

challenges improvement innovation good governance

# Promoting Better Practice Program

## REVIEW REPORT

WEDDIN SHIRE COUNCIL

DECEMBER 2007



Department of Local Government

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## 1. ABOUT THE REVIEW

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

- to generate momentum for a culture of continuous improvement and greater compliance across local government
- to provide an 'early intervention' option for councils experiencing problems
- to promote good governance and ethical conduct
- to identify and share innovation and good practice
- to provide the Department with feedback on the application of the current legislative and policy framework and in doing so, identify improvement opportunities.

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 measurement in Australia and overseas.

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. 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 results of reviews are analysed and provided to the council, the Director General of the Department of Local Government and the Minister for Local Government.

### *Weddin Shire Council Review*

Weddin Shire Council was asked to complete a strategic management assessment and a comprehensive self-assessment checklist 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 is responding.

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 Officer Mr Richard Murphy and Mr John Gibbons, a Risk Management Consultant acting on behalf of the Department, conducted the on-site component of the review from 20 to 22 June 2007.

The on-site review involved initial interviews with Council's Mayor and the General Manager, a briefing for Council's senior staff, interviews with a cross-section of staff, a briefing for Councillors, an observation of a Council meeting, individual meetings with some Councillors, a review of Council policies and other documents and visits to a number of Council facilities/worksites.

Council was given the opportunity to comment on a draft version of this report. Council's response to the draft report and recommendations has been included in Section 7 of the report. The report has been revised having regard to the Council's response.

## **2. EXECUTIVE SUMMARY**

Weddin Shire Council has a commendable focus on building and maintaining a sense of community for the Shire's residents and in providing suitable infrastructure.

The review found a number of areas where Council was performing well and others where it could improve its practices. Given the detailed nature of the review and the Council's small staff base, the latter result is not surprising. To its credit, some of the issues identified had already been recognised by Council and it was able to detail plans to implement the recommended changes.

The report advocates the development of a strategic plan. The development of such a plan would provide the opportunity for Councillors, Council staff and the community to carefully consider and reconcile the current and emerging needs of the area with the limited resources that are available to meet those needs.

Councillors exhibit a commitment to honest, open and transparent dealings with the community. However, while applauding this commitment, we felt that it could be better articulated by the development and communication of statements of values and of business ethics.

Council also needs to update and regularly review its policies, update some of its procedures and improve aspects of its reporting to ensure its operations maintain contemporary standards. We strongly support Council's stated plans to improve its risk management, as this will impact favourably on many of our recommendations. Council's section 355 committees would benefit from better guidance by way of documented procedures and training.

Council has a policy for purchasing and tendering but it does not have documented processes or procedures for monitoring and auditing the processes, the disposal of assets or monitoring contractor performance. We consider that these deficiencies expose the Council to unnecessary risk.

Council's regulatory processes require significant attention. Areas for improvement include better documentation of processes, onsite sewage management, review and updating of the companion animals plan and development of an enforcement policy.

The report indicates that Council may need to consider allocating additional resources to this aspect of its operations.

On a more positive note, Council appears to process development applications in a timely manner. Council initiated action to review and amend the current LEP and it offers pre-lodgement advice as a service to assist potential applicants.

Council is in a sound financial position. Although the current financial position is good, there is a need for Council to develop a long-term financial strategy to ensure it creates sufficient reserves to fund asset renewal as and when required.

Council is currently building the key elements of a good financial planning framework, including an asset management system. The work that Council is currently undertaking to update its asset register and its stated intentions to do condition assessments and update valuations will assist it in developing such a plan. Notwithstanding that this work needs to be undertaken, the information available to us suggests that Council's assets are generally in good condition.

Council needs to address risks arising from the inability to locate the land register, the lack of plans of management for all its community land and the lack of a register of leases or licences for land that it owns or that is under its care and control.

Council has a commendable engagement with the community and a focus on community needs. This is evidenced by the success of the Community Technology Centre, its recent involvement in the staging of the "Spirit of the Bush" concert, together with the facilitation of heath, dental and taxi services. In our report we made a number of recommendations to further enhance this strength.

Many of the challenges raised in this report are identical to those being faced by other councils. While Council is working cooperatively with some of its neighbours, there remains scope for the Council to learn from other councils and to re-think how it delivers certain services.

Council's response to the draft report indicates that it already had an awareness of many issues identified in this report. It indicates that it has not addressed these issues due to a lack of resources and the lack of impact on its operations.

The development and monitoring of an action plan to address the recommendations contained in this report will provide Council with the opportunity to consider how it can address all of the issues identified, albeit over a period of time and by approaching some of the issues it has been aware of in a different way.

### **3. RECOMMENDATIONS**

#### *Ambitions, Priorities and Future Focus*

1. Council should develop and adopt a long-term strategic plan. A project plan for this process should be prepared and a report on the process (including a timetable) should be referred to Council for adoption.
2. Council should amalgamate the financial allocations made to wards and reallocate the funds for maintenance on the basis of the professional advice of the General Manager and the Director of Engineering.
3. Council should formally review its decision not to seek approval from residents to abolish wards in the area.

#### *Governance*

4. Council should develop explicit statements of values and of business ethics that will clearly communicate Council's values and expectations prior to any contact or dealings with staff, Councillors or the community.
5. Council should develop procedures to record training undertaken in relation to its Code of Conduct to ensure relevant parties receive adequate initial and refresher training.
6. Council should amend its code of meeting practice to make it consistent with the Act and Regulation, to facilitate the making of declarations of interest and to address the other issues raised in the body of this report.
7. Council should complete the development of risk management, disaster recovery and business continuity plans.
8. Council should formalise its approach to internal audit and control by adopting an internal audit policy/plan.
9. Council should consider the development and distribution of a delegation schedule to better communicate to all staff the authorities conferred to officers.

10. The General Manager should ensure Council's policy manual is brought up to date as a matter of urgency. A timeline for the review of specific policies should be prepared and regular progress reports should be provided to Council.
11. Council should implement an internal control mechanism to ensure that it consistently publishes a "Summary of Affairs" by the due date.
12. Council should ensure all of its section 355 committees have a constitution/charter approved by Council. Procedures or operational manuals should be provided to those committees that carry out functions on behalf of Council. Committee members should be provided with adequate training.
13. Council should develop documented procedures for undertaking, monitoring and auditing purchasing and tendering processes.
14. The précis of correspondence currently provided to Councillors in the business paper should be provided separately (ie. it should no longer be included in the business paper).
15. Council should include an "executive summary" at the commencement of its Management Plan that outlines and summarises items such as key initiatives, priorities, influences and pressures.
16. Council should include additional content in its management plan in relation to quantitative performance measures; its environmental activities; and strategic alliances with other councils, including the benefits it expects to gain from the relationships.
17. Council should include more quantitative data (both targets and results) in its Annual Report so its performance can be better measured.
18. Council should develop clear procedures that specify and differentiate between the processes for dealing with service requests and complaints.
19. Council should develop a records management system to keep its records and facilitate compliance with its statutory obligations.

20. Council should review and update the privacy management plan that was initially developed some 7 years ago to comply with the requirements of the Privacy and Personal Information Protection Act (PPIPA).

*Planning/regulatory*

21. Council should commence the preparatory work required for the development of the new LEP. The General Manager should report to Council prior to December 2007 on the plan to deliver and on progress to date.
22. Council should document the required procedures and develop a comprehensive checklist to guide/control the processing of development applications.
23. Council should fully implement the “Authority” system in the Environmental Services section of Council.
24. Council should commission an independent peer review and/or full independent assessment of development it undertakes to ensure an adequate internal separation of the application/approval process and to eliminate any conflict of roles. Council should also consider the engagement of an independent officer to certify construction.
25. Council should also consider a simpler approach to SoE reporting focusing on the identification of local environmental issues the Council is capable of addressing over time.
26. Council should urgently ascertain its level of compliance with its obligations in relation to the regulation of onsite sewage management. This should be promptly reported upon to Council with appropriate recommendations and details of resources necessary to facilitate compliance.
27. Council should give urgent consideration to the appointment of an employee or contractor to monitor the illegal dumping of material at the Grenfell landfill site when the facility is open.
28. Council should review and update its companion animals management plan and review it from time to time to ensure that it is achieving its objectives.

29. Council should develop and adopt an enforcement and prosecution policy and procedures.
30. The General Manager and Director of Environmental Services should conduct a workshop with Councillors to identify issues of concern and canvass possible responses in relation to planning, environmental management and regulatory issues.

*Asset and financial management*

31. Council should develop and implement a comprehensive long-term plan to ensure the adequacy of its financial planning and reserves to meet requirements over a longer time horizon.
32. Council should consider both a stormwater levy and a special variation to increase its current level of rate income.
33. Council should review its pricing in line with the need to create reserves and provide for the replacement of the sewerage treatment system.
34. Council should establish appropriate asset, lease and licence records and review its plans of management of community land and ensure the plans are appropriate for their current use.
35. Council should use updated information on its assets to prepare a total asset management policy, a long-term asset management strategy and an assets management plan.
36. The General Manager should review the capacity of the “Authority” system and possible options for making better use of its inherent capacity.

*Community and consultation*

37. Council should develop a new social/community plan in line with Departmental guidelines.
38. Council should develop, adopt and regularly review a communication and consultation policy/strategy that incorporates and recognises the multi-faceted way in which Council currently engages with its community.

39. Council should measure, separately summarise and publish its service standards for a range of key Council customer services.
40. Council should adopt a more comprehensive and explicit set of objectives and performance indicators for its CTC, incorporate these in the annual management plan and give an assessment of them in the annual report.
41. Council (as an elected body) should review a comprehensive report (incorporating any recommended changes) on the implementation of the Economic Development Strategy at least once in each term. In doing so, Council should consider its ongoing role in and priorities for economic development.

*Workforce relations*

42. The General Manager should provide Council with a revised statement of Human Resources Activities to be undertaken in the coming year to address ongoing activities and key and emergent issues.
43. Council should ensure that its Annual Report provides information that addresses the full ambit of Council's human resources activities and EEO responsibilities, including an analysis of any gaps that remain unaddressed.
44. Council should ensure that its Consultative Committee meets in accordance with its adopted constitution and at least 4 times per year. Further, the General Manager should ensure that the Committee fulfils its prescribed roles and that he appropriately refers matters of significance to the Committee for its consideration.
45. Council should develop a policy and comprehensive set of procedures for the recruitment and selection of staff.
46. The General Manager should ensure that Council's workforce relations practices are appropriately documented and communicated to staff.
47. Council should review and revise its EEO policy and prepare a new EEO plan having regard to section 345 of the Act.

## 4. CONTEXT

Weddin Shire has an area of 3,427 square kilometres. It is about four hours drive west of Sydney and within two hours drive of Orange, Canberra, Wagga Wagga and Dubbo. It shares borders with 5 councils. Grenfell is the major centre of the Shire. There are a number of smaller villages.

The area has an estimated population of 3800. Between 2004 and 2010 the population of Weddin is projected to decrease by 2.1% and by a further 5.1% up to 2022. Over the same total period the percentage of its population that is aged 65 or over is forecast to grow from 18.9% to 28.7%.

The Shire is divided into five wards, each represented by 2 Councillors. Three of the wards were uncontested at the last election and population shifts will necessitate the Council making significant changes to ward boundaries before the next election in 2008.

Prior to European settlement, the Grenfell area was home to the Wiradjuri Aborigines whose lands stretched from Bathurst to the Victorian border. Small, efficient groups roamed this area hunting and gathering and occasionally coming together to celebrate particular events and to socialise. Today the Aboriginal population is estimated to be less than 40. According to Council's State of the Environment Report, little formal record of the Aboriginal inhabitants of the Weddin Shire exists and the possibility of enhancing this record diminishes annually as older inhabitants of the area, with first-hand or handed-down knowledge of the Aboriginal people, pass on.

Grenfell is a historic goldmining town that was the birthplace of Henry Lawson, the haunt of notorious bushranger, Ben Hall, and is home to some fine examples of heritage architecture.

The Shire's land use comprises over 99% productive agricultural land for sheep and cattle production and various cropping enterprises. It is experiencing a protracted period of drought – the worst in 100 years. This has placed economic pressure on the agricultural sector and the area generally.

As a rural Shire, the Shire's road network is of prime importance and this priority is clearly reflected in the percentage of Council expenditure allocated to road construction and maintenance. The Council has a practice of accumulating internal reserves for major infrastructure projects and is currently building a new depot. Council is also about to commence development of a "community hub" incorporating the community technology centre and a renovation and extension to the library.

Council does not provide a wide range of community services in its own right, but there are a number of other organisations in Grenfell that do so with support from Council.

The current General Manager has been in the role in since 1995 and prior to this was employed as its Director of Engineering from 1987. All key management positions are filled, however, the Director Environmental Services has only recently been appointed, replacing an officer whose tenure with the Council was less than 12 months. The new incumbent is expected to provide valuable experience and a fresh perspective, although gaining knowledge and understanding of local issues will be a short-term challenge.

Council is a participant in the NetWaste collaborative waste and resource management project sponsored by the NSW Department of Environment and Climate Change and the Central West (CENTROC) and Orana Regional Organisation of Councils (OROC). It is also a member of the Mid Lachlan Alliance Group, which incorporates the councils of Lachlan, Forbes, Weddin and Parkes. These and other alliances are used to cost effectively obtain insurance, risk management and Occupational Health and Safety resources and to lobby for resources to address funding, training and other shortages.

Council indicated in its response to the draft report that it considers there is a high level of public knowledge of Council affairs, which is facilitated by a high level of networking. It is acknowledged that the nature of this particular community may be such that more formal means of communication may be less critical than they would be in larger, more diverse communities.

## 5. COUNCIL'S AMBITIONS, PRIORITIES AND FUTURE FOCUS

We assessed the clarity of Council's strategic direction.

Council's stated vision is "an area with a harmony of urban and rural interests and with a strong commitment to improving the quality of life for all residents". Its mission is "working for and with the Community". Its stated goals are:

- Proper maintenance and improvement of all services
- Assets and finances managed in a proper manner
- Improved communication with residents
- Promotion of tourism and development in a balanced manner
- Improved productivity and morale with a well trained, motivated and safe workforce.

These are admirable goals for a council to pursue. While Council has not adopted an explicit set of values, its values are implicit in the aforementioned goals.

Council does not appear to have undertaken a recent comprehensive assessment of its current position in relation to the achievement of the goals. Council does not have a strategic plan.

However, we should point out that there is evidence that Council has been pursuing some long-term strategies and that there is an awareness of relevant strategic issues.

The long-term strategies being pursued by Council include economic development and the promotion of tourism, on-going investment in road infrastructure, construction of a community hub (incorporating a CTC, library, exhibition area and conference rooms), the provision of health services, a lean approach to management of the organisation, the accruing of internal reserves for major infrastructure, and financial stability. Council is currently debt-free. Council also has a demonstrated awareness of strategic issues such as heritage, waste management and strategic alliances.

Council pointed out in its response to the draft report that it also has a Strategic Business Plan for Sewerage and an Information Technology Replacement Strategic Plan.

While Council is not required by law to have a strategic plan, the development of such a plan would provide the opportunity for Councillors, Council staff and the community to carefully consider and reconcile the current and emerging needs of the area with the limited resources that are available to meet those needs.

Ideally, the strategic plan should reflect a consensus on Council's medium and long-term priorities and what Council's role will be in providing infrastructure, services and economic development over at least the next ten years.

It is recommended that Council develop and adopt a strategic plan.  
**(Recommendation 1)**

The Department is currently seeking to promote improved integration of the various statutory planning and reporting processes undertaken by councils. Possible changes were canvassed in a discussion paper published by the Department in October 2006. Council will need to be mindful of the possible changes to the statutory planning and reporting framework.

While we consider it likely that there will be changes to the planning and reporting framework, we believe that any progress towards addressing the recommendation to develop and adopt a strategic plan will assist Council in addressing the changes. Accordingly, we do not believe the Council should delay the implementation of the recommendation.

### *Determining Priorities*

We examined the process Council uses to develop its annual management plan. Each year, it conducts an extra-ordinary meeting to determine its priorities for the coming year. This year, the meeting was held on 2 April 2007.

The General Manager's report to the meeting clearly explains the purpose of the meeting "to determine priorities particularly for capital projects and also certain revenue funded projects, and to determine various works programmers for the

following year". It is clear that the General Manager used the meeting to inform the development of the draft management plan that was adopted by Council for public exhibition at its May meeting.

It is significant to note that the General Manager makes it very clear in his report to the April meeting that while it is for the elected Council to determine how Council will allocate its funds, he implores it to take a more strategic approach to this responsibility.

#### *Ward votes*

We note that Council allocates funds to "Ward Votes", with each ward receiving an allocation. It is not apparent that the allocation for each ward is based on an empirical analysis of need.

While Council resolved at the April meeting not to increase the votes for the rural wards, we recommend that Council amalgamate the allocations and reallocate the funds for maintenance on the basis of the professional advice of the General Manager and the Director of Engineering. (**Recommendation 2**) We remind Councillors that section 232 of the Act requires them to participate in the optimum allocation of Council's resources for the benefit of the entire local government area.

#### *Ward structure*

We noted during the course of the review that the Council has had cause to review the boundaries of its five wards pursuant to section 211 of the Act. The Act requires councils to take action in specified circumstances to ensure that the number of electors in each ward does not differ by more than 10%. As a consequence of population changes, Council will be moving from having three rural wards and two Grenfell town wards, to having two rural wards and three wards based in Grenfell. The division of the Grenfell Township into wards does not reflect distinct communities of interest and it also acts to reduce the pool of candidates from which residents can elect their representatives.

Given the relatively small population of Grenfell and the LGA, we recommend Council formally review its decision not to seek approval from residents to abolish wards in the area. (**Recommendation 3**)

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During the course of the review, we identified a strong focus on doing and delivering but a lack of focus on documenting process and on continuous improvement. Many Council policies are very old and need to be rationalised and reviewed. We believe that this exposes Council to significant risk, particularly if it loses any of its long serving employees. In setting its course for the future, Council will need to be mindful of the need to ensure it strikes the right balance between the allocation of resources for planning, delivery and controlling its activities. These issues are expanded upon throughout the remainder of this report.

## 6. DELIVERING AND ACHIEVING

This part of Council's assessment focuses 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; and risk being managed appropriately.

### 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*
- *Management planning & annual reporting*
- Complaints management
- *Information management*

#### **Ethics and Values**

##### *Corporate Values*

Council has not developed an explicit set of values or a statement of business ethics. It communicates its values by complying with the requirements of the Local Government Act and by setting an example via honest, transparent dealings with the community. While these are essential components and applications, the development of explicit statements will more clearly communicate Council's values

and expectations prior to any contact or dealings with staff, Councillors or the community. **(Recommendation 4)** Having an explicit set of values is particularly important for communicating to new staff what is expected of them.

#### *Code of Conduct*

In February 2005, Council adopted the Model Code of Conduct for Local Councils in NSW, released by the Department of Local Government, as its code of conduct. The General Manager provides all new staff, Councillors and delegates with a copy of the code and training. We suggest Council adopt a practice of getting Council officials to sign an acknowledgement that they have been given a copy of the code and that Council ensure that a record of the training is kept. Further, it is important that Council officials are reminded from time to time of the code and its provisions.

#### **(Recommendation 5)**

#### *Management of pecuniary interests*

The Act sets out the parameters that must be adhered to when councillors and staff have a conflict between their public duty and private interests that constitute pecuniary interests. To this end the Act requires that councillors and designated staff complete and lodge written disclosure of interest returns in the form prescribed by the Local Government (General) Regulation 2005 and to appropriately manage pecuniary interests when relevant matters arise.

We conducted a review of the 2005/06 written returns of interests and found them of a high standard. While the Council does not appear to have any unique procedures that have contributed to this outcome, we did note that one Councillor was the subject of an order by the Local Government Pecuniary Interest and Disciplinary Tribunal in 2006. It is not unreasonable to conclude that this would have contributed to increased awareness on the part of all Councillors as to the importance of making proper returns. While we have not undertaken any search to determine whether all interests (such as interests in real property) are shown on the returns, we commend Council and Councillors for their apparent diligence in completing the returns.

As indicated elsewhere in this report, we observed part of Council's meeting held on 21 June 2007. During this meeting there were a number of declarations of pecuniary interests. These declarations were appropriately made when the relevant item came

before Council. The declarations were accurately recorded in the meeting minutes. Notwithstanding this, we recommend Council amend its code of meeting practice to include provision in the agenda for Councillors to declare interests at the beginning of the meeting. (**Recommendation 6**) Doing so would act as a reminder to Councillors to declare interests, facilitate the orderly making of declarations and alert the chairperson that a declaration has been made and thereby assist him in allowing sufficient time for Councillors with an interest to leave the chamber.

### **Risk management and internal controls**

Councils are exposed to a wide range of risks as a consequence of their diverse functions. Risk management is about the systematic identification, analysis, evaluation, control and monitoring of risks.

While risk cannot be entirely eliminated, councils should aim to establish a risk aware culture and to continually work towards establishing structures, processes and controls that cost effectively reduce the council's risk profile and thereby protect the interests of council, the public and other key stakeholders.

There needs to be a balance between the cost of managing risk and the benefits expected from engaging in an activity that has inherent risks. The significance of specific risks varies from council to council.

#### *Risk management framework*

We examined the way Council seeks to manage risk and found that it currently does not have risk management, disaster recovery or business continuity plans. However, it has intentions to develop the plans in conjunction with the Corporate Services Group of the Mid-Lachlan Alliance. A similar approach is already in place in relation to the preparation of the Emergency Management Plan. It is considered essential that this initiative is carried through to fruition. (**Recommendation 7**)

In addressing this recommendation, it is important that Council address the particular risks that arise from having community groups maintaining or operating Council owned assets.

The group approach to development of the plans is commendable. The group will be able to jointly identify the common corporate and strategic risks and share possible

mitigation strategies. The group approach can also assist in the identification of a broader range of risks, beyond the insurable risks that are currently identified and monitored.

In relation to business continuity and disaster recovery, the members of the Alliance may be able to use each other's sites for back-up and recovery purposes.

While we were doing the onsite review, we examined Safe Work Method Statements and discussed OH&S issues. Based on this, it would appear that Council has developed a "risk aware" culture and therefore is well positioned to take advantage of this to facilitate the successful development and implementation of the recommended plans.

#### *Internal audit*

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. Both could assist Council in ensuring that it adequately meets these objectives.

It is recognised that, given the limited time and resources available, a dedicated internal function is unlikely to be practicable. However, we recommend Council formalise its approach to internal audit and control by adopting an internal audit policy/plan. (**Recommendation 8**)

Practical examples of compensatory controls (in lieu of having a dedicated internal audit function) that can be established to give confidence in the probity of operations include making use of random tests by supervisors, cross checking by staff, job rotation, effective division of duties and ensuring another staff member undertakes the full duties of high risk positions on a periodic basis. The recommended plan should identify the high-risk positions and processes and the controls that will be used.

Council may also want to consider establishing a dedicated internal audit function that could be jointly funded by other members of the Alliance.

### *Fraud Control*

Fraud is a crime involving the dishonest obtaining of a financial or other benefit by deception. The benefit might be of a direct value or it might be an indirect value. Fraud wastes scarce funds and resources and can damage an organisation's reputation and competitiveness. It is important that fraud risks are identified and managed effectively and that supervisors and staff are kept up-to-date on known and emerging risk areas, as well as on strategies for properly managing those risks.

Council does not appear to have undertaken any fraud risk assessment. Nor does it have a fraud control policy or strategy. These, together with the issues raised under internal audit, should be addressed as part of the risk management plan and the internal audit process.

### *Protected Disclosures*

Protected disclosures are an important means by which councils can signal commitment to ethical practice. They also can act as an early warning system for management. Council has an internal reporting system as required by the *Protected Disclosures Act 1994* that it adopted in 1999. It is relatively easy to comprehend and provides a range of avenues for staff to make disclosures. Our only suggestion in relation to the policy is that it be updated to include provision for disclosures to be made to the Department of Local Government, as this is now provided for in the legislation.

### *Delegations*

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

Delegations are currently conferred on an individual basis so detailed knowledge of the authorities given is not generally known. It is considered that more effective communication of delegated authorities would be achieved by the development and distribution of a delegation schedule. (**Recommendation 9**) Such a schedule will also facilitate easy review and monitoring of the delegations.

### *Policies/protocols*

Council policies and formal protocols are an important mechanism for setting, monitoring and reviewing a council's systems and processes.

As part of the review process, we examined Council's Policy Manual. It is clearly in need of updating. It is also apparent that there is scope for rationalisation of Council's policies and the rescinding of the policies that are no longer relevant or required.

There is a real risk that a number of Council's policies and procedures may not reflect current legislative requirements.

Council has been aware of the need to review the policy manual for some time. We were advised that it was intended to engage a consultant to review and update the manual. While we offer no view on the appropriateness or necessity to engage a consultant to undertake this task, we recommend that the scope of the project be determined as a matter of urgency, that a timeline for the review of the manual and specific policies be prepared and that regular reports be provided to Council on progress. (**Recommendation 10**)

Councils are required to publish the "Summary of Affairs" in the Government Gazette each six months. This is a requirement of the Freedom of Information Act (FOIA). Aside from being a statutory requirement, the preparation of a Summary of Affairs is an important process, as it requires the Council to identify and list each of the Council's current policy documents. Council has not been consistently complying with this requirement.

The process of identifying and listing each policy is very valuable because it affords the Council the opportunity to review the listing for any omissions and any policies that are no longer required. Council could also consider distributing a copy of the Summary to staff and Councillors so that they can be made aware of the matters on which Council has a policy.

Council should implement an internal control mechanism to ensure that it consistently publishes a "Summary of Affairs" on the due date. (**Recommendation 11**)

Further information on this issue can be found in the Department's Practice Note No 7 – Freedom of Information.

*Management of section 355 committees*

Council has a number of section 355 committees. These committees provide an opportunity for community involvement and can be an effective way of delivering services. The Council has advised that only some of its committees have constitutions and none have documented procedure/operation manuals. It also indicated that they do no receive training to assist them in their role.

It is important that all of the committees have a constitution or charter setting out their membership, functions and delegations. A standard constitution may be able to be used for all of the committees. Procedures or operational manuals should be provided to those committees that carry out functions on behalf of Council. **(Recommendation 12)** This will help ensure that they carry out those functions in a proper manner. It is also suggested that Council provide adequate training for committee members in relation to their relevant area.

*Tendering, procurement, asset disposal and contract management*

Councils' obligations in relation to formal tenders are regulated under section 55 of the Act and the relevant provisions of the Regulation. These provisions apply to contracts with a value of \$150,000 or more. Tendering, procurement, contract management and asset disposal activities should be governed by considerations of probity, transparency and accountability in the expenditure of public funds for public purposes.

While Council has a policy for purchasing and tendering, it does not have documented processes or procedures for monitoring and auditing the processes. It also does not have policies or procedures for the disposal of assets or monitoring contractor performance. **(Recommendation 13)** We noted a number of procedural deficiencies when reviewing files related mainly to the opening of tenders and the recording of details. These were discussed with staff, who agreed to implement recommended changes.

## **Decision making process**

The Act requires councils to meet at least 10 times per year, with each such meeting being held in a different month. The Act and Regulation also stipulate other aspects of the meeting process. The Act allows a council to adopt its own code of meeting practice that supplements the statutory provisions, provided those extra provisions are not inconsistent with the relevant provisions of the Act or Regulation.

The review team reviewed the Council's Code of Meeting Practice, inspected the minutes of a number of Council meetings and attended the ordinary Council meeting of 21 June 2007.

We also observed part of a "Manex" meeting. It is a committee comprised of senior managers, the Mayor and Deputy Mayor. It meets on the Monday prior to the Council meeting.

### *Code of Meeting Practice*

Council's Code of Meeting Practice was adopted in February 2005. Since then, the Regulation on which it was based (and which is referred to extensively in the Code) was repealed on 1 September 2005 and replaced by the current Regulation. Council should ensure the references to the old Regulation are updated when it next reviews and adopts the Code.

The Code includes a section that explains its relationship to the Act and Regulation and makes it clear that in the event of any inconsistency between the Code and the Act or Regulation, the Act or the Regulation (as the case may be) prevails. This is better practice. While noting this, there are a few clauses in the Code that are inconsistent with the Act and/or Regulation; these clauses should be amended to make them consistent, and thereby, reduce the potential for non-compliance.

The procedure in the Code for the calling of an extraordinary meeting (clause 6.2) should be made consistent with section 366 of the Act.

Clause 243 of the Regulation affords mayors the power to put matters without notice before meetings they are chairing by way of a signed minute. Council's Code incorporates this provision but it also supplements it with a provision that extends the power to the Deputy Mayor (when acting for the Mayor). The Department's view is

that this is inconsistent with the Regulation. Council should amend Clause 19 of its Code.

Clause 22 of the Code is inconsistent with Clause 246 of the Regulation in that it allows Councillors to speak to the motion prior to having a seconder. The chairperson of Council's meetings should not allow any debate on a motion until it has been seconded. Council should amend Clause 19 of its Code.

Clause 2 of the Code stipulates that Council shall meet at 6:00 pm on the 3rd Thursday of each month. However, we note that Council appears to start its meetings at 5:00 pm. While Council is free to include a time and place stipulation in its Code, we suggest that Council delete the current stipulation. Doing so will allow Council more flexibility in the timing and location of its meetings, providing it complies with section 9 of the Act (which requires it to give notice of the time and place of its meetings). We understand that Council has canvassed the timing of its meetings having regard to making attendance at meetings accessible to the widest range of people. This is commendable.

The Code contains a provision that allows members of the public to make representations before Council considers a motion to close a meeting to members of the public. While this is better practice, the time allowed for this in the Code (30 seconds) is manifestly inadequate. We recommend that Council allow at least 5 minutes.

We understand that Council has adopted the practice of requiring Councillors to complete a written declaration of conflict of interests once they have left the meeting after verbally declaring the interest. This is good practice as it provides a further written record to the nature of the interest (in addition to the record provided by the minutes). We suggest that Council incorporate this practice in its Code of Meeting Practice. Council may also wish to consider amending the General Order of Business to include a provision for Councillors to make and table declarations at the beginning of the meeting. Such a provision will serve as a reminder of the need to make declarations and will assist the chairperson by alerting them to the need to allow a pause in proceedings where necessary, to allow Councillors and staff with interests to leave the chamber.

We recommend Council review and amend its Code of Meeting Practice having regard to the aforementioned matters. (**Recommendation 6**)

*Council meetings*

Council typically has ordinary meetings on the 3rd Thursday of each month. It had only held one extra-ordinary meeting in the 12 months prior to the review. Keeping extra-ordinary meetings to a minimum is better practice and an indicator of orderly and planned decision-making.

We observed part of the ordinary Council meeting held on 21 June 2007. The business paper was available to us for review on the Monday prior to the meeting when we commenced the onsite component of the review. Copies of the business paper were available for members of the public attending the meeting. During the period we were in attendance, the meeting was orderly and it was very apparent that the Councillors were mindful of the need to declare pecuniary and non-pecuniary conflicts of interest.

The minutes of the February, March and April meetings indicate Council dealt with the matters before it in less than 4 hours at each meeting. This suggests Council is reasonably efficient in dealing with the matters before it.

We noted that the business paper for the meeting included 41 items of correspondence that were for information only. There is no reason for these to be included in the business paper and including them is not good practice.

While we note the desire of the General Manager to ensure Councillors are properly informed of relevant matters, we recommend that this purpose can be achieved by providing a précis and/or copies of relevant correspondence to Councillors separately to the business paper. (**Recommendation 14**)

Councillors should be encouraged to review the correspondence précis upon receipt and contact the relevant Director if they have any questions about it. Councillors who then wish to raise the matter at a meeting should lodge a notice of motion.

We also suggest that the General Manager review the nature of some of the correspondence he is providing a précis on. We note that some of the

correspondence is purely related to operational matters such as service requests that fall to the General Manager to address in his discretion.

The business paper should then only include matters that clearly require consideration and decisions from the elected Council. We recommend that the remaining correspondence requiring consideration by Council be included in the relevant officer's report, with advice of issues that Council should consider and ideally, a recommendation as to a proposed course of action.

#### *Council minutes*

Section 375(1) of the Act requires a council to keep full and accurate minutes of council meeting proceedings. Subject to legislative provisions and any directions from the council, it is up to the General Manager to decide how much detail is to be shown in the minutes.

An inspection of the minutes of Council's February, March and April meetings indicates that they contain the information required under the Local Government Act and Regulation.

Council does not include copies of reports from its business paper in its minutes. While it has no obligation to do so, this practice can help facilitate better understanding of the reasons for decisions without the need for separate recourse to the business paper.

#### *Public participation*

Providing some form of public participation at meetings is good practice. Council has resolved that a ten minute "question time" be allowed at the beginning of each meeting, where members of the public can put their concerns before Council. The process for this is detailed in the Code of Meeting Practice and in each business paper. Council requires that requests and questions to be put be submitted in writing at least ten (10) days prior to the meeting. This is better practice as it allows the officers to undertake any necessary research.

### *Councillor training*

The skills and knowledge of Councillors have a significant impact on the organisation's capacity to make sound and transparent decisions. The learning curve for new Councillors can be a steep one and for long serving Councillors there is the on-going challenge to keep up-to-date. Given this, it is appropriate that Council allocate resources to Councillor training and development. We examined the Council's approach to this issue. Following the 2004 election, Council provided induction training and all new Councillors attended LGSA courses.

### **Monitoring and review**

#### *Management planning*

Each year Council is required to adopt a management plan with respect to its activities for at least the next 3 years and its revenue policy for the next year. The management plan is a key accountability mechanism.

Sections 403 and 404 of the Local Government Act require certain particulars to be included in Council's management plan. The draft management plan is to be exhibited in accordance with section 405 of the Act.

The review team examined Council's management plan for the period 2006/2007. The plan is divided into a number logical sections including "Corporate Statements", "Statement of Principal Activities", "Business Activities" and the "2006/2007 Estimates of Income and Expenditure (Budget)". It provides detail of Council's planned activities, charges, measures of effectiveness and other matters. However, it does not have a summary that consolidates the direction of the totality of the components. A suggestion for achieving this would be to include an "executive summary" that outlines items such as key initiatives, priorities, influences and pressures. (**Recommendation 15**)

Council's strategic direction has already been dealt with earlier in this report so will not be discussed here in detail. However, we feel it is important to acknowledge the inclusion of a sub-section detailing "Objectives, Performance Targets and Statements of Means" as good practice. There are significant benefits that can arise from having a set of agreed targets and the means of their assessment.

Council can improve its management plan and get more value from it by including more quantitative performance measures; detail about its environmental activities; and strategic alliances with other councils including the benefits it expects to gain from the relationships. (**Recommendation 16**)

The inclusion of more detail will assist the management plan achieve its primary purpose of facilitating accountability. It will also assist in making consultation with the community more meaningful.

#### *Annual reporting*

The review team assessed Council's annual report for 2005/2006 and found that it generally complied with most requirements. The main area for improvement is the inclusion of more quantitative data (both targets and results) so performance can be better measured. The inclusion of such data will provide Council and the community with a more objective basis to assess Council's performance. (**Recommendation 17**)

We believe there is scope for Council to improve its SoE reporting. This is discussed and dealt with in Section 6.2 of this report.

There have been a number of changes to the annual reporting obligations of councils. We draw Council's attention to Departmental Circular 07-41. We suggest that Council make use of the checklist that accompanied this Circular to ensure that its annual reports contain all of the required content.

#### *General Manager's contract*

The Act requires councils to employ their general managers under fixed term performance based contracts. The general manager is required to report to council at least annually on the contractual conditions of council's senior staff (including himself).

Council's General Manager was appointed to the role substantively in 1995. As part of the review process, we made enquiries as to how the Council was managing his performance and found that it was last reviewed in September 2006 by a panel consisting of the Deputy Mayor and 2 Councillors. It was noted that the Mayor did

not participate in the assessment so that another Councillor could gain exposure to the process.

#### *Complaints management*

An effective complaint handling system is an essential part of the provision of quality council services. It can act as a circuit breaker to prevent unnecessary litigation/disputes and just as importantly, it can provide a valuable source of information and feedback for improving the Council's services.

It was apparent to us that the Council does not effectively distinguish between service requests and complaints. Clearly a complaint (expressing dissatisfaction about the delivery of a service or the failure to respond) warrants a different process to a request for service, which can be appropriately referred directly to the relevant section of Council for action.

It is important that Council has clear procedures for dealing with both service requests and complaints. (**Recommendation 18**)

The issue of customer service standards is discussed further in section 6.4 of this report.

### **Information Management**

#### *Record keeping practices*

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. We found that Council does not currently have a system to keep its records and facilitate compliance with its statutory obligations. However, we were advised that a policy is to be prepared in the near future. (**Recommendation 19**)

#### *Privacy Management Plan*

Section 33 of the Privacy and Personal Information Protection Act (PPIPA) requires Council to adopt and implement a privacy management plan. Council has formally

adopted such a plan, but it has not been reviewed and updated for 7 years.  
**(Recommendation 20)**

## 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 an important factor in effectively managing Council's responsibilities and for preserving public trust in the management of Council functions. Regulation is important to achieve a wide range of social, economic and environmental goals.

We reviewed a range of aspects of Council's regulatory practices including:

- *Council's planning instruments and policies*
- *Development assessment*
- *Environmental management*
- *Enforcement practices*

### *Staffing issues*

Council's Director of Environmental Services is primarily responsible, on a day-to-day basis, for Council's regulatory practices. It is important to note that Council's current Director of Environmental Services has only been with Council for a short period prior to our onsite review. He was not involved in the completion of the self-assessment questionnaire. While this is his first appointment as a Director, he brings to Council experience gained in a number of councils. It is commendable that Council has been able to promptly recruit a professional to fulfil this key role in its structure.

It is also significant to note that the previous Director of Environmental Services occupied the role for less than twelve months; the administrative officer who supports this section has been in her role for less than a year, as has the caravan park manager who reports to the Director.

The rapid turnover of staff in key roles exposes Council to significant potential costs and risks including the loss of corporate knowledge, increased risk of system failures (particularly where work processes are poorly documented) and the diffusion of accountability. Given this, it is important to ensure that Council takes steps to

stabilise this area of Council operations. The prompt appointment of a new Director is an important first step in this process. Other actions Council should pursue include the development of documented procedures, the allocation of additional resources to facilitate a proactive inspection and enforcement program and the full implementation of the planning module in Authority. These issues are discussed further in the following sections of the report.

#### *Council planning instruments and policies*

Council is required by section 73 of the *Environmental Planning and Assessment Act 1979* to keep its planning instruments and policies, such as local environmental plans (LEPs) and development control plans (DCPs), under regular and periodic review.

Council's current LEP was adopted in 2002. Council recently initiated an amendment to the LEP's objectives and its provisions relating to the distinction between prime and non-prime agricultural land and the role of the consent authority for clearing of land. It is commendable that the Council has been proactive on these issues.

All councils have been given a timetable for the staged repeal of existing LEPs and replacement with LEPs based on the standard instrument. Council has received advice from the Department of Planning to the effect that it is expected to have its new LEP made by December 2010.

At the time of the review, Council had not commenced any work in preparation of the new LEP. This is understandable given the aforementioned timeframe. Notwithstanding this, we recommend that the General Manager report to Council prior to December 2007 on the preparatory work required in the three-year period leading up to the making of the new LEP. (**Recommendation 21**)

It may be that Council will determine that it wishes to seek funding from the Department of Planning to undertake preparatory strategic planning. The process of seeking funding and undertaking the strategic planning may need to commence early in 2008. We suggest that the General Manager and/or the Director of Environmental Services liaise with the regional office of the Department of Planning when preparing the report for Council.

Council has made the Weddin Local Environmental Plan 2002 available for download from its website, which is good practice. We suggest that it also make its policy for notification of development and its two development control plans (DCPs), for Grenfell and Environs and for the Small Rural Holdings Zone, available for download and/or viewing on the website.

We also suggest Council consider incorporating its notification practices in a DCP. In making these suggestions, we acknowledge that the volume of enquiries and level of interest in Council's planning instruments is not high and that it is Council's practice to provide personal assistance to anyone seeking information about the instruments and/or about development.

Council has not adopted a local approvals policy pursuant to section 158 of the Local Government Act. It is not required to do so and given the relatively low volume of approvals that the Council processes, we do not see a need for Council to develop such a policy at this time.

Council does not currently have, nor has it previously had, any section 94 or section 64 contributions plans. Council contends that the level of development does not justify the development of the plans. It is also concerned that levying of development contributions may discourage development.

While Council's viewpoint is acknowledged, 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 levy a contribution towards this renewal from any new developments if it does not have contributions plans in place. Council always has the discretion to waive or reduce contributions if it has a plan in place. Alternatively, recent amendments to the EP&A Act have enabled councils to enter into planning agreements and to set fixed contribution levies. We encourage Council to review its decision not to adopt contribution plans when it undertakes the strategic planning process recommended earlier in this report and when it next reviews its economic development strategy.

#### *Development assessment*

We examined Council's processes for processing and monitoring development applications.

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Council determined 96 development applications (DAs) in 2005/06, compared to an average of 77 for its group (for the purposes of the comparative information). Its mean time for processing applications was 17.61 calendar days. This compares favourably with the group average of 21.4. The median time for processing applications was 12 days. While the relatively short processing times no doubt reflect the relatively straightforward nature of most DAs processed by Council, Council is clearly committed to processing the applications in a timely manner. We also note that Council assisted applicants by providing pre-lodgement advice. Done well, this should contribute to the lodged applications being complete and complying.

A comprehensive checklist is not used by the Council to guide/control the processing of development applications. We were not able to verify that Council had a comprehensive set of procedures to guide staff in processing developing applications. We recommend that Council document the procedures and develop such a checklist. (**Recommendation 22**) These actions will assist in the standardisation of the process. The process of developing them will assist Council to identify improvement opportunities. Importantly, once in place, they will help mitigate any risk from further staff turnover.

Council has been using a spreadsheet to record the processing of applications. However, at the time of the onsite review, the spreadsheet had not been kept up to date and was not subject to regular review by the General Manager. Although Council indicated that DAs are generally processed within a two-week period, this could not be confirmed from the spreadsheet. Consent and the date of consent had not been noted on the spreadsheet.

It should be noted that Council is required to report to the Department of Planning on its performance in processing of DAs and, given the importance of the function, regular reports should be made to the General Manager and Council.

We understand that Council has a licence to use “Authority”, a software application designed specifically for local government. Council has taken some initial steps towards using this system to support the processing of development applications. We recommend that Council fully implement the use of this system in the Environmental Services section of Council. (**Recommendation 23**) The initial steps in this implementation should include a visit to another council that is using the

Authority system in its planning area, scoping the potential of the system and the development of a project plan/timeline for implementation.

In making this recommendation, we note that Council has apparently already incurred the cost of purchasing the system. The use of the system has the potential to help standardise the process of development applications, will assist Council in maintaining good record keeping practices and facilitate easier reporting on the process.

According to Council, 76% of development applications are determined under a delegated authority.

#### *Review rights*

Section 82A of the Environmental Planning and Assessment Act stipulates that an applicant may request the Council to review a determination in specified circumstances. While Council notifies applicants of their appeal rights, it does not advise them of the option to seek a review. Council should amend its standard letters to address this issue.

#### *Council as applicant*

We noted that Council has had occasion to apply to itself for development consent for some relatively significant developments, including the new depot and the proposed extensions to the library and community hub. There is an inherent conflict of roles in a Council determining its own applications. Given Council's small size, it has limited capacity to ensure an adequate internal separation of the application/approval process. Given this, we recommend that in future Council arrange for peer review and/or full independent assessment of such applications. **(Recommendation 24)** We also suggest Council give consideration to whether it should be certifying construction it is undertaking or which is being undertaken on its behalf.

#### *Environmental management*

Environmental management is one of the key roles of local government. While councils share environmental management responsibilities with a number of other government agencies, including the Department of Environment and Climate

Change and Catchment Management Authorities, councils are uniquely placed to identify and report on local environmental issues and take action to reduce the threats to the environment and to make their communities more sustainable.<sup>1</sup>

The Department has published Guidelines to assist councils in the conduct of their environmental management roles, with particular emphasis on State of the Environment (SoE) reporting and the implementation of ecologically sustainable development principles. We encourage Council and individual Councillors to review the Guidelines, which are available for download from the Department's website.

Councils are required to publish a comprehensive SoE report in the year following each general election and at least a supplementary report in other years.

It is evident that Council has limited capacity to produce a complying SoE report, having regard to the other operational demands on the Director of Environmental Services. He is the only staff member with a professional qualification in environmental management. The Council has attempted to deal with this by employing a consultant to produce its SoE reports.

Council's most recent comprehensive and supplementary SoE reports were reviewed. The reports reviewed are simply formatted and easy to read. However, the reports provided to Council do not appear to be being used by Council to develop responses to environmental issues. We question the utility of continuing to commission (and pay for) such reports if it is only being done to fulfil a statutory reporting obligation.

Council would be better served to use the resources being used to engage the consultant to identify and develop a strategic approach to sectors of the environment it has the capacity to address. We should point out that Council did consider a range of environmental issues when developing its management plan for 2006/2007.

For example, the General Manager's report to the 2 April 2007 meeting of Council refers to the implementation of the Grenfell Tip Management Plan (waste management) and an allocation of funds for a Shire-wide heritage study. The list of projects considered by Council include a number which have implications for the

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<sup>1</sup> Environmental Guidelines - State Of The Environment Reporting By Local Government, DLG 1999

environment. They were presumably being considered due to some identified need and/or concern for the environment. These issues and the responses should be given prominence in Council's next SoE report. Council should consider a simpler approach to SoE reporting focusing on the identification of local environmental issues the Council is capable of addressing over time. (**Recommendation 25**)

Partnering with adjoining councils that are also small and who share the same environmental issues would also enhance Council's capacity to respond to environmental management issues. Council already does this in relation to waste management.

In commenting on Council's current SoE reporting, we should point out that there is no evidence of community consultation in preparation of the reports. It would appear from the reports that there are a number of Landcare groups active in the area. These would seem to be obvious groups with whom to consult. The report does not comment on their effectiveness or indicate their input was canvassed in preparing the reports.

It is evident from the reports that Council does have an understanding of its capacities and responsibilities in waste, weed management and feral animal control. This is a positive that can be built upon by establishing measures to allow the effectiveness of work undertaken in these areas to be measured.

Other areas of the reports simply provide generic descriptions of the various environmental sectors. No attempt is made to develop a Council position on progressing improvements in these sectors. Council should give due consideration to the use of the pressure-state-response model prescribed in clause 221 of the Regulation.

#### *Onsite Sewage Management*

Regulatory reforms were introduced in 1998 to improve Council supervision of sewage management activities. The *Local Government Act 1993* (the Act) provides that landowners must obtain council approval for the operation of a system of sewage management on their land and must comply with conditions, including the performance standards for sewage management in the Local Government (General

Regulation) 2005. This is a significant issue in Weddin Shire, as there are apparently over 500 onsite sewage management systems in the Shire.

While Council states that it has adopted an onsite sewage management strategy, it would appear that inadequate attention is being given to the implementation of the strategy.

A complete and accurate register of existing systems of sewage management is essential for effective sewage risk assessment and for efficient targeting of Council sewage management services. Council's register does not appear to have been maintained. Failure to keep an adequate register is likely to prevent a council from systematically identifying sources of sewage pollution and from effectively managing the associated risks to human health and the environment.

Councils are expected to implement systematic risk assessment and performance management procedures that are appropriate to protect the health of both the public and ecosystems. The obligation to obtain and comply with an operating approval allows the Council to set performance standards and related maintenance or reporting requirements, and to recover an application fee or periodic renewal fee towards the cost of risk assessment and performance supervision.<sup>2</sup>

While Council does have a record of sites that have onsite sewage systems, we were unable to establish whether approvals have been issued for all of the systems. Further, it would appear that where sites were inspected and issues warranting follow up action were identified, there is no record of follow up action being taken.

Council should take urgent action to fully ascertain its level of compliance with its obligations in relation to the regulation of onsite sewage management. This should be reported upon to Council with appropriate recommendations in relation to the allocation of resources necessary to facilitate compliance. Prompt action should be taken to ensure any non-compliance is addressed. (**Recommendation 26**)

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<sup>2</sup> DLG Circular 04/37 - Sewage Management (Septicsafe Program) Update

### *Waste Management*

Council operates a landfill in Grenfell. It also operates village landfills at Quandialla and Caragabal and provides domestic waste collection services to Grenfell and Greenethorpe.

Council has adopted Local Environmental Plans of Management for the landfills and in recent times has adopted a practice of securing the Grenfell landfill after hours in response to concerns about improper dumping of trade waste.

During the course of the review, we visited the Grenfell landfill and noted that it was unmanned. Given this, there would still appear to be significant potential for unauthorised/inappropriate dumping. For example, there is no control in place to prevent the dumping of asbestos. While noting the recent improvements to the operation of the facility, we recommend that Council give urgent consideration to the appointment of an employee or contractor to monitor the dumping of material when the facility is open. (**Recommendation 27**)

When Council implements this recommendation, we suggest it reviews the ICAC publication, *Taking the whiff out of waste: Guidelines for managing corruption risks in the waste sector*. The publication seeks to illuminate the real and potential corruption risks that can arise from the operation of waste management facilities and suggests approaches that will assist in minimising and managing these risks.

We noted that Council has allocated funds in its 2007/2008 budget for a recycling station at Greenethorpe and it identified improvements to the Grenfell landfill as its number one medium priority project. It has identified a need for remediation works at Caragabal, but has not allocated any resources for this work.

While Council does not have its own waste management strategy, it is a participant in the NetWaste collaborative waste and resource management project sponsored by the NSW Department of Environment and Climate Change and the Central West (CENTROC) and Orana Regional Organisation of Councils (OROC). In 2001, it participated in the development of a sub-regional waste management plan. A copy of this plan is available for download from the NetWaste website. While Council stated it “follows NetWaste”, we have been unable to establish from Council or NetWaste documents the extent to which the plan has been implemented or whether its

strategies have been effective. The scope of this review did not extend to independent verification of this.

#### *Management of swimming pool safety on private properties*

There is no evidence of Council adopting a proactive approach to the issue of swimming pool safety. The newly appointed Director of Environmental Services indicated that in his short time with Council, he had already identified some serious issues when undertaking fieldwork. While it was positive to note that he had acted promptly in relation to those issues, the non-compliances so identified may be an indication of a more widespread problem in relation to swimming pool safety. The *Swimming Pools Act 1992* imposes clear duties and compliance standards on both councils and pool owners.

#### *Companion Animals*

Council adopted a companion animals management plan in 2003. While it is better practice for councils to adopt such a plan, the plan itself makes the point that *Integral to any Council plan of management is an ongoing review of the effectiveness of the plan and measurement of its success. Such a review must be at regular intervals and any adjustments proposed must reflect the needs of the community.*

The 2003 plan is in obvious need of updating; most of the delivery dates in the plan range from 2002 to 2004. There is no evidence to suggest that Council has undertaken the review recommended in the plan. Council should review and update its companion animals management plan and review it from time to time to ensure that it is achieving its objectives. (**Recommendation 28**)

While Council provides some information on responsible pet ownership on its website, we suggest it also provide a copy of its updated companion animals management plan, a copy its local orders policy for the keeping of animals and a link to the Department's companion animals web page.

We noted during the course of our review that Council has adopted a practice of advertising impounded animals. This, along with strategies to increase the rate of micro-chipping, can be effective as a means of reducing the euthanasia rate of unwanted animals. However, we note from statistics provided by Council that the

percentage of animals euthanased rose from 42.3% in 2001/2002 to 54.8% in 2004/2005 and 53.1% in 2005/2006. We encourage Council to consider what factors have contributed to the increase and what other measures it can take to reduce the rate. Council should be cognisant of its duty pursuant to sections 64(5) and 64A(4) of the Companion Animals Act to consider whether there is an alternative action to that of destroying seized and surrendered animals and (if practicable) its duty to adopt any such alternative.

We note that Council has not reported any dog attacks in the last three years. Council should be mindful that it has been obliged to report dog attacks to the Department for a number of years and is now required to report on them in its Annual Report. Council should be proactive in encouraging the community to report attacks to it and ensure the relevant staff are aware of the need to report the attacks to the Department.

Council has adopted a local orders policy for the keeping of animals. It includes provisions that pertain to the keeping of companion animals. The policy correctly points out that Council can exercise further controls over animals using powers provided for in other Acts such as the Companion Animals Act. We take this opportunity to remind Council that there may be greater utility to be gained by using the powers granted to it under these other Acts rather than relying on its local orders policy.

#### *Enforcement*

Council advised in its response to the self-assessment questionnaire that it does not have a proactive program for monitoring compliance with the environmental requirements for which it is responsible. It stated that such a program is not a priority. It provided a similar assessment in relation to its responsibility to monitor systems and processes to ensure public health.

Council does not have an enforcement and prosecution policy and has not issued any orders in the last two years. It states that it receives few reports of non-compliance or unauthorised development.

We recommend that Council develop and adopt an enforcement and prosecution policy. **(Recommendation 29)** The taking of enforcement action in small

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communities can give rise to interpersonal issues and can be challenging for staff who may know the person they are required to take action against. A clear policy and procedure will serve to communicate Council's approach on enforcement to all concerned and help facilitate an impartial, professional approach to enforcement. It may also encourage members of the public to come forward with concerns.

#### *Further review*

While the review team acknowledges the limited resources available to Council, we believe there is significant scope for Council to improve the exercise of its regulatory and environmental management responsibilities. As a first step, we recommend the General Manager and Director of Environmental Services conduct a workshop with Councillors to identify issues of concern and canvass possible responses in relation to planning, environmental management and regulatory issues. (**Recommendation 30**)

The workshop should have due regard to the issues raised in this report and the professional advice of the newly appointed Director of Environmental Services. In doing so, it should seek input from the community. This workshop should also consider the adequacy of the current staffing of the Environmental Services section, having specific regard to the onsite sewage management and waste management issues raised in this report.

### **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*
- *Information technology*

### *Financial management*

Council realised an operating surplus before capital items of \$59,000 in 2005/06 but incurred operating deficits before capital items of \$1,340,000 and \$859,000 in 2004/05 and 2003/04 respectively. Operating results after all activities followed a similar pattern of a surplus of \$729,000 in 2005/06 and deficits of \$188,000 and \$275,000 in 2004/05 and 2003/04. Grants for both operating and capital purposes fluctuated substantially over these periods. For instance, Council received a substantial \$802,000 Roads to Recovery grant in 2005/06.

Council is dependent on a rate base that, according to comments made during our visit, it considers less than adequate for the area's needs. The area is dependant on agriculture and has little industry, despite a sustained attempt to attract more. Notwithstanding this limited rate base, the Council has diversified into areas not traditionally seen as core business, such as medical, dental and taxi services, to support the local community by ensuring the availability of essential services.

Council seeks to supplement its income by actively seeking contract work from the RTA, which allows it to amortise administrative expenses.

The written down value (WDV) of Council's assets for the 2005/06 period were:

Roads, Bridges & Footpaths	65%
Stormwater Drainage	67%
Sewerage Network	11%.

The Department considers that 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 and this has significant implications for financial management.

The written down value of the sewerage system is of particular concern. However, we were advised that the lack of population growth has taken the pressure off replacing the sewerage system in the short term. It is commendable that the Department of Commerce was engaged and work was undertaken to prepare a Strategic Business Plan for the replacement of the sewerage system. However, as at 31 March 2007, only a small reserve had been created to fund its anticipated

replacement in 2020. Council is also using a survey camera to check the condition of sewer mains and a contractor to progressively reline in-situ as a means of extending the life of the network.

For the year 2005/06, estimated costs to bring assets to a satisfactory standard were \$10,870,000, a figure that had remained relatively constant over the last few years. The shortfall to estimated maintenance to that actually funded was \$475,000 in 2005/06. Again, this is a figure that has remained relatively constant over the last few years.

#### *Liquidity and Cash Position*

A good unrestricted current ratio (UCR) is considered to be greater than 2. Council's UCR for 2005/06 was 4.31. For the periods 2004/05 and 2003/04 it was 7.27 and 7.64 respectively. We were advised the change was caused principally by the adoption of the Australian equivalents to International Financial Reporting Standards (AIFRS). The UCR measures the adequacy of working capital and the ability to satisfy obligations in the short term. It does not include externally restricted activities such as water, sewer or specific grants.

Council's unrestricted cash for the periods 2005/06 and 2004/05 were \$393,000 and \$399,000 respectively. This is considered to be adequate.

The Rates & Annual Charges Outstanding Percentage (RACO%) in 2005/06 was 9.48%, an increase from 8.89% in 2004/05 and a decrease from 9.76% in 2003/04. The RACO% assesses the impact of uncollected rates and charges on liquidity and the efficiency of debt recovery. A benchmark for rural councils such as Weddin is less than 10%. Therefore, despite Council's performance being borderline, given the effect of the drought, the figure is considered acceptable.

Council has no debts. Therefore the Debt Service Ratio (DSR) is, and has been, zero for a number of years. This indicator assesses the degree to which revenues from ordinary activities are committed to the repayment of debt. A DSR of less than 10% is good. Again, together with the cash in internal restrictions, it is a reflection of Council's prudent financial management.

Council has accrued internal reserves to fully cover estimated Employee Leave Entitlements (ELE). While the Department considers that a reserve equivalent to 20% of the ELE is adequate, Council has decided to fully cover the entitlement because it has identified that it has a significant number of employees with long periods of service and that as a result there will be significant costs incurred when these employees resign or retire.

#### *Long-term financial planning*

Council, like many other councils, is highly dependant on grants and road funding. While it is apparent that the Council is managing its short-term financial position prudently, we are concerned as to how Council will be able to fund the replacement of its major infrastructure and address pressures for it to continue to provide more and an increasingly broader range of services.

We recommend that Council develop and implement a comprehensive plan to ensure the adequacy of its financial planning and reserves. (**Recommendation 31**) In making this recommendation we are conscious that this process will in all likelihood identify a limited capacity to fund the future needs of the Shire. However, until Council undertakes this process it will not be in a position to effectively consult with Government or its community about raising additional funds.

While Council does have six- and five-year plans for roads and plant respectively, the recommended long-term financial plan should address all of Council's activities and income sources and be based on detailed financial figures/projects for the next 7-10 years. It should be integrated into the overall strategic plan and the asset management plan. It should include a capital works program and cash flow forecasts. The plan should also be linked to Council's rating strategy, borrowing needs and investment strategies. On a yearly basis, the long-term plan should be updated to reflect current policies and obligations.

While we acknowledge that Council's rate base is limited, we recommend that Council consider a special variation to increase its current level of rate income, to allow it to accrue internal reserves/repay possible borrowings, and thereby help ensure necessary projects are undertaken in a timely manner. (**Recommendation**

**32)** We also suggest Council consider the imposition of a stormwater levy for the same reason.

### *Business Activities*

Council has one significant business activity, namely sewerage services. Other than developer provided assets in 2004/05, the sewerage service has had a deficit result on an annual basis over recent years, indicating that pricing policies are not geared towards achieving a breakeven position. Council should again review its pricing, in line with the need to provide for the replacement of the treatment system.

### **(Recommendation 33)**

#### *Asset management and infrastructure maintenance*

As the time of the onsite review, Council was unable to locate its land register and did not have plans of management for all its community land or a register of leases or licences for land that it owns or is under its care and control. As part of Council's strategy of reviewing its assets and infrastructure, it should establish appropriate asset, lease and licence records and review its plans of management of community land and ensure the plans are appropriate for their current use. **(Recommendation 34)**

We note that Council has advised in its response to the draft report that it the file containing the land information for community and operational land has been located. In advised the Department that the file contains a comprehensive report to Council by the then General Manager in April 1994, and indicated that this will require updating for changes since that date.

In the Self Assessment Checklist, Council stated that it did not have strategic plans for asset management. However, during the site visit it was noted that the Director Engineering had prepared five- and six-year plans for plant replacement and roads respectively. Council has also engaged the Department of Commerce to undertake work on the condition of assets. This work is commended, as the lack of current up-to-date valuations of Council's assets and assessment of their condition may mean that Council's financial position is worse than stated in the Financial Reports. While Council does not have a plant replacement policy, it uses its replacement program as a tool for both financial planning and asset rationalisation.

Council's Assets Register does not have current/accurate information on the value and condition of all its assets, especially buildings, land and the swimming pools. However, we were advised that Council is to revalue at "fair value" all assets over the next three years and had allocated funds in the 2006/2007 budget for purchasing asset management software and associated training of staff.

Council should use the updated information on its assets to prepare a total asset management policy, a long-term asset management strategy and an assets management plan. (**Recommendation 35**) These documents should incorporate information on the expected useful life of each asset, optimum replacement dates and a plant replacement program and infrastructure maintenance program.

This will ensure Council's investment in infrastructure is secured and will facilitate proper medium to long-term decisions about Council assets. It will be important for Council 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.

Council may find the following publication useful in developing a new asset management strategy: *Asset Management Policy, Strategy and Plan: Guidelines for Developing an Asset Management Policy, Strategy and Plan, Department for Victorian Communities, August 2004.*'

It is important that councils, particularly those responsible for extensive road networks, adopt a roads hierarchy. A comprehensive roads hierarchy can provide the Council with an empirical basis for making decisions about the frequency and extent of maintenance.

It is understood that Council is developing a roads hierarchy in conjunction with Forbes, Parkes and Lachlan Shire Councils. It has also engaged Pavement Management Services to undertake a condition audit. Progress has been presented to Council and upon completion of the project it is anticipated that an Asset Management Plan for Roads will be formally adopted by Council.

The development of the roads hierarchy will also provide a good opportunity to consult with the community about the state of the road network. These consultations

will afford the Council the opportunity to address community expectations as to the level of maintenance to be undertaken on specific roads.

### *Information Technology*

All councils need to give consideration to how they are going to use information and communication technologies. The use of such technology is pervasive and the opportunities presented by the technology are constantly shifting.

Council has held a licence to use the “Authority” software suite for a number of years. It appears to be making effective use of it within the finance section of Council to manage its general ledger, debtors and rates. However, the suite has significantly more potential than this; as mentioned previously, it can be used to support the processing of development applications and other regulatory activities. We recommend that the General Manager review the capacity of the Authority system and options for making better use of its inherent capacity. (**Recommendation 36**) In addressing this recommendation we suggest Council consider sending a delegation of staff to a council that has been making full use of the software.

Council also provided us with evidence that indicates it has formally compared the relative costs and benefits of buying/leasing information technology. This is good practice and Council has an Information Technology Replacement Strategic Plan. Notwithstanding this, we consider that there remains further scope for Council to plan and regularly review its use of the technology across its operation. The aforementioned commentary in relation to the use of the Authority s

## **6.4 Community and consultation**

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

- *Social and community functions of council*
- *Council’s role in economic development*
- *Community consultation/communication*
- *Council’s role as a provider of community services*

While this section of the report raises a significant concern about Council’s social/community planning process and discusses a number of improvement opportunities, we wish to preface our comments by stating that during the review

process, we also found significant evidence of a Council engaged with its community and focussed on addressing the needs of its community.

### *“Spirit of the Bush” Concert*

One positive example of Council’s demonstrated capacity to meet the needs of its community was its recent involvement in the “Spirit of the Bush” Concert, which was held in Grenfell on 30 June 2007. An estimated 18,000 people attended the concert. During the course of the onsite review, we were able to observe some of the preparations for the concert.

Weddin Shire has not been immune from the ill effects of the protracted drought. The objective of the concert was to try and lift the spirits of farmers and farming communities facing ruin because of the continuing dry conditions.

The concert itself was organised by Lee Kernaghan and his management and underwritten with funding from the State Government. Council, Councillors and Council staff clearly had a significant role in ensuring the concert was held in Grenfell and ensuring that it was successful. In the absence of any evidence to the contrary, the Council is to be commended for its demonstrated ability to respond at short notice to the opportunity to host the concert.

### *Social and community planning*

The Department has issued Social and Community Planning and Reporting Guidelines. The Guidelines stipulate that councils must prepare a social/community plan at least every 5 years. Priority initiatives identified in the social/community plan must be considered for inclusion in Council’s management plans for implementation and progress should be reported on in Council’s annual report.

The social/community plan is required to examine and prioritise the needs of the local community, as identified through research, including a demographic analysis and consultation with the local community. The plan must also specifically discuss the needs of seven target groups. The needs analysis must result in the formulation of access and equity activities that Council and/or other agencies could implement to address identified needs.

Council adopted social/community plans in February 2001 and November 2004. We examined both plans as part of the review process. The two plans are very similar, to the extent that most of the issues, goals, targets, strategies and actions are identical. There does not appear to have been a serious attempt to evaluate the effectiveness of the 2001 plan when developing the 2004 plan. Such an evaluation is a mandatory requirement and details of the assessment of the previous plan must be included in the subsequent plan.

While the 2004 plan refers to a comprehensive consultation process, it would appear that no, or very limited, community consultation was undertaken to inform the development of the 2004 plan. The 2004 plan includes the same report on focus groups that was included in the 2001 plan. Neither plan includes measurable targets for the actions in the plans. This does not facilitate ongoing monitoring or evaluation.

It is not surprising that there is little difference between the 2001 and 2004 plans given the lack of consultation and evaluation prior to adopting the 2004 plan. The lack of any subsequent proper evaluation of the 2001 and 2004 plans represents a critical flaw in Council's social/community planning process.

While the actions put forward in the plans are realistic and relevant to the identified needs, there does not appear to have been an attempt to put these in a longer-term strategic context. For example, there are good short-term actions to provide outlets for young people, but there is no longer-term strategic vision to retain them within the community or to encourage them to return when they complete training elsewhere.

We recommend that Council develop a new social/community plan as a high priority. **(Recommendation 37)** In addressing this recommendation, Council should ensure that it refers to the Departmental guidelines. By addressing this recommendation in the next twelve months, Council will be able to draw upon 2006 census data. It will be able to systematically evaluate the impact of the protracted drought and evaluate the effectiveness of its current strategies. Most importantly, it will then have much better information to draw upon when developing the strategic plan recommended earlier in this report.

### *Community consultation and communication*

The Council does not appear to have undertaken any systematic consultation with the general community in relation to its services and priorities for the future for quite some time. When asked about this, Council pointed out that the Shire and its population is relatively small and there are extensive linkages between Councillors and staff and the community, which allow Council to gauge community sentiment and identify issues of concern. Council also has a number of section 355 committees that it uses to inform it of issues of concern to community.

As mentioned previously, Council reiterated in its response to the draft report, that it considers there is a high level of public knowledge of Council affairs, which is facilitated by a high level of networking. The response indicates that the Weddin Shire community do not utilise documents such as the management plan and annual report, do not attend Council meetings, and generally do not attend public meetings unless the issue is critical to them. While we acknowledged that the nature of this particular community may be such that more formal means of communication may be less critical than they would be in larger, more diverse communities.

While acknowledging the value and importance of networks and less formal communication approaches, there is also a place for structured comprehensive consultation on a periodic basis, such as that required for the development of a social/community plan.

Council uses the local newspaper to communicate with its community and has recently started using its website again to provide the community with the latest news on its activities. It is to be commended for this initiative, given the increasing levels of access to the Internet in the general community. In its response to the self-assessment questionnaire, it also indicated it uses a range of other strategies.

There is considerable scope for Council to expand and refine the use of its website and email as a communication channel with its community. For example, there is a need for Council to remove information that is out of date and put in protocols to ensure that the website is up-dated as a matter of course. We would also encourage Council to make all of its policies and its archive of business paper reports available for download from the website.

We recommended that Council develop, adopt and regularly review a communication and consultation policy/strategy that incorporates and recognises the multi-faceted way in which Council currently engages with its community. **(Recommendation 38)** Addressing this recommendation will assist Council in ensuring that it is doing all that it can to fulfil the aspects of its charter, which requires it to facilitate the involvement of members of the public and users of its services and to keep the local and wider community informed about its activities (section 8 of the Act). It will also allow it to ensure it is targeting its limited resources effectively.

We suggest that Council report on the implementation of this strategy in its annual report. Pending the development of the strategy, Council should ensure that its 2006/2007 annual report includes details of the consultation and communication activities of Council.

#### *Customer service standards*

NSW Ombudsman's Office has developed guidelines for state and local government for good conduct and administrative practice. The guidelines point out that agencies (including councils) should adopt a comprehensive set of measures aimed at improving the service they provide to their customers/clients and improving communication between them.

While it is expected that Council's management plan will include such measures, the annual management plan is, by its very nature, a large document that serves multiple purposes. This makes the task of communicating its contents to the general community a challenging one. A council and the community it serves will not achieve the full benefit of having customer service standards if they cannot be readily measured, communicated and understood. Because of this we recommend that Council separately summarises and publishes its service standards for a range of key council services. **(Recommendation 39)** We can provide Council with examples of other councils that have successfully developed a set of customer service standards. Once these standards are in place, they can provide the foundation for measuring, reporting and improving customer satisfaction with Council.

### *Council as a provider of community services*

Council is required to include a schedule in its financial accounts that reports on the net cost of services. The range of services under the community services heading includes childcare, youth services and aged and disabled. Services such as the provision of recreation and health facilities, the museum and the library service are reported on separately.

Council reported nil expenditure on community services in 2005/2006. In making this observation, it should be noted that there are a number of community organisations that provide some community services to the local community, such as the provision of affordable housing for the aged, a men's shed and a local pre-school. We also noted that Council has provided a skate ramp and supports a range of recreation facilities that are used by the youth of the Shire.

While noting that other organisations are providing a range of community services and acknowledging that Council provides some in-kind support to those organisations, we encourage Council to carefully consider its role in the provision of community services as part of the strategic and social/community planning activities recommended elsewhere in this report.

In particular we encourage Council to consider the implications of its aged and ageing population. According to the Baum and Jackson report on ageing and place commissioned by the Local Government and Shires Associations, in 2004, 18.9% of the Shire's population was aged 65 or older. To put this in perspective, it means that the Shire was the 12th oldest of all LGAs in NSW. The percentage is projected to grow to 28.7% by 2022, and at this time, the Shire is expected to be the LGA with the 9th highest percentage of its population aged 65 or older in NSW. We encourage Council and Councillors to review the Baum and Jackson report, which is available for download from the Associations' website.

### *Grenfell Community Technology Centre (CTC)*

Council continues to provide the community with access to a Community Technology Centre (CTC) in contrast to some councils. Assuming this is in response to an identified need, it is commendable. During the course of the onsite review, we visited the centre unannounced and observed a number of patrons using the facility.

Council's objective for this Centre, as described in its management plan, is the provision of high standard IT facilities. However, this appears to under-represent the scope of the services actually provided. For example, the centre provides advice on the use of communication and information technology, IT training and provides a computer repair service. There was scant information on the CTC in Council's annual report.

Council's management plan for 2006/2007 indicates that Council proposes to spend \$55,000 on the CTC and achieve revenues of \$35,000. Given this, and the profile of the Centre in the town, we recommend that Council adopts a more comprehensive and explicit set of objectives and performance indicators for the CTC, incorporate these in the annual management plan and report on these in the annual report.

**(Recommendation 40)**

*Council as a provider of recreation, library, and museum services*

The review process did not examine the provision of all Council's services in detail. However, we consider it important for readers of this report to be aware that Council provides and/or supports a range of recreation and cultural services including sporting fields, two swimming pools, a library service and a museum.

*Provision of health services*

Council has identified the provision of a range of health services in the statement of principal activities and services included in its annual management plan. While some of these services, such as surveillance of food premises and ongoing registration and inspection of onsite sewage management systems, have already been discussed earlier in this report, we considered it important to note Council's efforts in facilitating the provision of medical and dental services to its residents. It does this by providing suitable premises for such services and is currently investigating the possibility of a medical centre.

*Council's role in economic development and tourism*

Council demonstrates a significant commitment to economic development and tourism and there is evidence it recognises the interrelationship between these two issues.

Council adopted a tourism plan in December 2006 and has an economic development strategy that was last reviewed formally in 2004. The Tourism Plan refers to the Weddin Economic Development Strategy. The strategy identified tourism as a potential means of assisting growth and employment.

Council has combined the roles of economic development officer and tourism officer into a full-time position that is solely funded by Council.

Council clearly recognises the importance of engaging with and consulting with the community in relation to tourism and economic development. It has active Section 355 committees for both Tourism and Economic Development.

Council has adopted policies for providing incentives for the expansion of existing businesses and the establishment of new businesses. It has also held a series of “open days” and exhibited in Sydney in an attempt to encourage relocation to the area. While we make no comment of the efficacy of such policies in facilitating economic development (such an assessment being beyond the scope of the review), the fact that Council has policies is evidence of a Council that sees its role broadly and one which is focused on trying to influence the future of the area. It is also good practice from a probity perspective for a Council to clearly document what incentives will be provided and on what basis.

Council considered the draft report failed to give due credit to it in relation the “Grenfell Open Days”. Its response to the draft states:

*“The report contains only cursory mention of the Grenfell Open Days which have been conducted in October for eight years.*

*When the Open Day was first held in 1999, there were over fifty residential properties on the market at prices as low as \$40,000, and there were fourteen vacant premises in Main Street.*

*The Open Days have been so successful that in the March quarter 2003, Grenfell was ranked as first in NSW and fourth in Australia, for median house price growth (41%). This outcome was directly attributable to property sales resulting from the preceding Open Day in October 2002. Not only was the backlog of unsold housing greatly diminished but the value of property assets of all landowners was greatly increased.*

*This is a clear and undeniable outcome from a successful Council initiative which has greatly benefited the local community, and due credit should be given.”*

### *Weddin Economic Development Strategy*

The Weddin Economic Development Strategy was developed in 2003 and reviewed in 2004. It is in the form of a report provided to the Council by the Centre for Agriculture and Regional Economics. The report clearly makes the point that there is a need to regularly review the strategy in light of new information and the performance of various economic development programs and projects. The strategy includes a number of very clear performance indicators. While we did obtain some anecdotal evidence that Council has revised some of its approaches to economic development over time, we did not see evidence of a formal monitoring of the strategy.

Council's response to the draft review report notes that Council has an Economic Development Steering Committee whose function is “*to oversee the implementation of Council's Economic Development Strategy*”. It advised that the agenda for meetings of this committee was structured in August 2006 to address the specific points of the Economic Development Strategy, so that the strategy is effectively reviewed in-house at every meeting of the committee (commonly six monthly) and given this, it is Council's opinion that the Economic Development Strategy is already being reviewed on a regular basis.

Given the importance of the Economic Development Strategy, the full Council should review a comprehensive report on the implementation of the strategy (incorporating any recommended changes) at least once in each term. In doing so, Council should consider its ongoing role in and priorities for economic development.  
**(Recommendation 41)**

## **6.5 Workforce relations**

Councils have a number of legislative responsibilities in relation to their role as an employer. Council's statutory charter requires it to be a responsible employer.

We reviewed a range of aspects of Council's workforce relations practices including:

- *Workforce planning/strategy*
- *Employee Consultation/Communication*
- *Recruitment and selection processes*
- *Human Resources Policies & Procedures*
- *Equal employment opportunity (EEO)*
- *Occupational health and safety*

#### *Overview of the organisation*

Council advised us that it employs the equivalent of 55 full-time staff. Its 2005/2006 financial statement indicated that it employed the equivalent of 61 full-time staff at the end of June 2006. This compares to the group average of 66.52. The number of staff employed has been relatively stable for at least the last three years. There has not been any significant changes to the structure of Council in recent times, excepting for the amalgamation of the roles of Economic Development Officer and Tourism Promotions Officer, which was discussed in the previous section of the report.

According to data provided by Council, over 27% of its workforce is aged 55 or older and 60% is aged 45 or older.

The employment of Council employees other than the general manager is currently subject to the provisions of a Notional Agreement Preserving a State Award (NAPSA). The last NAPSA (Award) increase due to employees pursuant to the NAPSA was payable from 1 November 2006.

#### *Workforce planning/strategy*

Council does not have an explicit human resources strategy and we did not observe any significant evidence of a strategic or systematic approach to human resource management, except for the completion of the annual staff assessments required by Council's salary system.

Council is required to include details of its proposed human resources activities in its annual management plan, including details of actions to be taken to implement its Equal Employment Opportunity Plan. Council is required to report on these matters in its Annual Report.

The content of Council's 2006/2007 and 2007/2008 management plans in relation to these matters are nearly identical, both plans lack meaningful detail and fail to capture the full ambit of Council's human resources activities.

The similarity in the plans may reflect an intention not to engage in any different human resources activities this year. Such a static approach to the management of the workforce does not recognise the significance of workforce relations or the need to regularly review the effectiveness of Council's workforce relations practices.

Council's Annual Report does provide some meaningful information about Council's human resources activities.

Council's EEO Plan was adopted in 1994. It has not been implemented effectively or reviewed.

While the 2007/2008 management plan contains a statement that "it appears likely that the Federal Government's WorkChoices legislation will impact upon this Council", there is no indication in the management plan as to how Council intends managing this significant issue. Nor did we see any evidence that Council has canvassed this issue with its Consultative Committee.

As noted previously, the last (Award) increase due to employees pursuant to the NAPSA has been paid to employees. Again, this is an issue that we would expect Council to have canvassed in its Management Plan.

A significant percentage of Council's workforce will reach retirement age in the next ten years. Council needs to consider the strategic implications of this. For example, Council needs to consider how it will address the potential loss of skills and corporate and local knowledge.

Council can no longer access the computer system it has used in the past to evaluate positions for placement in its salary system. This is clearly an issue it needs to address.

While we acknowledge that Council appears to have been diligent in ensuring most employees are assessed annually, we believe there is scope for it to benefit from managing its workforce relations practices in a more structured and strategic way.

We recommend the General Manager provide Council with a revised statement of Human Resources Activities to be undertaken in the coming year, which addresses key and emergent issues, as well as ongoing activities. (**Recommendation 42**)

Council should also ensure that its Annual Report provides information that addresses the full ambit of Council's human resources activities and EEO responsibilities, even if this means reporting to its community about the activities where work has not been undertaken and the reasons for this. (**Recommendation 43**)

Council should ensure both the Management Plan and Annual Report include appropriate and contemporary information on actions in relation to:

- Organisation structure, workforce profile and staff numbers/turnover
- Workforce planning (including succession issues)
- Recruitment, Selection and Promotion of Staff
- Training
- Performance Management
- OH&S
- Workplace/Industrial Relations issues
- Employee Communication/Consultation
- Equity/Diversity.

The information should incorporate appropriate targets and KPIs and the Annual Report should report on outcomes and over time, relevant trends.

We also suggest that Council consider the implications of its ageing workforce, the limited numbers of young people it employs and the declining pool of labour it can draw upon when it develops the strategic plan recommended in this report.

#### *Employee consultation and communication*

The *Local Government (State) Award 2004* includes a commitment by the parties to consultative and participative processes. It requires each council to establish and properly maintain a consultative committee, which is required to meet regularly and provide a forum for consultation between the council and its employees. While

Council has a consultative committee, it had only met once in the twelve months prior to the review.

We noted the General Manager's view that there has not been a need for the Committee to meet. However, we suggest that Council review its position on this having regard to the Award requirement and the potential for Council to use the Committee as it is intended to be used, ie. *"to positively co-operate in workplace reform to enhance the efficiency and productivity of the council and to provide employees with access to career opportunities and more fulfilling, varied and better paid work."*<sup>3</sup>

We note that Council's Annual Report states "Internal communication channels included the distribution of Council business papers". While we do not dismiss the importance of Council business papers, we would question over-reliance on this method as a primary means of internal communication.

As noted in this report, there are significant human resources and other issues that warrant consultation with employees. Using the consultative committee is a well-recognised way of efficiently and effectively consulting. Accordingly, we recommend that Council ensure the Consultative Committee meets in accordance with its adopted constitution and at least 4 times per year. (**Recommendation 44**) In addressing this recommendation, the General Manager should ensure that the Committee fulfils its prescribed roles and that he appropriately refers matters of significance to the Committee for its consideration.

We also suggest Council consider the adequacy of its internal communications channels generally and addresses this issue more comprehensively in its annual management plan.

#### *Recruitment and selection processes*

Recruitment and selection of staff is a critically important process for all organisations. There are potentially significant risks that arise from poorly conducted recruitment and selection.

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<sup>3</sup> Local Government (State) Award 2004

Council does not have a documented policy/procedure for the recruitment and selection of staff. Because of this, there is a very high possibility that the process will be undertaken in an inconsistent manner and in a way that gives rise to the aforementioned risks, not the least of which is not appointing the person with the most merit.

We examined a number of recruitment files during the onsite review. The files did not demonstrate the use of a consistent process. The files contained varying levels of evidence that a merit based process had been followed and none of the files contained sufficient evidence that would allow an independent assessor to verify that an adequate process had been used.

This is an area of Council operations that warrants urgent attention. We recommend that Council adopt a policy on the recruitment and selection of staff and develop a comprehensive set of procedures and controls to ensure that the process is undertaken in a proper manner. (**Recommendation 45**) As an interim and ongoing measure, Council should ensure that its recruitment and selection files contain a checklist that has regard to the issues canvassed in the PBP self-assessment questionnaire under the Recruitment and Selection heading.

#### *Human Resources Policy/Procedure Manual*

Council does not have a human resources policy or procedure manual. The need for Council to review its policies and their dissemination has already been canvassed in this report in the Governance section. We reiterate the need for Council to ensure it has policies and procedures to guide the actions of its staff for all significant aspects of its operations.

Clearly the management of staff and the employment relationship between Council and its employees are significant matters that Council should address with appropriate policies and procedures. (**Recommendation 46**) Once these have been developed, Council needs to ensure that they are readily accessible to staff. As a first step in this, we recommend the General Manager develop a list of human resources activities/processes that warrant the development of a policy/procedure and that a timetable for their development and adoption be set.

In making this recommendation, we draw Council's attention to the availability of a human resources policy manual that has been published by the Associations to assist councils develop their own policies. The manual contains guidelines on the important issues Council needs to consider when developing human resources policies and sample policy statements on a range of common human resources issues.

#### *Equal employment opportunity (EEO)*

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

Council adopted an EEO policy/plan in 1994. There is no evidence to suggest that it has been reviewed since then or that the Council has been proactive in implementing the plan in recent times. Council does not have a current plan, ie. one based on the current needs of Council.

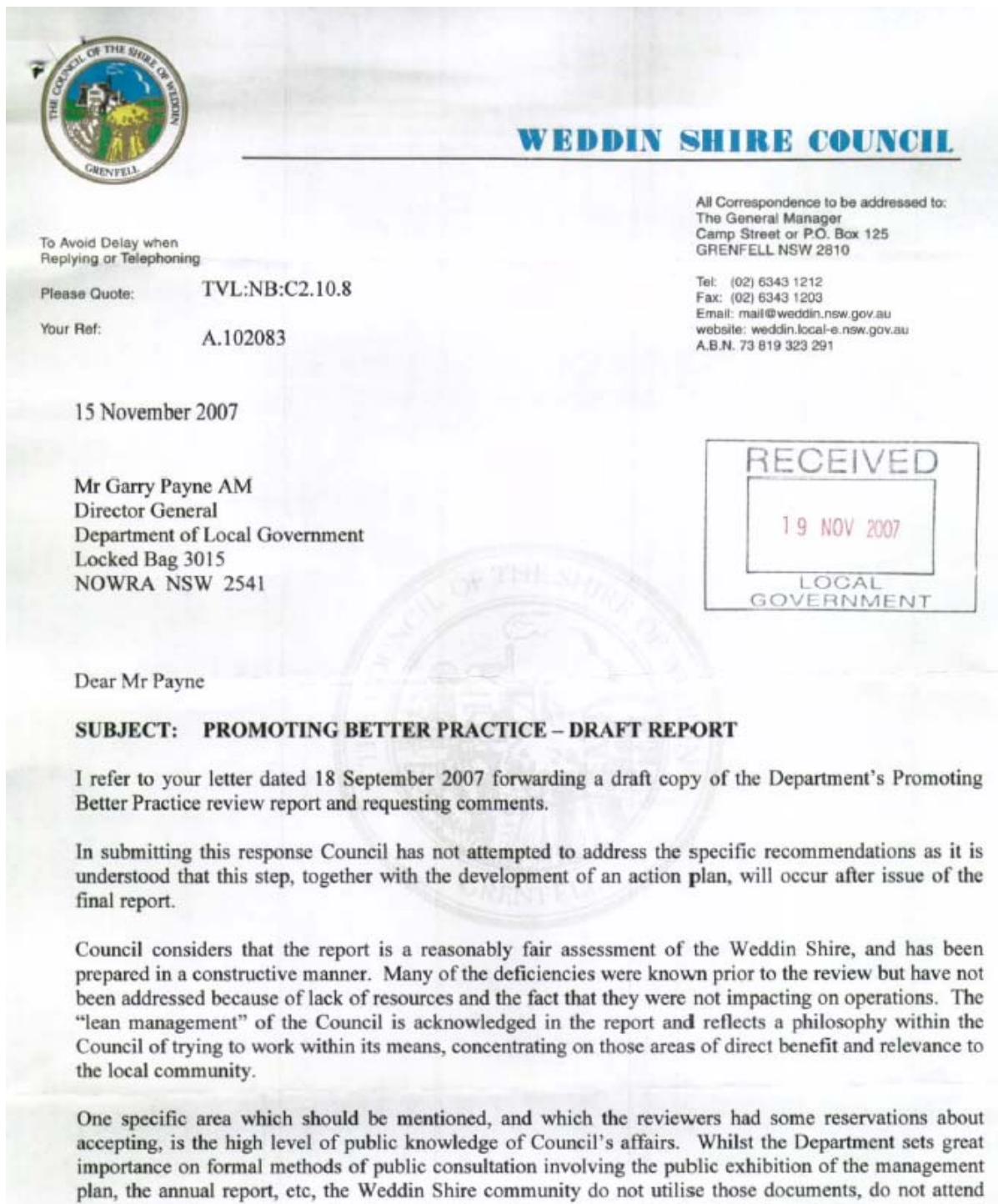
Council should review and revise its EEO policy and prepare a new EEO plan having regard to section 345 of the Act. (**Recommendation 47**)

#### *Occupational health and safety*

The scope of this review did not encompass an examination of Council's occupational health and safety practices in any detail. However, we were advised of the Council's training, multi-skilling and refresher programs; the development and maintenance of Safe Work Method Statements; and, we scanned the OHS & R Plan, which appeared adequate to address Council's risks. We noted from Council's self-assessment that it had adopted the OH&S Management Plan in the last two years, that its OH&S Committee has met four times in the last year and its members have been trained. It also stated that it undertakes systematic OH&S risk assessments and it has included OH&S responsibilities and physical demands of positions in position descriptions. While these latter matters were not verified, the responses suggested that Council recognises the importance of these matters in relation to its OH&S responsibilities.

## 7. COUNCIL'S RESPONSE

Council's response to the draft report have been included hereunder:



Dear Mr Payne

**SUBJECT: PROMOTING BETTER PRACTICE – DRAFT REPORT**

I refer to your letter dated 18 September 2007 forwarding a draft copy of the Department's Promoting Better Practice review report and requesting comments.

In submitting this response Council has not attempted to address the specific recommendations as it is understood that this step, together with the development of an action plan, will occur after issue of the final report.

Council considers that the report is a reasonably fair assessment of the Weddin Shire, and has been prepared in a constructive manner. Many of the deficiencies were known prior to the review but have not been addressed because of lack of resources and the fact that they were not impacting on operations. The "lean management" of the Council is acknowledged in the report and reflects a philosophy within the Council of trying to work within its means, concentrating on those areas of direct benefit and relevance to the local community.

One specific area which should be mentioned, and which the reviewers had some reservations about accepting, is the high level of public knowledge of Council's affairs. Whilst the Department sets great importance on formal methods of public consultation involving the public exhibition of the management plan, the annual report, etc, the Weddin Shire community do not utilise those documents, do not attend Council meetings, and generally do not attend public meetings unless the issue is critical to them (such as an anti-amalgamation rally). However their networks within the community give them a high awareness and an excellent knowledge of Council's activities. This knowledge is assisted by Council's weekly newspaper column, reproduced on the web, which usually deals with the issues of the day.

The community tends to hold their Council in good regard, although not every decision meets with everyone's satisfaction.

There are some specific comments under the various headings in the draft report which are offered below for your consideration.

**Executive Summary (page 6 para 3)**

Council has adopted a Strategic Business Plan for Sewerage, as acknowledged on page 46. The use of "the sewerage system" as the example for the need for a long-term financial strategy appears inappropriate.

**Council's Ambitions, etc (page 16 para 6)**

In addition to the listed long-term strategies, Council also has a Strategic Business Plan for Sewerage and an Information Technology Replacement Strategic Plan.

**Waste Management (page 42 para 1)**

The Grenfell and village tips are not large enough to require licensing, and Council does not have EPA licences for these landfills.

**Waste Management (page 42 para 2)**

Council has also adopted Local Environmental Management Plans for the village tips at Greenethorpe, Quandialla and Caragabal.

**Asset Management (page 49 para 2)**

The file containing the land information for community and operational land has been located. The file contains a comprehensive report to Council by the then General Manager in April 1994, and will require updating for changes since that date.

**Information Technology (page 50 para ult)**

Council has adopted an Information Technology Strategic Plan and allocates annual funding for replacement and renewal.

**Economic Development and Tourism (page 57 para ult)**

The report contains only cursory mention of the Grenfell Open Days which have been conducted in October for eight years.

When the Open Day was first held in 1999, there were over fifty residential properties on the market at prices as low as \$40,000, and there were fourteen vacant premises in Main Street.

The Open Days have been so successful that in the March quarter 2003, Grenfell was ranked as first in NSW and fourth in Australia, for median house price growth (41%). This outcome was directly attributable to property sales resulting from the preceding Open Day in October 2002. Not only was the backlog of unsold housing greatly diminished but the value of property assets of all landowners was greatly increased.

This is a clear and undeniable outcome from a successful Council initiative which has greatly benefited the local community, and due credit should be given.

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**Economic Development and Tourism (page 58 para 1)**

A function of Council's Economic Development Steering Committee is:

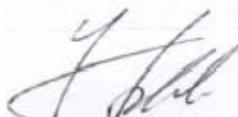
*"to oversee the implementation of Council's Economic Development Strategy"*

The committee consists of the Mayor, Deputy Mayor, the General Manager and Director Corporate Services, and two community business leaders including the chair of the Grenfell Business and Development Committee. The Economic Development Officer has recently been added.

The agenda for meetings of this committee was structured in August 2006 to address the specific points of the Economic Development Strategy, so that the strategy is effectively reviewed in-house at every meeting of the committee (commonly six monthly). It is Council's opinion that the Economic Development Strategy is already being reviewed on a regular basis.

It would be appreciated if these comments could be considered and the draft report suitably amended, before the final report is released.

Yours faithfully



T V LOBB  
GENERAL MANAGER

## 8. SUMMARY - WHAT'S WORKING WELL & CHALLENGES

### COUNCIL'S PRIORITIES AND FOCUS

#### *What is working well*

- Clearly articulated goals.
- Evidence of a strong outcome focus while trying to minimise use of administrative resources.
- Willingness to respond.

#### *Challenges to improve*

- The development of a strategic plan in consultation with the community to consolidate and integrate existing planning processes.

### GOVERNANCE

#### *What is working well*

- Councillors' compliance with governance requirements, especially in relation to declarations of pecuniary interest.
- Efficient meeting practices.

#### *Challenges to improve*

- Documentation and reporting, especially in relation to goals, policies, procedures and outcomes.
- Risk management and related processes to continue the development of a risk aware culture.
- Need to review and communicate delegations.
- Need to review polices for adequacy of coverage and update regularly.
- Section 355 committees need better guidance by way of documented procedures and training.

## REGULATORY

### *What is working well*

- Timely processing of DAs and the provision of pre-lodgement advice.

### *Challenges to improve*

- Documentation of key processes such as the processing of DAs.
- Regulation of onsite sewage management.
- Make better use of “Authority” software.
- Revise SoE reporting.
- The development of section 64 and 94 contributions plans.

## ASSET AND FINANCIAL MANAGEMENT

### *What is working well*

- Sound financial position.
- Reviewing the condition of assets and improving strategic planning.

### *Challenges to improve*

- Develop longer-term financial planning.
- Review the adequacy of charges and reserves to meet requirements.
- Locate or recreate the land register and other related records.

## COMMUNITY, COMMUNICATION AND CONSULTATION

### *What is working well*

- Good engagement with the community and focus on community needs.
- Effective CTC.
- Facilitation of health, dental and taxi services.
- Focus on economic development and tourism.

### *Challenges to improve*

- Development of customer service standards.
- Complaint handling processes.
- Social/community planning.

## WORKPLACE RELATIONS

### *What is working well*

- Annual assessment of employees.
- Attracting and retaining quality staff.
- OH & S activities.

### *Challenges to improve*

- Addressing emerging issues such as its ageing workforce and the changed industrial relations regime.
- Documenting selection and HR procedures generally.
- Reporting of human resources activities.
- Employee communication/consultation.
- EEO plan.