Local Government Reform Program - Promoting Better Practice

REVIEW REPORT

NARROMINE SHIRE COUNCIL

DECEMBER 2005

Challenges Improvement Innovation Good Governance

dlg   **Department of Local Government**

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1. ABOUT THE REVIEW

Review objectives

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

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

Review process

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

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

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

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

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

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

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

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

Narromine Shire Council Review

Narromine 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 Business Consultant Steve Woods, conducted an on-site review of Council from 20 June 2005 to 23 June 2005. The review was based on council's response to the self-assessment of its corporate arrangements and capacity. This assessment asked council to respond to four critical questions of its capacity to improve:

- how has council determined its ambitions and priorities?
- how do these ambitions and priorities drive the council's services and resources?

- how does council use its corporate capacity and systems to drive forward the organisation in an ambitious, challenging yet managed way?
- how does council measure the progress it is making with its agenda to ensure that its priorities are delivered and that service improvement is achieved?

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

The on-site review consisted of a briefing for council's mayor, deputy mayor and general manager, attendance at a council meeting, conducting interviews with staff, and the review of a number of council's policies and other documents.

The department issued council's general manager with a confidential draft report in September 2005. The general manager responded to the invitation to make comment on the draft by letter dated 5 October 2005. In his response, the general manager indicated council's comments on the draft recommendations. His comments have been taken into account in preparing this final report.

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2.   RECOMMENDATIONS

Ambitions and Priorities

Economic Development

1.   If council pursues the option of establishing a Development Corporation as a vehicle for its land development activities, then it would be good business practice for council to examine the organisational structure of the Dubbo City Development Corporation, which is operating successfully, as a potential model. Council should also consider including Tourism Services within this structure, as a necessary link with economic development, to produce a total development solution moving forward.

Working with other Regional Councils

2.   Council should examine opportunities to obtain resources and/or use facilities from other regional councils in the areas of waste management, internal audit, information technology, financial modelling, organisational development and asset management planning, as a cost effective model for service delivery in these areas of council operations.

Ageing Population

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

Delivering and Achieving

Pecuniary Interests

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

Risk Management and Internal Control

5. Council should develop an overall plan to guide its risk management activities as the next step, having already developed a Risk Management Strategy.

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

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

8. Council management should carry out an independent review of security and OH&S issues at the Narromine Works Depot.

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

Council Meetings

10. Council should include in its "Public Forum Guide" booklet advice to members of the public on appropriate behaviour at meetings, and the risk that disorder may result in expulsion under the council's Code of Meeting Practice. Council should also include in its complaint handling policy and procedure a section for dealing with difficult complainants. Refer to the NSW Ombudsman publication "Better Service and Communication Guidelines for Councils".

Councillor Training

11. Council, in particular the Mayor should consider strategies for improving the timely conduct of council meetings, including providing training for councillors on council's code of meeting practice. Council should also consider whether strategies such as councillor briefings could be used to assist councillors to be better informed on council business prior to attending meetings.

12. Council should provide a detailed induction program and an ongoing training and development program for councillors to assist them in realising fully their roles within council (as prescribed by the Local Government Act 1993).

Business Papers

13. Council should cease to include the cheque warrant in business papers in line with the contents of DLG Circular No 04/51, the contents of which should be brought to the attention of any councillors seeking this information.

Tenders and Contracts

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

Section 355 Committees

15. Council should provide procedure or operational manuals for its section 355 committees and ensure that members of the committees are subject to council's code of conduct. Council should also provide adequate training for committee members in relation to their relevant areas of operation and the requirements of the code of conduct and of good meeting practice.

Complaints Handling

16. Council should adopt a stand-alone complaint handling system and a related policy that reflects good practice in this area. Refer to the Ombudsman's publication, "The Complaint Handler's Toolkit" and the department's practice note no. 9 "Complaints Management in Councils" for further information.

Regulatory Functions

Strategic Planning

17. Council should complete a major land use strategy/plan to provide an integrated and responsive framework and links to action plans in the Social and Community Plan and Community Heritage Study.

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

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

Swimming Pools

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

Waste Management Strategy

21. Council should develop a waste management strategy and, as part of this strategy, it would be good business practice to consider a cost/benefit analysis of disposal options including use of Dubbo City Council's facility.

Council as Developer

22. Council should implement a development checklist, including investment hurdles and cost/benefit analysis, regular risk management reviews, probity checks to ensure appropriate balance of council's role as developer and regulator for use in managing its residential, commercial and industrial developments.

Assets and Financial Management

Asset Management Planning

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

Financial Modelling Plan

24. Council should develop integrated long term financial modelling to assist with financial planning and economic sustainability. It would also be good business practice to research options with other regional councils to share costs.

Information Technology

25. Council should consider regional resource sharing options for Information Technology as part of the development of an IT Strategic Plan. If this option is pursued, then it is essential that performance-based Service Level Agreements are put in place.

26. Council should consider including the code of conduct, complaints handling policy and procedures and its Public Forum booklet on its website to provide additional information to the community.

Community Communication and Consultation

Community Survey

27. Council should regularly (at least every three years) survey community views on council's performance as a valuable gauge to measure whether council is meeting community needs.

MOU with Aboriginal Community

28. Council should consider any opportunity in the future to negotiate a MOU with the local Aboriginal community.

Recreation Facilities Plan

29. Council should prepare a recreational facilities plan to meet the future recreational needs of the community.

Cultural Plan

30. Council should consider preparing a cultural plan to encourage and promote local historical and art organisations and other local cultural activities.

Customer Service Standards

31. Council should prepare customer service standards to assist it to become accountable in its service delivery.

Workplace Relations

Workforce Planning

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

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

Recruitment and selection

34. Council should document its recruitment and selection policy.

Training plans

35. Council should document its training plans and ensure that they are integrated with staff performance plans.

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3.   CONTEXT

The Shire of Narromine is located in the heart of the rich Macquarie Valley, 39 kilometres away from the regional city of Dubbo. It is bound by Dubbo City and Cabonne Shire (east), Gilgandra Shire (north), Warren Shire (west) and Lachlan and Parkes Shires (south).

Narromine Shire Council was created in 1980 and has a population of approximately 6,800. The Shire comprises three urban centres of Narromine (population 3,500), Trangie (population 1,000) 35km to the west, and Tomingley (population 50) 35km to the south.

Council has nine elected members in an undivided Shire. There are two Aboriginal Land Councils in the Narromine Shire Council area. They are the Narromine Local Aboriginal Land Council and the Trangie Local Aboriginal Land Council.

The Shire's economy has traditionally been based on agriculture, including wheat, barley, oats, cotton, fruit, prime lambs, cattle, poultry and commercial and market gardens. However, tourism is now playing a major role within the Narromine Shire. Narromine is considered the best gliding area in Australia and one of the three best in the world. Pilots from many overseas countries visit Narromine every year and the State and National Championships are held there on a regular basis. Other major attractions are the annual National Ultralight Federation Easter Fly-In and the Aviation Museum. In October 2005, a major event is scheduled around the building of a replica Wright Brothers Plane.

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4. COUNCIL'S AMBITIONS, PRIORITIES AND FUTURE FOCUS

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

WHAT IS WORKING WELL

Council has been proactive in developing strategies for a sustainable future by taking a leading role in a project to establish an Orana Planning Business Unit and obtaining funds from the Department of State and Regional Development to undertake a Shire-wide Economic Development Strategy.

A Social and Community Plan has been developed in consultation with many focus groups. A Tourism and Development Action Plan, a Community Heritage Study and an Aerodrome Planning Strategy and Management Plan are also in place. The Narromine Shire Youth Council has also been reformed.

Council has recently obtained federal funding to assist with the construction of a new medical centre, increased its expenditure on the road works program, commissioned a new sewerage plant and is progressing satisfactorily with the planning for the Wright Flyer Launch and Air Pageant in October 2005.

Council monitors progress in relation to these strategies through its quarterly management plan and budget reviews.

Council's current challenge is the limited financial resources available to meet the many competitive demands for services and facilities. Council has decided to focus on maintaining expenditure on its road works program and other existing infrastructure, despite the fact that costs are increasing faster than revenues, by running a deficit budget for 2005/2006.

The Quarterly Management Plan 2004/2005 Third Quarter report noted eight key objectives in the areas of Stormwater Management, Water Supply and Sewerage Services that were "off target" and required either "additional resources" or "the use of external resources".

These key objectives have been included in the Management Plan for 2005/2006. With additional resources in Engineering Services and the budgeted utilisation of restricted funds, they may now be achieved.

These actions evidence council is aligning its business activities with identified community outcomes and strategic goals and is focussed on delivering a high standard of services and facilities and being recognised as a rural community of choice.

CHALLENGES TO IMPROVE

Economic development

Council have been proactive in obtaining funds for undertaking a Shire-wide Economic Development Strategy. One of the options at the finalisation of the strategy may be whether to incorporate current council services into a Development Corporation. If this option is pursued, then it would be good business practice for council to examine the organisational structure of the Dubbo City Development Corporation, which is operating successfully, as a potential model. Council should also consider including Tourism Services within this structure, as a necessary link with economic development, to produce a total development solution moving forward. *(Recommendation 1)*

Working with other regional councils

In addition to working with the Orana Planning Business Unit to share resources wherever practical, council should also review further opportunities to obtain resources or use facilities from other regional councils in the areas of waste management, internal audit, information technology, financial modelling, organisational development and asset management planning, all of which could be cost effective for council. *(Recommendation 2)*

An Ageing population

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

Between 2005 and 2022 the population of Narromine is projected to increase in size from its current 6,800 to around 7,303 (1%). Its youth and working age populations are projected to decline in size (although some age groups grow), while its elderly population will grow substantially.

With 13% of residents currently aged 65 or over, council is NSW's 102nd oldest local government area. By 2022 it will be its 92nd oldest. The population currently aged 65 or over is projected to grow to 20.4% by 2022. At an average increase of 0.41% per year, this 'force of ageing' is slightly faster than that projected for both NSW as a whole (0.33) but essentially the same as for NSW Balance (0.43). Narromine's population aged 85 and over is projected to almost double in proportion from 1.3% to 2.4% of the population (*Population Ageing in New South Wales and its Local Government Areas, Dr. Natalie Jackson, Director, Demographic Analytical Services Unit, University of Tasmania).*

The impact on the demand on services, facilities and infrastructure is expected to be significant and will impact on virtually all aspects of council's operations.

The Local Government and Shires Associations have produced *Planning the local government response to ageing and place*. This paper is intended to offer a framework to assist Councils to begin to plan for the population ageing unique to their area by:

- providing information on what is happening with general population trends and access to population projection information for each local government area
- providing information on the existing and likely diversity amongst older people
- providing evidence on what population ageing means for all roles that councils performs

- encouraging councils to examine their numbers and proportion of older people and their rate of population ageing, in conjunction with the evidence on impacts, to identify what roles they may need to change and when

The department encourages councils to use this paper in its planning process.

Council's Social and Community Plan includes some strategies for older people and people with a disability. The two have been linked together as many service providers focus on the needs of both groups. However, it was not evident that council has integrated strategies across its various function areas to address this challenge.

Given council's ageing population is increasing at a significant rate, council needs to consider ways to raise the awareness of this issue across all sections of council. Building upon strategies in its Social and Community Plan and using the Ageing and Place Framework developed by the Associations, council should prepare long term strategies to meet current and future needs for older people.

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

Progress in relation to these priorities should be reported on a quarterly basis via the performance appraisal system and management plan reports as well as annually in Council's Annual Report. *(Recommendation 3)*

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5. DELIVERING AND ACHIEVING

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

5.1 Governance

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

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

- *ethics and values*
- *risk management and internal control*
- *Council's decision-making processes*
- *monitoring and review*

WHAT IS WORKING WELL

Management plan

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

The council's draft management plan for 2005-2006 appears to be in accordance with the Local Government Act and Regulations.

Annual Report

A review of council's annual report against statutory requirements revealed a high level of compliance with these 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. Council has adopted the prescribed model code of conduct and has held information sessions. It is planning more training for council staff and councillors in relation to the provisions of the code.

Protected Disclosures

Protected disclosures are an important means by which councils can signal their commitment to ethical practice. They are also act as an early warning system for management.

Council does have an internal reporting policy to assist staff to make any disclosures of alleged corrupt conduct, maladministration or serious and substantial waste of public money disclosures under the Protected Disclosures Act 1994.

Record keeping and information technology

Council is required to make and keep full and accurate records of its activities in accordance with section 12 of the State Records Act 1998. Council does have a records management policy and program. Council should also develop a records disaster recovery plan.

Council's Organisation Structure

As required by section 333 of the Local Government Act, council has re-determined its organisation structure within 12 months of an ordinary election.

CHALLENGES TO IMPROVE

Pecuniary Interests

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

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

A review of pecuniary interest returns revealed that most were accurately completed. However, some deficiencies were identified. They include lack of address details, some inconsistency in completing section B (Sources of Income) and one incidence of incorrect completion of section G (Debts).

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 4)

Statement of Business Ethics

Council has business relationships with the private sector and has ethical principles included in its Charter of Council but, at the time of the review, did 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.

Council has now developed a statement of business ethics in response to comments in the draft report on the review.

Risk management and internal control

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

Council has recently developed a Risk Management Strategy but does not yet have a plan to guide its risk management activities. It does not have a fraud policy and has not carried out a fraud risk assessment. It does not have a procurement policy that assesses risk. It does not have an internal audit program.

There is no systematic scrutiny of council's operations, systems and performance via an internal audit function. Council should introduce an internal audit function to implement such systems as a matter of priority. The General Manager should approach other councils in the region regarding sharing of these resources, wherever practicable.

During a visit to the Narromine Works Depot, some concerns were identified regarding inadequate security and deficient OH&S procedures that require independent review. This matter was discussed with the General Manager, who indicated that an external resource from Wellington Shire Council was an option that he would consider approaching for an independent review. *(Recommendations 5,6, 7 & 8)*

Council does not have a formal system in place for identifying legislation applying to council activities or an on-going compliance program underway. As such, matters may produce an impact on council's monetary reserves, it is essential that council is regularly updated on outstanding matters and any related costs. Council also requires a system for the internal reporting of legislative non-compliance or prosecutions against council. Council should act promptly to develop such systems. *(Recommendation 9)* Such systems should have a number of features including:

- Including as performance targets in relevant functional area performance plans and individual work plans compliance with relevant legislation,

- Including legislative compliance as a risk factor for assessment as part of risk assessments, and developing risk management strategies to promote compliance
- Including compliance with legislation on council's internal audit program
- Developing for each functional area advice and guidance on relevant legislative requirements
- Ensuring internal controls are in place to report any apparent legislative non-compliance to senior management, and to council.

Council meetings

During council's ordinary meeting on 21 June 2005, a member of the public was observed addressing council and speaking to council staff discourteously. Council already has a "Guide to Addressing Council through the Public Forum" booklet.

Council should consider providing additional information in its "Guide" booklet, which sets out the procedure for members of the public who wish to address council, Council should include in its "Public Forum Guide" booklet advice to members of the public on appropriate behaviour at meetings, and the risk that disorder may result in expulsion under the council's Code of Meeting Practice. Council should also include in its complaint handling policy and procedure a section for dealing with difficult complainants.   Refer to the NSW Ombudsman publication "Better Service and Communication Guidelines for Councils". *(Recommendation 10)*

Council meetings and induction training for councillors

Another issue observed during council's ordinary meeting on 21 June 2005 is evidence that council had some difficulty in progressing in an orderly way through its business paper. Some councillors appeared not to fully understand or comply with the council's code of meeting practice. The net result is that their actions hindered the orderly progress of the meeting.

Council, in particular the Mayor should consider strategies for improving the timely conduct of council meetings, including providing training for councillors on council's code of meeting practice. Council should also consider whether strategies such as councillor briefings could be used to assist councillors to be better informed on council business prior to attending meetings. *(Recommendation 11)*

New councillors require induction training to equip them with the skills required to properly carry out their duties and allow them to be effective members of council's elected body. To assist councillors in achieving these goals, council should develop councillor induction training and ongoing councillor training to familiarise councillors with their roles and responsibilities, the activities and functions of the council and the legislative framework in which they operate.

The program should also ensure that councillors are made aware of their general legal responsibilities as an elected member and their obligations of disclosure under the pecuniary interest provisions of the Local Government Act.

Council has not developed a structured induction training program for its elected representatives. However, it has held a number of workshops and some of the newer councillors have attended recent external training, for example. "Roles & Responsibilities of LG Councillors" in Bathurst May 2004.

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

- the legal and political context of local government (including a familiarisation with the relationships between the three tiers of government)
- the role and responsibilities of councillors and staff
- an overview of the organisation, its staffing and major policy documents
- customer service and complaints handling
- strategic planning
- financial processes and their relationship with other planning processes
- the key functional areas of council operations
- the legal and ethical responsibilities of an elected member
- teamwork skills (including conflict resolution)

Council should also develop an ongoing training and development program to assist councillors to develop and maintain awareness of key issues in relation to their role. *(Recommendation 12)*

Provision of Cheque Warrant in Business Papers

It is apparent that some councillors were seeking inclusion of cheque warrant in council business papers. DLG Circular No. 04/51 advises that councils should not include the cheque warrant in business papers. Any councillor seeking the cheque warrant should be advised of the contents of this circular. *(Recommendation 13)*

Tenders and Contracts

A review of tender and contract files (WL8 Front End Loader/Waste Collection Service/Garbage Refuse Disposal Services) revealed that in the main, the tendering requirements as prescribed by the Act and the Local Government (Tendering) Regulation 1999 had been followed.

However, the review noted the following records were not always present in the files:

- a record of all requests for tender documents
- a record of council's decision regarding either "open" or "selective" tendering methods
- a record of the documented tender assessment criteria and matrix
- a copy of the relevant advertisement
- a record of the tender assessment panel members
- a record of the staff involved in preparing and issuing tender documents
- the tender documents provided to tenderers did not appear to include information relating to interaction with councillors (including a prohibition on contacting councillors)

Council should ensure that all tenders comply with better practice tendering by ensuring details of this kind are recorded on files. It is also recommended that policies and procedures should be developed for managing contracts. *(Recommendation 14)*

Section 355 committees

Section 355 committees are an important way in which council exercises its functions. Council has a number of section 355 committees. In order to assist the committees operations, council should provide procedural or operational manuals and make membership of the committees subject to council's code of conduct.

This matter was discussed with management and it was acknowledged that constitutions and charters need to be developed but the structure of the committees first needed to be clarified.

It is also suggested that council provide adequate training for committee members in relation to their relevant area of operation and the requirements of the code of conduct. *(Recommendation 15)*

Complaints handling

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

Council does have a complaints handling policy and procedure. The review noted the following concerns with council's present complaints handling system:

- there are no performance targets or standards of service in relation to turnaround times for responding to complaints
- management does not prepare and receive regular reports on the number, progress and outcomes of complaints

Council should adopt a stand-alone complaint handling system and policy that reflects the best practice in this area (and also addresses the concerns canvassed above). Council should consider utilising the following resources to achieve this goal: The NSW Ombudsman: Complaint Handlers' Toolkit (2004) and the Department of Local Government: Practice Note No. 9 Complaint Handling in Councils (1995). *(Recommendation 16)*

5.2 Regulatory Functions

Council exercises regulatory functions in relation to a range of activities within its area. The efficiency and probity of council's regulatory functions is important for effectively managing council's responsibilities and for preserving public trust in

council and its staff. Regulation is important to achieve a wide range of social, economic and environmental goals.

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

- *council's planning instruments and policies*
- *development assessment*
- *Section 94 plans*
- *environmental management*
- *graffiti removal*
- *enforcement practices*

WHAT IS WORKING WELL

Determination of Development Applications

Council has developed a set of criteria to assist staff in deciding which DA determinations are referred to council. Council indicates that 98% of its DAs are dealt with under delegated authority.

Councillors "call up" DAs as the fairly rare exception rather than as a rule. This indicates that councillors are aware of the role of staff in the determination of DAs and the need for council to focus on major and significant DAs. Council determined DAs include those where objections have been received during the advertising period for a DA, a DA which has potential regional implications and a DA in contravention of an adopted council policy.

CHALLENGES TO IMPROVE

Strategic Planning

Council does not have an overall strategic plan as a framework for its land use planning. Council has put aside funds in 2005/2006 to complete a major land use strategy. It is also reviewing its LEP, which was gazetted in 1997. It is important that this strategic plan provides an integrated and responsive framework and links to the action plans in the Social and Community Plan and Community Heritage Study. The recent grant of $200,000 from the Department of Planning to coordinate a sub-

regional land use strategy plan provides council with a valuable resource to undertake this project. *(Recommendation 17)*

Companion Animals

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

Many councils establish a companion animals advisory committee to oversee this plan. Council may wish to consider this option. *(Recommendations 18 & 19)*

Swimming pools

The Swimming Pools Act 1992 requires council to promote awareness of the requirements of this Act in relation to private swimming pools within its area. Council does not currently have a program to meet all these requirements. *(Recommendation 20)*

Waste Management Strategy

Council does not have a Waste Management Strategy. Funds have been set aside to develop a total waste management strategy in 2005/2006 including collection, recycling and disposal. As part of this strategy it would be good business practice to consider a cost/benefit analysis of disposal options including use of the Dubbo City Council's facility. *(Recommendation 21)*

Council as a Developer

Council has taken on the developer role for a number of residential, commercial and industrial developments. Council has also provided potential investors with a range of payment options to assist with the acquisition of property.

While council has indicated it intends to play a lesser role in land development in the future, it would be good business practice to the extent it plays this role in the future to develop a checklist, including performance indicators, investment hurdles and cost/benefit analyses, regular risk management reviews and probity checks to ensure

appropriate balance between council's role as developer and regulator for use in managing these developments. (*Recommendation 22*)

5.3 Asset & Financial Management

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

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

- *financial management*
- *asset management*

Overview of financial position
Council's financial position remains sound and target liquidity levels are being maintained despite the adoption of deficit budgets for 2004/2005 and 2005/2006. The budgeted deficit for 2005/2006 is $112,908.

What is working well
Council's overall financial position is deemed to be satisfactory. Council's current debt recovery process appears to be sound. Its unrestricted current ratio at 30 June 2005 is estimated to be 2.8 and its debt service ratio is estimated to be 1.5%.

Council holds satisfactory levels of employee leave entitlements funded by internally restricted reserves of $350,870.

The rates and annual charges outstanding percentage assesses the effectiveness of a council's revenue collection. In severe drought conditions it has only increased from 5.8% in 2003 to 6.1% in 2005.

Council finance staff has also been awarded the Coalface Annual Financial Statements Award for the year ended 30 June 2004 at the recent Local Government Finance Professionals Conference for excellence in format and readability of the Annual Financial Statements.

CHALLENGES TO IMPROVE

Asset management planning

Council has not developed a long term asset management plan. Service levels are progressively being established for each type of built asset. This should allow council to forward plan its asset maintenance requirements and seek funds to address its asset maintenance shortfall. Council should develop a long term asset management plan, as soon as practical and include within it a Strategic Plan to enhance Water Supply and a Development Plan for Sewerage Services. *(Recommendation 23)*

Financial Modelling Plan

Council has not currently developed integrated long term financial modelling but this has been recognised as a direction for coming years to assist with financial planning and economic sustainability. It would be good business practice to research options with other regional councils to share costs. (*Recommendation 24)*

Information Technology

Council's expenditure on Information Technology is budgeted for $296,000 for 2005/2006. Management should consider regional sharing options as part of the development of the IT Strategic Plan. If this option is taken, then it is essential that performance-based Service Level Agreements are put in place. (*Recommendation 25)*

The council has a user-friendly website and it has a number of policies on it. However, it would be good business practice to also include the code of conduct, complaints handling procedures and the Public Forum booklet on its website to provide additional information to the community. (*Recommendation 26)*

5.4   Community, Communication & Consultation

A council's charter requires that a council:

- provides services after due consultation
- facilitates the involvement of councillors, members of the public, users of facilities and services and council staff in the development, improvement and coordination of local government

- actively promotes the principles of multiculturalism
- plans, promotes and provides for the needs of children
- keeps the local community and State government informed about its activities

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

- *the methods Council uses to involve and determine the views and needs of its community*
- *reporting to the community and keeping the State government informed about its activities*

WHAT IS WORKING WELL

Council's community focus and community feedback

Council has a strong community service focus and has a clear idea of the profile of the community. Council uses a range of methods to obtain feedback from its community, including surveys, focus groups, community forums and informal assessments through regional networking.

Council successfully operates a Family Day Care, two Youth Centres, two swimming pools, two branch libraries, three cemeteries, two museums, provides maintenance for a doctor's surgery and residence and assists with funding for many other local projects.

Community information

Council information is also made available through council facilities, its libraries and visitor information centres and a website, which is user-friendly.

CHALLENGES TO IMPROVE

Community survey

Council has recently conducted a survey of community views on council's performance. This should be a valuable gauge as to measure whether council is meeting community needs. Council should undertake such surveys at least every three years. *(Recommendation 27)*

MOU with Aboriginal Community

Council has been proactive in trying to improve the well-being of the local Aboriginal community and 10.7% of its employees are of Aboriginal background. However, it does not currently have a formal agreement or MOU with either of the local Aboriginal Land Councils. It would be good practice to consider any opportunity in the future to negotiate a MOU through the local Aboriginal community. *(Recommendation 28)*

Recreational Facilities Plan

Council does not have a Recreational Facilities Plan to assist it to meet the future recreational needs of the community. It does have a program to enhance the quality of life for the community through provision of equitable access to social, cultural, sporting and recreational services and facilities but this is not in a formal plan document for use by the council and the community. (*Recommendation 29*)

Cultural Plan

Council does not have a formal cultural plan to encourage and promote local historical and art organisations and activities, although some cultural aspects are included in the Social Community Plan and the Community Heritage Survey.

Council should consider developing a cultural plan after consultation with a range of stakeholders and in line with the NSW Ministry of the Arts and DLG publication "Cultural Planning Guidelines for Local Government". (*Recommendation 30*)

Customer Service Standards

Council currently does not have formalised customer service standards and therefore is unable to fully monitor its performance in this area. It would be good business practice to develop formal customer service standards to assist it to become more accountable in its service delivery. (*Recommendation 31*)

5.5   Workplace Relations

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

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

- *consultative committee processes*
- *job descriptions and job evaluation*
- *recruitment and selection processes*
- *employee remuneration*
- *equal employment opportunity*
- *staff development*
- *grievance management*
- *occupational health and safety*
- *secondary employment*

Overview of the organisation

Narromine Shire Council has a workforce of 80 full time equivalent staff. Of these employees, 36.9% are women. Council expenditure on salary and wages last financial year was $3,444,000. Council has no registered enterprise agreements or current council agreements.

WHAT IS WORKING WELL

Job Descriptions

All council positions have job descriptions, which are provided to staff. Council was in the process of reviewing all job descriptions in conjunction with the revised salary system as a matter of course but did not have a formal policy to do so.

Skills based salary system

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

Occupational Health and Safety

Council has all the required policies for a responsible employer with regard to OH&S. Any injuries/lost work time is reported on a quarterly basis, allowing council to manage its workforce in this regard. Council has carried out systematic OH&S risk assessments in relation to worksites.

Staff Induction

Council has a structured Induction program for new staff which includes a Staff Induction Kit.

Grievance Handling

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

CHALLENGES TO IMPROVE

Workforce Plan

Council should develop a long-term workforce plan that looks at the staffing needs of each section of council and allocates staff according to workload and priorities. Like many rural councils, Narromine faces challenges due to an ageing population and an ageing workforce, and it needs to plan to manage these issues. Council should also look at ways to increase opportunities for any apprenticeships, cadetships and traineeships, particularly in areas where there are staff skill shortages. (*Recommendations 32 & 33)*

Recruitment and Selection Policy

Council does not have a documented Recruitment and Selection policy. Discussions with management indicated that all selections are made on merit and that procedures are consistent with Section 349 of the Local Government Act. However, it would be good business to document policy and procedures on recruitment and selection. (*Recommendation 34)*

Training Plans

Council has documented Training Budgets but no Training Plans. Development of Training Plans would be good business practice and they should be integrated with individual staff performance plans under a performance management system for all staff. *(Recommendation 35)*

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6. COUNCIL'S RESPONSE

NARROMINE SHIRE COUNCIL

ABN 99 352 328 405

"Times Change... Values Don't"

5 October, 2005

Ref: Doc ID A27943

Mr Garry Payne,
Director General,
Department of Local Government,
Locked Bag 3015,
NOWRA. NSW. 2541

RECEIVED

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LOCAL
GOVERNMENT

Dear Mr Payne,

Thank you for the opportunity to provide comment on the draft review report for Narromine Shire Council that was produced as part of the Department of Local Government's Promoting Better Practice Review program.

Council was very pleased to participate in the program in order to examine current policies and practices and determine whether we can continue to improve in the areas of governance, compliance and operational activities. I would like to put forward the following comments on each of the recommendations within the draft report for consideration before the final report is prepared for Council:

Ambitions and Priorities

Economic Development

1. Council is currently considering a range of options to better manage land development, business retention and expansion, tourism and economic development activities. Our focus is on ensuring that existing resources are utilised in the best way possible and further involving the expertise that already exists within our local communities rather than acquire additional resources to operate a development corporation which would be increased cost for Council.

Working with other Regional Councils

2. Resource sharing between Councils in the Orana area is the primary agenda item for the OROC (Orana Regional Group of Councils) meeting to be held in Narromine on 19 October, 2005.

Ageing Population

3. Council is very mindful of the necessity to meet current and future needs for older people in our community. Council has been proactive in developing pedestrian networks to suit all means of traffic and in particular, the small motorised vehicles that the ageing population are using at an increasing rate. Council will also be ensuring that adequate planning instruments are incorporated into the current land use strategy preparation to ensure housing priorities can be met in the medium to long term.

Please address all Correspondence to the General Manager, PO Box 115 Narromine NSW 2821
Telephone: (02) 6889 9999 Facsimile: (02) 6889 9998   Office Address: 124 Dandaloo Street
Email: mail@narromine.nsw.gov.au Web site: www.narromine.nsw.gov.au

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dlg

Delivering and Achieving

Pecuniary Interests

4. Council is currently reviewing its existing handbook for designated persons by incorporating the information contained in DLG Circular No. 04/16.

Statement of Business Ethics

5. Council has now developed a Statement of Business Ethics which was adopted by Council on 16 August, 2005. A copy is attached.

Risk Management and Internal Control

6. Council's Risk Management Strategy is now being implemented by the appointed Risk Management Committee who will develop an overall plan to guide our risk management activities.

7. Council is currently seeking information from other Councils to assist with the development of a Fraud Policy, following which our external auditors will be requested to conduct a Fraud Risk Assessment.

8. An approach will be made to Dubbo City Council requesting assistance with the establishment of appropriate internal audit procedures.

9. Security and occupational health and safety issues at the Narromine Works Depot will be initially reviewed by Council's new Manager, Engineering Works.

10. Council would appreciate further information and guidance in developing a system for reporting legislative information compliance.

Council Meetings

11. Council's public forum guide is currently being reviewed by the Manager, Executive Services. A copy of the Ombudsman's publication "Better Service and Communication Guidelines for Councils" has been ordered.

Councillor Training

12. Council recently resolved to engage the LGSA to provide a full day training session to all councillors titled "The Effective Councillor" to be held on 24 November, 2005.

13. Information has been sought regarding the induction programs undertaken by other councils in New South Wales.

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Business Papers

14. Council does not include the cheque warrant in the business papers; however councillors continue to request a copy of the cheque warrant as a separate document each month. Councillors have been reissued with DLG Circular No. 04/51.

Tenders and Contracts

15. Council is currently reviewing its tender process to ensure that appropriate records are retained on all files.

Section 355 Committees

16. Council has obtained copies of Section 355 Committee constitutions from other local governments in order to develop similar documents for our own committees. Once this process is completed, Council will undertake to establish procedure manuals for each committee, as well as ensuring that the Code of Conduct is brought to each committee's attention.

Complaints Handling

17. Copies of the Ombudsman's publication and the Department's practice note regarding Complaint Handling have been obtained. Council is currently investigating the most cost effective way to implement an appropriate system to ensure good practice in this area.

Internal Reporting

18. Council would appreciate further information and guidance regarding the development of an internal reporting system for prosecutions, penalties and fines incurred by Council for legislative information compliance.

Regulatory Functions

Strategic Planning

19. Council was recently successful in obtaining $200,000 in grant funding from the Department of Planning to coordinate a Sub-Regional Land Use Strategy/Plan for Narromine Shire and four other surrounding local governments. This project will provide the necessary integration with Council's Social & Community Plan and Community Heritage Study.

20. Council has sought a copy of Parkes Shire Council's Companion Animal Management Plan which we understand is an example of best practice in this area.

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21. On receipt of the above plan, Council will consider establishing a Companion Animal Advisory Committee.

Swimming Pools

22. This matter is currently being addressed by Council's newly appointed Manager, Health & Building.

Waste Management Strategy

23. This matter is currently being addressed by Council's newly appointed Manager, Health & Building.

Council as Developer

24. Council has steadily decreased its involvement in land development with the Sky Park aviation estate being the only residential development currently being undertaken. In previous years Council had a need to take on the developer role in order to generate interest and expansion in our local communities; however in recent times private developer interest has increased significantly with Council on selling considerable land stocks for development by other parties. This reduces Council's risk exposure whilst still delivering the benefits to the local community.

Assets and Financial Management

Asset Management Planning

25. Council has recently appointed Mr Jiban Das as Manager, Projects & Asset Management, with a focus on developing a long term Asset Management Plan.

Financial Modelling Plan

26. Council's Manager, Finance & Information Technology is currently undertaking a project to develop a long term finance model during the current financial year.

Information Technology

27. Resource sharing options for Information Technology are currently being pursued with an adjoining council with a view to establishing a jointly managed information technology facility.

28. All of the suggested documents will be included on Council's web site as soon as possible.

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Community Communication and Consultation

Community Survey

29. Council has recently undertaken a whole of community survey and is currently compiling the results of that survey. Approximately 3,300 survey forms were distributed to households, with a result of 457 replies received to date. The outcomes of this survey will be reported to both Council and the wider community.

MOU with Aboriginal Community

30. Council maintains an excellent relationship with its local Aboriginal Lands Council and consults with its Aboriginal community on a wide range of planning and works issues. Council agrees that a formal MOU should be established to recognise the current positive relationship.

Recreation Facilities Plan

31. The need to prepare the Recreational Facilities Plan is noted. This task will be referred to the newly established Narromine Shire Sporting Facilities Management Committee.

Cultural Plan

32. It is proposed that a Cultural Plan be prepared in conjunction with the next major review of Council's existing Social & Community Plan.

Customer Service Standards

33. Council is currently drafting a Customer Service Standard which will be presented to Council for adoption in coming months.

Workplace Relations

Workforce Planning

34. As of 1 January, 2005 Council's new salary system came into effect. The new salary system was developed through extensive consultation with all staff and aims to address previous deficiencies in developing long term work force plans, succession planning and training requirements to ensure Council's staffing needs for the future continue to be met.

35. Council has for some years, undertaken traineeships in the areas of both Health & Building and Planning. Council is currently considering extending this to the Engineering function.

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Recruitment and Selection

36. Council's Human Resources Officer is currently documenting the existing recruitment and selection process into a formal policy.

Training Plans

37. Training plans are currently being developed under Council's new salary system.

I trust the above comments highlight the proactive approach that Council has taken since the review was undertaken. Council is striving to be a model local government organisation, especially for other smaller rural councils across New South Wales. Our recent successes in winning the Coal Face Annual Financial Statements Reporting Award, and the R H Dougherty Award for community reporting, highlight Council's ongoing commitment to best practice.

Council looks forward to receiving the final report, under the Local Government Reform Program – Promoting Better Practice, for presentation to Council and the community.

Yours faithfully,

Paul Bennett,
General Manager.