

challenges improvement innovation good governance

Promoting Better Practice

REVIEW REPORT

CABONNE SHIRE COUNCIL

JUNE 2007



Department of Local Government

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1. ABOUT THE REVIEW

Review objectives

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

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

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.

Cabonne Shire Council Review

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

Carole Medcalf and Caroline Egberts, Senior Investigations Officers, conducted the on-site component of the review from 8 November 2006 to 9 November 2006.

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?

All councillors were provided with a survey form (non-compulsory) to provide them with an opportunity for direct input into the review process. For example, the form sought their views on matters such as: their role; training and support; strategic

directions; conduct of council meetings; relationship with staff and community; and council's strengths and weaknesses. All councillors were also invited to meet the review team. Two councillors completed the form and another councillor met with the review team.

The on-site review involved a meeting with council's Mayor and General Manager, conducting interviews, an inspection of examples of council's infrastructure and major projects, a review of a number of council's policies, website 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

Cabonne Shire Council is a council performing to a satisfactory level in many of its areas of operation. Council's financial status is sound but its infrastructure maintenance needs considerable attention, in terms of both planning and expenditure.

Council's vision for Cabonne Country expressed in its Strategic Plan 06/07 is for a commitment to the provision of "sustainable local government to our rural communities through consultation and sound financial management which will ensure equitable resource allocation".

In order to meet its challenges beyond the medium term, council should prepare a strategic plan, covering a period of at least the next 10-15 years. It should identify a strategic vision and strategic goals based on priorities identified by the community, council staff and elected members. Council's planning work needs to be informed by the new long-term strategic plan.

Council's culture appears on the surface to be generally positive among councillors and most staff. However, council has experienced high staff turnover and there are claims that council has been inattentive to significant staff concerns. Both issues are detrimental to council's performance as an employer.

Council should improve by resourcing its risk management activities so that it can identify and correct some of the deficiencies that exist in the council, particularly considering its participation in the strategic alliance.

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 as part of its governance framework. The review team have made some recommendations to further enhance aspects of the framework, including improving its delegations, ensuring compliance with pecuniary interest provisions, identifying and addressing customer service issues and ensuring staff and councillors are familiar with, and can articulate, council's vision and mission statements and goals.

Council appears to have a good set of human resource policies, although they need to be reviewed and updated. Its ageing workforce, however, presents a specific challenge. 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. This strategy could also help address staff turnover and staff morale issues.

3. RECOMMENDATIONS

Strategic

1. Building upon its current strategic direction, council should develop a fully integrated long-term strategic plan for the shire to cover at least the next ten years. The plan should be more closely linked to management and operational plans.
2. Council should better articulate and promote its vision and strategic direction to the community, councillors and council staff (including making the plan available on council's website).
3. Council should set clear objectives and strategies that identify how staff, councillors and the community can contribute to realising its strategic direction.
4. Council is encouraged to use its existing community consultation processes and the department's strategic self-assessment tool as a basis for engaging staff, councillors and the community in developing a long term strategic plan.
5. Council should develop strategies for retention of its workforce, in particular, specialist staff.

Governance

6. Council should review and update its risk management policy and develop an enterprise risk management strategy as soon as possible.
7. Council should ensure that staff are informed of what council's strategic vision and objectives are and how they relate to the work they perform.
8. The General Manager should improve staff communication to ensure senior staff have a good understanding of council's activities outside their own areas of responsibility.

9. The General Manager should ensure that all staff roles and responsibilities are clarified and that all staff are made aware of this information.
10. Council should arrange or conduct an information/training session for councillors pecuniary interest return.
11. Council should further develop a set of customer service standards that link to a complaint handling system and report periodically on performance and complaints handling generally to the council.
12. Council should ensure that its State of Environment supplementary report follows the format of the Comprehensive Report to enable an evaluation of its work to be undertaken.

Planning and regulatory

13. Council should ensure that a comprehensive review of its environmental planning functions is completed as a matter of priority.
14. Council should continue to work toward finalising its Local Environmental Plan as a matter of priority.
15. Council should incorporate relevant findings of its social and community plan into its new LEP. Community services staff are encouraged to work closely with planning staff as key contributors to the new LEP.
16. If council is going to continue to use an external consultant to prepare its Comprehensive State of the Environment Report, it should provide clearer specifications and ensure that the report meets departmental guidelines.
17. To ensure that adequate funds are collected and expended in connection with future developments, council should regularly monitor and review its section 94 contributions plans. Funds to maintain these new assets should also be budgeted for.

18. Council should consider, possibly in consultation with the Wellington Blayney Cabonne Strategic Alliance, establishing an independent hearing and assessment panel for the assessment of development applications in which council is an applicant or has an interest.
19. Council should update or put in place the following processes and documents to improve the way in which it carries out its regulatory functions, including:
- an enforcements and prosecutions policy, including monitoring procedures (and incorporating a local orders policy under the *Local Government Act 1993*)
 - a stormwater management strategy
 - a companion animals strategy, including a plan and education program
 - a procedure to enter dangerous dog data and nuisance cat and dog data on the Companion Animals Register.

Asset management

20. Council should develop a long term asset management strategy and plan.
21. Council's recent commitment to continue to allocate more money to infrastructure development and maintenance should be supported by an asset management and works program that can deliver these improvements.
22. In conjunction with developing an asset management strategy, council should undertake a rationalisation of its assets in the near future.
23. As soon as practicable, council should consult with other affected councils to develop an applicable drought management policy and procedures.
24. Council should endeavour to explain fully to the community the reasons for its decision to write off assets associated with the limestone quarry.
25. Plans of management for all community land owned/controlled by council need to be developed.

Community and Consultation

26. Council should review its current community service provision and consider a more integrated social and community planning process. It should aim at increasing council and community capacity to identify issues and achieve appropriate solutions.
27. Council's 2007/2008 management plan should include an access and equity statement (as set out in the department's Social Community Planning Guidelines and Manual 2002) to outline activities from the social plan and other access and equity activities that council will implement in 2007/2008.
28. Council's next revision of its social plan should include a shorter executive summary of two to three pages that provides a brief overview of the issues.
29. Council's next annual report should contain an access and equity statement as set out in the department's Social/Community Planning Guidelines and Manual 2002.
30. Recommendations and strategies to address recreational and social needs outlined in council's social plan should be reviewed and considered by council for inclusion in its management plan on an annual basis.
31. Council should prepare long-term strategies to meet current and future needs for older people as part of its strategic direction.
32. 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.

33. Council should undertake periodic community surveys in order to find out what its community sees as priorities in service provision from council and what issues need addressing.

Workforce Relations

34. Building upon its existing human resource policies and practices, council should prepare a long-term workforce plan so that it can more effectively deliver its strategic vision now and in the future.
35. Council's Human Resources Manual 2003/2004 should be updated.
36. Council should develop a succession plan that builds upon its current practices in this area.
37. Council's equal employment opportunity management plan should be reviewed and updated.
38. Council should consider reviewing the membership of its consultative committee. Staff and management should drive the committee.
39. Council should finalise the review of all staff salaries as a matter of priority and apply its development appraisal system regularly and consistently.
40. Council should consider staff requests relating to improved flexible working hours and better allowances put forward through the consultative committee and advise staff of its decision.
41. Information and data recorded from council's completed exit interview forms should be considered in the development of the succession plan and in developing appropriate retention strategies.
42. As part of the development of council's workforce plan and succession plan, the General Manager should undertake a review of staff resignations over the

last two years to assist in the development of strategies to improve staff morale and staff retention.

43. Council should review all staff job descriptions, particularly for those positions that have additional tasks that are not currently acknowledged.
44. The General Manager should monitor the outcome of the strategies agreed to with Council's Director of Finance and Corporate Services Council to improve his communication and interaction with staff.
45. Council is encouraged to carry out an employee attitude survey in the near future and thereafter on a periodical basis.
46. The matter relating to some staff members perceiving that they had received unequal access to training should be referred to the consultative committee for consideration. Options to address this matter could include improved communication to staff about how training is determined and how to correctly lodge a grievance in the event of perceived unequal treatment.
47. Council should ensure that performance criteria for the General Manager and senior staff include the need to effectively manage workforce relations issues, including as part of future contracts for the General Manager and for senior staff.

4. CONTEXT

Cabonne Local Government Area (LGA) is located in Central West NSW primarily to the north and west of the Orange LGA. The 1996 Census data puts the population of the shire at 11,944 people. There are differing degrees of geographical isolation experienced by residents of the shire, who can experience limited access to services located throughout the shire.

The LGA extends from Eugowra in the west, Ophir in the east, Canowindra in the south and Yeoval to the north. It is over 6,000 square kilometres in area and has three national parks inside its borders. There are eight villages in the shire, each with different needs and different services provided. In addition there are significant numbers of residents living in areas surrounding each of the villages.

Despite employment possibilities being limited currently, unemployment rates tend to be lower than in surrounding regional centres. Employment is mostly in the area of primary industry but service industries including community services are growing. Cabonne Country produces a variety of foods including beef, lamb, venison, apples, berries, canola oil, wine, spring water, flour and honey.

Cabonne has relatively poor public transport services although there are bus services (both State Rail operated and private operators) and community transport. The closure of railway stations, bank branches and reductions in other services has impacted negatively on the community.

In November 2005 the Molong township was subject to major flooding. Approximately 30 houses and businesses went under water when the Molong creek broke its banks. Council staff and councillors provided services and assisted the local community during the crisis and the recovery period afterwards. These services provided by council staff are essential services in smaller rural and remote communities and the department wishes to recognise the work of council staff during those times in particular.

Cabonne is one of three member councils of the Wellington, Blayney, Cabonne (WBC) Strategic Alliance. The Alliance has also been reviewed, the outcome of which will be reported in a separate review process.

5. COUNCIL'S AMBITIONS, PRIORITIES AND FUTURE FOCUS

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

What is working well

In interview the mayor expressed the view that council's role was to bring the shire together, to promote Cabonne Country (including clear branding of the LGA) and to increase economic development. To that end council has facilitated the establishment of some significant industries in the area that have contributed to some economic growth and employment in the area. They have done this by streamlining council processes and undertaking negotiations with industry prior to development applications being lodged.

In 1997/1998, council directly consulted with its villages in order to revive and reinvent their communities and sense of place. "Vision 2007 - Cabonne Country" was the result of this process and became a landmark strategy and plan that has won several awards for council. The strategy and plan are managed by the Cabonne Country Small Towns Development Group and have been updated several times. The current document is entitled "Vision 2009 - Cabonne Country Small Towns Development Project".

Council has planned major infrastructure projects as part of its current management plan and its 2006-2016 Capital Development Community Enhancement and Infrastructure Program. These projects will contribute greatly to the achievement of council's goals and benefit the community when they are completed. Examples include continuing to develop their roads system, upgrade of swimming pools and the provision of four new sewerage systems in some town and local villages. It is important that council carries out these projects in the timeframes provided. Council is also partnering with Orange City Council in the development of a waste management facility.

In the interests of long-term economic benefits council has recognised the need to develop industrial and residential lands and has started to do so. It has also looked to diversify its income streams that should allow council to continue to maintain a healthy financial basis from which to operate.

The establishment of the Corporate Development Unit (CDU) should assist council to incorporate its planning at strategic, management and operational levels.

Challenges to improve

The adoption of agreed and well-understood vision and mission statements within a strategic plan is critical to being able to operate strategically. Council's current strategic plan "Vision 2009 - Cabonne Country" has a life of only two more years. It is recommended that the strategic plan be renewed and extended to cover a period of ten years into the future.

The short-term focus of the strategic plan does not allow for effective integration of other council plans. Strategic planning should be closely linked to management and other operational plans. For example, they should cover workforce planning strategies in those areas with significant skills shortages. **(Recommendation 1)**

While the Mayor and General Manager were able to clearly articulate council's future direction, other staff indicated that they were unclear of council's direction. Council's strategic plan and management plan are not available on council's website. Council needs to be able to better articulate and promote its vision and strategic direction and to explain how it will be achieved to councillors, the community and staff. Staff and councillors in particular should be clear about how they contribute to achieving council's objectives. **(Recommendations 2 and 3)**

Council is encouraged to use its existing community consultative processes and the department's strategic self assessment tool as a basis for engaging staff, councillors and the community in the process for developing a fully integrated long-term plan for the shire. **(Recommendation 4)**

Like many rural councils, attracting and then retaining staff with specialist skills is an issue. Developing creative strategies to deal with skill shortages in the area is an important task for councils at this time. Council should develop strategies and plans to improve retention of specialist staff in particular and for its workforce more generally. **(Recommendation 5)**

6. DELIVERING AND ACHIEVING

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

6.1 Governance

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

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

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

Organisational structure

It is the councillors' role collectively as the governing body to determine the organisation structure and the positions within that structure that are senior staff positions, as well as to allocate resources towards the employment of staff within that organisational structure. The council may re-determine the organisation structure from time to time but must re-determine it within 12 months after any ordinary election of the council.

Council's organisational structure has been reviewed in accordance with legislative requirements and positions are clearly linked to each other throughout the organisation.

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. Cabonne Council's councillor induction training has been thoughtfully prepared and is delivered at the appropriate times. Refresher training for councillors after a period of time of undertaking the duties of a councillor may further assist them to perform their roles.

Council meetings

Council meetings are generally conducted in accordance with the Act and council's Code of Meeting Practice. The minutes of meetings are clear and user friendly. The mayor indicated preferring to conduct meetings in a formal manner and the council meeting minutes reflect this. Meetings are generally conducted in a timely manner. Young people in the shire are encouraged to participate.

Code of conduct

The council's code of conduct adopted under the Local Government Act is important because it assists councillors and council staff to understand the standards of conduct that are expected of them. 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. Council has conducted initial and refresher training on its code of conduct for indoor and outdoor staff.

Risk management and internal control

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. 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 risk management.

Council has a risk management policy adopted in 1995. Council conducts site specific risk assessments and has the appropriate documentation to support those assessments. However, council's risk management appears to be conducted on an ad hoc basis rather than as part of any planned process. It also appears to relate only to specific activities of council rather than to all of council's activities. Council should review and update its policy and develop an enterprise risk management strategy as soon as possible. **(Recommendation 6)**

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 regularly reviewed to ensure they remain current. Council's delegations meet the requirements of section 377(1) as matters to be determined by council resolutions have been delegated to the General Manager or any other person or body.

Organisational mission and objectives

Council's Mission and Vision Statements are well prepared. However, most staff interviewed were unable to articulate what they are. Council should ensure that staff are informed of what council's organisational mission, vision and objectives are and how they relate to the work they perform. **(Recommendation 7)**

Directors appeared to be familiar with their own areas but not other areas indicating council could be operating in "silos". More effective communication would enable directors to become more familiar with the work undertaken by other areas of council. The General Manager should work on improving the strategic breadth of understanding of the organisation to enable staff to become more familiar with other aspects of council's work apart from their own areas of responsibility. **(Recommendation 8)**

Staff roles and responsibilities, particularly in the area of asset management, appeared to be unclear to staff and were not clearly set out in council documentation. The General Manager should ensure that staff roles and responsibilities are clarified and that all staff are aware of their respective roles. **(Recommendation 9)**

Pecuniary interest

The Local Government Act sets out the parameters that must be adhered to when councillors and staff have a conflict between their public duty and private interests that 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. Not doing so has the potential to seriously undermine the community's confidence in the integrity of local government and the decision-making processes.

It is important that councillors and staff who are identified as designated persons complete their pecuniary interest returns accurately and in a timely way. We conducted a review of written returns of interests. Generally they were satisfactory but the standard of the returns did vary. Common issues include failing to use block

letters or to type responses and failing to include the word 'nil' where no entry is made.

Council should consider arranging or conducting an information/training session for councillors on how to accurately complete their annual pecuniary interest return.

(Recommendation 10)

Customer service and complaints handling

Council's system for capturing and reviewing customer service issues does not appear to provide sufficient access to the information captured to provide reports to council on council's performance in this area. Without collecting this data, council has little capacity to improve customer service, address matters of concern and address matters in a strategic, managed manner. Council should further develop a set of customer service standards that link to a comprehensive complaints handling system, and report on performance in relation to customer service and complaints to the elected council. **(Recommendation 11)**

Management plan and annual report

Each year council is required to prepare a draft management plan with respect to its activities for at least the next 3 years and its revenue policy for the next year. Sections 403 and 404 of the Local Government Act require certain particulars to be included in council's draft management plan. The draft management plan is to be exhibited in accordance with section 405 of the Act. Similarly, council must issue an annual report.

The review team examined the management plan and the annual report. Prior to adopting its current management plan, council consulted with its community and exhibited the draft plan as required. Council also publishes its annual report on its website and publicises it through its newsletter. Both the management plan and annual report appear to be broadly in compliance with council's statutory responsibilities.

The review team did, however, find parts of council's annual report quite difficult to follow, particularly the section "State of the Environment Report - Summary". It is

assumed that this is intended to be the Supplementary Report. As a summary of what council is doing this is acceptable but it is not possible to evaluate the effectiveness of council's work from the summary in this format. Council should ensure, if this is its supplementary report, that it follows the format of the Comprehensive Report to enable an evaluation of its work to be undertaken.

(Recommendation 12)

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*
- *Environmental management – State of Environment report*
- *Development assessment*
- *Section 94 plans*
- *Graffiti removal*
- *Enforcement practices*

Planning instruments and policies

Council is required by section 73 of the *Environmental Planning and Assessment Act 1979* to keep its planning instruments and policies, such as local environmental plans (LEPs) and development control plans (DCPs), under regular and periodic review. Council's first single LEP was gazetted in 1991.

Council has commenced an evaluation of planning functions with a view to complying with the recent changes introduced by the Department of Planning and to ensure its plans, policies, systems and practices are effective and efficient. The review team notes a total review is scheduled to occur through council's internal

corporate development unit, and recommends that this be completed as a priority. **(Recommendation 13)**

Local Environmental Plan (LEP)

Recent planning laws require councils to update their LEPs over coming years. Council has commenced a joint land use study to form the basis of the new LEP. The study will lead to a Village Strategy to address the local differences in characteristics and needs. Council should continue to work toward finalising its new LEP as a matter of priority. **(Recommendation 14)**

Council is also encouraged to incorporate relevant findings of its social and community plan within its new LEP. Within this context and given the current staff shortages in the planning area, it is also suggested that community services staff are key contributors to the development of the new LEP. **(Recommendation 15)**

State of the Environment (SoE) report

The department received from council a comprehensive State of the Environment Report in November 2004. It was prepared for council by consultants. Overall, the report is comprehensive but difficult to read in parts due to the use of technical language. In general the report complies with the relevant legislative requirements.

However, there is little evidence of community involvement in the preparation of the report. The report relies on external community data gathered for other purposes.

Other observations in relation to the report include that it:

- contains significant data, much of it at the state-wide or regional basis. Where possible, data relating to the shire has been used.
- tends to be operational rather than strategic in focus. This makes it difficult to evaluate the effectiveness of council's environmental approach.
- contains extensive information on land and water. However, the report is poorly organised. A summary of issues and responses at the conclusion of each section would improve readability.

- deals appropriately with waste. It is evident that this area has been a priority for council as part of the Wellington Blayney Cabonne Strategic Alliance.
- deals with biodiversity at the state and regional level but not locally.
- deals with Aboriginal Heritage at a state and national level but not locally.

Issues identified in the report are not always easily identified in the management plan. For example links to the management plan for water are clear but the links for land are not easily determined.

It is recommended that if council is going to continue to use an external consultant to prepare its Comprehensive State of the Environment Report, it should provide improved specifications and ensure that the work meets with departmental guidelines. **(Recommendation 16)**

Section 94

Section 94 contributions are separately identified in council's administrative and financial systems. In planning for section 94 contributions, council should also be mindful of the increase over time of funding required to maintain new assets. Cabonne Council recently decided to review and amend its section 94 plan. Over the past 15 years council has not levied developers at sufficient levels.

This adjustment will help fund additional facilities/amenities in future developments. To ensure that adequate funds are collected and expended in future developments, council is encouraged to regularly monitor and review its section 94 contributions plan. Funding to maintain these new assets should also be budgeted for. **(Recommendation 17)**

Development applications

The Department of Local Government's comparative information publication indicates that during the period 2004/05 the mean time in calendar days taken by council to determine development applications (DAs) was about 50 days, an improvement from about 62 days in 2003/04. Further improvement is required to reach the 40-day standard set by the *Environmental Planning and Assessment Act 1979*.

Council has a pre-lodgement advice service for applicants. This service helps applicants to make sure their application has been completed properly and contains the correct attachments, which in turn makes council's assessment more efficient.

Staff use a procedural guide or checklist to assist them in assessing DAs. The guide also helps to ensure that assessments comply with the legislation and that applications are assessed in a consistent manner. Council notifies residential development to adjoining owners as a matter of course as per its policy and in the case of applications lodged under section 96 of the EP&A Act as well.

Approximately 75% of DAs are dealt with under delegated authority. Councillors deal with the more contentious or significant applications. All determinations are reported to council on a monthly basis.

A Land Development Committee has recently been established to set up to facilitate the supply and development of residential and industrial land across the Shire. The minutes of the Land Development Committee are reported to the full council Meeting following Land Development Committee meetings.

To reduce potential conflicts of interest arising from council being both the developer and the consent authority, the roles of Council's Director of Engineering & Technical Services (who is usually the applicant) and the role of the Director of Environmental Services (who is normally responsible for assessing and recommending approval or non approval) have been clearly defined. The General Manager and Director of Environmental Services advise that these roles are strongly enforced.

It would seem, however, that this fails to address a public perception that there is a fundamental conflict between council's role as a developer and as a consent authority. Reviews of other councils, which have been involved in property development, have demonstrated that such internal separation of roles within council has done little to reduce the perception of conflicts of interest or promote public confidence in the assessment and determination of development applications. Council should consider establishing an independent hearing and assessment panel

for the assessment of development applications in which council is an applicant or has an interest. Alternatively, it could raise this issue with the Wellington Blayney Cabonne Strategic Alliance and form a panel, which could assess contentious development applications for all three Councils. **(Recommendation 18)**

Regulatory matters

A number of council's processes and documents need updating or need to be put in place to improve the way in which it carries out its regulatory functions. These include:

- an enforcements and prosecutions policy (incorporating a local orders policy) and provision for monitoring compliance
- a stormwater management strategy
- a companion animals strategy, including a plan and education program
- a procedure to enter dangerous dog data and nuisance cat and dog data on the Companion Animals Register (CAR).

(Recommendation 19)

Staffing

Council has a staff shortage in the planning department. There were two (2) resignations in the week of the on-site visit.

Council has taken the positive step of employing a trainee planner to address some of the skills shortage. However, as outlined in both the Strategic and Workforce Relations sections of this report, it is important to note that staff shortages are occurring for a number of reasons.

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.

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.

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 has made operating surpluses (before capital items) for the last two years. The surplus before capital items for 2004/05 was \$29,000. The unrestricted current ratio for council as at 30 June 2005 was 5.61:1 continuing its increases of previous years. This indicator is a measure of council's ability to meet its current financial obligations. A ratio of 1.5:1 is considered satisfactory: a ratio of 2:1 or better is generally viewed by the industry as good.

Council's debt service ratio for 2004/05 was 3.06% and for 2005/06 was 2.96%. This indicator assesses the degree to which revenues from ordinary activities are committed to the repayment of debt. There is no set benchmark for the debt service ratio given debt is influenced by a range of factors including the level of growth in a local government area.

The rates and annual charges outstanding percentage assesses the effectiveness of a council's revenue collection. The percentage of rates and annual charges that are

unpaid at the end of the year is a measure of how well a council is managing debt recovery.

For the financial year 2004/05 council had an outstanding rates and annual charges percentage of 4.06%, a decrease from the financial year 2003/04 percentage of 6.33%. Council's measures have ensured that this indicator has decreased to a satisfactory level. The written down value of council's infrastructure is generally slightly less than 50%.

Council's balance sheet shows council is financially strong and can pay its debts when they come due. All financial ratios (as outlined above) are healthy. Council's financial reserves are considerable and sound considering its size.

Council has conducted a financial health check that is reported on by staff to council regularly. Council's overall financial position is deemed to be satisfactory. Council has a number of key elements within a good financial planning framework. As noted below, this framework would be enhanced by long-term asset planning for its infrastructure by asset class.

Debt recovery

Council developed a Procedures Manual in August 2003 to guide staff in debt recovery for overdue rates and charges. It is clear and concise and covers all contingencies. Council's procedural guide for debt recovery for overdue debtors was developed in October 2006 for staff and is also well presented and thorough.

Investments policy

Council's Investment Policy was adopted in June 2001 and updated in March 2002. It clearly outlines delegated authority, types of approved investment and benchmarks for investments. Council manages its own investment portfolio and it is audited in accordance with requirements.

Asset management planning

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 no asset management strategy and the management of council's assets is spread across a number of areas with no obvious co-ordination. As noted earlier, there is a need to clarify roles in this area of responsibility. Although council has a long-term strategy to manage its road and related assets, council has not developed a comprehensive Asset Management Plan. This has not allowed council to forward plan all of its asset maintenance requirements, such as community facilities, and to seek funds to address its other specific asset maintenance shortfall. Council should develop a long-term asset management strategy and plan. **(Recommendation 20)**

Infrastructure

Council has recently resolved to increase its spending on infrastructure. Infrastructure in the area is in need of significant maintenance, as is common to all LGAs. Council has not applied for any special rate variations in recent years, which would be one way of addressing these needs. Council must assess the balance between the impact of a rate variation on ratepayers on the one hand and on the other of ongoing deterioration of infrastructure assets. A sound asset plan and asset management program should support requests for rate variations for such purposes. Council could also consider alternative sources of funding.

Council is to be commended for increasing its financial commitment. However, council's maintenance budget has been underspent while increasing financial reserves. An asset management and works program that uses the allocated funds to deliver these improvements should support council's increased financial commitment to infrastructure development and maintenance. **(Recommendation 21)**

Council's 10 year programme of infrastructure spending appears to be both necessary and in line with community expectations. However, given the written down value of council's infrastructure, it is important that council does not overly rely on road maintenance in the area of infrastructure maintenance and that council's

programme is underpinned by a sound long-term asset management strategy and plan, which is not in place **(see Recommendation 21)**.

Council has a sewerage treatment works located in Eugowra, Molong and Canowindra with parts of the LGA having septic systems. There is also a combination of treated water and bore water in the LGA. At the time of review, the northern parts of the LGA were drought affected, resulting in a downturn in council activities such as road maintenance. No grading could be done because of the requirement for water and grader drivers have had to be re-deployed to undertake other duties.

There is a \$300,000 toilet block replacement program in place and swimming pools and safety fences are regularly checked for maintenance requirements.

Council conducts asset rationalisations infrequently. In conjunction with developing an asset management strategy, council should undertake a rationalisation of its assets in the near future. **(Recommendation 22)**

Drought management

Council has no drought management policy/procedures. Water for the Villages of Cudal, Cargo, Manildra, Eugowra and Canowindra is supplied by Central Tablelands Water who have Level 4 Water Restrictions in place. Yeoval township was subject to water restrictions due to an Algal Bloom in Buckinbah Creek. No water restrictions were in place in Molong or Cumnock at the time of the review. Council should consult with other drought affected councils to develop an applicable drought management policy and appropriate procedures at the earliest possible time. **(Recommendation 23)**

Limestone quarry

Council owns a limestone quarry, which appears not to have been well managed. There have been financial losses, as well as some OH&S issues and staffing issues at the quarry. Council needs to resolve the problems associated with the operation of the limestone quarry as quickly as possible in the community's interest and to its benefit. In particular, council should take steps to better explain to the community its

decisions regarding a \$100,000 write off of assets associated with the quarry.
(Recommendation 24)

Plans of management for community land

The Department of Local Government issued a circular to councils on 16 May 2000 that included a copy of the revised Practice Note 1 – Public Land Management (May 2000). Point 4.4 of the Practice Note details minimum requirements for plans of management. Council does not have plans of management for all its community land. Plans of management for community land owned/controlled by council need to be developed in the near future. **(Recommendation 25)**

6.4 Community and Consultation

A council's charter requires that a council:

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

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

- *The methods council uses to involve and determine the needs and views of its community*
- *Social and community planning*
- *Annual reporting*
- *Economic development and tourism*

Community service provision

The Cabonne local government area covers 6,026 square kilometres. Geographic isolation is a significant issue for many residents in outlying rural areas particularly in relation to access to shopping, health, professional and educational facilities and services.

This geographic isolation has led Cabonne Council to become a significant provider of direct community services such as: childcare; home and community care services; community transport; and a visitors' scheme.

Council has an extensive community consultation network and has extensive policies and mechanisms in place. Since 1997-98 council has worked with residents and service providers of its eight (8) small towns and villages to identify a vision and specific priorities.

Council has also sought various improvement grants to assist each small town and village to further develop facilities and services for the community. For example, council has assisted in the development of integrated primary health and community care services in a partnership project with NSW Health. These services are of great benefit to the community and council is to be commended on its leadership in this area.

Council through its membership of the Wellington Blayney Cabonne Strategic Alliance has been successful in receiving a grant to assist carers of older people and people with disabilities across the region. This is viewed an effective and efficient way to provide much need services.

However, council should review its capacity to sustain such an active direct service provision approach to delivering community services in the long term. Some council staff perceived that some of the residents in the villages have become very reliant on council and have high expectations in relation to council providing direct services or funding.

For example, Council's Economic Development Officer reports that the communities in the small towns and villages needed extensive support. She spends 75% of her undertaking community development. Community development is an approach, which encompasses supporting existing communities, developing networks, building capacity, accessing government funds, providing advocacy and delivering services. The critical aspect of this approach focuses on building the community's capacity or increasing its skills and self-reliance.

Council's Community Services Manager's time appears to be largely focused on council directly providing services to the community. A community services trainee has been appointed to assist the Manager. Both direct service provision and community development/capacity are valid approaches. Council is encouraged to consider the extent to which it provides services directly as opposed to building the capacity of its community to sustain itself.

Council's Vision 2009 Cabonne Country, which lists the issues and priorities for each of the small towns and villages, does not appear to be linked to council's social plan. A more integrated social and community planning process, which promotes community development, could substantially increase council and community capacity to identify issues and achieve appropriate solutions. **(Recommendation 26)**

Cabonne Council Social Plan 2004-2009

Clause 200 (2) of the Local Government (General) Regulation 2005 requires all councils to develop a social/community plan, which must be prepared in accordance with guidelines issued by the Department. A social/community plan examines the needs of the local community, including groups that may be disadvantaged in some way, and formulates access and equity activities that council and/or other agencies could implement to address identified needs. Aspects of the social/community plan must be reported in council's management plan and annual report.

The Cabonne Council Social Plan 2004-2009 is a 60 page document. The plan is of a good standard and reflects that council has a good understanding of the social needs of its various communities.

The whole social plan is included as part of council's 2006/2007 management plan. However, the management plan does not include an access and equity statement to outline activities from the social plan and other access and equity activities that council will implement in 2006/2007. **(Recommendation 27)**

The plan has an executive summary. However, this is approximately 11 pages long. In a plan of its size, the summary should provide a brief overview of the issues and be no more than two to three pages. **(Recommendation 28)**

Council's most recent annual report does not contain a valid access and equity statement. While the report provides information about progress made by council's disability access committee in achieving a number of improvements to help people in wheelchairs to gain access to facilities (including disability parking), it does not report on the achievement of other access and equity activities set out in the social plan. **(Recommendation 29)**

Council does not have a recreational facilities plan for its area. While it is acknowledged that council currently provides a range of recreational facilities, council's social plan indicates that recreational facilities, services and programs are not adequate. Improved access to recreational and social opportunities is required by people with disabilities, older people who are frail aged, children and young people. Recommendations and strategies to address these needs are outlined in council's social plan. These should be reviewed and considered by council for inclusion in its management plan on an annual basis. **(Recommendation 30)**

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 16.4 per cent of the population currently aged 65+ years, Cabonne is NSW's 43rd oldest LGA. Between 2004 and 2022 the population of Cabonne is projected to increase slightly in size, from its current 12,667 to around 12,803 (1 per cent). Its youth and working age populations are projected to decline (though not in all age groups), while as elsewhere its elderly population will grow substantially.

Cabonne's population aged 65+ years is projected to grow to 55 per cent by 2022. At an average increase of 0.48 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). Cabonne's 85+ population is projected to almost double in proportion, from 1.9 to 3.5 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.)

Over time there is no doubt that the impact of the growing numbers of older people on the demand on 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 recent appointment of a community services trainee and provision of a range of support services. However, council must ensure it has integrated strategies across its various functional areas to address this challenge.

As mentioned elsewhere, council has been successful in receiving funding for a joint Carers' Support Project through the Alliance.

Council needs to consider ways to raise the awareness of this issue across all sections of council. Building upon strategies in its 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 direction. **(Recommendation 31)**

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 32)

Community survey

While council has worked closely with residents of its small towns and villages, it has not conducted a community survey in recent times. Council should periodically undertake community surveys in order to find out what its community sees as priorities in service provision from council and what issues need addressing.

(Recommendation 33)

Staffing

Council has also employed a community services trainee.

Tourism and economic development

Council has a vision statement and economic development strategy 2006-2009, which covers tourism and economic development. At the time of writing this report the current incumbent of the Economic Development Officer position was about to go on maternity leave. A 12-month action plan is in place to assist and guide the temporary replacement for that position.

Council has developed a clear media policy and improved its relationship with the local media, which is important in promoting tourism in small rural communities.

Council has embarked on an economic diversification strategy that has included opening up and increasing land sales for industrial and residential purposes. Council has assisted in business retention in the area through adopting more consultative processes and providing training and development.

Council also produces a regular Grantblast newsletter, which advises groups within the shire of grant funding that can be applied for. As mentioned earlier, council's economic development manager assists groups in compiling applications.

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*
- *Equal employment opportunity*
- *Staff development*
- *Grievance management*
- *Occupational health and safety*
- *Secondary employment*

Overview

There are 193 equivalent full-time (EFT) staff employed by Cabonne Council. The majority of staff are aged between 25-54 years and less than a third are women.

Workforce planning and management

Workforce planning and management is a critical strategic activity intended to ensure there are sufficient people to carry out an organisation's planning. All councils are exposed to a number of workforce issues, such as:

- the shortage of specialised skills in certain areas, such as in the area of planning. The 'National Skills Shortage Strategy for Local Government May 2007' provides more information and is available online at www.lgma.org.au.
- an ageing workforce
- a change in workload for certain sections as council's and government priorities change

- increases in career opportunities outside the area.

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

- identify internal and external factors workforce issues such as those mentioned above
- include a profile of the current workforce
- include or be linked to human resource policies and programs to address workforce issues. Examples are recruitment and retention strategies and succession plans for key positions, increased opportunities for apprenticeships, cadetships and traineeships to address these concerns.
- outline methods to monitoring and evaluate the effectiveness of workforce planning measures.

The workforce plan should be driven by council's strategic plan and where relevant, human resource policies and practices should be integrated with council's management plan. The key is to ensure that human resource plans and programs are in place to support and enable council's future directions and goals. The importance of workforce planning and management is underlined by the requirement to report annually in the management plan on council's human resource activities (section 403(2) of *Local Government Act 1993*).

Cabonne Council has a number of strategies in place in relation to workforce issues and has included specific objectives, performance measures and funding relating to human resource issues in its management plan for 2006/2007. Council does not have a workforce plan or human resources strategy. A more coordinated and integrated approach would make council's existing efforts in this critical strategic area more effective. **(Recommendation 34)**

Human Resources Manual

Council has a comprehensive Human Resources Manual 2003/2004 that covers a wide range of policies and procedures. The manual needs to be updated.

(Recommendation 35)

Succession planning

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

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

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

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

Council currently undertakes succession planning for key positions and in the past has successfully managed transition of staff into more senior positions. Examples

include two Council Overseers, Council's Specialist Plant Operator, Finance Manager and Operations Manager.

Approximately three years ago council commenced a small program of engaging trainees and apprentices. The Trainees and Apprenticeship Program has expanded and been adopted by the Wellington Blayney Cabonne Strategic Alliance and last year 21 trainees and apprentices were appointed across the three council areas. In 2006/2007 approximately 18 trainees and apprentices will be engaged. Alliance Councils have set a target of 5% of their workforce as trainees and apprentices on an annual basis.

In the current year council engaged sixteen trainees and apprentices as part of the Alliance program. Since the program has been initiated Council has enjoyed considerable success with some of the trainees and apprentices appointed and has very high hopes for them continuing through Council's organisation, particularly in view of the fact they are local people and keen to stay in the local area. Council believes that with the appropriate training and skills acquisition these trainees and apprentices will become very valuable to Council in the future.

Council is commended for its active involvement in this program. It represents a very proactive and, potentially, a very effective strategy that will assist with shaping council's workforce so that it is capable of delivering its charter now and in the future. The Alliance's approach and level of commitment to fostering trainees and apprentices is exemplary to other councils.

Notwithstanding council's efforts in this area, a more formalised approach to succession planning that builds upon its current practices in this area is encouraged.

(Recommendation 36)

Occupational Health and Safety

Satisfactory OH&S policies and procedures are in place. The OH&S committee meets regularly every two months and has the correct representation. One example of the efficient implementation of one of council's OH&S policies occurred during the flood in November 2005 when the injections necessary to prevent infection were

given promptly to staff. There have been few claims in recent times and council had 75 days without time lost at the time of review. It also appears to have reduced its workers compensation premiums.

Equal Employment Opportunity Management Plan

Council has an equal employment opportunity management plan covering a two-year period from 2003 – 2005. It is a comprehensive plan. However, it needs review and updating. **(Recommendation 37)**

Induction Program

There is a structured induction program that is consistently applied in a timely manner when staff first commence their employment, which is then followed up after a staff member has been employed for a short period of time.

Consultative committee

Council's consultative committee has not met for the last few months, presumably due to the vacancy in the Human Resources Manager position. The committee includes councillors as members. Given the role of the committee is largely operational, councillor membership is not always appropriate. Should council decide to continue to maintain councillor membership, councillors should refrain from participating in operational matters. Staff and management should drive the committee. **(Recommendation 38)**

Staff morale

In interviews with individual staff members and representatives of the consultative committee the morale of staff in general was perceived to be quite low. This was seen to be impacting on job satisfaction and productivity. A number of specific issues were identified as contributing factors. Current issues that appeared to be unresolved at the time of the review include:

- The Local Government (State) Award 2004 requires that council has a salary system that determines how employees are paid and requires that an employee shall be paid the salary system rate of pay that recognises the skills the employee is required to apply on the job.

Regular reviews as part of that system are an important part of ensuring staff skills are recognised and compensated accordingly. Perceived and real inequities in salaries, for example where senior staff are receiving increases greater than those received by other staff, can cause friction in council's workforce. Council should finalise the review of all outstanding staff salaries commenced in mid-2006 as a matter of priority. **(Recommendation 39)**

- The consultative committee has identified staff demands for management to consider improved flexible working hours and better allowances, and these are matters management should continue to consider and respond on through the consultative committee. **(Recommendation 40)**

- In the period 2002/2003, 24 staff left council; in the period 2003/2004, 18 staff left; in 2004/2005, 31 staff left; and in 2005/2006, 25 staff left. In total, three staff resigned in the week of the review. Council has conducted regular exit interviews for a number of years. Council's Exit Interview form is comprehensive and provides information to assist in developing a succession plan including retention strategies. Exit interviews should continue to be conducted to try to determine reasons for staff leaving. **(Recommendation 41).**

- The turnover of staff is particularly high in the planning and administrative areas. In recent years the position of personal assistant to the Director of Finance and Corporate Services has turned over nine (9) times and the Human Resources Manager has turned over four (4) times. This suggests a need for the General Manager to conduct a review of this situation as part of the development of a strategy to improve staff morale and staff retention. **(Recommendation 42)**

- Some staff claimed that they had taken on additional duties, including tasks involved with the WBC Strategic Alliance, but their job descriptions have remained the same. The performance of related duties for an organisation of three councils is different work than that performed for a single employer. The

position description's reviewed did not refer to Alliance work. Some staff were employed prior to the existence of the Alliance in its current state. Those duties need to be reflected in the position description. Council should regularly review all job descriptions and determine if Alliance work is also included

(Recommendation 43)

- Some staff perceived problems of poor communication and lack of respect towards them from the Director of Finance and Corporate Services. One example, related to an email from the Director Services threatening staff with fines if they refused to cooperate with the review team while they were visiting council as part of this review. This is not consistent with the department's cooperative approach to the review process. **(Recommendation 44)**

- Council has not acted on a commitment to carry out a survey of employees to give them the opportunity to provide feedback to council as an employer. Council is encouraged to regularly carry out such surveys. **(Recommendation 45)**

- Some staff expressed concern over unequal access to training. The Local Government Award (clause 23) requires each council to develop a training plan and budget. The Award prescribes what is required to be taken into account when preparing the plan. The Award requires that the plan be designed in conjunction with the council's consultative committee. Councils have other obligations in regard to staff training. Council staff in specialised roles are often required to maintain certain qualifications/complete refresher training in order to be allowed to carry out their work.

Council's staff training is identified as part of the annual Development Appraisal System process. The training needs identified are then used to prepare an Annual Training Plan. This plan also takes into account the needs and priorities of Council identified through its management plan and budgeting process, skills upgrading required by individual staff members, statutory training required, licence renewals and requests by staff.

In any organisation there will always be situation where the training requested by an individual staff member may not be consistent with the issues identified above. However, given that more than one staff member perceived that they had received unequal access to training, this matter should be considered by the consultative committee. Remedies could include improved communication to staff about how training is determined and how to correctly lodge a grievance in the event of perceived unequal treatment.

(Recommendation 46)

General manager's performance appraisal

The Mayor advised that the General's Manager's performance is monitored annually and that council is satisfied with his performance. The General Manager's last performance review appears to have been carried out for the year 2004 to 2005. The General Manager was advised of its outcome in February 2006.

Council recently awarded the General Manager a retention bonus as an incentive to stay with council. The General Manager's personnel file did not contain any information relating to the criteria used to assess his performance or documentation regarding assessments made against these criteria. The deliberations of the review panel should be included on the General Manager's file.

Workforce relations, in particular, the issues affecting staff morale, were highlighted as an area the mayor and General Manager need to focus immediate attention on. These issues impact on the effectiveness and efficiency of the whole organisation. Addressing them is specifically the responsibility of the General Manager and his senior staff, and future contracts for the General Manager and for senior staff should ensure there are performance measures to address these issues.

(Recommendation 47)

7. COUNCIL'S RESPONSE



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23rd May 2007

Ms Caroline Egberts
Senior Investigations Officer
Department of Local Government
Locked Bag 3015
NOWRA NSW 2541

Dear Caroline,

Re: Draft Report Promoting Better Practice Review

Thank you for your letter dated 20th April 2007, received by Council on the 3rd May 2007. I confirm previous advice that the Draft Report would be Workshopped with Councillors and staff at the Council Meeting to be held on Monday 21st May, 2007 and this has now taken place and has been used in formulating this response.

As previously advised to Department Representatives, due to a shortage of time during the visit, it was not possible for any length of time to be spent with the General Manager and therefore some matters have already been further clarified with Caroline Egberts from the Department. These issues are noted in the comments in relation to the various recommendations.

Errors in Report

In dealing with the comments and recommendations in the report, the following information is provided, indexed by Recommendation Number. The number of simple errors in the report should be corrected prior to its release. Errors identified to date include the following:

- The date of the visit was the 8 and 9 November (page 5)
- The spelling of Yeoval (page 14)
- Eight Villages in the Shire (page 14)
- The flooding in Molong occurred in November 2005
- The 1997/98 production of the Vision 2007 Document was completed in-house (page 16).
- The Ten Year Capital Development Community Enhancement and Infrastructure Program includes the provision of Four new Sewerage Systems – not just the enhancement. (page 16)
- Council has Sewerage Treatment Plants located in Eugowra, Molong and Canowindra. (page 33)
- It needs to be clarified that water for the Villages of Cudal, Cargo, Manildra, Eugowra and Canowindra is supplied by Central Tablelands Water who have Level 4 Water Restrictions in place. (page 33). Yeoval township was subject to water restrictions due to an Algal Bloom in Buckinbah Creek. No water restrictions were in place in Molong or Cumnock. (page 33).

Review team response

The corrections have been made in the body of this report.

General Comments

Councillors were supportive of the Better Practice Review, however did pass some general comments that

- (a) A number of the recommendations would apply to the majority of Councils in New South Wales and it is understood these are in accordance with the directions being given by the Department of Local Government generally.
- (b) Some of the recommendations need to be re-worded, as they may appear to give a negative connotation. For example:
 - i) Recommendation 7 says “That Council’s delegation should be reviewed to ensure there are no delegations to the General Manager or any other body or person that are listed in Section 377 (1) as matters to be determined by Council”. Councillors thought that this inferred that there might be delegations outside Section 377, when Cabonne Council’s delegation to the General Manager specifically excluded those delegations under this section.
 - ii) A further example is Recommendation 11, which stated “Council should consider arranging or conducting Training Session for Councillors on Pecuniary Interest requirements”. Councillors have already attended a number of sessions in relation to Pecuniary Interest requirements and indeed Council’s recording and handling of Pecuniary Interest is viewed to be of a high standard. On further examination it appears that Recommendation 11 may relate to the way some of the forms are being filled out in relation to things such

as “Nil” or “N/A” of whether BLOCK letters should be used instead of lower case.

- iii) Recommendation 22 which states “Council needs to remain committed to a decision to allocate more money to infrastructure maintenance“ this can be interpreted to mean that Council is wavering from its commitment or maybe considering reallocating the money elsewhere. Councillors were of the view that they remain stronger than ever committed to infrastructure maintenance and the Ten Year Capital Development Community Enhancement Infrastructure Program. This is evidenced by the 2007/08 Draft Budget which sees record expenditure in roads and transport area and significant upgrading of Council assets, eg Pools, Village Enhancement, water supplies etc.
- iii) Recommendation 38 states that “Council should commence succession planning for key Council positions in the near future”. Council already undertakes succession planning when vacancies are anticipated and has successfully filled a number of positions in recent years. The problem occurs when unexpected vacancies occur despite commitments and good intentions by staff given at a point in time. Council acknowledges that these issues also need to be considered in succession planning, however it is sometimes difficult to do so.

As another general comment Councillors and staff were of the opinion that the interviews with certain staff members may have been affected by the high turnover being experienced by Council at the time of the visit. This may have resulted in some of the negative responses received by staff and would undoubtedly have affected morale in some sections of Council. With very few vacancies and the appointment of staff to relevant positions in the last five months, Council believes that the situation would have changed for the better. Councillors also commented that they believe Council’s Meetings were conducted quite formally and thought there may be some misinterpretation in relation to Page 20, which says “Council’s Meetings are generally conducted in the required manner”.

Councillors also believe that some of the recommendations are general in nature and could be more specific eg. Recommendations 25, 31, 42, 46 and 48.

Review team response

- (a) Agreed
- (b) i) – iv) Council’s comments in relation to recommendations 7, 11, 22 and 38 were considered by the review team and response have been provided below in the responses to specific recommendations.

The report acknowledges that high turnover among other things was affecting staff morale at the time of the review teams visit.

The statement on page 20 has been amended to read Council meetings are generally conducted in accordance with the Act and council's Code of Meeting Practice.

Council's comments in relation to recommendations 25, 31, 42 and 46 were considered by the review team and responses have been provided below in the responses to specific recommendations

Responses to Specific Recommendations

- 1. Building upon its current strategic direction, council should develop a fully integrated long-term strategic plan for the shire to cover at least the next ten years. The plan should be more closely linked to management and operational plans.*

Council Response

Council notes that a number of the elements of a long term Strategic Plan are being put in place and its goal is to work towards an integrated Long Term Strategic Plan as recommended by the Department's Investigation Officers.

Review team response

Noted

- 2. Council should better articulate and promote its vision and strategic direction to the community, councillors and council staff (including making the plan available on council's website).*

Council Response

Council's Management Plan is on Council's Website, however Council agrees that every effort must be taken to articulate and promote its vision and Strategic direction as widely as possible.

Review team response

Noted

- 3. Council should set clear objectives and strategies that identify how staff, councillors and the community can contribute to realising its strategic direction.*

Council Response

Council has a number of strategies in place to help communicate and involve the communities including:

- Regular Community Consultation Meetings conducted across each community at least twice during each term of Council.
- Specific purpose Community Focus Meetings.
- An extensive network involving Progress Associations where key matters are referred to these groups, eg Village Enhancement Program, Sewerage Schemes etc.
- Letter drops on specific issues.
- Involvement in Small Town Development Group (this brings a representative from each town across the Shire to a Meeting on a bi-monthly basis).
- Appointment of a Councillor Representative to each Progress Association
- Numerous Section 355 Committees that assist in providing a range of services to the community.
- Special Purposes Committees (Cabonne Tourism Advisory Committee, Cabonne Access Committee, various Flood Plain Management Committees, Orchardists Taskforce etc).
- Weekly Radio Program on Radio Station 2PK
- The allocation of the Media/Public Relations task to Council's Economic Development Manager/Promotion and Tourism Officer – this sees regular Media Releases produced and referrals to and from various Media outlets.
- The Mayor's monthly News and Views Column.
- Excellent relationship with TV, Radio and Print Media.

Council would contend that its Community Consultation is one of its strong points, however believes that too much communication is not enough and is of the view that the integration of the various activities currently being undertaken could assist in achieving the intent of Recommendation No. 3.

Review team response

While community consultation may be a strong point with council the recommendation is actually directed at community participation, developing each community's capacity to assist in its own growth and development as part of the strategic planning process.

- 4. Council is encouraged to use its existing community consultation processes and the department's strategic self-assessment tool as a basis for engaging staff, councillors and the community in developing a long-term strategic plan.*

Council Response

See comments in Recommendation 3. With this and the tools provided in the Department's Strategic Self Assessment Document, Council believes that it is well equipped to develop the long term Strategic Plan referred to in this recommendation.

Review team response

Noted

5. Council should develop strategies for retention of its workforce, in particular, specialist staff.

Council Response

Council has a number of strategies in relation to the retention of its workforce.

These include:

- Council's Market Forces Policy
- Council's Training Policy, with sufficient flexibility for tertiary studies for appropriate staff.
- In recent times Council has assisted with relocation expenses when recruiting staff (eg financial contributions, housing, removalist expenses etc.)
- Council had commenced a review of its Salary System in 2006, however this was delayed because of the resignation of the previous Human Resource Officer. Negotiations commenced some months ago with Consultant Peter Bell to review Council's Salary System. Mr Bell will be presenting the revised Salary System to the Consultative Committee on Friday, 15 June 2007.

Review team response

Noted.

6. Council should review and update its risk management policy and develop an enterprise risk management strategy as soon as possible.

Council Response

Council has a range of Risk Management initiatives underway but does agree that an integrated Council wide Risk Management Strategy should be implemented.

Review team response

Noted.

7. Council's delegations should be reviewed to ensure that there are no delegations to the General Manager or any other person or body that are listed in section 377(1) as matters to be determined by council.

Council Response

A Review of Council's delegations to the General Manager reveals that they specifically exclude any items under Section 377 (1). This recommendation appears not to be necessary.

Review team response

Recommendation 7 has been removed and so has the reference in the body of the report.

8. Council should ensure that staff are informed of what council's strategic vision and objectives are and how they relate to the work they perform.

Council Response

Council has a system in place to communicate its Strategic Vision Objectives to staff, however it is obvious that following the Better Practice Review that more effort in this area is required.

Staff are involved in the preparation of Departmental Operating Plans prepared by their Director, but it is essential that staff at all levels are appropriately informed.

Review team response

Noted.

9. The general manager should improve staff communication to ensure senior staff has a good understanding of council's activities other than their own areas of responsibility.

Council Response

In reviewing this recommendation with Council's Senior Staff, the General Manager was advised that the Director's responding were of the opinion that the questioning and inquiries by the Departmental Inspectors related to their own Departments and not across the whole Council area. This may have led to the impression that staff did not have an understanding of Council's activities other than their own areas of responsibility. Council conducts fortnightly Directors (MANEX) Meetings where between thirty and fifty items can be regularly listed on the Agenda. It is the view of the Senior Staff that there may have been some misunderstanding to the intent of this area of investigation.

It is worthy to note that Council's new Director of Engineering & Technical Services Rob Staples has advised, of his own free will, that the communication amongst Council senior staff is the best he has seen in the Councils that he has been involved with.

Councillors were also of the opinion that from their perspective and involvement that Senior staff had a “good handle” on “Whole of Council” operations and issues.

Review team response

The questions asked by the review team are standard questions asked at each council review. The review team’s view is that an integrated understanding and approach was not apparent from the discussions conducted.

10. The general manager should ensure that all staff roles and responsibilities are clarified and that all staff are made aware of this information.

Council Response

This appears to relate to the new structure within the Engineering Department, particularly in relation to Asset Management. At the time of the Inspectors’ visit this new structure and responsibilities were being “bedded down” and if the criticism relates to this area, it is a fair comment to make.

The Engineering Department has regular Managers Meetings, Operations Meetings and Staff Meetings and it is believed that this situation would now be much improved then when the inspection took place.

Review team response

Noted

11. Council should consider arranging or conducting a training session for councillors on pecuniary interest requirements.

Council Response

Council has conducted a number of Training Sessions for Councillors on Pecuniary Interest, Code of Conduct etc and does not believe that any further training is necessary at this point in time. A review of Council’s Minutes and proceedings of meetings will indicate that Council handles these matters most effectively.

Councillors at the Workshop commented that the General Manager, Mayor and staff were particularly tough on Councillors with Pecuniary Interest requirements and they were very conscious of not only Pecuniary Interest requirements but also Declarations of Interest and ICAC Regulations.

Council staff have carried out training for our Alliance partners Wellington and Blayney and has received very favourable comments from those Councillors about the quality of training and the material presented.

It is understood that this recommendation may relate to the way some of the words used by Councillors in filling out the Pecuniary Interest Forms. If this is the situation, perhaps this recommendation needs to either be deleted or re-worded.

Review team response

The text in the report preceding this recommendation refers exclusively to pecuniary interest returns. The recommendation refers to training/information in relation to completing these forms correctly and has been reworded accordingly.

12. Council should develop a set of customer service standards that link to a complaint handling system and report periodically on performance and complaints handling generally to the council.

Council Response

Council has a computerised Customer Action Request System (CARS) currently operating. A copy of a recent print out is attached for your information. Council's Customer Service Policy is that correspondence should be answered or acknowledged within fourteen days and that responses to telephone messages should be responded to fully in two days.

Council believes that the current system should be acknowledged, however does agree that it needs to be further developed and a report be prepared for Council on Customer Service performance and complaints handling.

NB. Constant monitoring of the system by the General Manager.

Review team response

Council's system for capturing and reviewing customer service issues does not appear to provide sufficient access to the information captured to provide reports to council on council's performance in this area. Further development is needed, as acknowledged by the General Manager's response.

13. Council should ensure that its State of Environment supplementary report follows the format of the Comprehensive Report to enable an evaluation of its work to be undertaken.

Council Response

Council agrees with this recommendation.

Review team response

Noted.

14. Council should ensure that a comprehensive review of its environmental planning functions is completed as a matter of priority.

Council Response

It should be noted that this was already in the Action Plan for the Director of Environmental Services in the current year and Council agrees with this recommendation.

Review team response

Noted. The draft report acknowledged that this review had already commenced. The emphasis is on completing the review as a matter of priority.

15. Council should continue to work toward finalising its Local Environmental Plan as a matter of priority.

Council Response

Council's efforts in finalising the Local Environmental Plan have been hindered by the delays caused by the Consultants appointed to do the project and the State Government's Inquiry into Central West Rural Agricultural Lot Sizes. This is most frustrating for Council with the recent Inquiry likely to put the process back some six to twelve months.

The completion of the LEP had already been identified as one of Council's key strategic priorities.

Review team response

Noted.

16. Council should incorporate relevant findings of its social and community plan into its new LEP. Community services staff are encouraged to work closely with planning staff as key contributors to the new LEP.

Council Response

The LEP process incorporates Social and Community issues and Council agrees with this recommendation.

Review team response

Noted.

17. If council is going to continue to use an external consultant to prepare its Comprehensive State of the Environment Report, it should provide clearer specifications and ensure that the report meets departmental guidelines.

Council Response

The Brief and instructions to the Consultants appointed to prepare the State of the Environment Report stated that the Guidelines had to be in accordance with the guidelines produced by the Department. This will be reviewed and any necessary changes made in future reports.

Review team response

Noted.

18. To ensure that adequate funds are collected and expended in connection with future developments, council should regularly monitor and review its section 94 contributions plans. Funds to maintain these new assets should also be budgeted for.

Council Response

Council conducted an extensive review of and Workshops on its Section 94 Contributions in relation to roads (its major asset and major source of expenditure) in 2006. Following advertising this Plan has now been adopted by Council. This needs to be acknowledged. Council agrees that regular reviews and Budget Allocations need to be made.

Review team response

Noted.

19. To ensure that the recently established Land Development Committee deliberations are transparent and comply with the relevant legislation, it should document and report its deliberations to council on a regular basis.

Council Response

It appears there is some misinterpretation on the role of the Land Development Committee. This Committee is set up to facilitate the supply and development of residential and industrial land across the Shire, it is not to ensure that Development Applications where potential conflict of interest arise are adequately dealt with. The roles of Council's Director of Engineering & Technical Services (who is usually the applicant) and the role of the Director of Environmental Services (who is normally responsible for approval) have been clearly defined and are strongly enforced.

The Minutes of the Land Development Committee are reported to the full Council Meeting following Land Development Committee Meetings. Samples of these Minutes can be provided if required.

It appears that recommendation 19 may not be necessary.

Review team response

Noted. The report has been amended accordingly to reflect the role of the Land Development Committee. Recommendation 19 has been replaced with another

recommendation, which encourages council to consider and address potential conflicts of interest in its role as both applicant and consent authority.

20. Council should update or put in place the following processes and documents to improve the way in which it carries out its regulatory functions, including:

- *an enforcements and prosecutions policy, including monitoring procedures (and incorporating a local orders policy under the Local Government Act 1993)*
- *a stormwater management strategy*
- *a companion animals strategy, including a plan and education program*
- *a procedure to enter dangerous dog data and nuisance cat and dog data on the Companion Animals Register.*

Council Response

Council agrees with this recommendation.

Review team response

Noted.

21. Council should develop a long term asset management strategy and plan.

Response Council Response

The Development of a Long Term Asset Management Strategy and Plan is underway within the WBC Alliance. Specific training has been conducted for Council staff and standard procedures for collection and use of data have been agreed to, as well as a standard approach to road classification. Council supports the ongoing development of this Long Term Asset Management Strategy and strongly believes a coordinated approach for Local Government not only across New South Wales but across Australia is needed if the data is to be useful and meaningful comparisons to be made.

Council nominated its previous Director of Engineering & Technical Services Jason Gordon to be on the Working Party for the LGMA Tool Kit – Asset Management Module, as a means of ensuring it was up to date on the overall approach to Asset Management in the State.

Review team response

Noted.

22. Council needs to remain committed to its decision to allocate more money to infrastructure maintenance.

Council Response

Council is committed to its decision to allocate more money to infrastructure maintenance and has continued to provide funds in its Annual Budgets for its Ten Year Capital Development, Community Enhancement and Infrastructure Program.

Indeed in the 2007/08 Budget Council has allocated a record \$11.9 million to Roads and Transport Infrastructure and considerable funds (eg. \$600,000 to upgrading Swimming Pools, \$600,000 to Village Enhancement and \$900,000 to Molong Water Supply) to show its commitment. Council acknowledges the intent of the recommendation, but assures the Department that infrastructure maintenance has been identified as a key strategic issue and is a very high priority for Council.

Review team response

Noted. Council is commended for continuing and recently enhancing its financial commitment to infrastructure maintenance and development. The reference in the review report and recommendation refers to the underspending of the maintenance budget. Council's decision to allocate more money to infrastructure development and maintenance should be supported by an asset management and works program that uses the allocated expenditure to deliver these improvements. The body of the report and recommendation have been modified to reflect this.

23. In conjunction with developing an asset management strategy, council should undertake a rationalisation of its assets in the near future.

Council Response

Council agrees with this recommendation.

Review team response

Noted.

24. As soon as practicable, council should consult with other affected councils to develop an applicable drought management policy and procedures.

Council Response

Council agrees with this recommendation.

Review team response

Noted.

25. Council should endeavour to explain fully to the community the reasons for its decision to write off assets associated with the limestone quarry.

Council Response

This recommendation appears to relate to the \$100,000 for the write-off material at the stockpile at Council's Limestone Quarry.

It should be noted that Council has called Expressions of Interest for the Sale or Lease of the Quarry and has received a number of Expressions. The Sale or Lease however cannot proceed due to a mistake within the Department of Lands in 1996 in

relation to a small piece of Crown Road. This situation is now being rectified, however it will take time due to Native Title extinguishment for this small portion of the road.

Council's financial position is fully reported in End of Year Financial Statements and independent review and comment is provided in the Auditor's Report.

It should be noted however that as the Quarry operates as a commercial venture, in opposition to a number of other similar quarries in close proximity to Molong that "Commercial In Confidence" Reports and Decisions need to be considered by Council.

Whether this recommendation is appropriate or not is a matter for the Department to review.

Review team response

This issue has caused some concern in the community. It would appear to be in the best interests of the community and council to allay as much concern as possible. It is unlikely that the Financial Statements would be accessible to all ratepayers. Perhaps it would be possible to publicise the Auditor's comments if they would assist in clarifying the matter. Otherwise some alternative measures should be considered.

26. Plans of management for all community land owned/controlled by council need to be developed.

Council Response

Plans are being produced for Community Land owned or controlled by Council on an ongoing basis. All Councillors acknowledge that this is a major task and requires considerable resourcing. It is Council's intention to continue with this process.

Review team response

Noted.

27. Council should review its current community service provision and consider a more integrated social and community planning process. It should aim at increasing council and community capacity to identify issues and achieve appropriate solutions. Resource sharing options should also be investigated.

Council Response

Council has an extensive Community Consultation Network and has extensive policies and mechanisms in place.

Clarification needs to be sought on the term Community Development, Council is of the view that Economic Development and Tourism are really only a subset of Community Development in the broadest context. This is based on the principle that Councils become involved in Economic Development and Promotion and Tourism as

a way of supporting existing communities, developing networks, increasing capacity building, accessing Government Funds, providing advocacy and delivering services. Council does however agree that a closer integration of social and community planning process can only be beneficial to the people that it serves.

Review team response

Agreed. Community Development is an approach that encompasses supporting existing communities, developing networks, increasing capacity building, accessing Government funds, providing advocacy and delivering services. The reference to community development relates to the extent to which Council provides services directly as opposed to the extent to which it empowers or builds the capacity of its community to sustain itself. The experience of the Economic Development Officer has been that the communities in the small towns and villages needed extensive support. See also the response to Recommendation 3.

28. Council's 2007/2008 management plan should include an access and equity statement (as set out in the department's Social Community Planning Guidelines and Manual 2002) to outline activities from the social plan and other access and equity activities that council will implement in 2007/2008.

Council Response

This has already been done.

Review team response

The review team notes that this recommendation has been completed since the issuing of the draft Promoting Better Practice Review report.

29. Council's next revision of its social plan should include a shorter executive summary of two to three pages that provides a brief overview of the issues.

Council Response

Agree

Review team response

Noted.

30. Council's next annual report should contain an access and equity statement as set out in the department's Social/Community Planning Guidelines and Manual 2002.

Council Response

Council notes that the issues of access and equity are addressed across a wide section of Council's activities, however agrees that specific inclusion as set out in the Department's Guidelines should be included.

Review team response

Noted.

31. Council should review recreation facilities in the review of the Cabonne Council Social Plan 2004-2009 and its Vision 2009 Cabonne Country.

Council Response

Hundreds of thousands of dollars are attracted and matched from New South Wales Sport & Recreation annually, eg \$120,000 Grandstand at Manildra valued at \$500,000.

Council would seek more clarification from the Department in relation to this issue as to the “lack of” recreation facilities. Council believes that the facilities provided for the various communities, based on their size, is comparable with other areas of the State (eg. Council has seven Swimming Pools provided with the cooperation of the Community Committees spread right across the Shire. These towns range in population from 350 up to 1700). Facilities are being upgraded or added, depending upon local support across the Shire, for example, a new Skate Park erected in Eugowra and a Skate Park currently planned for Canowindra.

Council however has no objection to reviewing its recreational facilities, it only questions the comment about the “lack of”.

Review team response

Council answered question 4.3 of the department checklist, which asks does council have a recreational facilities plan for its area, by saying it did not. The Community Services Manager and Economic Development Manager confirmed this. While it is acknowledged that council does provide a range of recreational facilities, council’s social plan indicates that recreation facilities, services and programs are not adequate. Improved access to recreational and social opportunities is required by people with disabilities, older people who are frail aged, children and young people. Recommendations and strategies to address these needs are outlined in council’s social plan. These should be reviewed and considered by council for inclusion in its management plan on an annual basis. The report and draft recommendation have been amended.

32. Council should prepare long-term strategies to meet current and future needs for older people as part of its strategic direction.

Council Response

The process of preparing long term strategies for older people commenced in December 2006. A report was presented to Council on the 5th February 2007 and this item has been further included in Council’s 2007/08 Management Plan.

Review team response

Noted.

33. 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.

Council Response

See above. Council will specifically address in future Annual Reports.

Review team response

Noted.

34. Council should undertake periodic community surveys in order to find out what its community sees as priorities in service provision from council and what issues need addressing.

Council Response

This matter was addressed at a Council Workshop held in 2006 and has already been referred to Council's Corporate Development Unit to initiate as part of a wider Customer Service Review which is currently underway. It is expected a Community Survey will be conducted in the current year.

Review team response

Noted.

35. The Community Services Manager and Economic Development Manager need to focus on achieving a more integrated and capacity building approach to community planning and service delivery.

Council Response

This recommendation appears to relate to communication on issues, which cross over between Community Services and Economic Development. The Inspectors' Report states that "This person work closely with the Community Services Manager and Economic Development Manager" and some clarification is required as to who this refers to. If this is referring to the Economic Development Assistant currently employed during the return to work of Council's Economic Development Manager Council would certainly agree with this recommendation.

Liaison between Council's Community Services Manager and Economic Development Manager occurs on a regular basis, however this issue will be further discussed to see whether it can be developed to a higher level upon the return to work of the Economic Development Manager from Maternity Leave.

Review team response

This issue has been addressed at recommendation 27. This section of the draft report and recommendation 35 have been deleted.

36. Council should develop a human resources strategy that links to its long term strategic plan. (now recommendation 35)

Council Response

Council has a number of strategies in place in relation to workforce issues, however it is acknowledged that a more integrated approach through the production of a coordinated Human Resource Strategy linking to a long term Strategic Plan would be more effective.

It should be noted that Council's Management Plan for 2006/07 includes specific objectives, performance measures and funding relating to human resource issues.

Review team response

Noted. This section of the report and draft recommendation have been amended.

37. Council's Human Resources Manual 2003/2004 should be updated. (now recommendation 36)

Council Response

Agreed. Has been identified as a project for the new HR Officer.

Review team response

Noted.

38. Council should commence succession planning for key council positions in the near future. (now recommendation 37)

Council Response

Council does do succession planning for key Council positions and in the past has successfully managed this transition. Examples include two Council Overseers, Council's Specialist Plant Operator, Finance Manager, Operations Manager etc. One of the issues facing all employers is the correct identification of when positions will become vacant, for example in Retirement situations this is much easier than ad hoc decisions that are made by Council staff for all sorts of personal, lifestyle and financial reasons.

The difficulty also is further exacerbated by the impact of the X & Y Generations who have an extremely increased mobility compared to previous generations. This should not be used as an excuse, however it does emphasise the difficulty in

successful succession planning. Notwithstanding the above Council agrees that a more formalised process of succession planning would be appropriate.

It is noted that in the current year Council engaged some sixteen trainees and apprentices as part of the wider WBC Trainee & Apprenticeship Program. Since the program has been initiated Council has enjoyed considerable success with some of the Trainees and Apprentices appointed and has very high hopes for them continuing through Council's organisation, particularly in view of the fact they are local people and keen to stay in the local area. Council believes that with the appropriate training and skills acquisition they will become very valuable to Council in the future and will definitely assist with succession planning.

The program undertaken as part of our WBC Alliance sets a target of 5% of our workforce as Trainees and Apprentices on an annual basis. Council challenges any other Councils in New South Wales to meet this figure.

Review team response

The recommendation was based on council's response to question 5.3 of the checklist, wherein council stated it did not have succession plans for its key positions/personnel, The Human Resources Manager confirmed this during the on site visit.

The review team have considered the new information presented here and on page 2 of council's response. The section in the report relating to succession planning and the draft recommendation has been changed.

39. Council's equal employment opportunity management plan should be reviewed and updated. (now recommendation 38)

Council Response

Agree.

Review team response

Noted.

40. Council should review the membership of its consultative committee. (now recommendation 39)

Council Response

Council understands its current constitution is in accordance with the Constitution endorsed by the Local Government & Shires Association and relevant Unions.

Council's Consultative Committee meets on a six weekly basis and has now continued doing so since the vacancy in the HR Manager's position was filled.

Council does not view the role of the Consultative Committee as merely operational and the Committee normally deals with strategic or major issues. Day to day issues are handled by Supervisors and Management.

In the past when the Councillors participation in the Consultative Committee has been raised, staff from all sections of the Council have supported the Councillor's involvement and are generally of the opinion that the current system works well.

This matter will be submitted for the Consultative Committees discussion at its next meeting.

Review team response

Given the role of the committee is largely operational, councillor membership is not considered appropriate. Should council decide to continue to maintain councillor membership councillors should refrain from participating in operational matters. Staff and management should drive the committee.

41. Council should review all staff salaries apart from those recently reviewed as a matter of urgency and apply its development appraisal system regularly and consistently. (now recommendation 40)

Council Response

Council has carried out Salary Reviews and increases have been applied for Key Staff positions including Operation Manager, Economic Development Manager, Accountant and Design Manager and Promotion and Tourism Officer.

A full review of Council's Salary System commenced in mid 2006, however was delayed due to the departure of the previous Human Resource Officer.

Following the appointment of the new Human Resource Officer and consideration by Council's senior management, action has been taken to appoint a Consultant (Mr Peter Bell) to complete this review. Mr Bell will be reporting the outcome of the Salary Review to the next Consultative Committee Meeting to be held on Friday, 15th June 2007.

In relation to the Development Appraisal System (DAS) it is carried out on an annual basis for all staff with between 25% and 35% of Council's staff achieving increased salaries. The Development Appraisal System covers a number of key components including

- Position Description Review
- Skills Progression Form
- Proposed Individual Training Plan
- Employee Comments
- Assessors Comments
- Directors Comments
- Summary of skill/performance evaluation
- Salary Step Recommendation

In the current round of DAS's just completed the Human Resource Officer estimates that some 55 staff will achieve salary increases. Further discussion on this issue reveals that many staff have now reached the top of their Band and Level and are unable to progress unless they move to new positions or their position is restructured. This is a common issue across all Salary Systems, but it appears to be particularly exasperated when the Local Government Award moved away from Classification based Salary Systems to that based on skills used and skills acquired. It is certainly a problem in the CENTROC Council area and has been discussed a number of times at GMAC Meetings.

Provision has been made in the current year's budget for further Salary increases and if necessary following the review.

Review team response

The review team notes and commends council's progress in relation to this recommendation.

42. Council should consider staff requests relating to improved flexible working hours and better allowances put forward through the consultative committee and advise staff of its decision. (now recommendation 41)

Council Response

Council already has a number of flexible working practices to assist staff including Part Time Employment and graduated return to work Maternity Leave provisions (which in one case will extend over an eighteen month period). Council has also implemented a Nine Day Fortnight for Operational staff and a fourteen-day three weeks for Office Staff in 2005. A Variable Working Hours Policy has been under development since late 2006, however issues have arisen in relation to certain Award Provisions. Legal advice has been sought and the variable start and finish time policy will commence from the 1 June 2007.

In relation to comments for better allowances put through the Consultative Committee, a review of Consultative Committee Minutes does not reveal major issues being raised in relation to allowances. It is understood from discussions with the Department Inspectors that this allowance refers to comments from staff for Council to provide all petrol for private use on Leaseback Arrangements. Council considers that its Leaseback Fee for the private use of vehicles (currently \$43.20) is reasonable.

Council has a policy of encouraging its staff to live within the Shire boundary and when this matter was discussed at the Council Workshop Councillors were most adamant that the existing policy served its needs at the current point in time.

Review team response

The progress made in relation to its Variable Working Hour Policy is acknowledged and appreciated. Council's decision in relation to its Leaseback Fee for private use

of vehicles is noted. The policy of encouraging council staff to live within the Shire should be reviewed when council considers its work planning issues to ensure that this policy does not compromise council's need to recruit and retain a workforce with suitable qualifications, skills and experience.

43. Exit interviews should be conducted to try to determine reasons for staff leaving and to assist in the development of strategies to retain staff. (now recommendation 42)

Council Response

Council for a number of years has conducted regular exit interviews. A copy of Council's Exit Interview form is attached for your information.

It appears that with the very recent appointment of the Human Resource Officer when the Inspectors were at Cabonne, that he was not aware of the Exit Interview Process nor had he completed any Exit Interviews. It appears that this recommendation may not be required.

Review team response

The body of the report and recommendation have been amended.

44. The general manager should undertake a review of staff resignations over the last two years and, in light of this and other workforce issues, develop and adopt strategies to improve staff morale and staff retention. These strategies should be linked to the performance agreements of council's senior managers. (now recommendation 43)

Council Response

The General Manager regularly undertakes a review of Staff Resignations and has done so since the 2003/04 year. Figures for the various years are as follows:

2003/04	8.8%
2004/05	16.6%
2005/06	15.5%
2006/07	to date 15.5%

It should be noted that the above figures include retirements and in one case includes an employee who is now returned for his third separate lot of employment with Council.

The above figures also include those staff who Supervisors, Managers and Directors offered no objection to their leaving.

A recent report published in the Sydney Morning Herald indicates that the turnover rate for all employers across the board is now running at 12.6%, excluding retirements. When retirements and redundancies are included, this figure would be in the vicinity of 16% - 18%. It would appear that the figures for Cabonne are

consistent with the National Average, notwithstanding some staff have left for promotions and higher remuneration.

A detailed assessment of all staff in the turnover figures is carried out by the General Manager and where appropriate reviews and analysis are carried out within each Department.

Notwithstanding the above, it is acknowledged there have been issues in relation to staff morale generally and some staff retention specifically. It should be noted however that morale in the organisation during the period of review by the Department Inspectors was low, due to a very high turnover in some sections (eg Environmental Services Department). This coupled with the delays in the Salary System Review would undoubtedly negatively reflected in comments and discussions between staff and the Department Inspectors.

Staff turnover was one of the issues addressed in a Councillors Workshop last year and certain directions were given to the General Manager as a result.

The issue of Staff Morale is included in the Performance Agreements for Council's Senior Managers, as is issues of leadership and communication. It is proposed however to enhance these measures with more specific key performance indicators in future years.

In view of the above, this recommendation may not be necessary.

Review team response

Council's efforts in this area have been noted. The review team is aware that the current rate of voluntary turnover is high due to factors such as the skills shortage. Within this context, developing staff retention strategies including positive staff morale becomes critical. The review and analysis of why voluntary turnover has been particularly high in mainly three function areas can only partly be explained by high national turnover rates and the skills shortage. Therefore, the draft recommendation has not been deleted but amended.

45. Council should review all staff job descriptions, particularly for those positions that have additional tasks that are not currently acknowledged. (now recommendation 44)

Council Response

All job descriptions are reviewed as part of the Annual Development Appraisal System, indeed the first question asked in Council's Development Appraisal System is "Does the current position description adequately reflect the requirements of this position?" If the answer is no a revised Position Description is developed in consultation with the employee who must also sign off on the new Position Description.

There were changes within some of Council's operations, particularly in relation to Engineering & Technical Services Department for Asset Management and

Operational issues. This occurred just prior to the inspection and this may have impacted on the thoughts of some staff.

In relation to comments concerning additional duties involving the WBC Strategic Alliance more specific examples would need to be provided, as it is a general rule that Alliance activities undertaken by staff are consistent with the duties that would be undertaken at Council, eg Asset Management, Policy Development. Participation in Alliance Activities should only enhance the overall quality and quantity of work undertaken by Council staff.

In view of the above, this recommendation may not be necessary.

Review team response

The performance of related duties for an organisation of three councils is different work than that performed for a single employer. The position descriptions reviewed did not refer to Alliance work. Some staff were employed prior to the existence of the Alliance in its current state and their Alliance duties need to be reflected in the position description.

In addition, in order to 'capture' the work of an Alliance the work needs to be consistently documented i.e. If the Asset Manager of a council is also performing asset management duties across the other two council's that work should be reflected in what is to be required of any person filling the position.

46. Council senior staff should ensure all communications with staff are courteous and clear. (now recommendation 45)

Council Response

This matter appears to relate specifically to the Director of Finance and Corporate Services. The email example cited related to a staff member who had previously refused to cooperate with the request for information from the Department Inspectors and hence the email was forwarded. This staff member was also subject to disciplinary action for non performance of duties at the time of the inspection. In discussions with the Director of Finance & Corporate Services it is acknowledged that the email could have been more specifically targeted, particularly in view of the climate at the time.

Comments from the Departmental Inspectors indicate that there is a perception of poor communication by the Director and the way staff are treated and this needs to be looked at. This matter has already been discussed with the Director and will be incorporated in the Directors annual review and Action Plan, which is currently underway.

Recommendation 46 is general in nature and could give the impression that it applies to all Senior Staff.

Review team response

The review team confirms that they received some comments about the manner in which the Director of Finance and Corporate Services communicates and interacts with some staff. Several staff advised the review team that the Director of Finance and Corporate Services has had nine personal assistants in recent years. The review team appreciates that the matter has been discussed with the Director. As requested, the body of the report and the draft recommendation have been made more specific.

47. Council is encouraged to carry out an employee attitude survey in the near future and thereafter on a periodical basis. (now recommendation 46)

Council Response

Senior Management in late 2005 had already agreed to carry out an Employee Attitude Survey, however due to the commencement of a new HR Officer and their subsequent resignation this was not done, however will be completed this year now that the new HR Officer has settled into the position.

Review team response

Noted.

48. Council should ensure staff have the required qualifications/training to enable them to perform their duties. (now recommendation 47)

Council Response

As previously mentioned, staff training is identified as part of the annual DAS process. From the result of the DAS Training identified, Council produces an Annual Training Plan taking into account the needs and priorities of Council identified through its Management Plan and Budgeting process, skills upgrading required by individual staff members, Statutory Training required, Licence Renewals and requests by staff. A copy of the Training Plan for 2006/07 is attached for your information.

In any organisation there will always be situation where the training requested by an individual staff member may not be consistent with the issues identified above.

Review team response

Noted. The body of the report and draft recommendation have been amended.

49. Council should ensure that performance criteria for the General Manager and senior staff include the need to effectively manage workforce relation's issues, including as part of future contracts for the General Manager and for senior staff. (now recommendation 48)

Council Response

The criteria for the General Manager and Senior Staff includes a number of components of workforce relation issues including morale, leadership, communication, however Council agrees that this can be made stronger and given more emphasis as part of the review process and will incorporate same in future reviews.

Review team response

Noted.

Comments re Executive Summary

The following comments are therefore offered in relation to the Executive Summary. Council believes that it is performing at better than a Satisfactory Level. Whilst infrastructure maintenance may need some attention “considerable” could be an overstatement. Certainly in the area of Planning, attention is definitely needed, however in relation to expenditure Council is allocating considerable funds to infrastructure expenditure and believes that it would fare well against most rural Councils in New South Wales.

Council agrees the need to prepare an integrated Strategic Plan for the next ten to fifteen years.

Claims that Council has been inattentive to significant Council concerns is not supported when reviewing the contents of this letter, certainly there have been delays due to staff resignations, but other areas were in progress or indeed have been completed since the Inspectors’ visit.

Council agrees that it should improve its Risk Management by incorporating a Organisation Wide Risk Management Strategy. The comments relating to considering participation in the Strategic Alliance may need some clarification.

Staff morale was certainly an issue during the visit by the Inspectors, due mainly to high turnover at the time and delays with the Salary System Review, however it is contended that these circumstances did not exist at the same degree at the current time.

The information provided above has obviously gone some way to clarify the initial comments in the report and we thank you for the opportunity to do so. Taking into consideration these comments Council believes that the satisfactory rating for Council may need to be upgraded, as do some of the comments in the Executive Summary and the Report.

Council has found the overall experience to be a very positive one, as evidenced by the large number of agreements with the recommendations. It is worth noting that many of the recommendations in the report were underway at the time of the Inspectors’ visit, had been listed for consideration by Council or have been actioned since the visit.

Council remains enthusiastic about the review and in working with the Department to further advance Local Government in the Cabonne Council area.

Yours faithfully,

G.L.P.Fleming
GENERAL MANAGER

Review team response

Council's comments regarding infrastructure maintenance are noted. However, the review team is of the view that planning and spending allocated monies are part of a continuum of infrastructure maintenance.

Council's participation in the Strategic Alliance and any resulting risk will be explored further in the Wellington Blayney Cabonne Strategic Alliance Promoting Better Practice report.

While the comments on staff morale have been noted, at the time of the review it was a significant issue. Council has taken measures to improve morale such as reviewing the salary system. However, it is unlikely that morale will turn around very quickly, and this is difficult to measure by the General Manager alone. An employee attitude survey would be a more objective way to assess the current morale of staff. Therefore, staff morale remains an issue to be addressed and monitored by the department.

8. SUMMARY - WHAT'S WORKING WELL & CHALLENGES

COUNCIL'S PRIORITIES AND FOCUS

What is working well

- Council has planned some major infrastructure projects that will benefit the community when they are completed
- Council has recognised the need to set aside some land for industrial development and has done so
- Council has started to diversify its income streams, which will assist it to maintain a strong financial position.

Challenges to improve

- Council needs to articulate clearly its strategic direction and how it will be achieved to its staff and to the community
- Council's strategic plan needs to be more closely linked to its management and operational plans
- Council needs to pay close attention to its workforce planning ensuring retention and training needs of staff are addressed.

GOVERNANCE

What is working well

- Council's organisational structure has been reviewed and appears to accord with its needs
- Council conducts induction training for councillors to assist them to perform their duties.

Challenges to improve

- Council should develop customer service standards and improve its complaints management process.
- Council needs to develop a risk management strategy

REGULATORY

What is working well

- Council has commenced an evaluation of its planning functions
- Council has established a Land Development Committee to help facilitate the supply and development of land in the shire.

Challenges to improve

- Council should continue to work toward finalising its new Local Environmental Plan as soon as possible
- There are a number of areas in which council's State of the Environment report could be improved
- A number of regulatory processes and policies need updating or need to be put in place. These include enforcements and prosecutions, a stormwater management strategy and a companion animals strategy.

ASSET AND FINANCIAL MANAGEMENT

What is working well

- Council has sound financial reserves
- Council conducted financial health checks, which are reported on to councillors regularly
- Council has increased spending on its infrastructure.

Challenges to improve

- Council has no asset management strategy for all its assets
- Council has no drought management policy/procedures despite being drought affected
- Council has to adopt strategies to support funding for its infrastructure maintenance.

COMMUNITY, COMMUNICATION AND CONSULTATION

What is working well

- Council is a significant provider of community services, working with residents of each of the small towns and villages to develop and implement a vision statement, which lists key issues and priorities
- The Cabonne Council Social Plan 2004-2009 is of a good standard
- Council has employed a community services trainee
- Council has a vision statement and strategy for tourism and economic development.

Challenges to improve

- Council should focus on achieving a more integrated and capacity building approach to community planning and service delivery
- Council should undertake a survey in order to find out what its community sees as priorities
- The review report has identified a number of areas in which council's social plan can be improved.

WORKPLACE RELATIONS

What is working well

- Satisfactory OH&S policy and procedures are in place
- Council has a structured induction program that is consistently applied in a timely manner
- Council offers significant employment opportunities locally and regionally through the Trainee and Apprentice Program sponsored by the WBC Strategic Alliance.

Challenges to improve

- Council does not have a human resources strategy
- A range of human resources issues require attention including high staff turnover, salary reviews for non-senior staff, job descriptions and training.