policy and procedures, approach to staff training and staff performance review.

Workers compensation costs

Moree Plains Shire Council has faced large workers' compensation premiums in the past few years. Council has implemented an active program to reduce these premiums through redeployment and retraining of staff, making information more accessible to staff and training workplace coordinators. Council has reduced the number of staff on long term workers compensation (a period of two years or more) from 12 persons to one person over a period of 12 to 18 months. Council expects a decrease in workers' compensation premiums in the next year.

Challenges to improve

Workforce planning

Moree Plains, like many councils, is exposed to a number of workforce issues, such as:

- the shortage of specialised skills in certain areas, such as in the area of planning
- an ageing workforce
- a change in workload for certain sections as council's and government priorities change
- increases in career opportunities outside the Moree area.

Council needs to consider a long term workforce plan that looks at the staffing need of each section of council and allocates staff according to workload and priorities. The long term plan should also address the issue of council's ageing workforce. (Recommendation 35)

Consultative committee

Council has established a consultative committee in accordance with the Local Government (State) Award 2004. The aim of the consultative committee is to provide a forum for consultation between council and its employees. The functions of the

consultative committee are about day to day management issues such as award implementation, training, job redesign, performance management systems and hours of work.

The membership of this committee includes one councillor. Council should be represented on this committee by its general manager or his/her nominee/s. Due to the day to day operational issues considered by this committee it is inappropriate for councillors to be members of consultative committees. (Recommendation 36)

Equal employment opportunity

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

Council currently only has a draft equal opportunity management plan. However, council has undertaken all the work required to underpin the plan such as having EEO contact officers in place, the training of all staff in equal employment opportunity issues and preparation of documents that support the plan. Council is planning to request the Anti-Discrimination Board to review its draft plan prior to further consultation and implementation. This is encouraged and supported.

7. COUNCIL'S RESPONSE

Council responded to the draft report on 27 October 2005. This response included specific comments from two councillors. Council's response identified that work had commenced in a number of the areas of recommendation. Council also provided clarification of some of the recommendations. As a result of this clarification two recommendations were removed and five recommendations were amended.

The recommendation that council consider the reduction of councillors was removed as council has considered this matter since the review was conducted. The recommendation that council place the code of conduct on the website was removed as council has undertaken this action.

The recommendations relating to the conduct of closed and extraordinary meetings were amended. The recommendations on the provision of information to the community on access to documents under section 12 of the Local Government Act 1993, the bar-coding of files and the outstanding rates and charges percentage were also amended. The text of the report was amended to clarify changes to these recommendations.

Council also provided clarification of the reporting on contract performance management which was incorporated into the report.

8. SUMMARY- WHAT'S WORKING WELL & CHALLENGES

COUNCIL'S PRIORITIES AND FOCUS

What is working well

- Council has a clearly articulated mission and set of values that are focussed on the community

Challenges to improve

- The development of long term plans, particularly for infrastructure, workforce and finances
- The integration of all of its plans
- The development of performance indicators across the organisation

GOVERNANCE

What is working well

- All staff have received training in the newly adopted code of conduct
- Council has an effective records management system
- Council demonstrates an effective use of information technology

Challenges to improve

- The development of a risk management plan and conduct of regular risk assessments
- The development and adoption of a policy supporting legislative compliance
- Review of its meeting procedures to maximise public accountability
- The adoption of a complaints handling system and policy

REGULATORY

What is working well

- Council has a clear and comprehensive notification policy in relation to its development application assessment process

Challenges to improve

- Review of its state of the environment reporting to ensure it is consistent with the department's guidelines
- Document its policy and procedures in relation to dealing with non-compliance issues

ASSET AND FINANCIAL MANAGEMENT

What is working well

- Council uses technology to manage and monitor the condition of its assets
- Council has adopted best practice pricing for water and sewer services

Challenges to improve

- Preparation of a long term financial plan
- Preparation of a comprehensive asset management plan
- The development of plans of management for its community land

COMMUNITY, COMMUNICATION AND CONSULTATION

What is working well

- Council undertakes a range of consultation processes with its community
- Council reflects on its community participation practice and changes its approach to community consultation based on this

Challenges to improve

- The development of an organisation-wide community consultation policy and framework
- Council needs to monitor and report on its customer service standards

WORKPLACE RELATIONS

What is working well

- Council has well documented human resource policies and procedures
- Council has actively pursued its workers' compensation issues

Challenges to improve

- The development of a long-term workforce plan