

# Local Government Reform Program - Promoting Better Practice

challenges improvement innovation good governance

## REVIEW REPORT

## WELLINGTON COUNCIL

JULY 2007



**Department of Local Government**

## TABLE OF CONTENTS

<b>1. ABOUT THE REVIEW</b> .....	3
<b>2. EXECUTIVE SUMMARY</b> .....	5
<b>3. RECOMMENDATIONS</b> .....	7
<b>4. CONTEXT</b> .....	14
<b>5. COUNCIL’S AMBITIONS, PRIORITIES AND FUTURE FOCUS</b> .....	15
<b>6. DELIVERING AND ACHIEVING</b> .....	18
6.1 Governance .....	18
6.2 Planning and Other Regulatory Functions .....	33
6.3 Asset & Financial Management .....	41
6.4 Community & Consultation.....	44
6.5 Workforce Relations.....	51
<b>7. COUNCIL’S RESPONSE</b> .....	55
<b>8. SUMMARY- WHAT’S WORKING WELL &amp; CHALLENGES</b> .....	58

## 1. ABOUT THE REVIEW

### Review objectives

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

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

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

### Review process

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

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

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

## Wellington Council Review

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

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

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

Carole Medcalf and Caroline Egberts, Senior Investigations Officers, conducted the on-site component of the review from 4 December 2006 to 5 December 2006.

The on-site review involved a meeting with council's mayor and the former general manager, conducting interviews and the review of a number of council's policies and other documents and visits to a number of council facilities/worksites.

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

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

## 2. EXECUTIVE SUMMARY

Wellington Council is a council performing to a satisfactory level in many of its areas of operations. However, some areas of council performance raise concerns as to its ability to comply with its statutory obligations. These areas need to be addressed in order for council to fully meet its obligations under the council charter.

Council's current vision for Wellington is to have strong, flexible, prosperous and sustainable local communities that are inviting and enjoyable places to live, work and visit.

In order to meet its challenges beyond the medium term, council should prepare a new strategic plan. That plan should cover a period of at least the next 10-15 years and a set a vision and goals based on priorities identified by the community, council staff and elected members.

Councillors appear to act in a manner appropriate to their civic status. The conduct of its council meetings is good, although the high number of closed sessions is something that council should attend to.

Council's culture appears to be generally positive among councillors and most staff. Councillors and staff in general reported that they work well together toward achieving council's vision and strategic goals. However, some staff cited examples where their performance and where morale in the organisation generally had been adversely impacted by the role of the general manager. This is something the newly appointed general manager should address.

Council should put resources into risk management so that it can identify and correct some of the deficiencies that exist in the council.

While council is in a sound financial position, it faces key challenges such as the impact of increasing land values and population. Initially the increased population may increase demand for existing and new community services and facilities. Council will need to manage this process by looking to fund this increased demand from within its rate base (which is expected to increase over time) or by seeking alternative sources of revenue.

As part of reviewing and monitoring its operations to ensure an appropriate balance between revenue and expenditure, it is critical that council develop a long-term financial plan to enable the achievement of its corporate and strategic plans. The financial plan should identify alternative sources of revenue, a long-term rates strategy, and the establishment of reserves for capital works, land acquisition and anticipated increased demand for community facilities.

Within this context, council will also need to focus on the planned maintenance of its existing assets by developing an asset management plan.

Council has adopted a code of conduct that is consistent with the Model Code of Conduct for Local Councils in NSW, established a conduct committee and developed a range of policies such as fees and expenses, access to information and gifts and benefits as part of its governance framework. The review team have made some recommendations to further enhance aspects of the framework.

In terms of its regulatory functions, council needs to improve its level of compliance with recent changes to planning laws. A number of concerns were identified in relation to the planning section of council and its work. Staff, skill shortages and the management style of the former general manager were reported as factors that hindered staff in carrying out their functions.

We note that the important task of reviewing council's local environmental plan, and developing a single LEP for the local government area that responds to a range of urban, rural, social and environmental issues, has been an issue for council. Naturally, the Department of Planning is involved as a key stakeholder. Some community land has no plan of management as required, which is something that should be rectified as part of the LEP review.

Council appears to have a dedicated workforce. It has a good set of human resource policies. Its ageing workforce, however, presents a specific challenge. Some thought has been given to succession plans but council needs to develop a dedicated workforce plan to identify specific changes that may occur in particular work groups to determine strategies for the acquisition and transfer of skills.

### **3. RECOMMENDATIONS**

#### **Strategic**

1. Council should adopt a strategic plan that covers a more extended period than the current five years, for example, fifteen years.
2. Council needs to effectively integrate its operational and other plans with its long-term strategic plan.
3. Council should use a community survey process from time to time to monitor the community's aspirations and thereby the continuing relevance of the community outcomes developed by council.
4. Council should give emphasis to the development of strategies that will assist it to effectively manage operational issues such as infrastructure maintenance and risk management.
5. Council should continue to work to improve its relationship with the Department of Planning.
6. Council should better maintain the approaches and the main street areas of Wellington in particular for the benefit, not only of the potential tourists who may visit, but also for the local residents.

#### **Governance**

7. Council should review how the Code of Practice relating to Councillors' Access to Information and their Interaction with Staff operates in practice and determine ways to address concerns raised. The mayor and the incoming general manager should lead the review.
8. Council should ensure its Code of Practice relating to Councillors' Access to Information and their Interaction with Staff provides that all councillors receive the same information pertinent to any matters before them for determination, and staff should ensure that such a provision is put into effect.

9. Council's Code of Meeting Practice should be enhanced by referring to the Department's Meetings Practice Note No 16, issued in November 2005.
10. In the interests of openness and transparency council should, as a matter of priority, confine business dealt with during closed sessions to those matters specified in section 10A of the *Local Government Act 1993*.
11. Council, in reviewing and delivering its ongoing Councillor Induction Program, should consider the feedback provided by councillors in their Promoting Better Practice survey forms.
12. Council should modify its complaints handling system to reflect the best practice in this area and also address the areas for improvement outlined in this report. Council's complaints handling system should be improved to include:
  - a revised policy or procedure document that separates complaints and requests for service; proper recording of complaints and outcomes; and reports of outcomes to council
  - making the procedure for complaints accessible to members of the public (i.e. website/complaints form in public areas/counter staff training)
  - training all staff on the revised complaints handling system. Council should consider utilising the resources referred to in this report to achieve this goal.
13. Council should ensure its reports are informative for the 'lay' reader and make clear linkages between its plans.
14. Council should ensure its policy register is up to date and ensure all policies identify who is responsible for the policy, the date it was adopted, the date last reviewed, the date of the next review and any related policies or other documents. A number of policies recently adopted need to be monitored to ensure they are being implemented.
15. Council should include good governance as a corporate goal.



16. Council should refer to the Department of Local Government Circular 06/57 and Guidelines for the Payment of Expenses and the Provision of Facilities for Mayors and Councillors for Local Councillors in NSW, issued in September 2006, to review and improve its policy in this area.
17. Councillors and designated officers should be made aware of the department's circular 04/16 and Pecuniary Interest Guidelines 2006 to assist them in accurately completing their pecuniary interest returns.
18. Council should review its Procurement Policy to ensure that it complies with the current legislation and should consider using broader tender assessment criteria for determining tenders.
19. Council should ensure when developing new procedures that all requirements of the procedures are developed prior to their adoption and that all staff are made aware of the new procedures.
20. Council should develop a vehicle purchasing policy as soon as possible.
21. Council should develop an overall plan to guide its risk management activities.
22. Council should develop an internal audit program and a fraud control policy and/or strategy.
23. Council should develop a systematic means for monitoring and ensuring that it complies with ongoing legislative change.
24. Council should assess the training needs of the members of its section 355 committees and provide relevant training to enable them to carry out their functions efficiently.
25. Council should adopt a separate internal reporting policy based on the Model Internal Reporting Policy for Councils contained in the NSW Ombudsman's *Protected Disclosures Guidelines (5<sup>th</sup> edition)*.
26. Council should ensure that its internal reporting policy is linked with its complaints management policy and its code of conduct and that its complaints

management policy reflects the processes for making protected disclosures under its internal reporting policy.

27. Staff and councillors should be provided with ongoing training on protected disclosures as part of the induction process and throughout their employment.

### **Planning and Other Regulatory Functions**

28. Staff should consider developing a summary of development applications determined under delegation to provide to councillors for their information.
29. Council should consider developing and implementing a formal notification policy.
30. Council should review its environment reporting to ensure it complies with legislation and the department's *Environmental Guidelines – State of the Environment Reporting by Local Government – Promoting Ecologically Sustainable Development 2000*. Council should improve its SoE report, addressing the issues identified in the body of this report.
31. Council should report on its waste management strategies and activities in its next SoE report/summary.
32. Council's review of its Environmental Services Prosecutions Policy and Compliance and Enforcement Policy, scheduled to commence in September 2007, should include assessing documentary evidence to ensure prosecution and enforcement activity over the last 12 months has had regard to these policies.
33. The review of council's Companion Animals Management Plan, which has been scheduled for September 2007, should assess whether companion animals management activity over the last 12 months has been consistent with the plan.
34. Consistent with the recently amended *Companion Animals Act 1998* (section 67A), council should commence providing relevant pound data and dog attack data to the department on a regular basis.

35. Council should meet with the Department of Planning Central West Regional Office to revisit and agree upon a revised timetable for the staged repeal of the existing Wellington Local Environmental Plan. Council should commence work on these commitments as soon as possible.
36. Council should meet with the Department of Planning to resolve a suitable process in which to determine the potential rezoning of part of the “Westerns” site from 1(a) Rural to 1(c) Rural Small Holdings to ensure that it is the result of a rigorous and transparent land use planning process rather than a predetermined council outcome.
37. As a matter of priority, council should formally consider the Department of Planning’s recommendation that council cease to implement its policy on TDRs immediately and advise the department accordingly.

### **Asset and financial management**

38. Council should examine its budgetary processes in the area of asset maintenance in order to allocate funds more realistically.
39. As one of its priorities, council should develop an asset management plan.
40. Council should ensure all community assets are included in its strategic asset planning.
41. Council should act promptly to develop plans of management for all community land.

### **Community and consultation**

42. Council should conduct a community survey in the near future and thereafter at least every 2-3 years. Such surveys are useful for informing a range of council priorities, directions, strategies and actions.
43. Council should prepare a current summary of affairs for the next submission date in accordance with the requirements of section 14(3) of the *Freedom of Information Act 1989*.

44. Council should review its role in relation to providing and or participating in cultural activities consistent with council's charter responsibilities with regard to the provision of adequate, equitable and appropriate services and facilities set out in section 8 of the *Local Government Act 1993* and community priorities.
45. As a result of this review, council should develop a cultural plan and include a summary on any cultural activities in the area in its annual report.
46. Wellington Council's Social and Community Plan should be reviewed to ensure it meets the department's requirements. Council should use the Guidelines provided by the department to ensure compliance.
47. The review team encourages council to engage in a regional approach in this area, if possible, as well as making use of Alliance resources.
48. Council needs to consider ways to raise the awareness of ageing as an issue across all sections of council. Council should prepare long-term strategies to meet current and future needs for older people as part of its strategic directions.
49. Priority strategies on ageing should be determined on an annual basis and incorporated in council's Management Plan. Progress in relation to these priorities should be reported on a quarterly basis via the performance appraisal system and quarterly management plan reports as well as annually in council's annual report.

### **Workforce Relations**

50. Council should conduct an employee survey as soon as possible and thereafter every 2-3 years to determine how its employees view its performance as an employer.
51. Council senior management should ensure that their instructions to staff are communicated clearly and comprehensively.

52. Council should ensure that the elected representatives monitor the general manager's performance more closely in line with the provisions set out in the recently introduced Standard Contract for General Managers.
53. Council should ensure that staff are trained in how to identify what constitutes harassment and bullying in the workplace and that appropriate systems are put in place to deal with those matters if identified in the workplace.

## 4. CONTEXT

Wellington Council is located in the Central West slopes and plains of New South Wales, some 362 kilometres northwest of Sydney. It is one of three member councils of the Wellington, Blayney and Cabonne (WBC) Strategic Alliance.

Wellington, which lies at the junction of the Macquarie and Bell Rivers, is the major urban centre of the LGA and has a population of 5,200. The LGA also includes the villages of Geurie, Mumbil, Stuart Town and Euchareena as well as extensive rural areas. Total population when these are included is 9,200 (Strategic Corporate Plan p16).

In addition to its ordinary business, council currently also operates the Wellington Caves complex and leases Wellington Golf Course and Tennis Club as part of its business activities. Council has some industrial land within the town of Wellington for sale and/or development.

Wellington is also the headquarters for the Central West Water Catchment Authority. One of the largest infrastructure projects in regional NSW, the nearly completed Correctional Centre, is located in Wellington. It will house 500 inmates and employ 200 staff once operational.

Work has also commenced on the construction of a new \$3 million poultry farm, extending the operations already established in Wellington some 5 years ago.

Council has almost completed work on its new administrative offices. Since the review was undertaken, the former general manager, Mr Don Ramsland, has resigned and council has appointed a new general manager.

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

The review assessed the clarity of council's strategic direction and whether council plans reflect a shared and realistic vision. We examined council's approach to corporate planning and the degree to which project management and continuous improvement principles were integrated into day-to-day management.

### *Strategic Plan*

The adoption of an agreed vision and mission statements are important first steps in being able to operate strategically. The current council adopted its strategic corporate/management plan on 15 June 2005. It covers the period 2005/2010. While council is not required by law to have a strategic plan, the development of such a plan provides 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 fifteen years. It is recommended that council adopt a strategic plan that covers a more extended period than the current 5 years. **(Recommendation 1)**

In doing so, the council needs to consider how its various plans fit together. Council should review and discuss its current management and social plans in order to achieve the level of integration with the strategic plan necessary for good strategic planning. **(Recommendation 2)**

Councillors interviewed during the review process had many shared ideas on council's strengths and priorities. Most councillors commented on the importance of the road network, council's strong financial position, the work it has undertaken as part of the strategic alliance it has with Cabonne and Blayney Shire Councils, and the new Correction Centre facility being built in Wellington.

Council's vision statement is supported by its aims for individual towns in the local government area (LGA). The strategic plan indicates council is in a sound financial position and has considered economic development options that will impact favourably on the LGA, if managed well.

Council has a 30-year plan for its water and sewerage works. Funding for sewerage works in Wellington and Geurie ensures that new sewerage works can be undertaken in those areas. Works already undertaken with town water supply have been an asset to the town.

The Roads to Recovery program funding has enabled council to progress much needed local road works.

Community consultations occur regularly and we encourage council to continue to maintain its schedule of community meetings.

Some of the Strategic Alliance work council has undertaken with its Alliance partners, such as the use of traineeships/apprenticeships and shared positions, has been of obvious benefit to the area, providing employment opportunities to local residents.

Council's existing consultative processes have assisted it to identify community needs. We suggest that council use both these processes and the department's strategic self-assessment tool as a basis for a process involving staff, councillors and the community in developing a fully integrated longer-term strategy dealing with the next 10 – 20 years for the area. **(See Recommendation 1)**

Another means of finding out what the community sees as priority undertakings for council is to conduct a community attitudes survey. Not everyone can or will attend consultation meetings. Council should use a community survey process from time to time to monitor the community's aspirations and thereby the continuing relevance of the community outcomes developed by council and reflected in its strategic plan. **(Recommendation 3)**



There does not appear to be any priority to council's strategic goals, such as they are. The only attempt to prioritise appears to be annually at budget time where decisions are made about the inclusion or removal of projects from council's work program. Council should determine which goals are the most important and then which targets are the most important in achieving these goals. These decisions should be made in the context of resource limitations and with community input.

Council should emphasise the development of strategies that will assist council to effectively manage operational aspects such as infrastructure and risk management. The maintenance and development of infrastructure in particular is important to meet the future social, economic and cultural needs of the community. **(Recommendation 4)**

Council has had ongoing discussions with the Department of Planning in relation to its failure to meet some planning requirements and to deal with some heritage issues. Council should continue to work to improve its relationship with the Department of Planning. **(Recommendation 5)**

Council's Objective at Point 2.4.6 of the Strategic Plan is *to promote Wellington as an interesting place to visit, a great place to live and an excellent area to establish a business*. The review team's view is that the appearance of Wellington needs to be consistent with the objective to establish an attractive tourist destination. Currently all of the approaches into the main streets of Wellington appear somewhat neglected. Funding under the main street program may be available to assist council in this endeavour. Council should maintain the approaches and the main street areas in particular, not only for the potential tourists who may visit, but also for the local residents. **(Recommendation 6)**

## 6. DELIVERING AND ACHIEVING

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

As well as monitoring compliance with legal and ethical obligations, the review team explored the roles, responsibilities and relationships between councillors and staff members and examples of resource efficiencies.

### 6.1 Governance

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

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

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

Wellington Council has the basis of a satisfactory governance framework in place. Council's Annual Report 2004-2005 contains a summary of major achievements of the previous year. Council's actual performance in relation to the original targets outlined in the management plan and any discrepancies between targeted and actual performance is set out in a review table within the annual report.

### *Councillor interaction with staff and access to information*

Council adopted a Code of Practice relating to Councillors' Access to Information and their Interaction with Staff in January 2005. The code sets out provisions for councillors and staff, including roles of the governing body, mayor and general manager; access to council records by councillors; interactions between councillors and council staff during and outside meetings; inappropriate interactions; access to council offices; and breaches of the code.

In practice, generally, councillors and staff appear to have a good understanding of their respective roles within council. The mayor and senior staff perceive that there is a clear distinction between the respective roles of the councillors and staff.

The four councillors who completed the review survey and met with the review team also demonstrated a clear, shared understanding that the elected body is involved in broader policy issues relating to the community and that staff are focussed on the practical implementation of council's decisions.

While the code explains how councillors can access information, including providing that those directors or managers nominated by the general manager are to provide advice/information directly to council. As the mayor and some councillors reported that on occasions information was not as easily available as indicated in the code, councillors need to ensure that the code is implemented correctly. Inappropriate interference in this area may hinder a councillor's capacity to satisfactorily perform their statutory role and duties. Council should undertake a simple review of how its Code of Practice relating to Councillors' Access to Information and their Interaction with Staff operates in practice and determine ways to address concerns raised. The mayor and the general manager should lead the review. **(Recommendation 7)**

Consistent with the Model Code of Conduct and council's code, all councillors should receive the same information pertinent to any decision-making they may undertake. **(Recommendation 8)**

Council staff have a mature approach to decision-making and support decisions of the elected body even if they do not agree. In general, there appears a cooperative,

respectful and positive working relationship between staff, councillors and community at Wellington.

### *Council meetings*

Meetings are usually held on the fourth Wednesday of the month at 5.30 pm. Council's code of meeting practice was adopted in January 2005. The code is currently under review. While the existing meeting code in general appears to be consistent with the relevant legislation, there are areas where it could be enhanced by referring to the Department's Meetings Practice Note No 16 issued in November 2005. **(Recommendation 9)** The inclusion of the following additional matters would give more specific direction to council and staff: making the agenda available to the public; how staff reports will be included; and clarifying some definitional matters, including what constitutes 'due notice'.

Unfortunately, the review team's visit took place during a week that a council meeting was not scheduled. The mayor and the former general manager reported that council meetings are efficiently run and cover a large volume of business. Comments about the conduct of council meetings from the four councillors who completed the review survey included:

- Meetings are well conducted in accordance with the rules of debate
- Meetings are informative and productive. Debate can be strong but not to the point of being disruptive
- In general, staff reports are well presented
- At times the former general manager was a dominating presence at meetings
- Meetings can be too long
- Items are placed inappropriately in confidential closed sessions and section 10 B (1) (a) of the LG Act is disregarded (2 councillors).

Council held 12 ordinary meetings and 5 extraordinary meetings in the past 12 months.

### *Closed meetings*

As a general rule, meetings of the council and its committees are required to be open to the public. Where council determines that a matter should be dealt with in confidential session, section 10A of the Local Government Act outlines the requirements for this determination.

Council has closed council or committee meetings to the public 30 times in the past 12 months. This appears to be excessive. The review team examined council's minutes for the past 12 months, including the minutes of the confidential part of council and council committee meetings in July, August and September 2006. There appears to be confusion on the part of the councillors and staff as to the procedures for going into a closed session.

Council's agenda should clearly identify the items that are to be dealt with in closed session. The listing on the agenda needs to identify the matter that is to be discussed in closed session and the reasons why it will be dealt with in closed session (that is, the relevant part of section 10A that applies to that agenda item). Confidential items should be listed in the agenda in the same way as other matters. Council should refer to the department's 'Meetings Practice Note', November 2005 for further information.

Council has clearly dealt with matters in closed session contrary to the requirements of section 10A. In the interests of openness and transparency, council should confine its closed sessions to those matters specified in section 10A of the *Local Government Act 1993*. **(Recommendation 10)**

### *Induction training for Councillors*

New councillors require induction training to equip them with the skills required to properly carry out their duties and allow them to be effective members of council's elected body. To assist councillors in achieving these goals, councillor induction training should familiarise councillors with the activities and functions of their council and the legislative framework in which they operate. The program should also ensure that councillors are made aware of their general legal responsibilities as an elected member and their obligations of disclosure under the pecuniary interest provisions of the Local Government Act.

Wellington Council conducts a general induction process for councillors. Specific training opportunities are made available through external providers such as the Local Government Association.

Three out of the four councillors who completed the review survey answered that they had been provided with sufficient training to carry out their role.

Specific comments in relation to training included:

- Support from staff is excellent
- An understanding of financial statements could be advantageous
- Learning should be continuous and training should be compulsory
- Training should be available, appropriate and reasonably easy to access travel wise
- A "Help-line" for councillors, which provides professional advice on specific matters, was suggested as useful. **(See Recommendation 11)**

### *Complaints handling*

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

Council has both a Complaints Standard Operating Procedure and a Competitive Neutrality Complaints Handling Policy, neither of which record the date that they were adopted by council. The operating procedure appears to have been last reviewed in January 2003. The former general manager's comments on this document appear to indicate that the procedure needs full review.

Most of the key elements of successfully managing complaints are covered in the documents. For example, what is a complaint, who is responsible, the inclusion of a four-tiered review system and clear performance targets for turnaround of complaints. Areas that could be improved include

- Separating complaints and requests for service
- Improved recording of complaints and outcomes
- Reporting outcomes to council. For example, the reporting of complaints to management and council does not include evidence of recommendations for changes to relevant council procedures or policies that are the subject of the complaint (where warranted)
- Setting performance targets in relation to turnaround times for responding to complaints
- Making the procedure for complaints accessible to members of the public (i.e. website/complaints form in public areas/counter staff training)
- Training all staff on the complaints handling system.

Council should modify its complaints handling system to reflect best practice in this area (and address the concerns canvassed above). Council should consider utilising the following resources to achieve this goal: The NSW Ombudsman: Complaint Handlers' Toolkit (2004) and the Department of Local Government: Practice Note No 9 Complaint Handling in Councils (1995). **(Recommendation 12)**

#### *Management Plan and Annual Report*

The review team examined Wellington Council's Strategic Corporate/Management Plan 2006-2011 and its Annual Report for 2005-2006. Both are in compliance with

statutory requirements. Although they are easy to read documents council could improve their presentation by addressing the following matters.

The annual report is minimalist and unengaging in nature and appears to be structured as a “tick the box” exercise rather than fulfilling its role as the principal accountability report to the community. This is unfortunate as the council misses an important opportunity to share its achievements and endeavours with the community.

Both the social plan and the council’s Strategic Corporate/Management Plan show encouraging progress towards development of strategic capacity, although, as with most NSW councils, there is still some progress to be made in refining and integrating these plans. The links between the social plan and the management plan are not strongly defined. The format of the annual report suggests a focus on compliance, rather than community engagement/provision of information. Council should ensure its reports are more informative for the ‘lay’ reader and that clear linkages between its plans are made. **(Recommendation 13)**

#### *Code of conduct*

Council’s code of conduct adopted under section 440 of the Local Government Act is important because it assists councillors and council staff to understand the standards of behaviour that are expected of them. From 1 January 2005, all councillors, staff and council delegates are required to observe provisions consistent with the new Model Code of Conduct for Local Councils in NSW.

Wellington Council has adopted the Model Code of Conduct issued by the Department of Local Government in January 2005.

Council has established a conduct committee that consists of the mayor, the general manager and a person independent of council. To date, one matter has been referred to the committee. The findings were reported back to council.

A summary of the code is included in the induction manual provided to all staff. The complete code is available on the council’s intranet. Specific training on the code is provided to relevant staff and all councillors.



### *Policy register*

Council has a policy register, which was last reviewed and updated in October 2006.

While the majority of policy documents reviewed are clearly written and cover most key points, they do not all identify who is responsible for the policy, the date it was adopted, the date last reviewed and any related policies or other documents. Council needs to ensure that recently adopted policies are being implemented.

### **(Recommendation 14)**

### *Internet*

Council has an Internet Access and Use Code and Electronic Mail – Acceptable Use Code that outline conditions of use of the Internet and external electronic mail. It also has a one-page Internet User Agreement that is signed by the user and appropriate director or general manager. The codes are not dated. **(See Recommendation 14 re: policy register)**

### *Governance framework*

As previously mentioned, the links between the State of the Environment Report, the social/community plan and the strategic plan are not strongly defined. It is important that council integrates its strategic and corporate planning to its governance framework and operational plans. (See sections 6.2 Planning and other regulatory functions and 6.4 Community and Consultation for further explanation.)

Council does not have good governance as a corporate goal. It is generally covered as a principal activity under corporate services i.e. provide record management and maintain effective administrative support to fulfill council's broad range of services and facilities. Council should include good governance as a corporate goal. **(Recommendation 15)**

### *Councillor expenses and facilities policy*

A policy on the payment of expenses and provision of facilities to the mayor, deputy mayor and councillors is a requirement under section 252 of the *Local Government Act 1993*.

Council's policy, adopted in January 2005, is clearly presented and easy to read. The policy generally complies with section 252. However, some matters not addressed include monetary limits on expenses; use of phone and facsimile; time limits for councillors to seek reimbursement for expenses; legal assistance provisions and expenses; and reporting obligations.

The department issued circular 06/57 and Guidelines for the Payment of Expenses and the Provision of Facilities to mayors and councillors in September 2006. Appendix 1 provides detailed notes to assist councils in the development of a councillor expenses policy and Attachment 1 provides the department's suggested format for council's policy. **(Recommendation 16)**

### *Pecuniary interest*

The *Local Government Act 1993* sets out the parameters that must be adhered to when councillors and staff have a conflict between their public duty and private interests that constitutes a pecuniary interest. The Act requires that councillors and designated staff complete and lodge disclosure of interest returns. It is important that councillors and staff observe these requirements. To not do so has the potential to seriously undermine the community's confidence in the integrity of local government and the decision-making processes.

The review team examined pecuniary interest returns lodged by all councillors and the general manager. Five of the ten returns were fully completed to the standard required. The following improvements are required:

- the returns did not record the date received. Council needs to record the date received in the top right-hand corner of the return immediately upon receipt.
- all forms should be completed for the relevant return period since the last return, that is, the period from the return date of the last return to 30 June in this year or the period from the end of the last return period to 30 June in this year (whichever is appropriate).

- returns should include the full details of companies, including, for example, addresses.
- as indicated in the instructions on the top of the form, the particulars required on the form should be written in block letters or typed.
- as indicated in the instructions on the top of the form, if there are no pecuniary or other matters of the kind required to be disclosed under a particular main heading in the form, the word “NIL” is to be placed in an appropriate space under that heading rather than using strokes through sections, “N/A” or leaving blank spaces.

Councillors and designated officers may correct or update the information in their forms by submitting a fresh return at any time. The department’s circular 04/16 and *Pecuniary Interest Guidelines 2006* provide information to assist councillors and staff in completing their pecuniary interest returns. **(Recommendation 17)**

#### *Statement of business ethics*

A statement of business ethics is important because strong working relationships with the private sector are an essential part of building an efficient and cost-effective public sector. Such a statement can be an excellent tool for encouraging the private sector activities to better align with public sector values.

Wellington Council has a Statement of Business Ethics, which outlines appropriate standards for doing business with council. Obtaining the best value for money and making impartial decision are the key principles that are to guide council’s business relationships with all suppliers of goods and services.

Specific standards of ethical conduct for Wellington Council employees are clearly listed in the statement. Expectations of tenderers, suppliers, consultants and contractors are also outlined.

The statement does not, however, contain the date it was originally adopted by council, the date it was last reviewed, nor any other related policies or documents.

**(See Recommendation 14)**

### *Purchasing and Tendering*

Provisions relating to purchasing and tendering are set out in section 55 of the *Local Government Act 1993*. The Local Government (General) Regulation 2005 consolidates a number of local government regulations including the now repealed Local Government (Tendering) Regulation 1999.

Council adopted a Procurement Policy in September 2004. It is a basic policy, which includes a Statement of Business Ethics, and it generally complies with the Act. However, it should be noted that the policy still refers to calling public tenders for contracts worth in excess of \$100,000. The Act and Regulation have raised this threshold to \$150,000.

The review team reviewed the records of two recent council tender processes. In general, council's tender process was satisfactorily documented. Some matters, however, could be improved in future:

- a copy of the tender advertisement was not on file
- very limited tender assessment criteria were identified in the tender documents
- a documented tender assessment matrix was not completed.

Council should review its Procurement Policy to ensure that it complies with the current legislation and consider using a broader tender assessment. The Circular to Council's 06/07 "Procurement in NSW Local Councils" and the Department's "Tendering Guidelines for NSW Local Government – Consultation Draft" may be of assistance to Council when reviewing the policy and determining further assessment criteria for tenders. **(Recommendation 18)**

Council's purchasing code has only recently been developed and refers to forms that are not in existence as yet, although the code appears to have been adopted. Staff generally appear to be unaware of the code requirements. Council should ensure when developing procedures that all requirements of the procedures are developed prior to adoption and that all staff are made aware of the introduction of the procedures and the requirements. **(Recommendation 19)**

Council does not have a vehicle purchasing policy. Such a policy determines a consistent approach to the purchase and allocation of vehicles. This is increasingly important where vehicles are used as an addition to salary packages to attract staff to more remote areas. Inconsistency in council's approach to vehicle purchase can lead, and has on occasion led, to resentment among staff and be misused by senior staff by way of inducement/punishment. Council should develop a vehicle purchasing policy at the earliest possible time. **(Recommendation 20)**

### *Risk management*

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 should be a balance between the cost of managing risk and the benefits expected from engaging in an activity that has inherent risks. Councils are exposed to a wide range of risks as a consequence of their diverse functions. The significance of specific risks will vary from council to council.

A risk management plan should provide a council with a framework to proactively identify, communicate and manage generic and specific risks. It is important that council consider the development and implementation of a risk management plan to minimise the likelihood of negative events that could have otherwise been foreseen and thereby managed or avoided. Council should develop an overall plan to guide its risk management activities. Such a plan should extend beyond those risks that are insurable. Council may wish to refer to AS/NZS 4360:2004 for more information on appropriate risk management. **(Recommendation 21)**

### *Internal audit and fraud control*

Internal audit 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. Internal audit is separate from external audit. An internal audit function will only contribute to an organisation's corruption resistance if corruption risk management strategies are subject to regular auditing and if audit findings are used to improve the effectiveness of those strategies.

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 staff are kept up-to-date on emerging risk areas and on proven strategies for properly managing them.

Council does not have an internal audit program or a fraud control policy and/or strategy. Internal audit can provide management and councillors with additional assurance as to the effectiveness and efficiency of council operations. Council should develop and adopt an internal audit program and establish an internal audit committee. Council should also develop and adopt a fraud prevention strategy. **(Recommendation 22)** Council will need to consider the costs and benefits of such a program and committee in determining how to action this recommendation. Consideration should be given to a regional approach to this issue.

### *Legislative compliance*

Council's social plan, which references legislation that is no longer current, is of concern. This suggests that there are no effective processes in place to monitor and review legislative changes that may impact on the organisation. Council should develop a systematic means for monitoring and ensuring that it complies with ongoing legislative change. **(Recommendation 23)**

### *Section 355 committees*

Council has a number of section 355 committees covering a range of purposes. The review team has been provided with examples of the minutes of some section 355 committees that appear to meet the requirements. Council provides these committees with a constitution or charter setting out their membership, functions and delegations, a code of conduct and procedure manuals. Their members should also be provided with relevant training. **(Recommendation 24)**

### *Protected disclosures*

The Protected Disclosures Act aims to encourage and facilitate the disclosure – in the public interest – of corrupt conduct, maladministration and serious and substantial waste in the public sector. This is achieved by:

- enhancing and augmenting established procedures for making disclosures concerning such matters
- protecting people from reprisals that might be inflicted on them because of these disclosures, and
- providing for disclosures to be properly investigated and dealt with.

In order to be protected under the Act, disclosures need to be made to the principal officer or another officer in accordance with any procedure established for doing so and show or tend to show corrupt conduct, maladministration or serious and substantial waste.

Council's complaints management policy, adopted in October 2006, purports to cover the making of protected disclosures. The complaints management policy makes no reference as to how protected disclosures are to be dealt with or to the protections afforded to those making them.

In the interests of ensuring that protected disclosures are properly made and that council complies with its statutory obligations in dealing with them appropriately and ensuring complainants enjoy the protections afforded under the Act, council should adopt a separate internal reporting policy. This should be based on the Model

Internal Reporting Policy for Councils contained in the NSW Ombudsman's *Protected Disclosures Guidelines (5<sup>th</sup> edition)*. **(Recommendation 25)**

In doing so, council should ensure that the internal reporting policy is linked with its complaints management policy and its code of conduct and that its complaints management policy reflects the processes for making protected disclosures under its internal reporting policy. **(Recommendation 26)**

Staff should be provided with some training on protected disclosures as part of the induction process. Council should also consider providing ongoing training to both councillors and staff on protected disclosures. **(Recommendation 27)**

#### *Privacy Management Plan*

Council's Privacy Management Plan was adopted in 2000 and last revised in November 2006. Council has appointed a Privacy Contact Officer and staff and councillors have received training in privacy requirements.

#### *Delegations*

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

Council reviewed its delegations to the general manager at an ordinary meeting on 27 July 2005 with a request for a further report from the general manager on matters related to the Development Control Unit (DCU). The general manager also sub-delegated matters to the relevant directors and managers of council at the 27 July 2005 meeting. A further report on the general manager's delegations was presented on 28 September 2005.

The appointment of a new general manager would be an appropriate time to review all delegations and sub-delegations.



### *Donations/financial assistance policy*

Council has a draft policy (November 2006) to guide its decision making on donations/financial assistance to local service, cultural, sporting, charitable and non-profit organisations and for other related purposes.

## **6.2 Planning and Other Regulatory Functions**

Councils must ensure that all planning and development in their local government area complies with the *Environmental Planning and Assessment Act 1979* and *Environmental Planning and Assessment Regulation 2000*.

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

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

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

### *Development assessment process*

All development proposals in NSW must be assessed to ensure they comply with relevant planning controls and, according to nature and scale, that they are environmentally and socially sustainable. State, regional and local plans and policies indicate what level of assessment is required, and who is responsible for assessment: council; an accredited private professional; or the Minister for Planning.

According to the *NSW Local Government Councils Comparative Information 2004/2005*, council determined 134 development applications in 2004/05. This is 61 less than it determined in 2003/04. The mean number of calendar days for Wellington Council determining development applications in 2004/05 was 24 days, which is almost half of the NSW mean of 53 days.

Wellington Council has a user-friendly pre-application development assessment process. This includes a development assessment pack, which contains easy to read information for applicants, such as a lodgement checklist for all development applications, a guide entitled *How we assess your development application*, a guide entitled *The information you need to include with your development application* and relevant forms.

Council has an independent assessment panel for development applications that operates to hear from applicants and objectors and to provide advice and/or recommendations to council.

A review of council's DA process also identified:

- Approximately 90 development applications were determined under delegated authority. An internal planning unit determines mainstream development applications using delegated authority. Development applications requiring policy interpretation are forwarded to a council committee. Those requiring a new policy or policy amendment are forwarded to council for consideration.
- Applicants are advised of their right of review of determination under section 82A of the *Environmental Planning and Assessment Act 1979*.
- Weekly reports of applications determined under delegated authority are circulated to senior staff and managers but not to councillors. Staff should consider developing a summary of those reports to provide to councillors.  
**(Recommendation 28)**
- Council does not have a formal notification policy and does not notify residential development to adjoining owners as a matter of course. Council should consider developing and implementing a formal notification policy.  
**(Recommendation 29)**

Council has evaluated its planning function in the last two years. The evaluation identified the need for a more pro-active approach to customer service enquiries and the need for additional staffing resources.

Several tools have since been developed to assist staff in dealing with development application enquiries and the assessment process. At the time of the review the planning unit had four staff positions and was carrying two vacancies.

#### *Section 94 contributions plan*

Council has section 94 plans and guidelines in place. Expenditure of section 94 contributions is monitored to ensure that they are spent within a reasonable time and in the area they relate. Council keeps a section 94 contributions register for this purpose.

#### *State of the environment report (SoE)*

The important role of local government in implementing the principles of ecologically sustainable development in NSW has been formally recognised in the *Local Government Act 1993*, which requires councils to manage their regulatory and service functions in an ecologically sustainable manner. Each council must submit an annual *State of the Environment Report (SoE)*.

The first SoE report of a council for the year ending after each local government general election must be a comprehensive SoE, which addresses the eight environmental sectors of land, air, water, biodiversity, waste, noise, Aboriginal and non-Aboriginal heritage. Supplementary reports that identify any new environmental impacts since the council's last SoE must be submitted in the intervening years. SoE reporting at the regional level is also encouraged.

The Department's *Environmental Guidelines – State of the Environment Reporting by Local Government – Promoting Ecologically Sustainable Development 2000* aim to help councils produce their SoE in accordance with the Act and Regulations.

The department received Wellington Council's State of the Environment Report 2004 on 12 December 2004. Overall it appears that council has not complied with the

legislative requirements for State of the Environment Reporting. The report does not inform the community sufficiently of environmental issues or what is being done to address them.

The report provides basic information only. While a range of issues is canvassed, they tend to be generic and not specific to Wellington. With some small exceptions there are no actions documented to address issues. For example, the only clear actions outlined in the report are:

- regular sampling of drinking water
- commissioning of a new waste transfer station
- explore feasibility of kerb side recycling in Wellington
- desktop audit of contaminated sites
- heritage study.

There are no measures of issues or actions over time. There is minimal information in the report as to how it was completed and no mention of community consultation.

Data in the report is minimal and contained in an Appendix. Some of this data is of limited use, particular for readers who do not have a technical background. Council should improve its SoE report, addressing the issues identified previously.

**(Recommendation 30)**

Wellington's Strategic Corporate Management Plan 2001/2006 was reviewed and while there are actions related to the environment there appear to be no direct linkages with the SOE Report. Similarly there are no linkages with Wellington Council's 2005 – 2006 Annual Report.

A council's annual report should indicate the manner and degree to which the council has been successful in applying the principles of ESD throughout all of its activities. The council's SoE report should provide an objective assessment of environmental qualities, informed by community consultation and the application of scientific method.

While Wellington Council's 2005 – 2006 Annual Report, contains a two-page summary of the human and environmental impacts, council not did prepare a supplementary SoE report for 2005. This does not comply with legislation and the department's *Environmental Guidelines – State of the Environment Reporting by Local Government – Promoting Ecologically Sustainable Development 2000*. **(See Recommendation 30)**

Legislation and the guidelines require issues relating to waste to be reported on but are not covered in the report. Council should report on its waste management strategies and activities in its next SoE report/summary. **(Recommendation 31)**

#### *Enforcement activities*

Council adopted an Environmental Services Prosecutions Policy in late September 2006 to guide decisions to prosecute under environmental protection legislation. The policy appears comprehensive and clear, covering topics such as the decision to prosecute, who may prosecute, general principles, corporate liability, liability of various parties, charges, penalty notices, mode of trial, less serious offences, disclosures and appeals.

The policy has been scheduled for review in September 2007. This review should include assessing documentary evidence to ensure prosecution activity over the last 12 months has had regard to the Prosecutions Policy.

Council adopted a draft Compliance and Enforcement Policy for public exhibition to guide its enforcement activities, including how it deals with non-compliance issues, at the end of September 2006.

The policy appears comprehensive and clear. The review of the policy, which has been also been scheduled for September 2007, should assess whether enforcement activity over the last 12 months has been consistent with the policy. **(Recommendation 32)**

Council introduced a detailed Ranger Services Procedure Manual in February 2005, which was reviewed and updated in February 2006. It clearly outlines ranger

responsibilities and procedures relating to administration, companion animals, vehicles, litter and fire.

### *Companion animals*

The adoption of a local companion animals management plan assists council in achieving a balanced relationship between companion animals, humans and the environment. Such a plan also provides council with an opportunity to identify the future direction of these services and strategies to meet the challenges faced in the provision of these services.

Council adopted a Companion Animals Management Plan in September 2006. The review of the policy, which has been scheduled for September 2007, should assess whether companion animals activity over the last 12 months has been consistent with the plan. **(Recommendation 33)**

Current companion animals activities include a responsible pet ownership program, random door knocks by council rangers to ensure animals are identified and registered and micro-chipping services at a cost of \$25 per animal. A Responsible Pet Ownership Day is planned for early 2007 to provide further discounted micro-chipping and de-sexing services.

The department's Companion Animals Unit has advised that Wellington Council returned pound data and information for 01/02 and 02/03 but has not returned any since then. Since 2004, council has not reported any dog attacks to the department.

The recently amended *Companion Animals Act 1998* (section 67A) requires councils to report to the department on pound activity. Council should commence providing relevant pound data and dog attack data to the department on a regular basis. **(Recommendation 34)**

### *Graffiti management*

Wellington Council adopted a Graffiti Management Code of Practice in September 2006. It provides a framework through which to respond to incidents of graffiti, while also ensuring adequate opportunity for the display of community information. The

code is linked to relevant legislation and includes a graffiti removal form to facilitate speedy removal and a graffiti register.

#### *Swimming pools awareness program*

Council has a program to promote awareness of the *Swimming Pools Act 1992*, which includes providing information within the development application information packs, pamphlets available at the Environmental Services counter and press releases published at the beginning of each swimming season.

#### *Environmental 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”.

The Wellington Local Environmental Plan 1995 (LEP) was gazetted in 2000. Council does not have an overall strategic plan(s) as a framework for its land use planning framework (such as land use strategy/employment strategy or economic development strategy).

Council has made a commitment to the Minister for Planning to complete the review of the LEP by 31 December 2007. Council will also undertake an area wide Rural Settlement Strategy and Comprehensive Land Use Strategy as part of the LEP process. The Department of Planning has expressed concern regarding the proposed timetable for meeting such commitments and is keen to work with council to confirm a new timetable. Council should commence work on these commitments as soon as possible. **(Recommendation 35)**

#### *“Westerns” rezoning*

The Department of Planning has on several occasions expressed concern to council about the rezoning of part of the “Westerns” from 1(a) Rural to 1 (c) Rural Small Holdings. In particular, the Department of Planning had serious concerns regarding council’s ongoing pre-determined commitment to the “Westerns” site. Council should

undertake the development of a rigorous and transparent land use strategy at the earliest possible time. **(Recommendation 36)**

*Transferable development rights (TDRs)*

Council's policy of allowing transferable development rights (TDRs) since at least 1992 is contrary to the *Environmental Planning and Assessment Act 1979* and the Wellington Local Environmental Plan 1995. The Department of Planning has recommended that council cease to implement its policy on TDRs immediately. As TDRs are contrary to the EP&A Act and its own LEP, council should consider amending its policy of allowing TDRs to align with the relevant legislation as soon as possible. **(Recommendation 37)**

*Staffing issues*

At the time of review, council had four specialist planning positions, with two of those positions being vacant. Some of the reasons given for these vacancies were comparatively low salaries, the additional workload, the former general manager's management style, a poor relationship with the Department of Planning and a backlog of planning work.

In addition, there were claims about the adverse impact of the former general manager employing consultants to assist with planning work and whether he had properly consulted the Planning Manager about this work.



### 6.3 Asset & Financial Management

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

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

- *Financial management*
- *Asset management*
- *Insurance.*

#### *Overview of financial position*

Council's financial ratios are all sound and indicate council is able to pay debts when they fall due. There has not been a special rate variation since the 1997/98 financial year, when 5.25% was granted.

The unrestricted current ratio (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. A good UCR is greater than 2. A ratio of 1.5 to 2 could be of concern if other indicators are not adequate. A ratio of 1.5 or less is considered unsatisfactory. Council's UCR for 2004/05 was 4.00. For the periods 2003/04 and 2002/03, council's UCR was 3.52 and 3.34, respectively.

The Rates & Annual Charges Outstanding Percentage (RACO%) assesses the impact of uncollected rates and charges on liquidity and the efficiency of debt recovery. Fees are not included in this ratio. A benchmark for city and coastal councils is less than 5%, while a benchmark for rural councils is less than 10%. Council's RACO in 2004/05 was 4.09%; this represents an increase from 3.87% in 2003/04 and a decrease from 4.88% in 2002/03.

The Debt Service Ratio (DSR) assesses the degree to which revenues from ordinary activities are committed to the repayment of debt. A DSR of less than 10% is

considered to be good. A DSR ratio from 10% to 15% is considered borderline and a DSR of more than 15% is considered to be of concern. Council's DSR in 2004/05 was 4.79%, which represents a decrease from 5.84% in 2003/04.

Along with many other councils, Wellington Council's written down value of infrastructure is well below the minimum target level of 50%, with the exception of its water supply network. The expenditure on asset maintenance averaged over the last four years has been above that estimated. Council is advised to examine its budgetary processes in this area in order to allocate funds more realistically. **(Recommendation 38)** In 2004/05, it was estimated that \$22.634 million was needed to bring assets back to a satisfactory standard.

#### *Business enhancement*

Council has a local business enhancement policy that appears to work well. The policy allows council to search further afield for purchasing goods and services if necessary while still using local businesses where possible.

Council businesses appear to be structured in the appropriate way and operated in a proper manner. The accountability that is required is in place, with regular report backs to council and fully audited accounts.

#### *Water and sewerage works*

Council has completed sewerage and water supply works recently that have been of major benefit to the community. Council took a significant and necessary step in applying for a loan to fund the work.

#### *Asset Management*

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

Council has not developed a comprehensive asset management for its assets. This has not allowed council to forward plan its asset maintenance requirements and seek funds to address its asset maintenance shortfall. Council should, as one of its priorities, develop an asset management plan. **(Recommendation 39)**

Council does have a forward plan for its roads, water and sewerage. Although these are a significant part of the community's assets, they are by no means all of them. Community halls, buildings, swimming pools, public toilets and picnic areas are just some of the items that form part of the community's assets but for which no forward planning has been done. Council should ensure its long-term asset management plan includes all assets. **(Recommendation 40)**

*Plans of management – community land*

Pursuant to section 35 of the *Local Government Act 1993*, community land is required to be used and managed in accordance with a plan of management. Council does not currently have plans of management for all the community land under its control. Council should act promptly to develop plans of management for the land in question. **(Recommendation 41)**

## 6.4 Community & Consultation

A council's charter requires that a council:

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

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

- *The methods council uses to involve and determine the views of its community*
- *Access to information*
- *Social and community planning*
- *Cultural planning*
- *Economic development and tourism*
- *Wellington's ageing population.*

The Wellington local government area is recognised as having a high level of social disadvantage and has recently experienced a marginal decline in its population. However, it is anticipated that the opening of the Wellington Correctional Facility will result in a slight population increase.

### *Methods council uses to involve and determine the views of its community*

The mayor, councillors and council staff hold bi-monthly meetings with communities within nine village and town centres. These forums provide an opportunity for regular exchange of information and community consultation. Council is in its third year of managing a Small Towns and Villages Self Help Program. The program provides one-off small grants of between \$2,000 and \$5,000 for specific improvement projects. Communities must raise funds to match the level of financial assistance

that council provides. Council also uses targeted strategies to consult stakeholders when preparing specific plans such as the social and community plan. Members of the public are able to address council at its meetings. The mayor and the former general manager reported that this opportunity was rarely exercised.

#### *Economic development and tourism*

Council employs a Tourism Manager to implement its Tourism Plan. The latest plan finished in June 2006, and is currently being reviewed and updated. Council spent \$259,104 on tourism programmes in 2005/06. It operates a separate travel business called Wellington Travel and is exploring ways to increase its ongoing viability. Planned initiatives for 2006/2007 include a Tourism Booklet entitled *Where is Wellington?*, the Wellington Boots event and successful operation of the Wellington Caves Complex as a tourist destination.

Council also recently appointed an Economic Development Officer who is working with a committee of council to prepare an economic development strategy to encourage the establishment of new business, the expansion of existing businesses and population growth. The development of the strategy will include community and business sector input. The strategy will also include marketing activities. Work is underway to develop a tourism brand and logo for Wellington.

Council endeavours to take a proactive approach to economic development and has been successful in lobbying for the location of a Correctional Centre at Wellington, which will include the relocation of at least 50% of correctional centre staff to the local government area.

Council has not conducted a community survey in the last two years. Such surveys can be useful for informing a range of council priorities, directions, strategies and actions. It is important that council review and act on the findings of such surveys  
**(Recommendation 42)**

### *Public access to information and freedom of information*

Wellington Council does not have a formal process for ensuring public access to information as set out in section 12 of the *Local Government Act 1993* but uses the Act as a guide. Council does not charge retrieval or copying fees for such information. This accords with the Department's views on the issue. To date no formal request has been made under section 12(6) of the Act.

Council has a Freedom of Information Coordinator. Council received four FOI applications in the last 24 months. All of these were granted either in full or part. Section 14(3) of the *Freedom of Information Act 1989* requires each council to prepare a Summary of Affairs, which is published in the NSW Government Gazette in June and December each year. The summary includes a list of council's policy documents, most recent Statement of Affairs, identification of the officer(s) responsible for FOI enquiries, and the council's address and hours of business.

The most recent Summary of the Statement of the Affairs of Wellington Council appears to be that of 2004/2005, which was prepared as at June 2005. Council should prepare a current Summary for the next submission date in accordance with the requirements of section 14(3) of the FOI Act. **(Recommendation 43)**

### *Cultural planning*

Wellington Council does not have a cultural plan and does not report on any cultural activities in the area in its annual report. Council should develop a cultural plan in consultation with the community and should include a report on cultural activities in its Annual Report. **(Recommendation 44)** If council does not support or conduct any cultural activities in the LGA, council should apply itself to that part of its role. **(Recommendation 45)**

### *Community and social plan*

The Local Government (General) Regulation 2005 requires all councils in NSW to develop a social/community plan to meet the needs of residents in their area. The plan must be prepared in accordance with guidelines issued by the Department.

The Wellington Council Social and Community Plan 2006 shows a level of maturity in understanding the various roles that a council may play in providing community services. For a small council, with limited resources, Wellington appears to have recognised that direct provision of community services/social programs is not part of its “core business”. Instead, the council has identified its primary role in this area will be to act as a leader and advocate for other agencies to provide services within the community.

Given the operating environment and small population of the council area – 8,239 - this approach would appear to be realistic and reasonable. However, it would have been helpful to see some validation of this position through the community consultation process.

The level of consultation and service mapping with other agencies is commendable, with council realising that it can significantly influence community outcomes by playing an advocacy and leadership role. The willingness to act as a facilitator for community discussion/co-operation and to form long-term links with relevant government agencies shows a level of strategic maturity. There is good connection with the community in the understanding that provision of government services is related to residents’ “sense of place”.

The layout of the Plan is sufficiently well defined to allow readers to navigate the various sections. There is a logical progression of information through the document and it is easy to read. However, the document does not engage the community by providing contact details or links to further information.

While the Wellington Council Social and Community Plan was submitted to the Department on time, it falls short on a number of other compliance requirements, including:

- references to legislation that is no longer current
- the failure to clearly state a five-year duration for the plan
- lack of information regarding the success, or otherwise, of implementing the previous plan

- while some of the actions of the strategic plan broadly address some of the recommendations, there is no “access and equity statement” within council’s Strategic Corporate/Management Plan. There are few actions within the strategic plan that could be directly and specifically linked to access and equity issues.
- council’s annual report falls well short of the requirements in regard to access and equity reporting
- the use of performance indicators and priorities/timeframes within the social plan is commendable. However, there is no reference to a review process for the strategic plan, so it is unclear how the timeframes and performance indicators will be applied or measured.

Wellington Council Social and Community Plan should meet the requirements of the department. Council should use the Guidelines provided by the department to ensure compliance. **(Recommendation 46)**

It is understood that council’s next social and community plan will be prepared with the assistance of resources from the Wellington, Blayney and Cabonne Strategic Alliance. The review team would encourage council to engage in a regional approach in this area, if possible, as well as making use of Alliance resources. **(Recommendation 47)**

#### *An ageing population*

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

With 18.6 per cent currently aged 65+ years, Wellington is NSW’s 15th oldest LGA. By 2022 it will be 21st oldest in the state, which makes its ageing population a significant issue for council to consider.

Between 2004 and 2022 the population of Wellington is projected to decline in size, from its current 8,674 to around 7,594 (-12 per cent). Its youth and working age



populations are projected to decline significantly, while as elsewhere the elderly population will grow substantially.

Wellington's population aged 65+ years is projected to grow to 27.3 per cent by 2022. At an average increase of 0.49 percentage points per year, this 'force of ageing' is somewhat faster than that projected for Total NSW (0.33) and for the NSW Balance (0.43). Wellington's 85+ population is projected to almost double in proportion, from 1.6 to 3.0 per cent of the population. (*Population Ageing in New South Wales and its Local Government Areas*, Dr. Natalie Jackson, Director, Demographic Analytical Services Unit, University of Tasmania).

It remains to be seen whether these figures will be affected by the slight population increase anticipated to arise from the opening of the Wellington Correctional Facility.

Nevertheless, over time there is no doubt that the impact of the growing numbers of older people on the demand for services, facilities and infrastructure will be significant and will impact on many aspects of council's operations. The Local Government and Shires Associations have produced *Planning the Local Government Response to Ageing and Place*. This paper is intended to offer a framework to assist councils to begin to plan for the population ageing unique to their area by:

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

The department encourages councils to use this paper in their planning processes.

Council's social plan includes some current and planned strategies for older people. It demonstrates an awareness of the implications of having increasing numbers of older residents through its commitment to the employment of a Community Services Officer who provides a range of support services through council's Senior Citizens Centre. However, council must ensure it has integrated strategies across its various functional areas to address this challenge.

Council needs to consider ways to raise the awareness of this issue across all sections of council. Building upon strategies in its Community and Social Plan and using the Ageing and Place Framework developed by the Associations, council should prepare long term strategies to meet current and future needs for older people as part of its strategic directions. **(Recommendation 48)**

Priority strategies should be determined on an annual basis and incorporated in council's Management Plan. The review of council's local environmental plan provides an opportunity for council to explore the impact of ageing on the current and future council housing stock. Progress in relation to these priorities should be reported on a quarterly basis via the performance appraisal system and quarterly management plan reports as well as annually in council's annual report. **(Recommendation 49)**

## 6.5 Workforce Relations

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

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

- *Consultative committee processes*
- *Job descriptions and job evaluation*
- *Recruitment and selection processes*
- *Employee remuneration*
- *Staff development*
- *Occupational health and safety.*

### *Overview of the organisation*

Council employs 141 full time equivalent (FTE) staff, with the majority aged between 25-54 years old. Almost a third of staff are women. Council's administrative and outdoor staff are mainly located in Wellington town centre, with council's depot located just outside the town centre and the administrative buildings being located in the centre of town. Council's administration buildings are being refurbished, a major undertaking, and council staff will soon be able to relocate into the new offices.

### *Data collection*

Councils need to be able to access accurate and relevant data about their workforce and human resources activities. This data is necessary to identify issues that need to be addressed and to provide the means for assessing whether a council's human resources strategies are working in the way intended. For such systems to be efficient and sustainable, data capture should be an inherent part of the way work is performed.

In modern workplaces, line management is primarily responsible for most workforce relations' activities at an operational level. For this to be effective the activities in question (recruitment, training, grievance handling, OH&S, etc) should be measured by key performance indicators and targets for performance should be set and

communicated. Line managers should have ready access to reports on those KPIs. Such an approach facilitates accountability. Council appears to have most of its human resources systems in place.

Council's Occupational Health and Safety (OH&S) Committee meets in accordance with requirements. There have been some good OH&S initiatives developed and implemented at council such as a skin cancer clinic that looks at early detection of skin cancers. Toilet talk is another initiative based around posters highlighting problems associated with dehydration.

Council's consultative committee also appears to function well in most circumstances. Meetings are conducted and minutes are kept in accordance with requirements.

Council has instituted a number of traineeships/apprenticeships which should be seen by the community as a positive step, not only in trying to build its skill base and retain some of those less accessible skills but also in the provision of employment opportunities for local people or to attract skills into the area, necessary for council's work.

Council, as a partner in the WBC Strategic Alliance was also recently successful in gaining a planning scholarship (partly funded by the Department of Planning), established to help deal with the skills shortages of planners in NSW.

#### *Employee survey*

Council has not undertaken an employee survey for some time. In order to find out how it is performing as an employee, council needs to ask its employees their opinions, thoughts and suggestions for improvement. Council should implement an employee survey at the earliest possible time. **(Recommendation 50)**

#### *Communication*

In order for council to meet its objectives and perform all the duties required, council's senior management need to communicate clearly the aims and objectives they have established, the strategies they have decided upon and the responsibilities

and timeframes that are attached to those strategies. This does not appear to have been occurring in many instances. Council's senior management should ensure that their directions are communicated to staff clearly and comprehensively.

**(Recommendation 51)**

*General manager's role*

Generally, councillors described their relationship with staff as positive and respectful. Those councillors who responded to the review survey all indicated an excellent relationship between staff and councillors. Another councillor who met with the review team described the relationship with staff as open and trusting, with staff being willing and very able.

The review team noted concerns about matters raised by staff and councillors about the role of the former general manager. As the employer, council has a responsibility to address concerns of this kind as a matter of priority.

With the appointment of a new general manager, council should remain mindful of some of the tools available to assist council to effectively manage this issue. They include ongoing reviewing the general manager's performance against the performance agreement and using employee surveys to assess employees' views of management, including the general manager's performance.

The department's circular 06/37 Standard Contract of Employment for General Managers effective 1 July 2006 gives council some guidance about the performance expectations a council should have of its general manager. Councillors should be aware of the contents of the standard contract. Council should be mindful that the workforce relations issues raised in this report will still need to be addressed by the new general manager. **(Recommendation 52)**

Further, given the observations made in this report one of the first things the new general manager should concentrate on is ensuring that the relationship between the general manager and senior staff is an effective and supportive one.

Council should also be mindful of its role in managing the general manager and ensuring that the rest of council's staff are treated in accordance with council's charter to be a responsible employer. This extends to effective strategies to deal with inappropriate workplace behaviour, such as harassment and bullying.

**(Recommendation 53)**

## 7. COUNCIL'S RESPONSE



ODJ/MC

31 May 2007

Director General  
Department of Local Government  
Locked Bag 3015  
NOWRA NSW 2541

Attention Please Mr Garry Payne

Dear Sir

Re: Department of Local Government Draft Review Report – Wellington Council

Council has considered the draft report prepared by the Department and makes the following comments:

### 2. EXECUTIVE SUMMARY

The Department may wish to recognise that some its recommendations, while worthwhile, will require additional staff resources, both in the short and long term which will translate into prioritising administrative and procedural requirements above actual delivery of physical services to the community.

#### ***Review team response***

*Noted.*

### 3. RECOMMENDATIONS

#### *Recommendation 5*

Council staff and Councillors believe its relationship with Government agencies is generally good except for some recent particular issues with the Department of Planning that have now been resolved. Unless there are other

particular examples the Department is aware of we believe this recommendation needs to be removed or be specific in relation to which Department is referred to.

**Review team response**

*Noted. The report and recommendation have been amended.*

*Recommendation 6*

Council agrees with the recommendation regarding the maintenance of its approaches but it should be recognised that a large investment in capital improvements and maintenance of the town approaches has been made in the last fifteen years. Council will continue to invest in its approaches and CBD area in a balanced approach with regard to other maintenance priorities.

**Review team response**

*Noted.*

*Recommendation 36*

The rezoning of the Westerns site from 1 (a) to 1 (c) has been the result of an extended transparent process and was not a predetermined Council outcome. Council was keen to have the Westerns site rezoned to 1 (c) because the owner of the site is a willing developer prepared to provide small rural holdings in time for the commissioning of the Wellington Correctional Centre in the area where the Rural 1 (c) site on the Cadonia site purchased by the Department of Corrective Services was lost.

**Review team response**

*Noted.*

*Recommendation 53*

The body of the report refers to the “former general manager” and it is felt he should be given the right of reply.

**Review team response**

*The body of the report now comments where appropriate on the role of the general manager generally. The recommendation remains relevant and focuses on moving forward.*

## **8. SUMMARY – WHAT’S WORKING WELL AND CHALLENGES**

Regulatory

The summary makes the comment that:



“Council’s planning section has some staffing issues that need to be addressed in meaningful ways rather than by ill-conceived restructures or similar actions.”

Senior staff believe that the current restructure approved by the Consultative Committee and adopted by Council is not “ill-conceived” and has been developed following robust consultation with planning staff. The primary problem in this department is the staff vacancies, which Council has endeavoured to address. The current proposed structure with a Director of Environmental, Planning and Community Services is quite common in rural councils.

***Review team response***

*At the time of review a number of processes were being discussed with the Review Team. The Department supports restructures that have been through council’s consultative committee and include ‘robust consultation with planning staff’.*

Council looks forward to working with the Department in addressing the recommendations in its report and has already made steps in this direction.

Yours faithfully

O D Johns  
ACTING GENERAL MANAGER

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

### COUNCIL'S PRIORITIES AND FOCUS

#### *What is working well*

- Council has identified economic development options that will have favourable results, if managed well.
- Council has a 30 year plan for its water and sewerage works.
- Council consults regularly through community meetings.
- Council's participation in the WBC Strategic Alliance has had some benefits to the area in the provision of employment opportunities.

#### *Challenges to improve*

- A community survey would enable council to find out the attitudes and ideas of those members of its community who do not attend community meetings.
- Council should develop its strategic plan for a longer period, identifying its priorities and timeframes for its work.
- Council should integrate its plans more effectively and develop a better knowledge of its assets and infrastructure.

### GOVERNANCE

#### *What is working well*

- Councillors and staff appear to understand their roles and responsibilities well.
- Council meetings appear to be generally well run and informative.
- Those councillors who participated in the review indicated that they had been provided with sufficient induction into their roles.
- Council's complaint handling system has most of the desirable key elements of a successful system.

#### *Challenges to improve*

- Linkages between reporting requirements need to be strengthened and clarified.
- Council should address some gaps in its councillor expenses and facilities policy.

- Only five out of ten pecuniary interest returns reviewed were fully completed to the standard required.
- Council does not have a risk management plan to identify, monitor and control its exposure to risks.

## **REGULATORY**

### *What is working well*

- Council's development assessment process generally operates well.
- Council's compliance, enforcement and prosecutions policies appear comprehensive and clear.
- Council's companion animals management plan was adopted in September 2006 and its related activities are helpful in the provision of an aware safe community regarding companion animals.

### *Challenges to improve*

- Some of council's planning activities have placed it outside its legislative responsibilities and these matters should be addressed at the earliest possible time.
- Council needs to develop better information reporting on its State of the Environment requirements.
- Council's planning section has some staffing issues that need to be addressed in meaningful ways rather than by ill-conceived restructures or similar actions.

## **ASSET AND FINANCIAL MANAGEMENT**

### *What is working well*

- Council has recently completed water and sewerage works that have had major benefits to those parts of the community affected.
- Council's financial position is sound.

### *Challenges to improve*

- Council does not have an asset management plan for its assets other than roads, water and sewerage.

## **COMMUNITY, COMMUNICATION AND CONSULTATION**

### *What is working well*

- Bi-monthly meetings held by the mayor, councillors and staff with residents in the towns and villages in the area are a good means of consulting with local residents.
- Council has employed a tourism officer and an economic development officer in an attempt to address alternate economic strategies for the LGA.
- The location of the Correction Centre will provide a general boost to the areas economy and council's lobbying to achieve that end should be acknowledged.

### *Challenges to improve*

- Council has no cultural plan and appears to have little or no input into the cultural development of the area.
- Council should address the needs, both current and anticipated, of the ageing population of the LGA.
- Council's social plan should be renewed to address deficiencies.

## **WORKPLACE RELATIONS**

### *What is working well*

- Council's OH&S and consultative committees meet regularly and keep clear records of meetings. Generally, matters appear to be dealt with in reasonable timeframes.
- Council has provided traineeships in conjunction with its Strategic Alliance partners, and has received a scholarship to enable a planner to be employed and trained.

### *Challenges to improve*

- Council should undertake an employee survey to gain an understanding of how its employees view its performance as an employer.
- Council should ensure it puts in place proper arrangements to monitor the performance of the new general manager.