

challenges improvement innovation good governance

Promoting Better Practice Program

REVIEW REPORT

TENTERFIELD SHIRE COUNCIL

APRIL 2008

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1. ABOUT THE REVIEW

Review objectives

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

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

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

Review process

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

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

Tenterfield Shire Council Review

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

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

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

Senior Investigations Officers Caroline Egberts and Paul Terrett comprised the review team and conducted an on-site review of Council from 21 June to 25 June 2007.

The on-site review involved meeting with Council's Mayor and General Manager, senior staff, conducting interviews and attending a Council meeting. The team reviewed a number of Council's policies and other documents and visits to a number of Council facilities/worksites.

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

This report details the review's findings, recommendations and Council's initial response. The Department asks Council to table the report at the next available Council meeting as well as prepare and submit an action plan to address agreed issues. Council is also expected to provide regular progress reports on the implementation of the action plan to the Department.

2. EXECUTIVE SUMMARY

Tenterfield Shire Council faces a number of challenges in the coming years. These include improving leadership within Council and the community; developing a shared vision and strategic directions; accurately forecasting and managing its financial position; building and maintaining infrastructure in an effective manner; acknowledging and responding to demographic change (in particular an ageing community); and engaging more successfully with the community. Failure to address these challenges potentially places Council's future sustainability at risk.

The review team was disappointed at evidence of poor leadership shown at the elected councillor and senior management level. Most of the councillors and senior management the review team spoke to were unable to demonstrate a clear and consistent understanding of Council's strategic direction. Some appeared to be unable to focus on the 'bigger picture'.

Councillors for the most part also lacked a clear understanding of their role and functions under the *Local Government Act 1993*. As a result some councillors have become involved in operational matters rather than working strategically or at a policy level. This was particularly found to be the case in the area of workforce relations.

Consequently, the General Manager's capacity to lead and work with staff to ensure the efficient and effective operation of the organisation is constrained.

While Council has stated that it has a strong focus on its operational planning over the next 12 to 24 months, the lack of clear strategic directions is hindering Council's capacity to meet its stated vision and mission for the betterment of its community. The need for a long-term community strategic plan, which focuses on building sustainability for the whole Shire, is imperative.

Tenterfield's town and village communities should be engaged in the development of a shared vision and strategies. Effective communication, setting realistic directions, as well as encouraging a sense of ownership, are crucial to this process.

Strategic planning needs to be complemented and well integrated with other planning such as financial and resourcing strategies, land use plans, and asset management

plans to strengthen the focus on the achievement of outcomes. To measure Council's performance against its stated outcomes all plans and strategies require more explicit and measurable performance indicators.

To ensure Council is optimally placed to achieve its future direction it also needs to direct immediate attention to improving its corporate governance. Areas requiring particular attention are risk management, records management, internal control activities, meetings procedures, access to information and complaints management.

In the area of environmental planning, Council has a program to review its planning instruments and is proposing to update its land use strategy in conjunction with a review of its Local Environmental Plan. In reviewing these instruments Council should ensure that its environmental planning activities are integrated with its management plan and other relevant operational plans. The Council has adopted strategies to effectively deal with development applications through extensive use of delegated authority. While Council has an active program of checking compliance, it should ensure that this program is underpinned by documented policies and procedures.

Council is in a satisfactory financial position, with all financial indicators showing performance at better than accepted industry benchmarks. However, Council has failed to undertake long-term financial forecasting and planning. A long-term financial plan to underpin the long-term community strategic plan is critical to building sustainability for the whole Shire. This plan should identify the future needs of the LGA, as well as rationalisation of assets and infrastructure that may be surplus to Council's requirements. Alternative revenue sources should also be identified.

Council's organisational efficiency is currently hindered by the narrow scope and the limitations of its information technology (IT) system. The absence of an integrated IT strategy contributes to Council not fully utilising its capacity in this area and will limit Council's ability to meet increasing community demand for Council services.

Council's tendering procedures require review to ensure compliance with the *Local Government Act 1993*.

The *Tenterfield Shire Council Social Plan 2007* is well presented and provides a good base model for rural councils. The focal point for a number of community and cultural

activities is the Sir Henry Parkes Memorial School of Arts. Council restored and extended this facility to house the School of Arts, public library, museum, cinema and theatre.

Tenterfield's population is ageing at a significant rate. All sections of Council should work toward appropriate integrated planning and service delivery for older people.

Council's involvement in economic development appears limited. Council needs to review its 2002 Economic Development Plan and ensure it allocates sufficient resources to implement the plan.

Staff morale, particularly amongst outdoor staff, was perceived to be very low as a result of the manner in which Council managed the restructure of its Engineering Department.

Council does not have a human resources strategy or workforce plan to address the future challenge of an ageing workforce. In 2006 Council was made aware that a number of its human resources policies such as training, equal employment opportunity and grievance procedures were more than ten years old and had not been reviewed. While Council has set about updating a number of these procedures and policies, several critical policies are currently still in draft form. Finalising and implementing these policies should be a priority.

The large number of recommendations reflects the complexity and range of challenges currently facing Council. Council's failure to meet satisfactory standards in terms of strategic planning, corporate governance and workforce relations requires immediate and ongoing attention. These priorities should be reflected in Council's action plan to address the recommendations of this report.

The Department notes the resignation of Council's General Manager since receiving the draft report and understands that Council is currently recruiting to fill the position.

The Mayor and all Councillors are encouraged to work constructively and diligently with the new General Manager and the senior management team to effectively serve the Tenterfield community.

3. RECOMMENDATIONS

Ambitions, Priorities and Future Focus

1. Council should develop a long-term community strategic plan and resourcing strategy that focuses on building a sustainable community.
2. Council should clarify which of its mission statements is the most current and accordingly correct either its management plan or its website.
3. As part of its strategic planning processes and in consultation with local businesses, Council should develop strategies to reduce the impact of Tenterfield's declining labour market on the broader economic development of the Shire.
4. As part of developing a long-term community strategic plan and resourcing strategy for the Shire, Council should evaluate, review and rationalise its resource sharing arrangements. This could include exploring the benefits of a closer working relationship with a larger council in NSW.
5. Should Council decide to proceed with reducing the number of its wards, it should ensure it meets its obligations under the *Local Government Act 1993* and consult with the NSW Electoral Commissioner.

Governance

6. To assist councillors to more appropriately carry out their functions consistent with the *Local Government Act 1993*, Council should provide induction workshops about the role of Council and councillors following the 2008 election.
7. Training sessions on the topics of community leadership and communication should be organised for all senior staff and councillors.
8. In accordance with section 403 of the *Local Government Act 1993*, Council should ensure that its management plan sets clear objectives and measurable targets.

9. Council should review and improve its annual report in line with the feedback provided in the body of this report and ensure that it complies with all relevant legislation including the *Local Government Act 1993*, the *Environmental Planning and Assessment Act 1979* and the *Privacy and Personal Information Protection Act 1998*.
10. Council should develop a Statement of Business Ethics to guide Council's business relationships with all of its suppliers of goods and services. A copy of the statement should be made available on Council's website and should be, along with Council's code of conduct, provided to each supplier.
11. Council should provide all councillors and designated staff with a copy of Departmental Circular 04/16 and the recent Pecuniary Interest Guidelines to assist them in completing their written returns.
12. Council should review (and rationalise if necessary) the large number of employees that it has nominated as designated persons under section 441 of the Act.
13. To identify, minimise and manage all significant risk issues facing the Council in the pursuit of its objectives, Council should:
 - a) develop a comprehensive plan to guide all of its risk management activities
 - b) prepare a disaster recovery or business continuity plan in accordance with Departmental circular 07/12
 - c) develop an internal audit plan and establish an internal audit committee
 - d) undertake fraud risk assessment and prepare an appropriate fraud control policy or strategy to meet Australian Auditing Standard 210 (AIS210).
14. To complement Council's code of conduct and gifts register, Council should develop a gifts and benefits policy and supporting procedures.
15. Council should revise its policy on the payment and reporting of councillors' expenses and the provision of facilities to councillors to comply with current Departmental guidelines.

16. In order to comply with the *State Records Act 1998* to ensure that its record systems support the efficient functioning of the organisation and to facilitate community access to information, Council should take the following steps:
- a) develop a records management policy/program with reference to Australian Standard ISO 15489-2002 and the feedback provided within this report
 - b) better utilise its SharePoint program to develop a strong and effective filing system that tracks and stores all documents chronologically (including tender documents)
 - c) periodically review all records to determine if they should be retained, archived to State Archives or some other appropriate records repository, or destroyed in accordance with General Records Disposal Authority 10
 - d) develop policy and procedures to facilitate members of the community to gain access to records and information under section 12 of the *Local Government Act 1993*
 - e) locate its records repository off-site. This could include working with other councils or authorities to establish a joint records repository in the region.
 - f) educate/train councillors to understand and meet their record keeping responsibilities by using or modifying the State Records NSW document: *Sample records management policy and procedures for councillors* and providing all councillors with a copy of the State Records NSW brochure: *What have records got to do with me?*
17. Council should provide training to staff and councillors in the requirements of the *Privacy and Personal Information Protection Act 1998*.
18. Council should provide information to the public about Council documents that are available under section 12 of the *Local Government Act 1993* and how they can be accessed.

19. To facilitate transparent and efficient decision-making, it is recommended that Council take the following action:
- a) review Council's code of meeting practice to include:
 - i. processes by which the public can address a Council meeting. This could include a public forum section of its meeting to allow members of the public to address Council.
 - ii. further detail on specific practices. For example, in giving public notice of a meeting, setting out where that notice will be displayed and/or what newspapers it should be advertised in.
 - iii. a more appropriate order of business to facilitate public attendance at Council meetings.
 - iv. the clear and proper use of workshop or briefing sessions as forums to receive information rather than make decisions.
 - b) ensure procedures in relation to closed Council meetings comply with the *Local Government Act 1993* and the *Local Government (General) Regulation 2005*, in particular clauses 252 and 254.
 - c) review and streamline the manner that questions without notice are dealt with at its meetings. For example, all councillors should be provided with a copy of the Department's Meetings Practice Note and/or Council could explore the use of Councillor Request Forms.
20. Council should continue its councillor training program and keep centralised records of the training conducted and whether councillors have attended.
21. Council is encouraged to train all staff on the processes associated with the complaints handling policy.
22. Council should develop service standards or a guarantee of service beginning with core services such as responding to letters, email and telephone calls, as well as processing requests for services not subject to statutory deadlines.

23. Council should develop an information management strategy that delivers:
- a) industry standard hardware and software requirements
 - b) an IT platform/database, which ensures that there is integrated organisation-wide access to all relevant systems and information
 - c) an effective and easy to access intranet and internet
 - d) an IT security framework that includes an information management system and supporting policies and procedures that align with Australian Standard 7799
 - e) allocate adequate resources including possible alternate IT arrangements achieved through resource sharing arrangements with other councils and a dedicated staff management position to reduce current risks
 - f) continuous review of the system to keep abreast of newly developing technology.
24. Council should explore strategies such as a community education and mentoring program to encourage members of the public (in particular women, who are currently under-represented) to stand for Council at the next election.

Planning and other regulatory functions

25. Council should use the review of its Local Environmental Plan as an opportunity to ensure that Council's land use and other infrastructure is integrated with Council's strategic plan.
26. Council should continue with the review of its Section 94 Contributions Plan.
27. Council is encouraged to complete its review of classification of land and develop plans of management for all community land in the Shire.
28. As part of its land use strategy, Council should review community service and facilities needs in new subdivision areas and facilitate ongoing mechanisms to meet these needs.

29. Council is encouraged to enhance the protection of significant heritage areas and to liaise with other councils about ways to preserve Tenterfield's heritage streetscape.
30. Council should develop a formal enforcement and prosecution policy.
31. Council should expand and document its regulatory inspection program and ensure inspections are carried out on a predetermined basis.
32. Council should consider resource sharing with other councils to establish a regional compliance and inspection program.
33. Council should prepare and adopt a companion animals management plan.
34. Council should take steps to develop a compliance program as required under the *Swimming Pools Act 1992*.

Asset and financial management

35. Council should review its water and sewerage pricing to reflect the need for greater cost recovery and should use funding to build reserves for future works.
36. Council should develop a long-term financial plan that is integrated with Council's other key planning documents.
37. All material variations of more than 10% should be reported in the quarterly report to Council.
38. Council should complete its procurement policy and procedures as a matter of urgency.
39. Council should conduct an internal review of its tendering processes, including documentation. The Department's tendering checklist may assist with future tenders.
40. Council should review its hardship and debt recovery policy.
41. Council should undertake a systematic assessment of the condition of all its infrastructure assets. This should be linked to the long-term financial plan.

42. Council should develop a single register of infrastructure that details the valuation and condition of each asset. The register should estimate the life of the asset and adopt a policy on asset and plant replacement.

43. Council should develop a stormwater management plan.

44. Removed

Community and consultation

45. In developing its next social plan, Council should have regard to the issues raised in the community and consultation section of this report.

46. Each year specific priority actions to be implemented from the social plan should be listed in an Access and Equity Statement and included in Council's management plan and budget. These actions should include specific performance indicators and be reported upon in Council's annual report.

47. Council's recently established Community Services Committee should build upon Council's existing strategies to adopt a more strategic and integrated approach to addressing the issues of its ageing community.

48. Council should continue to identify priority strategies on ageing on an annual basis for consideration in its management plan. Progress in relation to these priorities should be reported on a quarterly basis, as well as each year in Council's annual report.

49. Council should consider formally acknowledging Aboriginal and Torres Strait Islander people as the traditional owners of their own lands by including an 'Acknowledgement to Country' at the beginning of the Council meeting and other official Council ceremonies, as well as consider flying the Aboriginal flag.

50. Council is encouraged to use the *Cultural Planning Guidelines for Local Government 2004* to develop a more integrated approach to its involvement in cultural services by developing cultural planning strategies as part of its social plan and/or management plan.

51. Council should review its current library computer practices to include the Commonwealth Government scheme on Internet safety, *NetAlert*.

52. Council should review its 2002 Economic Development Plan and ensure it allocates sufficient resources to implementing priority strategies in that plan.
53. Council should better integrate relevant tourist strategies into its Economic Development Plan.
54. Council should conduct periodic community surveys as an additional means of gathering information about community concerns and needs.

Workforce relations

55. Council should develop a human resource strategy and a workforce plan.
56. Council should continue to review and finalise all of its human resource policies to meet good practice standards and guidelines. These policies should include a number; title; date of adoption by Council; stated objective; position responsible for the policy; and a proposed review date. Council should refer to the document 'Human Resources Policies – A Manual for Local Government' produced by the Local Government and Shires Associations of NSW when reviewing its human resources policies.
57. Following consultation with its Consultative Committee, Council should finalise and adopt its draft Staff Recruitment and Selection policy.
58. Council's salary system should be reviewed and improved to incorporate regular reviews of all staff members' performance and their position descriptions.
59. Council should review its induction program for new employees to ensure that it contains appropriate information in a suitable format and is delivered in a timely manner.
60. In accordance with the Local Government Award (clause 23) Council should complete and implement its 2007/2008 training plan as a matter of priority.
61. Council should develop a succession plan for key areas of its operation, which addresses potential gaps in its workforce due the significant number of employees expected to retire over the next 10 years. The succession plan should, where appropriate, be linked to Council's training plan.

62. Council should develop and adopt an Occupational Health and Safety (OH&S) Management Plan or OH&S system, which includes regular, systematic risk assessments of Council's operational work sites, as well as its main administrative building.
63. Council should finalise, adopt and implements its Return to Work and Injury Management policy.
64. Council should purchase and implement software to improve risk assessment associated with the use of hazardous substances.
65. As the Consultative Committee's aim and purpose is operational in nature, Council's General Manager (or his/her nominee/s) rather than councillors should represent Council on this committee.
66. Minutes of the Consultative Committee meetings should be distributed to all councillors to enable them to develop effective Council policy on industrial issues and remain informed about current issues and outcomes.
67. Council should conduct an employee attitude survey and prioritise and act on key issues arising from the survey.
68. To improve workforce relations and communication, Council is encouraged to consider the production and dissemination of a newsletter (either hard copy or electronic) on a regular basis.
69. Council should acknowledge the concerns raised by staff members affected by the restructure of the Department of Engineering Services and immediately work with the Consultative Committee in a constructive manner to address these concerns. This should include training around leadership, communication, conflict resolution techniques and teamwork for all Consultative Committee members (including senior management) to improve the functioning of the committee and relations between management and employees in general.

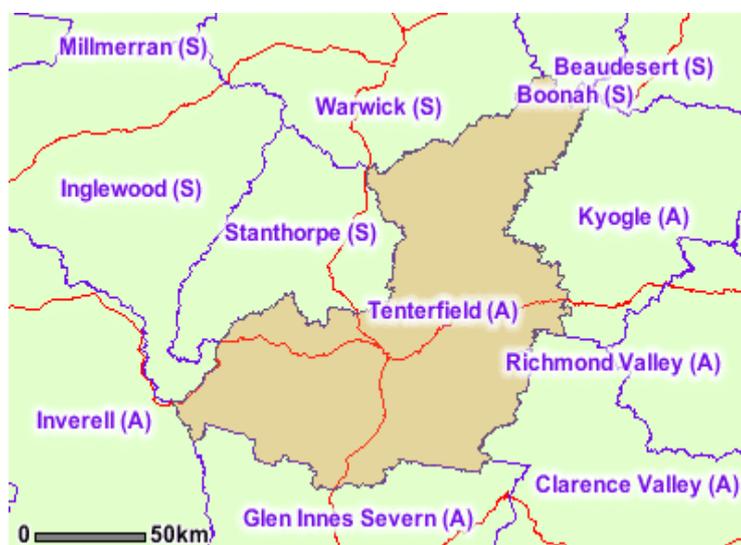
70. To encourage the full and equal participation of women on Tenterfield Shire Council, Council should better integrate the strategies of the *National Framework for Women in Local Government 2001* and the *Review of the National Framework for Women in Local Government – The Way Forward 2007* with its Equal Employment Opportunity Policy and into future management plans.
71. Council needs to develop and implement a policy limiting the level of arrears and also remedial actions if an employee is in arrears.
72. Council should develop a policy in relation to secondary employment that is consistent with section 353 of the *Local Government Act 1993* to serve as an on-going reminder that all staff must seek approval to engage in outside employment and how to do so.
73. When next reviewing the employment contracts with its General Manager and senior staff, Council should refer to section 338 of the *Local Government Act 1993* and Departmental Circulars 06-37 and 06-52 containing the standard contracts.
74. The General Manager should comply with section 339 of the Act and at least once annually report to Council on the contractual conditions of senior staff. The report should ideally include the information outlined in the body of this report.
75. Council should immediately commence the practice of carrying out exit interviews for staff members leaving Council. Information and data recorded from exit interviews should be considered as part of ongoing workforce planning and human resource policy development.

4. CONTEXT

Tenterfield Shire Council was formed on 1 January 1975, following one of the first voluntary amalgamations of local government authorities between Tenterfield Municipal Council and Tenterfield Shire Council.

Tenterfield local government area is located in the north east of NSW and borders Queensland. It is approximately 770 km north of Sydney and 270 km south of Brisbane, covering an area of 7,332 square kilometres and its estimated population in 2006 was 6,535 people (Australian Bureau of Statistics 2006 Census data).

Map 1 Tenterfield Local Government Area



The far northern area of the Shire includes the villages of Liston and Legume. While this area is within NSW, it has Queensland-based utility and postal services (eg, telephone numbers, postal address). The residents in the northern area access most of their retail, business, health and other community services from the Queensland towns of Stanthorpe and Warwick.

The villages of Urbenville and Drake are located on the eastern foothills of the Great Dividing Range and are close to the Shire's boundary with Kyogle Council. The road network in this area (including the Bruxner Highway) provides sealed road access to the regional centres of Casino and Lismore.

The areas west of the Great Dividing Range include the town of Tenterfield and the village of Torrington and are serviced mainly by the north–south running New England Highway and east–west Bruxner Highway. These areas access many services from Tenterfield, while some residents in the south access services from Glen Innes.

The major centre of population in the Shire is Tenterfield with a population of 3,191. Tenterfield township is known as "The Birthplace of Our Nation", owing to Sir Henry Parkes having delivered his famous Federation Speech in the Tenterfield School of Arts on 24 October 1889. This speech set out a vision that ultimately led to the Federation of all Australian states on 1 January 1901.

Today Council's administrative centre is in Tenterfield and has works depots located at Tenterfield, Urbenville and Legume. Council is divided into 5 wards with 2 councillors representing each ward.

In 2001/02 Council won the A R Bluett Award, as a result of a number of projects undertaken by the Council including Tenterfield School of Arts, Centenary of Federation celebrations and upgrading of the Memorial Hall.

5. COUNCIL'S AMBITIONS, PRIORITIES AND FUTURE FOCUS

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

Strategic planning framework

Planning is a process to translate community needs and aspirations into council services. To be meaningful, plans must result in actions and outcomes for the community and not be done just to satisfy statutory requirements. Plans should be well integrated to strengthen the focus and achievement of outcomes.

Council does not appear to have a satisfactory strategic planning framework. It does not have an overall community strategic plan or corporate plan, which focuses on building a sustainable community for the whole of the Shire. This may leave Council ill-prepared to meet the challenges of the future, such as an ageing population, skills shortages and environmental challenges (ie, water shortages, natural resource management).

(Recommendation 1)

In its response to the strategic self-assessment tool, Council indicated that it has “a strong focus on the operational issues that it is seeking to address in the next 12 to 24 months”. While Council has determined the strategic aims that it is attempting to achieve through objectives in its management plan, these aims have not been subjected to a critical review to determine their relevance for the present Council and to current local and regional issues.

Council's management plan 2007/2008 states that its vision is “to be viable, effective and progressive in meeting community needs”. Its mission is “to provide cost effective modern facilities and services that enhance the local environment for the community”. This mission statement is different to that on the *Welcome to Tenterfield Shire Council* page on Council's website. This discrepancy should be clarified and corrected.

(Recommendation 2). Council has advised that they have now corrected the website.

The councillors and senior management interviewed by the review team were not able to clearly articulate Council's current vision and mission or other consistent strategic directions. There appears to be both a lack of awareness and ownership in this area.

The Department has circulated two papers exploring the need for integrated strategic planning:

1. *Planning a Sustainable Future: A Department of Local Government Options Paper on Integrated Planning and Reporting for NSW Local Councils, November 2006*
2. *A New Direction for Local Government – A Position Paper, October 2006.*

Council in its response to these papers has acknowledged the need to improve its strategic planning and integrate this with other Council plans and planning processes.

Council may well benefit from considering the benefits of taking a Business Excellence approach to its strategic planning effort. Holroyd City and Port Stephens Councils are currently involved in such an approach.

Economic development

Council's economic development plan was adopted in April 2002. It requires review and updating. The plan is not available on Council's website. **(See recommendation 53)**

Council's involvement in economic development appears to have declined in recent years and is currently not well defined. Apart from the proposed development of stage 1 of the industrial estate, Council's management plan 2007/2008 includes only the general goal of "implementing economic development projects and strategies". This does not provide clear strategic direction in this area and is difficult to measure.

Currently Tenterfield has a labour market "entry: exit ratio" of 0.8, meaning that it has 8 people at labour market entry age (15-24 years) to every 10 people approaching retirement age (55 – 64 years). The ratio is expected to be 0.6 by 2022. A declining labour market will place additional pressures on the economic development of the area. It is important that

Council and businesses in the Shire consider this issue in their strategic planning.

(Recommendation 3)

Ageing population

One of the major strategic issues facing Council is the major changes and service demands that will be created by an ageing population of the Shire. Tenterfield is NSW's 23rd oldest local government area with 17.8% of its population currently aged 65+ years. The population aged 65 or over is projected to grow to 27.7% by 2022.

Overall, between 2004 and 2022, the population of Tenterfield Shire is projected to remain constant in size. However, its youth and working age populations are projected to decline in size while its elderly population will grow substantially.

It was not evident to the review team that Council has a clear grasp of the potential impact of its ageing community or that it has developed integrated strategies across all sections of Council and with other stakeholders to respond to future demands. **(See section 6.4 and Recommendations 48 and 49)**

Strategic partnerships and resource sharing

Resource sharing opportunities through formal service agreements and the development of strategic alliances are an effective way to improve the existing sustainability of Council's operations.

It was difficult to ascertain from councillors and staff during on-site interviews the extent and nature of Council's involvement in strategic partnerships and resource sharing arrangements. While they were able to provide general information of some arrangements, they were much less able to provide details about specific projects and benefits.

However, Council forwarded a submission to the Department on business clusters and/or resource sharing arrangements in February 2007. Information from this submission has been summarised below.

Council is not a member of any strategic alliances with other councils. In April 2007 Council adopted a Resource Sharing Policy, which sets out guiding principles to be used in the investigation and review of resource sharing options. Council has a number of resource sharing arrangements in place with its neighbouring councils.

Examples of resource sharing arrangements include:

- Member of the Border Regional Organisation of Councils (councils from NSW and Queensland). A key recent achievement with the support of Queensland Main Roads and the Roads and Traffic Authority is the preparation of an Integrated Transport Plan for the border region.
- Member of the New England Local Government Group. However, the establishment of the New England Strategic Alliance of Councils has greatly reduced the activities of this group.
- A waste management partnership with Warwick and Stanthorpe Shire Councils (Queensland).
- The Urbenville, Woodenbong and Muli Muli Water Supply joint venture with Kyogle Council.
- A number of resource sharing arrangements with individual neighbouring councils such as Boonah Shire, Warwick Shire, Stanthorpe Shire, Inglewood Shire, Inverell Shire, Glenn Innes Severn, Clarence Valley and Kyogle. The strongest relationship is with Stanthorpe Shire Council.

The major impediments to achieving better outcomes with border councils are legislative and other practical limitations created by the state border. Council believes that these cannot be resolved by the councils alone but requires input from both the NSW and Queensland State Governments.

Council has not undertaken a formal evaluation of its resource sharing arrangements.

Council should evaluate, review and rationalise its resource sharing arrangements as part of developing a long-term community strategic plan and resourcing strategy for the Shire. This process could include using its Resource Sharing Policy and exploring strategic alliances or resource sharing arrangements that other councils in NSW participate in. For example, while Council may view the New England Alliance of

Councils as too resource intensive for its purposes, a more modest strategic alliance such as the Wellington Blayney Cabonne Strategic Alliance may be more appropriate.

Strategic partnerships with other agencies such as Gwydir Learning Region, which contribute to the economic and social sustainability of the area, should also be considered.

Council currently has a sister city relationship with Ottobeuren in Germany, which has resulted in cultural exchanges between the two Councils.

Council would most likely benefit from establishing a closer working relationship with a larger council in NSW, which could provide opportunities for both councils.

(Recommendation 4)

Ward Boundaries

The 2004 local government elections were held in Tenterfield with a ward structure that was contrary to section 211 of the *Local Government Act 1993*. The numbers of eligible votes in 2004 were:

| | | |
|--------|-------|--------------|
| Ward A | 619 | 63% variance |
| Ward B | 1,013 | |
| Ward C | 916 | |
| Ward D | 957 | |
| Ward E | 872 | 11% variance |

This election was not disputed and since 2004 two (2) by-elections were held on these ward boundaries. Council has considered reducing the wards from 5 to 2 or abolishing the wards. Section 210(5) of the Act requires that a council seek the approval of its electors at a constitutional referendum to either divide an area into wards or to abolish wards. After receiving elector approval, and before dividing its area into wards or altering ward boundaries, a council must undertake the consultation required by section 210A of the Act.

The council of an area that is divided into wards is required by section 211 of the Act to keep ward boundaries under review. If a review is undertaken, the council is required, among other things, to consult the Electoral Commissioner.

The Electoral Commissioner has advised that any council seeking to refer an alteration of ward boundaries must do so by 31 December 2007. Council should address its obligations in this regard as a matter of priority. **(Recommendation 5)**. In their response to the report Council advised that amended wards have been submitted to the NSW Electoral Commission for the 2008 elections.

6. DELIVERING AND ACHIEVING

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

6.1 Governance

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

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

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

Policy making role of councillors

Under section 222 of the Act the elected councillors comprise the governing body of council. Section 223 sets out their role, which is to “direct and control the affairs of the council in accordance with this Act”. Section 232 expands on this, indicating that the role of a councillor, as a member of the governing body, is to do four key things, one of which is “to play a *key role* in the *creation and review* of the council's policies and objectives and criteria relating to the exercise of the council's regulatory functions”. Policy making and policy review are key functions of the elected councillors.

Some councillors appear to be confused about their role. A number of staff perceive that the Mayor and some councillors were heavily involved in operational matters rather than working strategically or at a policy level. In addition to the lack of strategic planning noted above, a key example is the perceived domination of the Consultative Committee by councillors. This is discussed further in section 6.5 Workforce Relations. It is a matter Council needs to address. **(Recommendation 6)**

Leadership and communication

Some staff commented that there was a perception that the General Manager's ability to carry out his functions and lead the organisation is constrained by councillors' inappropriate intervention in operational matters.

A number of staff also perceived leadership at all levels to be poor. This was viewed by some staff as impacting on the strategic direction of the organisation, as well as on its efficient operation. Communication was also viewed as unsatisfactory, particularly between outdoor staff and councillors/senior management in conjunction with a restructure of the Engineering Department. This is discussed further in section 6.5 Workforce Relations.

The development and implementation of a community strategic plan should be used as the focal point for promoting positive leadership and communication. **(Recommendation 7)**

Management plan and annual report

Each year councils are required to prepare a draft management plan with respect to their activities for at least the next 3 years and the revenue policy for the next year. Sections 403 and 404 of the *Local Government Act 1993* require certain particulars to be included in a council's draft management plan. The draft management plan is to be exhibited in accordance with section 405 of the Act. *Management Planning for NSW Local Government Guidelines* are available from the Department's website to assist councils.

The management plan should describe the strategic intent of the Council and act as the management tool for its achievement. For example (as per section 403 of the Act), the

operational component of the plan should describe how Council will achieve its strategic intent by addressing the following:

- Overview of business component or principal activity
- Statement of objectives and performance targets
- Definition of terms used in planning process
- Ways in which performance shall be measured
- Statement of the means by which the Council proposes to achieve its targets, and
- Resources to be allocated for each business or activity plan and any subsidiary plans.

Council's management plan lacks clear objectives and measurable targets.

(Recommendation 8)

The Act also requires that each council prepare an annual report within 5 months of the end of the financial year as to its achievements with respect to the objectives and targets set out in its management plan for that year. The Act and Regulation stipulate what must be included.

Tenterfield Shire Council submitted its annual report to the Department in November 2006, which was within the prescribed timeframe. However, the annual report lacks detailed information, including a range of qualitative and quantitative data so that readers can determine whether the objectives have or have not been achieved.

The annual report does not comply with section 93G(5) of the *Environmental Planning and Assessment Act 1979*, requiring information on the provision of compliance with, and the effect of, planning agreements in force during the year. In addition there was no statement regarding the establishment of a complaints handling mechanism for competitive neutrality complaints in accordance with clause 217 of the Regulation.

The annual report is required to include a supplementary "State of the Environment" report, and it is not sufficient to merely refer to the comprehensive report that is available for inspection. Council should detail its activities and performance in relation to the mandated environmental matters.

Councils are also required to include a statement in the annual report of the action taken to comply with the requirements of the *Privacy and Personal Information Protection Act 1998* (PPIPA). While the annual report states Council adopted the model plan, it does not indicate whether the Council took any action in 2004/2005 to implement that plan. This year Council should report on the review it undertook and any other action it undertook in relation to complying with the Act's requirements.

(Recommendation 9)

Statement of business ethics

A Statement of Business Ethics is a statement aimed at raising private sector awareness to public sector values. This is important because strong working relationships with the private sector are an essential part of building an efficient and cost-effective public sector.

Tenterfield Shire Council does not have a Statement of Business Ethics. This statement should outline appropriate standards and principles to guide Council's business relationships with all suppliers of goods and services. For example, obtaining the best value for money and making impartial decisions are considered key generic principles. Specific standards of ethical conduct that are to be expected from Tenterfield Shire Council employees should also be included.

This statement, together with a copy of the Council's code of conduct, should be provided to all persons conducting business on behalf of Council. A copy should also be placed on Council's website. **(Recommendation 10)**

Pecuniary interest returns

The *Local Government Act 1993*, Chapter 14, sets out the parameters that must be adhered to when councillors and staff have a conflict between their public duty and private pecuniary interests. The Act also requires councillors and designated staff to lodge disclosures of interest returns. Part 8 of the Regulation prescribes the information required to be included when lodging returns.

The review team examined the most recent returns and found they had been completed to a satisfactory standard. However, Council should review its administrative processes in relation to these returns to ensure that the date of lodgement is accurately recorded.

Councillors and designated staff are reminded to put full details on the return, including the addresses of employers and the source of other income (in particular, rental from investment properties). Council should provide all councillors and designated staff with a copy of Departmental Circular 04/16 and the recent Pecuniary Interest Guidelines to assist them in completing their returns. **(Recommendation 11)**. Council advised that a copy of this circular was provided in 2007 to all councillors and designated officers of council.

Designated Persons

Council has determined that the following positions are designated persons under section 441 of the Act and are required to complete a pecuniary interest return:

- General Manager and the three Directors
- Community representatives on Council Committees (provided the committees have delegated powers from Council)
- The following additional staff:
 - * Finance/IT Manager
 - * Manager of Library & Cultural Services
 - * Works Manager
 - * Contract & Systems Manager
 - * Projects & Design Manager
 - * Services Superintendent
 - * Fleet Manager
 - * Works Superintendent
 - * Regulatory & Assessment Officer
 - * Ranger/Operations Supervisor
 - * Ranger
 - * Storeman
 - * Fire Control Officer
 - * Human Resources Manager
 - * Cultural Development Officer.

This is a large number of employees nominated as designated persons in a council of Tenterfield's size. Council should review the necessity of these employees remaining designated persons. **(Recommendation 12)**

Risk management and internal control

Risk management is about the systematic identification, analysis, evaluation, control and monitoring of risks. Councils are exposed to a wide range of risks as a consequence of their diverse functions. It is important that councils manage their risk exposure. While risk cannot be entirely eliminated, councils should aim to establish a risk aware culture.

Council has established a Risk Management Working Group with HRM and Statewide Mutual representatives. However, Council has not developed a risk management policy and/or plan that sets out an integrated risk management framework. The objectives of the policy are to ensure that sound risk management practices and procedures are fully integrated into Council's strategic and operational planning processes.

Councils need to work towards establishing structures, processes and cost effective controls that reduce the council's risk profile. In doing so, councils need to be mindful that there should be a balance between the cost of managing risk and the benefits expected from engaging in an activity that has inherent risks.

Council needs to look beyond insurable risks to identify corporate risks more. While the review team acknowledge that some work has been done in this area, Council needs to more fully address these risks.

One aspect of effective risk management is ensuring legislative compliance. 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 that 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)
- staff are aware of where/how Council's current policies and procedures can be accessed

- all staff are kept fully informed, briefed and/or trained and reminded of the key legal and policy requirements relevant to their work
- staff are made aware of the potential repercussions of non-compliance with legal requirements that apply to them and Council, and
- record-keeping systems and practices that capture evidence of compliance and non-compliance are in place.

Council may wish to refer to AS/NZS 4360:2004 for more information on risk management. Council does not currently have an overall plan to guide its risk management activities. Such a plan should be comprehensive enough to enable Council to identify and manage all significant risk issues facing the Council in the pursuit of its objectives. **(Recommendation 13a)**

Disaster planning

Council needs to undertake a review of all its buildings to ensure that they are adequately protected. Council also needs to conduct a risk audit of its buildings and in particular its administration building to minimise potential losses.

Council does not have a disaster recovery or business continuity plan. A business continuity plan is an important part of a business' risk management strategy. The Department has issued Circular 07/12 that will assist Council in developing a plan. **(Recommendation 13b)**

Internal audit and control

Internal audit and control provides for systematic scrutiny of an organisation's operations, systems and performance. It assists in ensuring that service standards are met, data records are accurate and complete, and established procedures are being followed. Council does not have an internal audit committee or an internal audit plan. An internal audit committee and/or an internal audit could assist the Council in ensuring that it has adequate internal controls. **(Recommendation 13c)**

The development of internal audit processes is also important, as Council does not appear to have undertaken any fraud risk assessments. Nor does it have a fraud control policy or strategy. Changes to the Australian Auditing Standard 210 (AIS210)

now require all external auditors to obtain a written representation from management that the organisation has systems to deal with fraud risks. **(Recommendation 13d)**

Gifts and benefits policy

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

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

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

Council has adopted a code of conduct that provides information on the procedures to be followed by staff and councillors in relation to gifts and benefits. While the Council does have a gifts register, it does not have a gifts and benefits policy and procedures.

(Recommendation 14)

Section 252 policy

All councils are required to adopt a policy on the payment of councillors' expenses and the provision of facilities to councillors pursuant to section 252 of the Act. Council's section 252 policy was adopted by Council on 17 August 2006.

The policy is minimal and does not comply with the current Departmental guidelines. Tenterfield Shire Council needs to amend the policy to comply with the current guidelines. The current policy does not consider expense items such as legal expenses, insurance, childcare or councillor training. Expenses for 'Partners' (4) page 3 are inconsistent with guidelines, as the policy states the Council will meet travel costs of partners. Transport expenses to conferences/seminars (1b) on page 2 are required to

be "most effective", which is vague. Contrary to the guidelines, expense approval arrangements are made by the General Manager alone.

The policy does contain reimbursement procedures. This could include what form to use. The policy does provide some limits on expenses, but these could be expanded to indicate limits for all expense categories. Facilities provision is minimal.

A council must not pay any expenses or provide any facilities otherwise than in accordance with its section 252 policy. Councils are required to report on the expenses paid and the facilities provided in their annual report. While Council does report to residents on councillor expenses, the layout of information is not clear and is aggregated into a total figure. To provide greater transparency to its community, Council is encouraged to show a breakdown of the totals in future annual reports.

(Recommendation 15)

Records Management

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

The review has identified several opportunities for Council to improve its record keeping practices. For example, Council does not have a records management policy. Council needs to be aware that Australian Standard AS ISO 15489-2002, which has now been adopted as a code of best practice for the NSW Public Sector for records management policies and procedures, has superseded Australian Standard AS4390. Council should consider this in reviewing its records management. **(Recommendation 16a)**

Council currently uses SharePoint for its document management and records management system, but this system is not fully utilised and only certain documents are scanned.

A review of files showed little evidence that all electronic records of Council have been captured and retained and there was a lack of protocols for capturing electronic records coming from sources other than incoming paper mail.

Council does not have a strong and effective filing system that tracks and chronologically keeps all documents. In reviewing tenders, no files could be found in one location and tender documents were kept in boxes in the general office areas.

(Recommendation 16b)

Records disposal should be done in accordance with the General Records Disposal Authority (GDA10). While staff are aware of GDA10, a review of processes is needed. The policy also states that records are disposed of in accordance with “Council’s disposal procedures”. All records need to be reviewed periodically to determine if they should be retained, archived to State Archives or another appropriate repository or destroyed in accordance with GDA10. It is noted that records were disposed of at Council’s tip, contrary to the provisions of the GDA10. **(Recommendation 16c)**

A good records management policy should incorporate information about, and procedures for, community access to records under section 12 of the *Local Government Act 1993*. While the Act provides for access, it is important to note that the Act also imposes an obligation on the Council’s Public Officer to assist people gain access to records. A well-written policy and straightforward procedures can be a practical way of assisting the public to gain access to records and information. **(Recommendation 16d)**

Council should make the required changes to its record keeping practices to facilitate compliance with the *State Records Act 1998*, to ensure that its record systems support the needs of the organisation and to facilitate community access. Further, Council should be mindful of the need to resource this area of Council operations.

The records repository should be located off-site and Council should consider working with other councils or authorities to establish a joint records repository in the region to minimise the risk to records. For example, the councils of the Wellington Blayney Cabonne Strategic Alliance have recently established such a facility.

(Recommendation 16e)

Councillor records

Local government councillors come to their councils with an understanding of the major issues in their community and the knowledge, experience and commitment to provide strong leadership and good governance of the council. If councillors have not come from a government environment, they may not have a knowledge or understanding of their responsibilities for recordkeeping. This includes the regulatory and best practice requirements they are expected to observe when undertaking duties on behalf of the council.

Council needs to act in an educative role to ensure councillors understand and meet their recordkeeping responsibilities, both to facilitate the efficient conduct of Council business and to ensure that decisions and actions are transparent and accountable.

One way councillors can be informed of their responsibilities is through the issue of policy and procedures. State Records NSW has created a *Sample records management policy and procedures for councillors* that can be modified by councils to suit their needs. State Records NSW also produce a brochure titled *What have records got to do with me?*, which is available free of charge. All councillors should be provided with a copy. **(Recommendation 16f)**

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. Council adopted the Model Privacy Management Plan in 2005. The model plan provides for regular reviews. Council has reviewed the plan. Council has not provided training to staff and councillors in the requirements of the privacy legislation. **(Recommendation 17)**. In its response council has advised that training will be incorporated in the 2008/2009 Training Plan.

Access to information

Section 12 of the *Local Government Act 1993* identifies the documents that are available for the public to inspect free of charge. In conducting the review a number of these section 12 documents were not available or difficult to locate. Council should ensure all section 12 documents can be easily located and provide clear guidance on where in the organisation the documents can be found. This information should be readily available to counter staff.

Additionally, Council needs to provide information to the public about Council documents that are available under section 12 and how they can be accessed.

(Recommendation 18)

Meeting Procedures

A key document covering a council's decision-making is its code of meeting practice. The code of meeting practice incorporates the provisions of the Act, Regulation and the Department's meetings practice note and supplements these provisions with provisions related to the council's own circumstances. The code contains information on the order of business, deputations to council and conduct of the public forum session at council meetings.

The ordinary meeting of Council is held on the fourth Wednesday of each month. Each month the Finance and Policy Committee also meets. The review team attended the ordinary Council meeting of 27 June 2007.

Council has adopted a code of meeting practice under section 360 of the Act. This document incorporates relevant provisions of the Act and Regulation, together with a number of additional provisions. Council's code of meeting practice makes provision under the open meeting guidelines for a member of the public to address Council. However, the code lacks processes by which the public can address a Council meeting. The meeting agenda does not have provision for public addresses and the business paper does not provide assistance on how to address Council. Council should look to establish a public forum section of its meeting to allow members of the public to address Council. The code needs to be reviewed to further detail Tenterfield Shire Council's

practices, for example in giving public notice of a meeting, setting out where that notice will be displayed and/or what newspapers it should be advertised in.

(Recommendation 19 ai and aii)

The order of the agenda acts as a deterrent to the public in attending Council meetings, with Council moving into closed session directly after the Disclosure of Interests and prior to the confirmation of minutes. This part of the meeting may be more appropriately included towards the end of the standing agenda. **(Recommendation 19aiii)**

Council dealt with its business efficiently and the councillors worked well together and treated each other and Council staff with respect.

Pre-Council meeting workshop

Prior to Council meetings, Council holds closed workshops that among other things discuss the business of the Council meeting. Workshops or briefing sessions are informal committees that can be beneficial in conveying information to councillors and clarifying issues for them. However, where an explanatory session is held in relation to a development application or business enterprise, Council needs to be mindful of the obligations expressed in the code of conduct and of community perception in ensuring that participants from the public do not receive or appear to receive an unfair advantage. Council also needs to ensure there is transparency of process.

Workshops should not be the place where discussion of a matter is so detailed and advanced that a consensus is reached or a de facto decision is made. Any detailed discussion and exchange of views on an issue should be left to the open formal Council or committee meeting. These workshops may give rise to a public perception that Council is making decisions in secret and consideration should be given to ceasing, or at the least, constraining these sessions. **(Recommendation 19aiv)**

Closed Meetings

As a general rule, meetings of councils and their committees are required to be open to the public. Where Council determines that a matter should be dealt with in confidential

session, section 10 of the *Local Government Act 1993* outlines the requirements for this determination.

The review team examined Council's minutes for the past 12 months, as well as attending a meeting of Council. Council considers a number of matters in the absence of the public.

The agenda needs to identify all the matters that are to be discussed in closed session and give sufficient information as to the nature of the matters. This is important because under clause 252 of the Local Government (General) Regulation 2005 the public may have a right to make representations as to whether the part of the meeting should be closed. In order to do this, the public need to know what the item of business is about.

Where Council determines that a matter should be dealt with in closed session, sections 10A to 10D of the *Local Government Act 1993* outline the requirements for this determination. 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(2)(c). Council should note that personnel matters concerning staff and related to discussions about awards only are not appropriate reasons for closing meetings to members of the public.

Additionally, Council should make available to the public all the resolutions made in its closed meetings. A review of Council's minutes for the past 12 months shows that not all resolutions are reported to open Council on matters that were discussed in closed session as required by clause 254 of the Regulation. **(Recommendation 19b)**

Questions/Business Without Notice

Clause 249 of the Regulation allows questions to be put to councillors through the Mayor and to council employees through the General Manager.

The Regulation provides that questions may be put to a councillor or an employee and that questions must be direct, succinct and without argument. The right to ask questions at council meetings is to be used appropriately and not as a tool to probe other

councillors or staff on matters outside of the proper business of the council meeting. Also questions during a council meeting should be related to the business before council and councillors should avoid raising business that can be discussed under other items of business on the agenda pursuant to clause 241 of the Regulation.

The general provision is that a council must not transact business at a meeting unless a councillor has first given notice of the business in writing within the period fixed by the council's code of meeting practice or by council's resolution (clause 241 of the Regulation). Clauses 241 and 243 provide limited exceptions to the general provision.

Council should also be mindful of the risk that questions without notice may allow for questioning of staff on detailed matters of an operational nature that should not be raised at Council meetings. The Mayor, in the capacity as meeting chairperson, should monitor and if necessary rule such questions out of order. Council should review the inclusion of questions without notice in its meetings. If the nature of the questions is operational, Council should develop a process to submit work requests at any time.

Part 2.4 of the Department's Meetings Practice Note also provides assistance with what business can be discussed and dealt with at council meetings. Part 1.4 of the Department's Meetings Practice Note sets out how information additional to that provided in the Council's business papers can be obtained. It is recommended that all councillors are provided with a copy of the Department's Meetings Practice Note.

Many councils have successfully introduced Councillor Request Forms which enable councillors to ask questions of staff in writing and assist councillors to deal with constituents' concerns. **(Recommendation 19c)**

Induction training for councillors

Newly elected councillors require induction training to equip them with the skills required to properly carry out their duties and allow them to be effective in the exercise of their duties. To assist councillors in achieving these goals, councillor induction training should familiarise councillors with the activities and functions of the council and the legislative framework in which they operate. This program is also intended to ensure

that councillors are made aware of their general legal responsibilities as elected members and their obligations of disclosure under the pecuniary interest provisions of the *Local Government Act 1993*.

For newly elected councillors, Council conducts an informal induction process. It also provides opportunities for councillors to attend training through external providers such as the Local Government and Shires Associations.

Council staff could not produce the record of councillor training. The review team recommends that Council ensure that such records are kept in a systematic way.

(Recommendation 20)

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.

An important part of a good complaints system is for Council to use complaints to identify areas of deficiency in its performance. Council has a complaints policy adopted by Council in March 2007. At the time of the review it was not apparent that training of staff on the processes associated with the policy. Such training is crucial to the effective implementation of the policy. **(Recommendation 21)**

Council service standards

The review team also noted that Council does not have service standards (also known as a guarantee of service). These standards set out some key performance levels so that the community has a clear understanding of what they can expect in terms of council-provided services. Council has advised that all telephone calls are responded to within 24 hours and correspondence is responded to within a 7 – 14 day period.

Service standards are also a valuable means of reinforcing Council's commitment to customer service and of holding Council staff accountable for their performance. Council has a strong level of accountability through the breadth of its reporting on its performance through the annual report and the management plan. The review team

believes this would be enhanced by articulating service standards, beginning with core services such as:

- responding to correspondence by letter and email
- answering telephone calls and
- processing requests for service not subject to statutory deadlines.

(Recommendation 22)

Information technology

Council does not have a strategy or plans of action for information technology. Council needs an information strategy that identifies industry standard hardware and software requirements. **(Recommendation 23a)**

Council needs to review its current IT platform/database to ensure that communication within and between departments is seamless, ensuring that there is organisational-wide access to all relevant information. Some limitations exist in Council's IT systems. Council currently uses Microsoft Office SharePoint. While this has served Council for many years, the lack of an integrated computer system limits the Council's ability to improve service provision. **(Recommendation 23b)**

Council should take advantage of its intranet and internet to communicate. Employees should have access to information that will assist them in performing their job and the intranet should hold information such as staff policies, corporate information, etc. Similarly the public should have access to Council policies and information, including information of Council's business activities, tourism, etc. **(Recommendation 23c)**

Council should follow best practice as defined by the Department of Premier and Cabinet and in AS 7799, which stresses the need for an IT security framework that includes an information management system and supporting policies and procedures. **(Recommendation 23d)**

The review team note the limited resources in the IT area and consideration should be given to alternative IT arrangements, including resource sharing with other councils. Currently the Finance Manager is responsible for IT management. As noted in the 2005

management letter from Council's auditor, management of risks associated with this position should be a priority for Council. Council was looking at segregating certain roles in this position, but more action should be considered to minimise risk.

(Recommendation 23e)

Council should continuously review the IT system to reflect the changing nature of technology. **(Recommendation 23f)**

Local elections

During the review, a number of councillors expressed the view that a number of Councillors will not be re-standing for election to Council. Council, in the period before the 2008 ordinary elections, should undertake a campaign to encourage members of the public to stand for election as councillors. In particular, it should encourage women to take a role on the Council. For example, information could be provided to sporting clubs, service organisations and community groups. Recently at Lismore City Council, female councillors held information evenings for women who may wish to become a councillor. **(Recommendation 24)**

Councillors require training to equip them with the skills required to properly carry out their duties and allow them to be effective members of Council's elected body. To assist councillors in achieving these goals, councillor induction training should familiarise councillors with the activities and functions of their Council and the legislative framework in which they operate. Council could explore the possibility of having a mentor program to encourage and educate community leaders on becoming councillors.

6.2 Planning and other regulatory functions

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

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

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

The efficiency and probity of Council's regulatory functions is important to preserving public trust in Council and its staff. The functions involve the use of significant public resources.

It is commendable that the Council has taken positive steps at improving its operations in this area, including developing an electronic database along with improvements to the management and administration processes associated with development applications (DAs). Council has also developed different assessment processes for differing types of DAs. However, additional work is required in areas such as administration of records as discussed earlier in this report, and Council needs a clearly defined and shared vision of the future town planning requirements for the Shire.

Development Assessment

Council determined approximately 75 development applications and issued an additional 54 complying development certificates over the last year. Most of the applications are not complex and approximately 90% of all DAs are dealt with under

delegated authority. Within the first two (2) days of the receipt of a DA or upon the request of an agency or department, if further information is required, the applicant is notified and the stop the clock flag in the electronic database is triggered.

While the process appears to be working well, Council should promote the availability of a review process, as provided for under section 82A of the *Environmental Planning and Assessment Act 1979* (EP&A Act) and section 100 of the *Local Government Act 1993*. This is particularly important given the high use of delegated authority.

Planning instruments

Council is required by section 73 of the EP&A Act to keep its planning instruments and policies, such as local environmental plans and development control plans, “under regular and periodic review”.

Council currently has one Local Environmental Plan (LEP), gazetted in 1996, that covers the entire Shire area. Council will be reviewing its LEP, like all councils in NSW, in accordance with recent changes to the EP&A Act. Council has developed a land use strategy, which is yet to be approved, the *Tenterfield – Urban and Rural Land Use Strategy*.

The review of the LEP is an opportunity to ensure that Council’s land use and other infrastructure planning is integrated with Council’s strategic plan. **(Recommendation 25)** Council has advised that it engaged consultants Parsons Brinckerhoff to undertake the development of the Tenterfield Urban and Rural Land Use Strategy it identified the following specific objective to assist with integrating development controls with infrastructure planning in the development of the councils plan:-

“identify challenges facing the Tenterfield Shire community, including social, economic, environmental and infrastructure issues.”

Developer contributions

Council has a section 94 contributions plan prepared in 1999. This plan is out of date but is currently being reviewed as a section 94A plan. This review is being completed

with the assistance of Parsons Brinckerhoff. Council is encouraged to pursue this review.

Given the amount of subdivision development approved, Council cannot entirely predict when it may need to provide for the extension and augmentation of its assets in conjunction with future development. It is unable to appropriately levy and collect contributions towards this renewal from any new developments if it does not have an up-to-date contributions plan in place. **(Recommendation 26)**

Land Classification

In June 1994 Council resolved that only three lots of land be classified as community land:

- Federation Park, Petre Street
- Bruxner Park, Rouse Street (including the Post Office and Telstra building)
- Hockey Field, Petre Street.

All remaining Council owned public land was classified as operational land. No submissions were made at the time objecting to this classification.

The *Local Government Act 1993* provides that operational land is land that is held as a temporary asset or as an investment, land that facilitates the carrying out of council functions or land not open to the general public, for example a council works depot or administration building. Operational land can be readily disposed of.

At the commencement of the Act on 1 July 1993, certain public land vested in or under the control of councils automatically became classified as community land. The categories of land that became community land are set out in clause 6(2) of Schedule 7 to the Act. Council should be aware that a resolution to classify any land that was automatically classified as community land by operation of clause 6(2) of Schedule 7 of the Act as at 1 July 1993 would not be valid.

By way of general information, the *Local Government Act 1993* provides that community land may only be reclassified as operational land by means of a local environmental

plan (LEP). The procedures under the *Environmental Planning and Assessment Act 1979*, including public exhibition, will apply to the making of the LEP.

In addition, and in recognition of the special significance of community land, section 29 of the *Local Government Act 1993* provides that a public hearing under section 68 of the EP&A Act must be held in relation to a reclassification of community land by LEP. If, after the public consultation process, the Council decides to proceed with reclassification, the draft LEP must be submitted to the Minister for Planning, who is responsible for making the final decision on the matter.

Council's Planning Division has acknowledged the error that occurred in 1994 and is now reviewing the classification of land in the Shire. Section 35 of the Local Government Act requires councils 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 is encouraged to complete the process of reviewing and developing plans of management for the land in question. **(Recommendation 27)**

Subdivision planning and releases

Council should balance the release of land around the town through subdivision and the impact that this may have on existing landowners. Council should be conscious that oversupply of land in a limited market may have a negative effect on land prices in the town and surrounding areas. As mentioned in this report, the population trend for Tenterfield is expected to decline because of ageing. In order to reverse this trend, Council should examine strategies that will attract demand for these new housing areas.

While Council has approved sub-divisions around Tenterfield, it is unclear how this development addresses the town planning and community aspirations for the town. While Council has a draft Urban and Rural Land Use Strategy, it is unclear how this fully addresses community aspirations for land use. The lack of an overarching plan could be detrimental for current and future residents. There was little evidence of Council

providing community services to these new subdivision areas or a strategy of addressing the needs of these new residents. **(Recommendation 28)**

Heritage Planning

Tenterfield has a number of significant heritage items, including the main streetscape. A review of the planning guidelines indicates Council has limited ability to protect and preserve the streetscape. In 2002, Council developed a Heritage Management Plan, and while this went some way to preserve the town's streetscape, this in the main has been indicative and has not been integrated into existing development control plans or the LEP.

Based on the 1997 heritage study, the 2002 plan provided that a Statement of Heritage Impact must support a development application, which addressed the guidelines in the plan. While development applications since that time have included Statements of Heritage Impact, there is little evidence that this has preserved and protected the streetscape. Council has a Heritage Advisory Committee and has determined draft "conservation areas". Council is supported in having declared conservation areas to further protect significant buildings or landmarks in the area.

Council does not appear to have recognised the tourist potential in improving the main street of Tenterfield by protecting the main streetscape of the town. While Council provides limited grants to property owners to protect and preserve heritage buildings, a more focused program could be considered.

Council is encouraged to learn from other councils such as Inverell Shire Council. The Growing Inverell Program has successfully put in place ways to protect the heritage of the town while at the same time facilitating and promoting business opportunities and economic development. **(Recommendation 29)**

In commenting to the draft report council cites its commitment to Tenterfield's heritage through the heritage advisory committee, heritage advisory service provided, a local heritage assistance finding program, funding for main street verandah restoration,

restoration of the Tenterfield School of Arts complex, negotiated sympathetic streetscape design and upgrade for a number of developments.

It is encouraging that the draft Development Control Plan will place a strong emphasis on Tenterfield's heritage and the expectations for development and redevelopment works. This will go some way to meeting the recommendation. However, Council should learn from other council's in its area to ensure that it is aware of other steps that can be taken to preserve Tenterfield's heritage.

Enforcement

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

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

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

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

of regulatory responsibility. The review team was advised that the steps Council officers need to follow in enforcing regulatory requirements are communicated by managers and through team meetings. Council should document its policy and procedures in relation to dealing with non-compliance issues. The NSW Ombudsman's enforcement guidelines may be a useful resource in developing this policy **(Recommendation 30)**.

Regulatory inspections

Council has a program of inspections of all food outlets in the Shire. However, a similar program is required for inspecting other premises such as hairdressers. **(Recommendation 31)**

As Tenterfield is a small Shire with limited resources, enforcement is the responsibility of only a few officers of Council. Council should investigate working with other councils in sharing resources in the regulatory area to minimise duplication and develop expertise in the regulation and enforcement areas. **(Recommendation 32)**

State of the Environment Report (SOE)

The Tenterfield Shire Council comprehensive State of the Environment Report 2004-05 was examined during the review. Aspect North Consulting prepared the report on behalf of the Council. All environmental sectors were more than adequately considered according to the Pressure-State-Response model. Clearly, significant resources were devoted to the development of this comprehensive SOE. The Executive Summary point 6) on page (ii) notes the ever increasing complexity of SOE reporting by Council.

The report included many instances of better practice, though not always consistently so across all of the sectors. It includes a good rationale for indicators used for each sector and commendably the indicator trends over time are sometimes included and analysed, for example "*A clear trend is developing in Rural subdivisions...indicates the increasing fragmentation of rural lands and the subsequent erosion of agricultural potential*" (page 18 of the SOE).

A very useful inclusion is the consideration of progress on recommended actions that came out of the previous SOE 2003/04. This was done for most sectors (but not water).

It is unfortunate that the report does not comment on why certain actions arising from the previous SOE were not achieved or carried over (eg, page 27 “*That Council should collect information from DLWC on the extent of Dryland Salinity in Shire and include this information in its GIS*” page 27 and “*that a Shire-wide vegetation study be undertaken...*” (page 110).

The report also makes a number of appropriate current recommendations and actions, for example, appropriate actions for waste, cost/benefit analysis for recycling in Tenterfield (page 122) and air, costs/options for a north-south bypass to remove heavy vehicles from the Tenterfield CBD (page 40).

The water sector appears to be lacking substance considering water is a major issue due to drought and considering the LGA straddles 2 catchment areas. It does not discuss pressures at all and does not include discussion of past or future actions. However, it should be noted that a significant number of actions in relation to water supply are listed in the Management Plan 2007/2008.

Some information is incomplete, eg, Table 4 page 77 in the Biodiversity section, which lacks land area data for State forests.

The SOE lacks information about community engagement in developing the report or in undertaking relevant activities, apart from mentioning that Council supports Landcare groups (page 109).

The Management Plan 2007/08 lists a number of relevant environmental initiatives but does not link to the SOE. However, it is noted that page 18 of the Management Plan mentions the need to complete a supplementary review of its SOE by 30 September 2007. However, in Council’s Annual Report 2005/06 there was no mention of the SOE or why the supplementary SOE 2005/06 may not have been completed.

Companion Animals

The primary aim of the *Companion Animals Act 1998* is to provide for the effective and responsible care and management of companion animals. Local councils are

responsible for implementing the provisions of the Act, which imposes requirements on both councils and the owners of companion animals.

A companion animals management plan identifies strategies that councils will pursue in meeting obligations under the Companion Animals Act.

Council does not have a companion animals management plan. There is a clear need for a plan to address the issues of ownership and control of companion animals in the Shire. It is also a means of raising awareness for compliance with the relevant legislation. It is recommended that Council prepare and adopt a companion animals management plan. **(Recommendation 33)**

Council has 114 cats and 1,132 dogs listed on the Companion Animals Register. However, of these, 95 cats (83.3%) and 888 dogs (78.4%) are lifetime registered. Council should encourage dog and cat owners to register their dogs and cats.

The management plan should identify strategies for Council to pursue in meeting its obligations under the Companion Animals Act. This includes, but is not limited to, community education, enforcement, environmental and community amenity strategies. Council also has an obligation under section 64 of the Act to seek alternatives to euthanasia and if practicable, adopt any alternatives. Euthanasia rates for the Council are high: 94.6% in 2003/04 and 75.3% in 2005/06. Strategies should be linked to, and monitored through, the Council's management plan.

The Department recognises that many councils may require assistance with the preparation and direction of companion animals plans specific to their area of operations. To address this, a strategic guide to preparing plans was developed by the Department and is available on the website at:

<http://www.dlg.nsw.gov.au/dlg/dlghome/documents/Forms/gpscamp.pdf>.

The template provided in the guide covers various areas of companion animal management and allows each council to develop individual strategies.

Swimming Pools

The *Swimming Pools Act 1992* requires Council to promote awareness of the requirements of the Act in relation to private swimming pools within the Council's area. Currently, Tenterfield Shire Council does not have a compliance program to ensure it is notified of all swimming pools in its area, and that swimming pools comply with the *Swimming Pools Act 1992*. Council promotes swimming pool safety by preparing a brochure that is sent to pool owners to remind them of their obligations in owning a swimming pool. Council is not fully complying with the requirements under the *Swimming Pools Act 1992*. Council should take steps to ensure it has programs that promote compliance. **(Recommendation 34)**

6.3 Asset and financial management

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

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

- *Financial management*
- *Asset management*
- *Insurance*
- *Tendering and procurement*

Overview of financial position

The financial position of Tenterfield Shire is satisfactory, with all financial indicators better than accepted industry benchmarks.

Council has a total income for 2005/06 of \$12,867,000. This was made up as follows:

| | | |
|--------------------------|-------------|-----|
| Rates and Annual Charges | \$3,398,000 | 26% |
| User Charges and Fees | \$2,590,000 | 20% |
| Grants and Contributions | \$6,110,000 | 48% |
| Other revenue | \$769,000 | 6% |

The Council's income statement ending 30 June 2006 shows a surplus result of \$16,000 from operating activities after all activities compared to the surplus in the previous year of \$218,000.

Council has \$7,416,000 in cash assets and investment securities. Of this, \$2,500,000 is internally restricted and \$1,011,000 is in the form of unrestricted cash.

Council's estimated cost to bring infrastructure to a satisfactory standard is \$17,907,000 with estimated annual maintenance expenses of \$2,460,000. It is worrying that the written down value for the Water Supply Network is 28% and that Council considers that

expenditure of \$3,745,000 is required in this area to bring water assets back to a satisfactory state. This indicates water and sewerage assets are currently beyond 50% of their economic life.

In reviewing Special Schedule 7 - Condition of Public Works - only 5 asset classes were listed. The lack of additional classes limits identification of classes of assets needing improvement. It is suggested that in the coming year a greater number of classes are included.

It is noted that the water supply function recorded an operating deficit of \$73,000 in 2005/2006. National Competition Policy requires that water and sewerage services have pricing policies that return sufficient income to cover operating costs and provide funds for future renewal of assets. Furthermore, it is noted that the water reserves are low. This result would suggest that water and sewer charges are currently inadequate and require review. **(Recommendation 35)**

Council's performance ratios set out in Table 1 below are considered satisfactory.

TABLE 1 FINANCIAL RATIOS

| Ratio | 2005/06 | 2004/05 |
|---|---------|---------|
| Current Ratio | 3.49 | 3.46 |
| Unrestricted Current Ratio | 4.52 | 5.31 |
| Debt Service Ratio | 2.38% | 5.0% |
| Rates & Annual Charges Outstanding Percentage | 6.0% | 5.92% |
| Employee Leave Entitlement | 39% | 42% |

Current ratios and unrestricted current ratios refer to the amount of available assets that a council has to meet its current liabilities. Councils should be aiming at ratios greater than 2:1. The debt service ratio is low and has halved since 2004/2005, indicating a capacity for the Council to borrow. Council's rates and annual charges outstanding reflect the percentage of money that has not yet been collected for rates and annual charges. Again this is low against comparable councils.

Financial planning

Councils are required to develop a budget each financial year as part of their management plan. Councils are also required to provide estimates of revenue and expenses for the following two years within the management plan. Councils are encouraged to develop longer-term financial plans that are integrated with the council's strategic plan. Longer-term financial plans allow a council to forecast the revenue and expenses that are associated with the council's strategic direction. By undertaking longer-term financial planning, a council is able to forecast its financial position and measure the sustainability of its proposed activities and whether it can fund additional activities and services. **(Recommendation 36)**

Budget Variations

Section 407 of the *Local Government Act 1993* states that the General Manager must report to the council within two months of the end of each quarter in relation to performance targets set by the current management plan. It appears that this report was presented to the ordinary meeting of Council on time. Further, Clause 203 of the Local Government (General) Regulation 2005 states that the Responsible Accounting Officer must, within two months of the end of each quarter, submit to council a budget review statement. This was also presented to Council on time. Clause 212 of the Local Government (General) Regulation 2005 states that the Responsible Accounting Officer must submit on a monthly basis an investment report to Council and this was complied with.

Council should, however, note the guidance set out in note 16 of the Local Government Code of Accounting Practice and Financial Guideline calling on councils to improve this reporting by giving councillors and ratepayers further information and reasons for the variations. Council should report in the business papers all material variations of more than 10%. **(Recommendation 37)**

Grants

Councils need to utilise grant funding whenever it is practical. When Council requires funding for a particular project or process, Council should review the possibility for

available grants. With this in mind, Council must consider the 50/50 funding requirement and the recurrent costs of these processes or projects. The General Manager and the executive management team should encourage greater awareness of potential grants and coordinate applications for projects from all sections of Council.

Procurement

Council is yet to develop procurement and tendering policies. As noted in the Council auditor's management letter, Council's purchasing system does not have appropriate delegated authority limits that ensure that employees can only order to certain dollar limits. As stated in the management letter, the core objectives of any procurement policy must be the improved efficiency of Council supplies that are cost competitive, meet quality requirements and ensure timely product or service.

The lack of variance reports in procurement increases the risk of errors and fraud being detected. Council needs to ensure that Council's computer software limits purchase orders to predetermined levels. Council should complete its procurement policy and procedures as a matter of urgency. The policy procurement limits set in this policy should be linked to Council's delegations. **(Recommendation 38)**. While council responded that it provides variance reports to councillors as part of the quarterly budget review, it appears that these reports do not provide sufficient information to guide sound decision making in this area.

Tendering

The review team examined a number of tenders. These records were poorly managed and evidence of compliance with legislative requirements was not documented or could not be substantiated such that it is not possible to conclude that Council is compliant with section 55 of the Act.

It was observed that tenders were kept in boxes on the floor of the engineer's office, and tender documents and post tender documentation were filed together making it difficult to ensure tender requirements were met.

Council must have mechanisms and procedures in place to ensure that its management can be satisfied that it is meeting all its obligations and carrying out proper, open and transparent tendering procedures. One way of improving effectiveness in this area is to

centralise these functions with an officer or officers who have experience in these matters, rather than being solely handled by the directorate or department that is the ultimate purchaser of the goods or services in question.

Clause 20 of the Regulation requires that Council display tender lists and other information on its noticeboard. Council needs to ensure that when it posts the notices or lists, it keeps the notices on the board for a reasonable length of time thereafter. No notice appears to have been displayed for a number of years.

Council should conduct an internal review of its tendering processes and documentation. Council may wish to use the Department's tendering checklist to assist with future tenders. **(Recommendation 39)**

Pensioner Rates and Hardship Policy

Section 577 of the *Local Government Act 1993* allows council to extend concessions to avoid hardship in relation to its rates and charges. Council does not have a rates hardship policy in place. Given the demographics of the area (a large aged population and quite high levels of dependence of social security payments) this issue should be considered when Council reviews the debt recovery policy. **(Recommendation 40)**

Asset Management and Infrastructure Maintenance

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

As at 30 June 2006, Council estimated that it would cost approximately \$17,907,000 to rehabilitate its infrastructure assets to a satisfactory standard. Currently there is a shortfall in estimated maintenance to actual maintenance funded of \$267,000 per annum.

It is prudent that Council ensure regular revaluation of assets and better financial planning based on an improved understanding of the cost of maintaining each asset.

The Department has announced the need for councils to introduce fair-value accounting for all infrastructure assets. Council needs to be pro-active in revaluing assets and improve asset management practices.

It was noted that Council is finalising a proposal to undertake a valuation of all water and sewer assets. This will assist in Council's compliance with fair value accounting for water supply and sewerage assets

Council should prepare a long-term asset management plan together with a comprehensive infrastructure maintenance programme. This will ensure proper medium to long-term decisions in terms of Council assets and prioritising such decisions. In drawing up such plans, Council also needs to weigh the costs of investing in infrastructure renewal over the medium term against the potential costs of failing to do so over the long term.

The written down value (WDV) of Council's assets for 2005/06 period are as follows:

- Roads, Bridges and Footpaths 59%
- Stormwater Drainage 82%
- Water Supply Network 28%
- Sewerage Network 44%

As indicated earlier, the Department considers that a WDV below 50% may be cause for concern. This is because once an asset has been depreciated substantially; there may be deterioration that requires major reconstruction.

Council should undertake a systematic assessment of the condition of all its infrastructure assets. **(Recommendation 41)** This process will facilitate the Council being able to make informed decisions about the need to fund asset maintenance and replacement.

Council should develop a register of infrastructure that details the valuation and most recent condition assessment for each asset. **(Recommendation 42)** Council has advised that it employed an Asset Manager in June 2007 to facilitate a review of the

assets and plant replacement program and to assess and include condition information in the CONQUEST asset management computer program.

Council should adopt a policy on the replacement of plant. The policy should identify the expected useful life of each category of plant and optimum replacement dates.

With ageing infrastructure and a limited revenue base, Council needs to implement strict budgetary controls to meet these challenges. Council does not have an asset management plan or a comprehensive asset maintenance program. During the review, it was mentioned that Council is in the process of developing such a plan. Council should develop a comprehensive asset management plan. The plan should be linked to an infrastructure maintenance program as well as a long-term financial plan.

Council should also identify opportunities for asset rationalisation. It was noted during the review that the Council has a number of depots that are not fully utilised, and some rationalisation in this area may need to be considered. Council's long-term asset management plans should be linked to its long-term financial modelling. Council should also make provision for the funding of infrastructure improvements.

Council levies the stormwater service charge (in accordance with Circular 06/65) to all businesses in Tenterfield and all properties in Jennings and Urbenville. These funds are to be used for stormwater management. Nevertheless, Council has no stormwater plan and should look to develop such a plan. **(Recommendation 43)** Council advised that in November 2006 it adopted to develop a Stormwater Management Plan. However, a suitable consultant is yet to be engaged.

Financial Assistance Policy

Council has an effective Section 356 Financial Assistance Policy. Council seeks applications for community projects and annual contributions as part of the management planning process.

Applicants are required to complete an application form. This, along with any other relevant information, is provided to all councillors. These are then considered when Council adopts the management plan.

6.4 Community and consultation

A council's charter requires that a council:

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

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

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

Community service provision

The Tenterfield Shire covers 7,332 square kilometres and its estimated population in 2006 was 6,535 people (Australian Bureau of Statistics 2006 Census data). Tenterfield has similar needs and faces similar issues as other country areas across NSW. Council's social plan recommends a wider level of government and non-government agency consideration in local level planning to effectively manage some of these common needs including health, infrastructure, (water, roads and transport), employment and education. Geographic isolation is also a significant issue for many residents in outlying rural areas, particularly in relation to access to shopping, health, professional and educational facilities and services.

Tenterfield Shire Council Social Plan 2007

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

The needs analysis should result in the formulation of access and equity activities that Council and/or other agencies could implement to address identified needs. Each year priority initiatives to be implemented should be listed in an Access and Equity Statement for inclusion in the Council's management plan. Progress should be reported on in the Council's annual report.

The Tenterfield Shire Council Social Plan 2007 was developed with assistance from an external consultant. The community and other stakeholders were consulted as part of the process for developing the Tenterfield Shire Council Urban and Rural Strategy. The plan covers the period of 2006/7 to 2011 and was adopted by Council in May 2007. A copy of the final plan is available on Council's website.

The plan is well presented and very readable. It meets the legislative requirements for social/community plan development and provides a good base model for rural councils. Council should be commended for this.

Some other positive features of the social plan, as well as areas where the plan could be improved, are presented below.

- More clarity is needed regarding the extent to which the previous plan was implemented.

- More clarity is needed regarding the extent to which the current plan is integrated across Council functional divisions.
- Relevant statistics relating to all target groups should be included. (The current plan only lists data about culturally and linguistically diverse residents and Indigenous residents.)
- The Human Needs Assessment section is a succinct summary of the key issues and needs of the general population of Tenterfield and each target group. However, this section could perhaps be improved by a discussion of how the needs for each group were arrived at (eg. interpretation of community profile, analysis of key documents and consultation).
- The plan gives very little attention to women as a target group.
- The majority of recommendations and actions in the plan are strategic in focus consistent with Council's advocacy and facilitative role. It is commendable that Council has a clear and consistent vision of its social planning role and is positioning itself this way.
- The performance indicators listed appear very broad and it is difficult to see how these can be measured.
- A major area for improvement is that its recommendations and actions should include indicative time frames for completion to allow more accurate measurement of performance.
- The summary of the social plan survey is a valuable addition to the plan as it provides the Council and the community with a real and tangible list of what some of the issues are.
- The social plan has limited links to the management plan. In particular, it does not refer to and integrate with Council's broad vision, mission and key result areas.
- The Access and Equity Statement in Council's 2007/2008 management plan is generic and appears to have been 'cut and pasted' from one year to the next. Each year specific priority actions to be implemented from the social plan should be listed in an Access and Equity Statement and included in the management plan and budget. These actions should include specific performance indicators.

- Council's 2005/2006 annual report states that no specific initiatives set out in its social plan were planned nor undertaken in 2005/06 with the exception of some activities for young people. Where no activities are undertaken for a target group, the annual report should state why (eg resource constraints). **(Recommendations 45 and 46)**

Tenterfield's ageing population

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

Between 2004 and 2022 the population of Tenterfield is projected to remain constant in size. With 17.8% of its population currently aged 65+ years, Tenterfield is NSW's 23rd oldest local government area. By 2022 it will be its 25th oldest. Tenterfield's 65+ population is projected to grow from its current 1,220 to around 1,830 by 2022 (49 per cent).

At an average increase of 0.48 percentage points per year, this 'force of ageing' is substantially faster than that projected for both NSW as a whole (0.33) and the Sydney metropolitan area (0.43). The Council's population aged 85 and over is projected to increase in proportion from 2.2% to 3.4% 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 for services, facilities and infrastructure will be significant and will impact on virtually all aspects of Council's operations. The *Australian Local Government Population Ageing Action Plan 2004 - 2008* was prepared by the Australian Local Government Association to build the capacity of local government to plan for an ageing population. To achieve this objective, the plan provides a flexible and dynamic framework that builds awareness, encourages action, fosters partnerships and improves access to information.

The action plan complements other related national ageing strategies, such as the *National Strategy for an Ageing Australia* and the considerable work already undertaken in individual jurisdictions.

For example, the Local Government and Shires Associations of NSW have produced *Planning the Local Government Response to Ageing and Place*. This paper is intended to offer a framework to assist councils to begin to plan for the population ageing unique to their area by:

- providing information on what is happening with general population trends and access to population projection information for each local government area
- providing information on the existing and likely diversity amongst older people
- providing evidence on what population ageing means for all roles that councils performs, and
- encouraging councils to examine their numbers and proportion of older people and their rate of population ageing, in conjunction with the evidence on impacts, to identify what roles they may need to change and when.

Council's social plan includes some strategies for older people relating to accommodation, supporting older people to remain active, transport and other access issues. Also Council's response to the draft report (see section 7) provides further information about support it provides to community based organisations that meet the needs of older residents in the Shire.

Despite this, it is not evident to the review team that Council has a clear vision of the potential extent of impact of its ageing community or that it has developed integrated strategies across all sections of Council and with other stakeholders.

The Department encourages Council to build upon its existing strategies and use the resources developed by the Local Government and Shires Associations to adopt a more proactive approach to addressing the issues of its ageing 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 quarterly as part of the review of Council's management plan reports, as well as in its Annual Report.

(Recommendation 47 and 48)

Indigenous people

The Tenterfield Shire Social Plan 2007 reports that in 2001 the percentage of its population of an Indigenous origin was 6.5%. This is significantly higher than the NSW average of 1.9%.

In 2004 Council established the Aboriginal Community Committee as a committee of Council under section 355 of the *Local Government Act 1993*. This committee facilitates liaison between local Aboriginal communities and Council.

Council does not have a formal Memorandum of Understanding with a local Aboriginal Land Council or local Aboriginal community. Council's social plan outlines a range of issues identified in consultation with the local Indigenous community and sets out a number of strategies including the appointment of an Indigenous Liaison Officer.

The Local Government and Shires Associations' Policy Statements state that "local government acknowledges Aboriginal and Torres Strait Islander people as the traditional owners of their own lands by including Aboriginal people in official council ceremonies using local customary protocols such as 'Acknowledgement of Country' and by encouraging the flying of the Aboriginal and Torres Strait Islander Flags".

'Acknowledgement of Country' is where organisers of an event acknowledge and show respect for the traditional owners and custodians of the land where the event is taking place. It is a sign of respect. A number of councils in NSW include such an acknowledgement at the beginning of each council meeting. Council should refer to the Department's recent publication, *Engaging with local Aboriginal communities* to assist Council in this regard. **(Recommendation 49)**

Cultural planning

Council does not have a cultural plan. Council's social plan also does not refer to cultural issues or activities. The focal point for a number of cultural activities is the Sir Henry Parkes Memorial School of Arts. Council received a 2005/2006 Tidy Towns

Cultural Heritage Conservation Award for this facility. Council has acted to restore and extend this facility to house the School of Arts, Public Library, Museum, Cinema and Theatre.

The *Cultural Planning Guidelines for Local Government 2004* recognise that the delivery of cultural services by councils can be strengthened by integrating cultural strategies more closely with council's broader priorities and objectives. In this way, cultural amenities can be seen not as something remote or apart from everyday life but fundamental to people's needs and the business of local government.

Council is encouraged to use these guidelines to develop a more integrated approach to its involvement in cultural services by developing cultural planning strategies as part of its social plan and/or management plan. **(Recommendation 50)**

Internet Safety

Council has limited ability to prevent or block inappropriate access to websites. This is particularly noticeable in the library, which poses a risk to children. The Public Library Service at the State Library of NSW provides an advisory service to NSW public libraries on all aspects of library provision, including access to the Internet. They have taken steps to ensure council libraries are aware of the Federal Government scheme on Internet safety, NetAlert. NetAlert has been working with libraries across Australia encouraging ways of keeping children safe when accessing the Internet in libraries including the use of PC-based filters. **(Recommendation 51)**

It is noted that the current IT practices have no controls on Council computers accessing pornographic or inappropriate sites and an appropriate firewall should be considered to minimise this practice.

Economic development and tourism

Council's economic development aims are:

1. To foster and promote effective partnership between all stakeholders which will assist communities in controlling their future.
2. To plan and implement community economic development projects and strategies.

3. To facilitate the sustainable social and economic development of communities within the Tenterfield Shire.

Council's economic development plan was adopted in April 2002. It requires review and updating. The plan is not available on Council's website.

Council's current involvement in economic development appears limited. In its 2005/2006 annual report, Council reported that it purchased land for development of stage 2 of its industrial estate and that Council was represented at Country Week. Council also resolved not to attend the 2006 Country Week Exhibition.

Council's management plan 2007/2008 contains the following two objectives:

1. Development of stage 1 of the industrial estate by 31 December.
2. Implementation of council economic development projects and strategies. (This objective is very general and therefore it is difficult to measure outcomes.)

Council employs a Business Services Officer who undertakes economic development and tourist activities, such as liaison with the Community Managers Forum to foster Tenterfield's business environment and with the Tenterfield and District Visitors Association. It appears that this officer only works part-time on economic development activities mainly in the tourism area and assisting with the operation of the cinema.

(Recommendation 52)

Council does not have a tourism plan. However, Council allocates an amount as a financial contribution to the Tenterfield and District Visitors Association to carry out tourist functions and strategies. In total, last financial year Council spent \$127,000 on tourism. These strategies should be better integrated within Council's overall Economic Development Plan. Given the level of expenditure, it is recommended that Council take steps to develop such a plan. **(Recommendation 53)**

Recreational facilities and programs

Council does not have a recreation plan. However, Council's social plan contains a brief section and basic action plan relating to leisure and recreational facilities.

Community consultation and participation

Council has used a number of ways to encourage the community to become involved in decision-making and/or become aware of community views. Some of these are outlined in its 2005/2006 annual report. Further, the social planning consultation process included community vision workshops, focus groups, community newsletters, open workshops, questionnaires and public exhibition.

Council also produces a community newsletter and includes information in the local weekly newsletters. It also meets with neighbourhood/community committees. The community was also invited to submit proposals for community projects for consideration in the 2007/2008 management plan. A specific form was developed for this purpose.

While the social planning process included specific questionnaires, Council would also benefit by conducting a community survey as an additional means of gathering information about community attitudes, concerns and needs. **(Recommendation 54)**

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:

- *Workforce planning and development of human resources strategy*
- *Consultative Committee processes*
- *Job descriptions and job evaluation*
- *Recruitment and selection processes*
- *Employee remuneration*
- *Staff development*
- *Employee relations*
- *Occupational health and safety*
- *Secondary employment*
- *Senior staff contracts*

Overview of the organisation

Tenterfield Shire Council adopted its current organisational structure in April 2007. The executive management team is made up of the General Manager, the Director of Corporate Services, the Director of Engineering Services and the Director of Environmental Services.

Council employs 97 equivalent full-time (EFT) staff. While the majority of staff are aged between 25-54 years, almost a third (30) are aged 55 years and over. Notably, five staff are aged 65 years and over. Council employs 23 females, which represents only 24% of the total workforce.

Workforce planning and development of human resources strategy

Workforce planning and development of a human resource strategy are critical activities intended to ensure there are sufficient, appropriately qualified and experienced staff to carry out a council's charter and vision.

All councils are exposed to a number of workforce issues, such as:

- the shortage of specialised skills in certain areas, such as in the area of environmental planning. The ‘National Skills Shortage Strategy for Local Government May 2007’ provides more information and is available online at www.lgma.org.au.
- an ageing workforce
- changing workloads as Council’s and government priorities change
- career opportunities outside Council and the local government area.

Council should develop a long-term workforce plan, which encompasses continuous processes to shape its workforce so that it is capable of delivering its charter now and in the future. The long-term plan should:

- consider and address internal and external factors affecting its workforce such as those mentioned above
- consider the profile of the current workforce
- result in human resource policies and programs to address workforce issues. Examples are: recruitment and retention strategies and succession plans for key positions; increased opportunities for apprenticeships, cadetships and traineeships to address these concerns.
- outline methods to monitor and evaluate the effectiveness of workforce planning measures.

A human resources strategy can integrate and guide Council’s overall human resources effort, particularly in the areas of recruitment and retention and staff training and development. A strategy of this kind may be stand-alone or may be integrated into Council’s overall corporate strategy. The key is to ensure that, consistent with the Council’s view on the future direction of the organisation, planning is underway to support that direction at the human resources level. Its importance is underlined by the requirement to report annually in the management plan on Council’s human resource

activities (section 403(2)). Strategy and workforce plans are key parts of effective modern strategic management. Tenterfield Shire Council does not have a human resource strategy or workforce plan. **(Recommendation 55)**

Human resources policies

The audit of procedures relating to Council's financial statements for the year ended 30 June 2006 conducted by Council's auditors identified that a range of its "human resources policies such as training, EEO and grievances are more than ten years old without renewal".

Since that time Council has set about updating a number of these procedures and policies. However, several critical policies are currently still in draft form. The draft policies reviewed had a number, title, date of adoption by Council, and stated objective. They did not include the position responsible for the policy or a proposed review date. Most policy documents are available on Council's intranet.

Council, if it does not already do so, is encouraged to refer to 'Human Resources Policies – A Manual for Local Government' produced by the Local Government and Shires Associations when reviewing and finalising its human resources policies. **(Recommendation 56)**

Recruitment and selection processes

The audit of procedures relating to Council's financial statements for the year ended 30 June 2006 conducted by Council's auditor identified that some of Council's recruitment procedures are not documented in policy.

Council has drafted a more comprehensive Staff Recruitment and Selection policy based on the Independent Commission Against Corruption publication *Best practice, best person: Integrity in public sector recruitment and selection*. It contains clear direction for the process including requirements for a current job description, selection criteria, the need for merit based decisions, managing any conflicts of interest that may arise, documentation requirements and the composition of the selection committee. **(Recommendation 57)**

Two recruitment files were checked at random. Both files indicated that these particular selection processes had been undertaken in a manner consistent with Council's draft recruitment and selection policy.

Job evaluations and employee remuneration

The Tenterfield Shire Notional Agreement Preserving a State Award (NAPSA) linked to the Local Government (State) Award 2004 requires Council to have a salary system that determines how employees are paid. Specifically it requires that an "employee shall be paid the salary system rate of pay that recognises the skills the employee is required to apply on the job".

Council adopted a salary system policy in January 1996, which was subsequently amended in April 2005. All positions are assessed using the E-Comp Job Evaluation System to determine the band and level of remuneration within the adopted salary structure for the organisation. Council has made a budgetary provision for staff progression in accordance with the award.

The salary system should be reviewed and improved to incorporate regular performance reviews of staff and position descriptions. **(Recommendation 58)**

Staff development and training

Council has a responsibility, as part of its duty of care, to ensure that new employees are not only made aware of Council requirements and practices, but are also given guidance and assistance to ensure that their entry into the work environment is smooth and safe.

Council has a structured induction program which routinely takes place within the first week that a new staff member commences their employment with Council. The Human Resources Manager conducts the program, which lasts approximately an hour and a half. It is planned to review and enhance this program. **(Recommendation 59)**

The Local Government Award (clause 23) requires each council to develop a training plan and budget in cooperation with the council's Consultative Committee. The Award

prescribes factors to be taken into account when preparing the plan. Overall, the plan should support the achievement of the council's objectives.

Council has a 2005/2006 training plan. A plan was not developed for 2006/2007 but training was linked to Award and other legislative requirements. A training plan for 2007/2008 is identified as a priority in Council's 2007/2008 management plan.

(Recommendation 60)

Succession planning

A central element of workforce planning is succession planning and management. This involves managing the recruitment and professional development processes in line with information on employees leaving council and the potential workforce to ensure the workforce can be sustained to effectively achieve council's objectives.

Given the ageing of the workforce in Australia in general and chronic skills shortages in some technical areas, succession planning is vital. An article published by the University of Dalhousie, Canada, lists the following ten key practices in the area of succession planning:

- 1 Identifying the broad skills, talents and experience needed in the future
- 2 Identifying what will attract and keep workers, starting with existing staff
- 3 Identifying collective opportunities for training and development of employees
- 4 Identification of career development opportunities for individuals
- 5 Regularly reconsidering rewards and recognition that are available to current and future employees
- 6 Providing opportunities for promotions and career advancement
- 7 Creating awareness and support for this particular issue
- 8 Taking a systematic approach
- 9 Opportunities for partnering with other councils to address this issue
- 10 Developing a plan with actions that align with other plans such as council's strategic plan, management plan and workforce plan.

A copy of this article is available from the university's website at <http://www.dal.ca/Continuing%20Education/Files/AMHRC/Top10Practices.doc>.

As mentioned, 32% of Council's total workforce is aged 55 years and over and five staff members are aged 65 years and over. Council does not currently undertake succession planning for key positions. Council employs six trainees in the parks and gardens, environmental services and plant/outdoor areas. **(Recommendation 61)**

Occupational Health and Safety (OH&S)

The review did not involve a comprehensive audit of Council's occupational health and safety practices. However, the review team did consider a range of OH&S matters to gain an understanding of Council's OH&S system. These included Council's policy on OH&S obligations, the operation of Council's OH&S Committee and the system/s for recording and following up on identified hazards/accidents.

Council adopted an Occupational Health and Safety Policy Statement in September 2002. An OH&S committee has been established and meets regularly in accordance with its constitution.

During 2005-2006 the committee achieved the following:

- The development of Safe Operating Procedures for designated works projects
- Amendments to Council's Safe Work Method Statements
- The review of Council's Drugs, Alcohol and Medication in the Workplace policy and the Casual Hire of Plant policy
- The review of the First Aid Policy.

Council does not have an adopted OH&S Management Plan or OH&S system. Systematic OH&S risk assessments of Council's operational work sites are scheduled but at times delayed due to work commitments of the staff involved. Assessments are undertaken on a needs or priority basis. No regular risk assessments are undertaken of Council's main administrative building. **(Recommendation 62)**

Council adopted a draft Return to Work and Injury Management policy in May 2007. While the number of workplace injury incidents has decreased in the last 12 months, the time lost due to these injuries appears to have increased. The number of workers lodging workers compensation claims has decreased. **(Recommendation 63)**

Risk associated with the use of hazardous substances is assessed on a site by site basis. Council has included funds in its 2007/2008 Budget to purchase software (ChemAlert) to improve risk assessment in this area. **(Recommendation 64)**

Consultative Committee

Council has established a Consultative Committee 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 review team met with staff and management representatives of Council's Consultative Committee. Several of the staff representatives expressed the view that councillors and senior management dominate the committee. Some members stated that equal participation and discussion is difficult due to formal meeting procedures used by councillors and management.

As the committee's aim and purpose is operational in nature, the General Manager (or his/her nominee/s) should represent Council on this committee. It is inappropriate for councillors to be members of Consultative Committees. **(Recommendation 65)**

However, Council should distribute minutes of Consultative Committee meetings to councillors for their information. This will enable councillors to develop effective Council policy on industrial issues and remain informed about current issues and outcomes. **(Recommendation 66)**

Employee relations/communication

It is important that organisations have effective means of communication with staff. Effective communication systems will typically use a range of channels to disseminate and gather information.

For example, surveys can be an effective tool to gauge job satisfaction, overall staff morale and seek suggestions of areas for improvement. Tenterfield Shire Council has not conducted an employee attitude survey. It should work towards conducting an employee attitude survey in the near future, and should ensure it prioritises and implements key actions arising from the results. **(Recommendation 67)**

Newsletters (either hard copy or electronic) are also useful in providing staff with relevant information on a regular basis. Council does not currently produce a staff newsletter. **(Recommendation 68)**

A grievance handling policy or procedure can to help resolve problems within the organisation and minimise future grievances by taking preventative or corrective action. Council adopted a Grievance and Dispute Procedure in April 2000. The procedure includes relevant inclusions as suggested in the policy statement example of the 'Human Resources Policies – A Manual for Local Government' produced by the Local Government and Shires Associations.

Council's Human Resource Manager also visits and consults with outdoor staff at the depot and/or at their particular work location in the Shire on a regular basis.

As outlined above, the Consultative Committee is also designed to provide a forum for consultation between Council and its employees. Some members of the committee reported that there was widespread dissatisfaction among outdoor staff with Council's implementation of a new structure for its Department of Engineering Services and the disposal of several plant items.

A representative of the United Services Union contacted the review team to advocate the views of its members and advising of concerns the Union had in relation to the new structure. A key concern being that management was allegedly using the restructure to target and make particular staff redundant rather than making decisions on functions

and positions. Council subsequently opened the voluntary redundancy process to all outdoor staff within the Works Section of the Department of Engineering Services.

Another concern related to four new positions Council has created in the new structure. It is alleged that the positions require a high level of skills and experience thereby precluding existing staff members from applying.

In accordance with requirements under clause 34 of the Notional Agreement Preserving the Local Government (State) Award 2004 (NAPSA), Council held discussions with affected work groups and/or individuals. All employees were offered the opportunity of an individual meeting. The concerns raised by staff were summarised in a report for consideration at the May 2007 Consultative Committee meeting. Key concerns included:

- The majority of affected staff members were of the view that the process undertaken in relation to the restructure was poor. In particular, consultation was too late or after decisions had been made. Several staff questioned why the responsible managers 'were not out here talking to the guys'.
- Almost all staff doubted that the structure was viable in the long term given staff and plant losses. The majority of staff disagreed with selling off various plant items and provided valid arguments as to why it would be prudent to retain these items.
- All staff voiced concern and frustration at having to respond to ratepayer complaints. This appeared to be a major concern as these staff members, as front line workers, are very exposed. Less plant and less labour would mean further reduced services and potentially more complaints.
- Several staff viewed the restructure as a 'vendetta' against particular staff members who were outspoken.
- Examples of inconsistent decisions about advertising and filling new positions created by the restructure either internally or externally were cited.
- It was pointed out that OH&S issues may increase as a result of the changes.
- Staff morale was seen to be at an all time low by several staff and that this would worsen due to the impacts of the restructure.

The review team considers this a serious situation requiring immediate attention by Council. The need to work actively and positively with the Consultative Committee to resolve this situation was stressed to the Mayor and General Manager at the exit interview. Council should note the concerns raised by staff members affected by the restructure of the Department of Engineering Services and immediately work with the Consultative Committee in a constructive manner to respond to these concerns.

(Recommendation 69)

Equal employment opportunity (EEO)

Council employs 23 females, which represents only 24% of the total workforce. Council does not employ any staff who identify as being of Aboriginal and Torres Strait Islander origin or culturally and linguistically diverse backgrounds or people with disabilities.

As required by the Act, Tenterfield Shire has prepared and is implementing an EEO Policy and Management Plan 2007 – 2009. The policy and plan includes a policy statement, Council's obligations and its objectives. Specific strategies and key performance indicators are set out in 10 key result areas. The plan is well integrated with Council's management plan and annual report.

While Council has adopted a policy statement in relation to the *National Framework for Women in Local Government 2001*, the framework is not linked or referred to in its EEO policy and plan. Earlier this year the Australian Local Government Women's Association Inc released the *Review of the National Framework for Women in Local Government – The Way Forward*. The document can be downloaded at http://www.algwa.org.au/docs/ALGWATheWayForward_31181085187.pdf.

The Framework has identified that in 2001 approximately 40% of people employed in local government in NSW were women and 26% of councillors were women. Only 5% of general managers and 30% of managers and administrators in local government were women. The 2007 review has found that women are still significantly under-represented as elected members and in employed positions in local government in Australia. Tenterfield Shire Council statistics relating to female employees are well below the national and state average.

The Way Forward document provides strategies that can be applied by state and local authorities to achieve the full and equal participation of women in local government.

(Recommendation 70)

Employee Leave Entitlements

The audit of procedures relating to Council's financial statements for the year ended 30 June 2006 identified that Council does not currently have a policy on limits to leave in arrears and actions required once an employee is in arrears (eg. prevent additional leave requests until leave has accrued).

This means there is a higher risk of Council being unable to recover overpaid leave on termination if the level of arrears reaches an excessive level. Further, allowing certain employees to use leave for extended periods before it is due can create morale and dissatisfaction problems among other staff. **(Recommendation 71)**

Secondary employment

Section 353 of the *Local Government Act 1993* states the requirements for both the general manager and staff in relation to secondary employment. Section 353(1) stipulates that a general manager must not engage in outside employment or contract work without the approval of council. Section 353(2) and (3) require staff to notify the general manager of outside employment and contract work. The general manager may prohibit a member of staff from engaging in such employment or work.

Council does not have a secondary employment policy. Council should develop a policy in relation to secondary employment that is consistent with section 353 of the *Local Government Act 1993* to serve as an on-going reminder that all staff must seek approval to engage in outside employment and how to do so. **(Recommendation 72)**

Employment contracts of senior staff

Consistent with the Act, the current General Manager is employed on a five-year performance base contract, which expired in September 2007. The recently amended section 338 of the Act sets out the nature of contracts for senior staff. A Standard Contract of Employment for General Managers of Local Councils in New South Wales

came into force from 1 July 2006. A Standard Contract of Employment for Senior Staff (other than general managers) of Local Councils in New South Wales came into force from 1 September 2006. The contracts represent the standard documentation that councils must use when employing general managers and senior staff. They can be downloaded from the Department's website at www.dlg.nsw.gov.au.

The new requirements ensure consistency and certainty in employment relationships at the management level in local government and meet community expectations by providing greater transparency and accountability.

The Local Government and Shires Associations, in consultation with Local Government Managers Australia and with the assistance of the Department, issued guidelines on performance management systems.

Industry groups including the LGSA, LGMA, DEPA, LGEA and the USU can provide advice to their members about these matters and other contractual conditions. Council may also seek and be guided by its own legal and financial advice before entering or renewing contracts.

The new standard contract requirements do not affect existing employment contracts unless those contracts are renewed (see new sections 338(8) and 338(9)).

(Recommendation 73)

The General Manager has not reported to Council on the contractual conditions of senior staff as required by section 339 of the Act. This report should ideally include the following information:

- list of senior staff
- the commencement and termination date of each contract
- the value of the remuneration package and any variations that have been made in the past year or which are proposed for future years
- the timing and outcome of any performance assessments that were undertaken
- a copy of any performance agreement entered into for the current year and/or proposed for the next year

- details of any other “material” matters. These could include any requirement for the general manager or other senior staff member to advise if s/he is seeking an extension of the current contract or reappointment for a further term and similarly, any requirement for the council to advise the general manager/senior staff member of any intention not to renew their appointment and/or to readvertise the position. **(Recommendation 74)**

Exit interviews

Employee exit interviews are an important part of HR management and monitoring employee retention and satisfaction. Avoidable losses can result from employee job dissatisfaction, poor management practices, the lack of advancement opportunity, and sometimes, personal harassment by or conflict with a co-worker or manager. The unnecessary loss of talented staff is a significant cost to Council.

Information gained from exit interviews, if consistent over time, may provide valuable pointers for developing and reviewing Council’s human resource management policy. It may also help to clarify possible concerns in organisational culture. The data can be gathered in a structured way by using either a questionnaire or interview, or perhaps both.

Tenterfield Shire Council does not currently conduct exit interviews with staff that have resigned. **(Recommendation 75)**

7. COUNCIL'S RESPONSE



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Department of Local Government

16 January 2008

On behalf of Council I would like to thank you for providing the opportunity to Council to make comment on the draft report. I would also like to thank the review team for undertaking the review and their professional approach to this task.

In respect to the draft report the following comments are provided:-

Council has reviewed the draft report and notes that there is a need to address the recommendations made in respect to two (2) specific areas as a priority.

The first priority area that has been identified by Council includes the recommendations and comments provided in relation to strategic planning. Council understands that the area of strategic planning incorporates the recommendations and comments relating to financial planning, asset management and land use planning, all of which shape the strategic direction of the organisation and the communities within the Shire. Council understands the need to consult with the community in undertaking this process, to ensure a shared vision.

The development of a strategic plan by council will be guided by the principles contained in the Departments preferred option outlined in the discussion paper on integrated planning and reporting for NSW Local Councils, providing the framework for the plan to focus on the council's future sustainability and ability to address the challenges identified in the draft report.

The second area that has been identified by Council as requiring immediate attention are the recommendations that relate to improving the organisations corporate governance, with particular attention to the areas of risk management, records management, internal control activities, meeting procedures, access to information and complaints management.

Council also acknowledges that there are other areas identified in the draft report that require attention. Council's response to the comments and recommendations for these areas are in general outlined in the comment provided below for the specific recommendations.

In addressing the concerns raised by the draft report and working to implement the recommendations it is noted that especially in the area of strategic planning there is a need for an ownership of the process by councillors, staff and the community. Further that the process may require the allocation of additional resources and/or a resolution of Council.

In the area of strategic planning there is also an awareness of the Local Government Elections in September 2008, and the need to ensure that the new council is involved in the process. This may require the implementation process to extend over a longer timeframe than may ordinarily be anticipated, to achieve the best utilisation of resources and outcomes.

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16 January 2008

In reviewing the report it is noted, in the case of some of the recommendations relating to Corporate Governance, that although they have been identified as being of a high priority, that due to their scope, or the need for Council to allocate resources and/or to determine a plan of action, it may take longer to implement these recommendations than those from lesser priority areas, which can be implemented within the existing resources of Council.

In providing comment on the draft report, the recommendations have been categorised as follows, to indicate the initial approach or response of Council to the implementation of the recommendation:-

- The following recommendations have been implemented by Council:-
2, 5, 16 a), 37, 38, 57, 59, 69 & 73.
- The following recommendations are in the process of being implemented and it is anticipated that the implementation process will be completed prior to 31 January 2008:-
10, 11, 16 b), 16 c), 16 d), 18, 19 b), 19 c), 20, 21, 22, 40, 60 & 64.
- The following recommendations will need to be undertaken over a longer period but within the next seventeen (17) months. It is anticipated that the recommendations can be undertaken within the existing resources of Council (ie existing budget and/or approval of council), but may require consideration by Council and/or a committee prior to being classified as being fully implemented:-
6, 7, 8, 9, 12, 13 a), 13 b), 14, 15, 16 f), 17, 19 a) i., 19 a) ii., 19 a) iii., 19 a) iv., 24, 25, 26, 27, 28 30, 31, 32, 33, 35, 39, 41, 42, 43, 45, 46, 49, 51, 52, 55, 56, 58, 61, 63, 65, 66, 67, 70, 71, 72, 74 & 75.
- The following recommendations will need further Council consideration as they will require the allocation of additional resources and/or a resolution of Council to implement. It is anticipated that these recommendations will also need to be undertaken over a longer period but within the next seventeen (17) months:-
1, 3, 4, 13 c), 13 d), 16 e), 22, 23 a), 23 b), 23 c), 23 d), 23 e), 23 f), 34, 50, 51, 54, 62 & 68.
- The following recommendations have been identified by Council as requiring the provision of additional information and detail of the existing community structures, relationships and frameworks in place, as it is the view of Council that the recommendations do not reflect the current situation within either Council or the wider community. Additional information has been provided in the council's response:-
29, 44, 47, 48 & 53.

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In respect to the recommendations contained in the draft report the following comments are provided:-

Ambitions, Priorities and Future Focus

- 1) Noted.
- 2) Actioned, mission statement on website amended to the mission statement contained in the 2007/2008 Management Plan adopted by Council.
- 3) Noted.
- 4) Noted.
- 5) Noted, a review of the current wards was undertaken by Council during 2007 with the assistance of the Department of Lands. The proposal adopted by council on 19 December 2007 (CM 779/07), following a consultation, public notice, exhibition and submission process undertaken in accordance with section 210A (2)-(5) of the *Local Government Act 1993*, was based on the boundaries of the current five (5) being amended to comply with the requirements of section 211 of the *Local Government Act 1993*. The proposal was referred to the NSW Electoral Commissioner prior to 31 December 2007.

Governance

- 6) Noted, induction workshops to be scheduled following the 2008 Election as part of the 2008/2009 training program for councillors.
- 7) Noted, workshops including the topics on community leadership and communication to be scheduled following the 2008 Election as part of the 2008/2009 training program for councillors and senior staff.
- 8) Noted for the preparation of the 2008/2009 management plan.
- 9) Noted for the preparation of the 2008/2009 annual report.
- 10) Noted, staff will undertake to develop a draft Statement of Business Ethics for consideration by Council at its January 2008 Ordinary meeting. A copy of the adopted Statement of Business Ethics and the Council's code of conduct to be made available on the Council's website by 31 January 2008.
- 11) Noted, a copy of Departmental Circulars 4/16 and 5/24 are currently distributed to all councillors and designated staff, along with the relevant extracts from the *Local Government Act 1993* and the *Local Government (General) Regulation 2005*. A copy of the Pecuniary Interest Guidelines will now be included with the documentation already provided.

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- 12) Noted, Council to review the list of employees listed as designated persons.
- 13) The following comments are provided for each part of the recommendation:-
 - a) Noted, this work will proceed following the completion of the business continuity plan referred to in 13 b).
 - b) Noted, Council has engaged Echelon Australia Pty Ltd to assist it to prepare a business continuity plan. This process will commence in January following agreement of a schedule for the work.
 - c) Noted.
 - d) Noted.
- 14) Noted, Council to develop Gifts and Benefits Policy for consideration at the March meeting of the Finance and Policy Committee.
- 15) Noted, Council to revise Policy Statement No. 1.160 – Payment of Expenses and Provision of Facilities to Councillors in accordance with current Departmental Guidelines for consideration at the February meeting of the Finance and Policy Committee.
- 16) The following comments are provided for each part of the recommendation:-
 - a) Actioned, Council adopted Policy Statement No. 1.187 – Records Management Policy on 26 September 2007 (CM 576/07).
 - b) Noted, Council is currently working with a consultant on improvements to the SharePoint program, incorporating the latest version of the software.
 - c) Noted, Council acknowledges the need to improve its management of archived records. It should be noted though that Council currently reviews the records held on an annual basis, with records listed and approved for destruction under this process, in accordance with General Records Disposal Authority 10.
 - d) Noted, also refer to recommendation 18).
 - e) Noted.
 - f) Noted.
- 17) Noted, training of staff and councillors in the requirements of the *Privacy and Personal Information Protection Act 1998*, to be incorporated into 2008/2009 Training Plan/Program following the 2008 Local Government Elections.

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- 18) Noted, public officer currently preparing information statement for the public to advise of the Council documents available under section 12 of the *Local Government Act 1993*, and to explain the process to access these documents.
- 19) The following comments are provided for each part of the recommendation:-
 - a) Noted, Council's code of meeting practice to be reviewed to consider the amendments sought in recommendations 19. a) i., ii., iii. and iv.
 - b) Noted.
 - c) Noted, a copy of the Department's Meeting Practice Note to be distributed to councillors. Council though has already implemented a councillor complaint/remedial request book which has been in operation for several council terms.
- 20) Noted, Council to continue its councillor training program and to review its processes for the keeping of training records for councillors, to ensure a centralised register of training attended by individual councillors is maintained.
- 21) Noted, Council adopted Policy Statement No. 1.033 – Complainants Policy on 28 March 2007 (CM 137/07). The recording and management of complaints under the Policy is to be undertaken electronically as part of the Customer Request System ("CRS") that is currently being developed, implemented and integrated into the Council's Documentation Management System ("DMS"). Training to be provided to staff as a component of the training provided for the CRS.
- 22) Noted, Council to develop service standards for core services.
- 23) The following comments are provided to each part of the recommendation for the preparation of an information management strategy:-
 - a) Noted.
 - b) Noted, further integration currently being implemented. Training in the use of the current systems required to provide users with a better understanding and ability to use the systems to their capacity.
 - c) Noted.
 - d) Noted.
 - e) Noted.
 - f) Noted, systems are the subject of an ongoing review process with improvements and upgrades implemented within the resources approved by Council.

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24) Noted.

Planning and other regularly functions

25) Noted, Council has in place all the steps required for a comprehensive review of the Local Environmental Plan ("LEP"), Development Control Plans ("DCP") and Section 94A Contributions Plan. Council in engaging consultants Parsons Brinckerhoff to undertake the development of the Tenterfield Urban and Rural Land Use Strategy ("TURLUS") identified the following specific objective to assist with integrating development controls with infrastructure planning in the development of the councils strategic plan:-

"identify challenges facing the Tenterfield Shire community, including social, economic, environmental and infrastructure issues."

26) Noted, the Council is currently finalising the Section 94A Contributions Plan with the assistance of consultants Parsons Brinckerhoff.

27) Noted, Council is currently working through this process having considered and approved a plan for future land classifications and/or reclassifications at its December Ordinary meeting (CM 766/07). Council to conduct a public hearing during February 2008, in accordance with the provisions of section 29 and 47G of the *Local Government Act 1993*. Council to develop management plans for community land following the completion of the review process.

28) Noted.

29) Council acknowledges the comments within the draft report and recognises the significance of sound heritage protection and improvements within Tenterfield.

However, the following initiatives which highlight this Council's commitment to Tenterfield heritage need to be recognised:-

- Council has a long standing community representative heritage advisory committee
- Council for many years has provided, in conjunction with the NSW Heritage Office, funding for:-
 - free heritage advisory service with a highly respected heritage expert.
 - a local heritage assistance funding program
 - until expiry last June, funding for main street verandah restoration projects.
- through extensive effort council received significant funding for the restoration and adaptive reuse of the Tenterfield School of Arts complex.

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- Council with the support of funding from the NSW Heritage Office conducted an extensive community based shire wide heritage study which resulted in many additional items being identified and endorsed by council for inclusion in the new LEP.
- Council at its November 2007 ordinary meeting approved a Tenterfield main street heritage improvement loan fund, funded by the current reserve of \$100,000 and administered by the following criteria:-
 - Projects over \$10,000 to a maximum of \$50,000 on a 50/50 basis;
 - 20% of the loan being interest free;
 - The remainder being subject to interest charged at 50% of the current market rate;
 - Repayment over four (4) years to provide for the fund to be self sustaining.
- Council during the last two (2) years has, within the current statutory framework negotiated the following:-
 - sympathetic heritage streetscape design for the recently constructed Henry Parkes Plaza Complex (Bi-LO).
 - sympathetic heritage upgrade of Peberdy House.
 - sympathetic heritage upgrade of the Tenterfield Tavern.
 - sympathetic heritage upgrade and conversion of the Cameo Café in the main street to the New England Credit Union facility.
 - upgrade of the Exchange Hotel to a multi function commercial building.
 - improvements at Oak Lodge in Manners Street.
 - redevelopment of a commercial site which housed the "Grogan Welding Works", a very dilapidated building in continuous use since 1867.

It should be noted that some of the above projects were undertaken with initial opposition from the owners and the community.

- The draft Development Control Plan when implemented will place a strong emphasis on Tenterfield's heritage and the expectations for development and redevelopment works.

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- 30) Noted, Council to develop formal enforcement and prosecution policy for consideration at a meeting of the Finance and Policy Committee prior to 30 June 2008.
- 31) Noted, procedures have already been developed using the Authority software programs to document regulatory inspections. Council acknowledges the need to develop a formal regulatory inspection program to ensure that inspections are carried out on a predetermined basis.
- 32) Noted, whilst Council has been liaising with neighbouring councils on an informal basis, including Queensland councils in relation to solid waste management, it acknowledges the need to establish formal processes to investigate a range of resource sharing opportunities, including the establishment of a regional compliance and inspection program.
- 33) Noted, Council to develop a companion animals management plan for consideration at a meeting of the Finance and Policy Committee prior to 30 June 2008.
- 34) Noted, although council will undertake to advertise and promote compliance with the *Swimming Pool Act 1992*, there are staffing resource limitations that prevent the immediate identification of properties required as a component of developing a compliance program. Council has though, over the last three (3) years, conditioned Development Applications for new swimming pools to ensure that the requirements of the Act are met. Development Applications processed by council in this period can be extracted from the Development Application database, and will form the initial component of a compliance program.

Asset and financial management

- 35) Noted for the preparation of the 2008/2009 management plan, estimates of income and expenditure and revenue policy.
- 36) Noted.
- 37) Council currently prepares a listing of all material variations of more than 10% in the preparation of the quarterly budget reviews ("QBR"), which is distributed to councillors with the QBR as a summary. A copy of the listing to be included as an attachment to the report presented to either the finance and policy committee or Council to allow the listing to be formally included in the relevant business papers.
- 38) Actioned, Council adopted Policy Statement No. 1.164 – Procurement Policy on 26 September 2007 (CM 577/07).
- 39) Noted, Council has prepared a draft document titled Council's Guidelines for Contract Management which is based upon the department's guidelines. This document needs to be completed and implemented as part of the review of tendering processes recommended.

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- 40) Noted, Council to revise Policy Statement No. 1.041 – Debt Recovery for consideration at the January Ordinary meeting of Council. The review to incorporate hardship provisions where required.
- 41) Noted.
- 42) Noted, Council employed an Asset Manager in June 2007 to facilitate as a part of his duties a review of the asset and plant replacement program and to assess and include condition information in the CONQUEST asset management computer program for road, bridge, stormwater, water and wastewater assets, along with valuations for each asset. Council recently completed a "Fair Valuation" report for water and wastewater assets which was incorporated into the 2006/2007 Financial Reports.
- 43) Council resolved in November 2006 (CM 702/06) to:-
- "a) *authorise the development of a Stormwater Management Plan, incorporating stormwater harvesting for urban areas of Tenterfield in 2006/07 by consultant*".
 - b) *authorise the development of the High Street and Commercial Carpark project (incorporating the drainage issues effecting the residences north of the Commercial Carpark area) with implementation in 2006/07 from the Stormwater Management Allocation.*"

A suitable consultant has yet to be engaged to prepare both the plan and the detailed design.

- 44) Council adopted a Road Network Management Plan ("RNMP") on 26 September 2003 (CM 543/03) which incorporates a road hierarchy showing sealed and unsealed roads and streets and a schedule of timber and other bridges.

The RNMP provides details and specifications for:

- a) maintenance activities (grading, re-sheeting, reseals, heavy patching, roadside furniture, traffic facilities, etc);
- b) inspections to be undertaken (frequency based on hierarchy, rating of defects, priority for completion, etc);
- c) design standards to be applied for road, street and bridge construction;
- d) Accesses, signposting, rural addressing, etc

RNMP is continually under review – Council adopted gravel road maintenance service levels at its July 2007 meeting when considering the 10 year plant replacement program. The road hierarchy listing was last reviewed in September 2007 to take account of more accurate information obtained from

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Rural Addressing process on road lengths. The data in relation to road lengths was included in the latest Grants Commission Return and was reflected by a forecast reduction in funding.

Community and consultation

- 45) Noted.
- 46) Noted for the preparation of the 2008/2009 management plan and 2007/2008 annual report.
- 47) Noted, Council acknowledges the need to build upon the strategies for its ageing population contained within its social plan.

Council though is of the view that the recommendations 47 and 48 of the draft report have been made by the DLG without a full understanding of the framework for the provision of services to the ageing population within the shire. On this basis the recommendations do not recognise the work and planning undertaken by two (2) separate community organisations which are supported by the Council and the community in numerous different ways.

The Tenterfield Care Centre Inc is a community based organisation that operates a 35 bed hostel ("Millrace") for low care residents and a 30 bed nursing home ("Haddington") for high care residents. Both facilities have the support of the Council and the community with a large portion of the funds required to initially construct and subsequently extend both facilities being raised from within the community. The organisation is currently constructing an extension to the nursing home to provide a further 16 beds to address the needs of the ageing population. Council has supported the project in a number of ways including the provision of its support for the application to increase the number of high care beds allocated by the Commonwealth to Tenterfield.

Council also supports the work undertaken by the Tenterfield Home and Community Care Committee ("HACC") in the area of transport and other home based services. Council's representative on this committee is Councillor Jack Cowin. Council provides the building that houses this service at a peppercorn rent.

In addition to the support provided to the Tenterfield Care Centre Inc and the Tenterfield Home and Community Care Committee, Council in recognition of its role in the area of community service and social planning established at an extraordinary meeting in September 2007 a Community Services Committee with a membership of ten (10) including five (5) councillors and five (5) community members.

This community has been established to assist Council in its forward planning and work within this area. The role of the committee is to advise Council on areas including education, health services, transport, youth and ageing issues, and other areas that are brought to the committees attention.

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Recommendations 47 and 48 do not recognise the work and strategies already in place within the community and which are supported by Council. Council acknowledges the need to better recognise and integrate this work within its own plans but is conscious that it does duplicate or detract from the role of the community organisations already providing services and planning for the needs of the ageing population.

- 48) Noted, please refer to the above comment.
- 49) Noted, recommendation to be referred to the Council following the receipt of the final report for consideration.
- 50) Noted, Council to develop a cultural plan defining its strategies for cultural services by 31 March 2009.
- 51) Noted.
- 52) Noted.
- 53) Council through its budget process allocates an amount as a financial contribution to the Tenterfield and District Visitors Association ("TVA"), to assist the Association carry out the tourism functions normally carried out by a local government authority. The TVA is an incorporated body and operates as a separate entity to Council, and which leases from council the Tenterfield Information Centre. The lease between the TVA and Council includes performance criteria that have been agreed between the two (2) parties for the provision of tourism services by the association for the Shire.

The TVA has a membership of approximately 125 which includes businesses, operators and individual members. The TVA raises revenues from sales, membership payments and other sources including grants. The revenues raised are allocated to promotional and other tourism activities by the association members and administered by the committee appointed by the members.

The TVA has developed a tourism plan for the Shire which has been provided to Council for its information. The promotional and other tourism activities adopted by the association for each financial period are based upon the objectives and strategies defined in the association's tourism plan.

The model that operates within the Shire for the provision of tourism services has been in the past recognised by the industry as best practice, although it is also acknowledged that this model may not suit all communities. The model being based on the concept that the promotional and other tourism activities undertaken by the association are developed and implemented by the operators, etc that are involved in the industry, and which should have the greatest knowledge and understanding of visitor and industry trends.

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In respect to this recommendation Council agrees that the economic development plan should link to the plans and the strategies defined in the plans and promotional activities of the TVA, but does not agree that it is necessary at this time for it to develop a separate plan.

54) Noted.

Workforce Relations

55) Noted, Council to develop human resource strategy and a workforce plan for consideration by the Consultative Committee and Finance and Policy Committee, prior to 30 September 2008.

56) Noted.

57) Actioned, council adopted Policy Statement No. 4.193 – Staff Recruitment and Selection Policy on 23 May 2007 (CM 333/07) following consultation with the consultative committee.

58) Noted.

59) Actioned, induction program and process has been the subject of a review and changes implemented.

60) Noted.

61) Noted.

62) Noted.

63) Noted, a draft policy has been prepared and will need to be referred to the Consultative Committee and Finance and Policy Committee for consultation.

64) Noted, a purchase order was placed on 20 December 2007 for internet licence for use of CHEMALERT program for listing and assessment of hazardous substances in workplace with the installation of program software programmed for mid January 2008.

The training of staff in operations of program has been programmed for March 2008 (Brisbane).

65) Noted, consultative committee and Council to be advised of the recommendation. Implementation of the recommendation will require Council to nominate the two (2) council/management representatives to the committee being the general manager (and/or his/her nominee/s). Sections 5.2, 7.1, 7.2 and 7.3 of the constitution for the committee will need to be changed to provide only for the general manager (and/or his/her nominee/s) to represent Council rather than both councillors and management representatives.

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- 66) Noted, the distribution of the minutes of the Consultative Committee for future meetings to include councillors. Section 11.8 of the constitution for the committee to be amended to include councilors in the distribution list.
- 67) Noted, Council to undertake an employee attitude survey prior to 31 May 2008. Key issues to be prioritised prior to 30 June 2008 as part of developing a strategy to address the issues raised.
- 68) Noted.
- 69) A detailed report on the consultation undertaken with affected staff in the Works Section was presented to Consultative Committee on 26 June 2007 by Human Resources Manager ("HRM").

The recommendations contained in the report was adopted (unanimous) as follows:

- a) *Senior management and Councillors take note of the concerns raised by the staff as a result of the consultation process and respond accordingly to those concerns; and*
- b) *in an effort to raise staff morale and improve working relationships between management, supervisors and staff within workgroups, Council consider providing training with a focus on developing interpersonal skills and building effective work teams.*

A copy of the HRM's report including the above recommendation was presented to Council's Finance and Policy Committee meeting held on 11 July 2007 (item ENG 209/07). At its meeting held on 25 July 2007, Council resolved (CM 425/07) to support the recommendation of the committee that "the report be received and noted".

Council acknowledges the need for further training of committee members in the areas identified in the draft report.

- 70) Noted, Council to review the Equal Employment Opportunity Policy and Management Plan 2007 – 2009, adopted on 25 July 2007 (CM 532/07), to better integrate the strategies of the National Framework for Women in Local Government 2001 and the Review of the National Framework for Women in Local Government – The Way Forward 2007. The review will seek to also integrate Policy Statement No. 1.140 – National Framework for Woman in Local Government adopted by Council on 26 April 2000 (CM 246/02) into the Plan.
- 71) Noted, Council at its Ordinary meeting held on 20 December 2006 adopted Policy Statement No. 4.231 – Work Closedown (CM 805/07) to assist with the taking of annual leave by outdoor staff (ten days) during a common predetermined closedown period. Council to develop a further policy for consideration by the Consultative Committee and Finance and Policy Committee, to limit and address the level of leave arrears for all staff, prior to 30 June 2008.

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- 72) Noted, Council to develop Secondary Employment Policy for consideration by the Consultative Committee and Finance and Policy Committee, prior to 30 April 2008.
- 73) Noted, standard contract employment contract used for the renewal of the General Managers Contract for the period from 12 September 2007 to 11 September 2012.
- 74) Noted for the general manager being the only employee classified under the *Local Government Act 1993* as senior staff.
- 75) Noted, recommendation for exit interviews to be implemented immediately. Comments to be reviewed by responsible director with the information and data from the exit interview to be recorded by the HRM for future reference.

Should you require any further information from Council in respect to this matter, please do not hesitate to contact myself on (02) 6736 6000.

Yours faithfully,



Mark Arnold
General Manager

8. SUMMARY - WHAT'S WORKING WELL & CHALLENGES

COUNCIL'S PRIORITIES AND FOCUS

What is working well

- Council's vision is "to be viable, effective and progressive in meeting community needs"
- A Resource Sharing Policy was adopted in 2007 and Council has a number of resource sharing arrangements in place with neighbouring councils.

Challenges to improve

- Strategic planning framework and a long-term community strategic plan
- A formal evaluation of Council's resource sharing arrangements is required.

GOVERNANCE

- Council needs to direct immediate attention to improving its corporate governance
- Areas requiring particular attention are risk management, records management, internal control activities, meeting procedures, access to information and complaints management. Council needs a long term strategic plan.

REGULATORY

What is working well

- Good development assessment
- A positive review of Council's LEP
- Council updating plans of management for community land.

Challenges to improve

- Needs an enforcement and local orders policy
- Need for a structured regulatory inspection program.

ASSET AND FINANCIAL MANAGEMENT

What is working well

- Satisfactory financial position
- Review of Section 94A plan.

Challenges to improve

- Long term financial plan needed
- Need for greater asset management.

COMMUNITY, COMMUNICATION AND CONSULTATION

What is working well

- Council's Social Plan provides a good base model for rural councils
- The recently restored and extended Sir Henry Parkes Memorial School of Arts houses a School of Arts, public Library, museum, cinema and theatre.

Challenges to improve

- The social plan needs to be better integrated with Council's management plan and annual report
- Further strategies to address the needs of Tenterfield's rapidly ageing population are required
- Closer links to Indigenous people in the Shire are encouraged
- Council needs to develop plans in relation to cultural services, tourism and recreation.

WORKPLACE RELATIONS

What is working well

- Council has been updating a number of its human resources procedures and policies
- A structured induction program is conducted with new staff members
- Council has a salary system policy and provides for staff progression in its budget.

Challenges to improve

- Concerns raised in relation to the recent restructure of the Engineering Department require immediate attention
- Council needs to make a range of improvements such as preparing a human resource strategy/workforce plan; a training plan for 2007/2008; a succession plan; an OH&S Management Plan or system and a secondary employment policy.