Local Government Reform Program - Promoting Better Practice

good governance   innovation   improvement   challenges

REVIEW REPORT

COOLAMON SHIRE COUNCIL

JUNE 2007

dlg

Department of Local Government

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1. ABOUT THE REVIEW

Review objectives

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

- to generate momentum for a culture of continuous improvement and greater compliance across local government

- to provide an 'early intervention' option for councils experiencing operating problems

- to promote good governance and ethical conduct principles

- to identify and share innovation and good practice in local government

- to enable the department to use review information to feed back into its work in identifying necessary legislative and policy work for the local government sector.

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.

Coolamon Shire Council Review

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

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

- How has council determined its ambitions and priorities?

- How do these ambitions and priorities drive the council's services and resources?

- How does council use its corporate capacity and systems to drive forward the organisation in an ambitious, challenging yet managed way?

- How does council measure the progress it is making with its agenda to ensure that its priorities are delivered and that service improvement is achieved?

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. Four councillors completed the form and one councillor (the Mayor) provided feedback direct to the review team.

The review team comprised departmental officers Paul Terrett and Lorraine Taylor. The on-site component of the review was conducted from 8 November 2006 to 10 November 2006.

The on-site review involved meetings with council's mayor and general manager, conducting interviews with senior council staff as well as other operational staff. A number of council's policies and other documents were reviewed on-site and key council facilities/worksites were visited. 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

Coolamon Shire Council is a well-managed and effective local government authority. Council has strong links with the local community it serves. The council is a small operation and is commended for its ability to identify and address problems and to meet its statutory requirements, through the councillors, staff and the community working together.

The council appears to have developed a strategic vision but it has not been documented into an articulated strategic plan, even though all senior staff are aware of the direction in which the council is heading. It is proposed that a strategic plan be developed so that the community is also aware of the council's vision for the community. Council's culture appears to be positive with councillors and staff working well together toward achieving council's vision.

Some work is needed in improving governance practices such as fraud control, risk management and records management.

Council is working with other councils in Riverina Eastern Regional Organisation of Councils (REROC) to address its needs. Council is encouraged to build on these relationships with other councils.

Financially, council is in a satisfactory position. However, this could be further enhanced through the development of an asset management plan linked to long-term financial planning.

Council has addressed the needs of its aged community through the provision of aged hostels, medical and other services. Equally it has addressed the needs of the very young through the provision of pre-school care. Council, however, should address the needs of its youth population. Many of the objectives for young people are yet to be realised. The provision of further recreational facilities at Kindra Park may help to alleviate this situation.

Council activity has generated employment in the shire; such as in the building industry and in aged care services. This has been particularly helpful in providing some buffer in the shire against the economic impacts of the drought.

The council maintains a strong agricultural identity. Council, in examining the future character of the shire, has identified the demand for residential rural properties to address growing housing demand emanating from Wagga Wagga.

The council's last local government election was not contested. Part of the reason could be that the community is actively involved and consulted in the strategic planning process. Council has a number of section 355 committees that assist in facilitating the exchange of opinions across all sections of the community.

Council is encouraged to promote candidacy for the 2008 local government elections and particularly to encourage women to stand for election.

Council appears to have a dedicated and motivated workforce. Its ageing workforce, however, presents a specific challenge. While succession plans have been developed in a basic manner, council needs to develop a workforce strategy and plan to identify specific changes that may occur in particular work groups to determine strategies for the acquisition and transfer of skills.

In summary, councillors and senior management are leading a positive and vigorous process to more strategically address the future needs for the Coolamon local government area. Its success in innovatively engaging the community in this journey is to be commended.

3. RECOMMENDATIONS

Strategic

1. Council should develop and document a strategic plan that articulates the council's vision and strategy for the next 10 years.

2. To maximise the achievement of council's goals and desired outcomes, council should ensure that its plans and reports are well integrated with each other at all levels. Council should ensure that all its operational plans are integrated with its strategic plan.

Governance

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

4. Council should undertake a fraud risk assessment and develop a fraud control strategy.

5. Council should develop a risk management plan that provides a framework to proactively identify and manage generic and specific risks.

6. Council should review its complaints handling policy to facilitate the regular reporting of complaints to senior management and council, for their information.

7. To complement its complaints policy and demonstrate its commitment to customer service, council should develop and adopt service standards for its key customer service activities, including responding to telephone calls, emails and correspondence. Council should include an appropriate means of reporting on its performance in these areas in its annual report.

8. Council should make the required changes to its record keeping practices, to facilitate compliance with the *State Records Act 1998*, to ensure that its record systems support the needs of the organisation and to facilitate community access.

9. Council should provide to the public information on what documents are available under section 12 of the *Local Government Act 1993* and how to access them.

10. Council should review whether it has implemented its Privacy Management Plan as intended given the concerns raised in the report about council's record management practices.

11. Council should develop a disaster recovery strategy.

12. To encourage more community leaders to stand for local government election, council should develop strategies to encourage people to stand for election, particularly women. Council should develop an induction kit and induction training to assist new councillors understand their role as councillors.

13. The annual report should include an executive summary and messages from the mayor and general manager setting out a summary of the previous year's achievements and council's goals for the coming year. It should also share its strategic vision and key objectives in the annual report.

14. Council is encouraged to develop procedures to assist the operations of its conduct committee.

15. Council should develop processes for monitoring and reviewing its purchasing and tendering, disposal of assets and contract management.

16.   Council should investigate establishing a sister city relationship with a larger council in NSW.

Regulatory

17.   The State of the Environment Report should be reviewed to:

    a. include environmental data from neighbouring councils in future SoE reports

    b. identify new environmental impacts, update trends in environmental indicators and undertake a comparison of the condition of each environmental sector with its previous report

    c. consult and involve the community, including environmental groups.

18.   Council should conduct a review of its environmental health inspections.

19.   Council should investigate working with neighbouring councils on sharing resources for enforcement and regulation.

20.   Council should review its companion animals management plan to ensure that it is comprehensive, contains strategies and meets its obligations under the *Companion Animals Act 1998*.

Financial Management

21.   Council should continue to develop a comprehensive asset management plan that includes the rationalisation of assets and a maintenance program. Council should implement a total asset management system to ensure that it has an empirical basis for determining what funding will be required to maintain, replace and enhance assets when needed. Council's asset management plan should include potential rationalisation of assets and a maintenance program. Council should identify a position that is responsible for ensuring that departments liaise on asset management and that there is integration of the management of all of council's assets.

22. Council should develop a long-term financial plan in conjunction with its strategic plan and asset management plan, taking into account the following considerations:
    o   alternative sources of revenue
    o   long term rates strategy (rating structure, special variations, etc)
    o   long term borrowing needs and debt service ratio
    o   investment strategies
    o   the alignment of its long-term financial plan with other strategic directions, asset management, social and strategic plans
    o   long-term plans for capital works, land acquisition and anticipated demand for community facilities
    o   reserves and section 94 contributions
    o   asset management planning
    o   council needs to review its rating structure as part of its long-term financial planning process.

23. Council should develop business plans for all its business activities.

Community and Consultation

24. Council should provide its section 355 committees with a procedure or operations manual that outlines what is expected of them, including information on council's code of conduct.

25. Council should review its annual report to include details of identified activities council is undertaking for women, people with disabilities and men.

26. Council should examine strategies to address the needs of the youth of the shire.

Workforce Relations

27.   Council should develop a long-term workforce strategy that looks at the staffing needs of each section of council and allocates staff according to workload and priorities.

28.   Council should review its recruitment and selection processes to ensure that appointments are adequately documented and EEO principles are implemented.

29.   Council should review its provision for staff training to ensure that it complies with the requirements of the Award and that the training meets the needs of the council.

30.   Council should hold regular Joint Consultative Committee meetings as a key means of communication with attention to workforce issues.

4. CONTEXT

The Coolamon Shire local government area (LGA) is located in the Riverina Region of southern inland New South Wales. It is centred on the township of Coolamon, 41 kilometres from Wagga Wagga and includes a number of smaller towns including Ganmain, Ardlethan, Marrar, Matong and Beckom. It is surrounded by Bland, Narrandera, Wagga Wagga, Junee and Temora Councils.

Coolamon Shire was proclaimed on 3 March 1906. It is reputed to be one of the richest agricultural and pastoral districts in the Riverina. The district is renowned for its production of wheat, canola, barley, oats and other cereal crops, as well as hay and chaff. Wool, lamb and beef are also important products from the area, with emerging agricultural enterprises, including the production of alpacas, olives and turkeys.

Coolamon Shire Council has an area of approximately 2,494 square kilometres. Its population is approximately 4,100.

Approximately 83.5% of the land in the shire is under agricultural production. The urban area of the various townships and villages occupy approximately 2 to 3% of the land area, while State Forests, Reserves, railways and roads make up the balance with 13.7%.

The council has a total of nine councillors representing the whole local government area. There was no contested election held on 27 March 2004, as there was the same number of candidates as positions.

The council currently has 35 committees established under section 355 of the *Local Government Act 1993*. These committees have delegated authority to carry out functions on behalf of the council or to take the care, control and management of various facilities.

The council has a proactive initiative in the housing and care of the elderly. In Coolamon, the Allawah Retirement Village consists of twenty-six self-care units, with seventeen already constructed. A further three units will be completed during 2006/2007. Alongside these developments council has also constructed medical centres, community centres, aged persons hostels and a local hospital. In Ganmain, council is planning to construct retirement units on in the same grounds as a planned medical centre due to be constructed during 2008. Other retirement homes have been or are planned to be build in the other towns and villages in the shire.

Council sells land for further residential development ranging in size from 1000m² lots to 3000m² lots. With the sale of land, council is able to buy further land for future development. Council uses these methods as a means of controlling the price of land to curb inflationary pricing effects.

The main towns of the Shire have been streetscaped, which contribute to the beautification of the towns and has resulted in a number of awards being made to the shire. Council is commended for its achievements in this area.

The total revenue for 2005/2006 was $10,068,000, which was raised from the following sources:

Rates and charges	20%
User charges	7%
Interest	4%
Grants and Contributions	62%
Other revenue	7%

Council provides a wide network of local parks and recreation facilities throughout the shire. There are public swimming pools in Coolamon, Ardlethan and Ganmain.

Council has allocated funds for the construction of a new library within the town of Coolamon. The library will be part of a cultural centre attached to the "Up To Date Store".

5. COUNCIL'S AMBITIONS, PRIORITIES AND FUTURE FOCUS

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

While council has built the foundations for a strong strategic approach, it does not have a documented strategic plan that is integrated with other more operational plans (such as the management plan and the community plan). **(Recommendation 1)** Councillors need to take a key role in developing the council's strategic plan in order to further share the community's vision for the shire.

Council has a number of projects and strategic priorities. However, these are not fully documented. As many of these plans will take a number of years to eventuate, it would be prudent to document these plans and strategies to ensure continuity, particularly if key employees were to leave the organisation. While the council is a stable organisation, this is in part due to the length of service of senior staff (total years of service 113 years between the senior officers of council). This has created a shared understanding of the strategic direction of the council.

The council has a vision for the shire's future. It acknowledges the need to have services established to meet the growing future demand. This is shown by the council's plans to establish better sporting and recreation facilities for Kindra Park. While council is in a sound financial position, it faces key challenges such as declining traditional sources of income/revenue, increasing costs and the renewal and maintenance of existing community assets. However, council is aware that maintaining a balanced budget in the future will become increasingly difficult within its current revenue raising capabilities.

Council has a very strong connection with its community and demonstrates this in many ways. It takes innovative approaches to interacting with its community, whether it is with school children in identifying the future needs of the shire or

providing a camera to section 355 committees to help them identify the things they like or dislike about the shire. The development of the new LEP has been used to plan the shire's future and council has held workshops with the community, undertaking SWOT analyses in each of their towns.

Councillors and management acknowledge that council does not have a long-term financial strategy to underpin its strategic direction. It is critical that a long-term financial plan is developed to enable council to achieve its corporate and strategic plans. The financial plan should continue to identify alternative sources of revenue, a long-term rates strategy, and increase reserves for capital works, land acquisition and anticipated demand for community facilities. (See Recommendation 26 – Asset and Financial Management)

Integrated planning and reporting
The Department of Local Government's vision is to foster a strong and sustainable local government sector that meets changing community needs. It provides the policy and legislative framework to local government in NSW so that councils are able to deliver quality services to their communities.

A major corporate priority of the department for 2007 and beyond is to work with councils to better integrate their planning, service delivery and reporting. Integrated planning is about ensuring that council planning requirements and processes are sufficiently interconnected to maximise the achievement of council's goals and desired outcomes. If plans are not integrated it is likely that their implementation will work against each other to fragment and confuse responsibilities and targets, and undermine the achievement of council's goals.

Integrated reporting is about ensuring that reporting is linked to the council's plans, particularly in regard to the progress toward achieving those plans and then accurately informing the development of future plans. The department notes that since the review council has produced its 2007/2010 Management Plan, which incorporates and integrates operational plans including strategic and planning documents.

Council should work towards the integration of all its plans. Currently the council is driven by its management plan. It does not have a strategic plan, a long-term financial plan or a comprehensive asset management plan. The council does have an understanding of its strategic direction, however, this has not been articulated into a single document other than in its planning strategy. Council should work towards an integrated approach to its planning. **(Recommendation 2)**

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.

Overview

In general there is a co-operative working relationship between staff and councillors at Coolamon. It has a mature approach to decision making.

Overall, the review team observed that at all levels of council there is awareness that the decisions of today will affect the shire in the long term. This approach has created a climate of sustainable growth and acknowledges the changing characteristics of the community and the need for council to be economically sustainable.

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*

Council works well together in an environment of harmony and trust. Both senior council staff and councillors have been with the council for many years and know each other well. Council's practice is for senior council staff to make plans and propose decisions, with councillors endorsing these plans and proposals.

Internal audit

While the council has a strong governance framework, council does not have an internal audit program or a fraud control policy and/or strategy. Internal audit is an important element of a strong system of internal control. Internal audit can provide management and councillors with additional assurance as to the effectiveness and efficiency of council operations.

Council has an internal audit committee, however, council has not developed an internal audit program or plans. Council should look at working with other councils (through REROC) to develop an internal audit function. **(Recommendation 3)**

Fraud control

The development of internal audit processes is also important, as council does not appear to have undertaken any fraud risk assessment. It has a Fraud and Corruption Prevention Policy that was adopted on 28 October 2004 It is important that fraud risks are identified and managed effectively and that staff are kept up-to-date on emerging risk areas and on proven strategies for properly managing them. As part of the development of an internal audit program, council should undertake a fraud risk assessment and develop a fraud control or strategy. **(Recommendation 4)**

Risk management

Risk management is about the systematic identification, analysis, evaluation, control and monitoring of risks. While risk cannot be entirely eliminated, councils should aim to establish a risk aware culture and to continually work towards establishing structures, processes and controls that cost effectively reduce the council's risk profile and thereby protect the interests of council, the public and other key

stakeholders. There should be a balance between the cost of managing risk and the benefits expected from engaging in an activity that has inherent risks.

Councils are exposed to a wide range of risks as a consequence of their diverse functions. The significance of specific risks will vary from council to council.

A risk management plan should provide 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.

When council develops a comprehensive risk management program it should incorporate the strategic management of risk, including risk financing and insurance, crisis management and disaster recovery, OH&S system development, legal compliance, asset management framework development and entrepreneurial risk. It should also incorporate formal and informal management of risk including risk profiling across functions.

Council may wish to refer to AS/NZS 4360:2004 for more information on risk management. Council does not currently have an overall plan to guide its risk management activities. The plan should be comprehensive enough to enable it to identify and manage all significant risk issues facing the council in the pursuit of its objectives. **(Recommendation 5)**

Complaints handling

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

An important part of a good complaints system is for council to use complaints to identify areas of deficiency in its performance. Council has an internal complaints handling policy, which was adopted in October 2004. Council should review this

policy with a view to more regular reporting of complaints statistics to senior management and council. **(Recommendation 6)**

Council service standards

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

Service standards are also a valuable means of reinforcing council's commitment to customer service and of holding council staff accountable for their performance. Council has a strong level of accountability through the breadth of its reporting on its performance through the annual report and the management plan. The review team believes this would be enhanced by articulating service standards, beginning with core services such as:

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

(Recommendation 7)

Records management

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

The State Records Act requires councils to make and keep full and accurate records of their activities. It also requires councils to establish and maintain a records management program that conforms to best practice standards and codes. The review identified several opportunities for council to improve its record keeping practices.

Council does have a records management policy, adopted on 19 August 2004. This policy reflects good practice. The review highlighted that the policy is not adhered to.

Council needs to be aware that Australian Standard AS4390 has been superseded by AS ISO 15489-2002, which has now been adopted as a code of best practice for the NSW Public Sector for records management policies and procedures.

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

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

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

Council currently stores its documents, prior to 1993, in a back room or in the depot building in old filing cabinets. It appears that no documents or files have ever been archived or destroyed.

The current Records Management Policy states that records are maintained in accordance with the General Disposal Authority (GDA10). The review found no evidence of this, and staff did not appear to be aware of GDA10. The policy also

states that records are disposed of in accordance with "Council's disposal procedures". Again the review did not uncover any disposal procedures. All records need to be reviewed periodically to determine if they should be retained, archived to State Archives or destroyed in accordance with GDA10. A copy of this Authority is available from the State Records' website.

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

Council should make the required changes to its record keeping practices, to facilitate compliance with the *State Records Act*, to ensure that its record systems support the needs of the organisation and to facilitate community access. **(Recommendation 8)**

The records repository should be located off-site and council should consider working with other councils in REROC to establish a records repository in the Riverina area to minimise the risk to records.

Access to information
Section 12 of the Local Government Act identifies the documents that are available for the public to inspect free of charge. The council needs to provide information to the public about council documents that are available under section 12 of the Act and how they can be accessed. **(Recommendation 9)**

Privacy management
The *Privacy and Personal Information Protection Act 1998* ("PPIPA") provides for the protection of personal information and for the protection of the privacy of individuals. Section 33 of the PPIPA requires all councils to prepare a Privacy Management Plan. Council adopted the Model Privacy Management Plan in 2000. The model plan provides for regular reviews. Council states it reviewed the plan in 2005. While

we did not examine the scope or outcomes of this review, council needs to consider whether it is in a position to demonstrate it is implementing the plan it has adopted, given the aforementioned concerns about its recordkeeping practices. **(Recommendation 10)**

Working with other councils

Council is working with other councils in Riverina Eastern Regional Organisation of Councils (REROC). Council is examining resource sharing of a number of functions including asset management, and internal audit

Given that Coolamon is a small council, this co-operative approach is encouraged and council should examine other activities where resource sharing could be an advantage.

Local initiatives

Council has taken a number of initiatives to meet the needs of its community. These include sourcing a doctor and equipping a doctor's surgery in the town, seeking funds and facilitating the construction of a telecommunications tower to assist in telephone reception in Coolamon and surrounding areas.

Council has also worked with private developers in having land released gradually to meet the growing housing needs of its community. It uses the funds from the sale of these lands to buy more land and continues the release of residential rural land in the shire.

Disaster planning

Council needs to undertake a review of all its buildings to ensure that they are adequately protected. Council currently needs to conduct a risk audit of its buildings and in particular its administration building to minimise potential losses. Council has a disaster recovery policy, which was adopted in October 2005. Following the review council has upgraded security at council's administration building and depot.

Council should develop a disaster recovery strategy for the council should a major catastrophe occur. **(Recommendation 11)**

Local elections

At the last ordinary elections, all positions were filled without the need for an election. Council, in the period before the 2008 ordinary elections, should undertake a campaign to encourage members of the public to stand for election as councillors. In particular, it should encourage women to take a role on the council. **(Recommendation 12)**

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

Council could explore the possibility of having a mentor program to encourage and educate community leaders on becoming councillors. Council should also look at developing, after the 2008 election, an induction kit to assist new councillors in understanding their role.

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

The review team examined pecuniary interest returns lodged by all councillors and the senior staff; this found no irregularities in the returns and evidence of diligence in completing the returns in a timely manner.

Closed council meetings

As a general rule, meetings of the council and its committees are required to be open to the public. Where council determines that a matter should be dealt with in confidential session, section 10 of the Local Government Act outlines the requirements for this determination. Council has few closed council meetings, which results in the council being highly transparent in its actions and decision making.

Delegations

The power of delegation is an important tool that assists council officers to carry out the functions of council in an effective and timely manner. Delegations need to be made in accordance with sections 377-381 of the Local Government Act and continually reviewed to ensure they remain current. Currently council uses a matrix showing the delegations for senior staff that appears to adequately link delegations to job descriptions.

Values and statement of business ethics

Organisational values are part of a framework of organisational integrity. They are an important way in which the leaders of an organisation can communicate to the rest of the organisation and the community at large what the organisation stands for.

Council and its staff are committed to these values in all interactions with public sector agencies, other organisations and community members.

A statement of business ethics is a particular form of values statement directed to raising private sector awareness of public sector values. This is important because strong working relationships with the private sector are an essential part of building an efficient and cost-effective public sector. Council does have a statement of business ethics. This should be communicated both internally and externally to show the ethical standards that council abides by and expects others to abide by in doing business with council.

Roles and responsibilities of councillors and staff

Councillors and council staff appear to have a clear understanding of their respective roles within council. In interviews, the mayor, general manager, senior staff and

others indicated a clear understanding of the delineation between the role of the councillors in policy development and the need for day-to-day management responsibilities of council to remain with the general manager and council officers. Councillors attend regular briefing sessions to assist them to understand their role and keep them informed of current issues.

As noted earlier, the review team was impressed by the professional approach and the apparent willingness of both staff and the elected body to work together with the community for the whole of the local government area.

Councillor expenses and facilities policy

A policy on the payment of expenses and provision of facilities to the mayor, deputy mayor and councillors is a requirement under section 252 of the Local Government Act. Council's policy was last reviewed in August 2004. At the time of the review council was updating its policy to reflect recent changes to the Code of Conduct, Regulations and councillor expenses and facilities guidelines. Council adopted its new policy on 15 March 2007.

Planning and reporting framework

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 and the Local Government (General) Regulation 2005 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. Section 428(1) of the Act requires councils to prepare a report within five (5) months of end of each year as to its achievements with respect to the objectives and performance targets set out in its management plan for that year. Matters to be included are set out in section 428(1).

The review team examined council's management plan for 2006/2009 and annual report for 2005/2006. Both appear to be in compliance with council's statutory responsibilities. They are well presented and easy to read documents.

Council's actual performance in relation to the original targets set out in the management plan and any discrepancies between targeted and actual performance is set out in an attachment to the annual report.

The annual report could be improved with an executive summary setting out the council's major achievements in the previous year and a message by both the mayor and general manager outlining their summary of the previous year and their goals for the coming year. Council should also share its strategic vision in the annual report as well as its key objectives for the organisation **(Recommendations 13).**

Policy register
Council has adopted a standard format for policies that clearly identifies who is responsible for the policy, the date it was adopted, the date last reviewed and any related policies or other documents.

Code of conduct
The council's code of conduct adopted under section 440 of the Local Government Act is important because it assists councillors and council staff to understand the standards of conduct that are expected of them. The law relating to codes of conduct has recently been amended. 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 adopted a new code of conduct in February 2005. The code of conduct appears to be in line with amendments to the Local Government Act, which provide for a mandatory Model Code of Conduct for Local Councils in NSW, which was issued by the Department in January 2005.

Council has established a conduct committee that consists of the mayor, the general manager and a person independent of council. To date no matter has been referred

to the committee. The committee appears not to have developed operational procedures as yet, and should do so to assist its operations. **(Recommendation 14)**

Purchasing and tendering

Provisions relating to purchasing and tendering are set out in section 55 of the Local Government Act and the Local Government (General) Regulation.

Council has a purchasing and procedures policy, adopted in October 2004. A review of tenders was difficult with tenders being spread over a number of files, details such as receipt of tender and awarding of the tenders was listed in a book that went back many years. While the system has worked for many years, it could be improved. It was difficult to audit the tender document and to ensure that correct procedures had been followed. Council should consult with other councils as to the methods used in awarding its tenders.

Council should develop processes for monitoring and auditing its purchasing and tendering, disposal of assets and contract management. **(Recommendation 16)**

Sister City Relationships

Council currently does not have a sister city relationship with any other council. Council may benefit from establishing a closer working relationship with a larger council in NSW, which could provide opportunities for staff development for both councils. **(Recommendation 17)**

6.2   Regulatory Functions

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

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

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

Development applications

Council has an effective planning area with development applications assessed on average in less than 8 days. Planning decisions are clearly documented and developments of any significance are referred to council for determination.

Council is currently in the process of implementing an electronic tracking system for development applications.

State of the Environment Report

The important role of local government in implementing the principles of ecologically sustainable development in NSW has been formally recognised in the Local Government Act, which requires councils to manage their regulatory and service functions in an ecologically sustainable manner. Each council must submit a comprehensive *State of the Environment Report (SoE)* every 4 years and an annual update every other year in their annual report.

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

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

Coolamon's 2005/2006 SoE report is generally adequate, well written and presented. It addresses all necessary environment sectors. The report effectively provides a useful assessment of the potential future responses at the end of each section addressing the various environmental sectors. Council appears significantly engaged with the local community on a range of projects. An additional section in the report measures council's effectiveness in moving toward sustainability.

On the face of it, it may appear that council has not used its SoE to inform its proposed activities outlined in its Management Plan. However, other sections of the Management Plan include activities that were also identified in the SoE Report. Some of the activities included in the Management Plan that originate in council's SoE Report include:

- o Noxious weed control
- o Sewerage augmentation/maintenance and septic tanks
- o Heritage preservation
- o Street trees
- o Building control and
- o Roads.

This suggests that council has in fact used its SoE Report to produce its Management Plan 2006/2009.

Areas that could be strengthened in the report include:

- including environmental data from neighbouring councils in future SoE reports
- identifying new environmental impacts, update trends in environmental indicators and undertake a comparison of the condition of each environmental sector with its previous report
- consulting and involving the community, including environmental groups. **(Recommendation 17)**

Planning – keeping environmental planning instruments under review

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 and DCPs, "under regular and periodic review".

Council has been pro-active in developing a new local environment plan (LEP) for the shire. This will replace the 1995 LEP. Council is required to have a new LEP by 31 March 2009.

Council has completed a draft Local Environmental Study and Draft Planning Strategy. Council adopted these plans in December 2006. This will form a key document in developing the council's strategic plan.

These plans were developed from the council's Local Environmental Study conducted in 2004. This followed extensive community consultation, which included conducting public meetings, town workshops, and seeking input from all sections of the community, including school children through the local schools. These "community-based planning objectives" form an integral part of the planning documents and ensures community ownership in the future planning of council's land use strategy.

The community input has identified each town's strengths, weaknesses, opportunities and threats. This has helped the shire identify those things that are desirable.

The plan acknowledges that the shire will grow from the urban expansion of Wagga Wagga and affordable land prices in the shire. Council has incorporated a plan to facilitate this increase in urban accommodation and has planned for residential development in Marrar and Ganmain.

Section 94

Council keeps a section 94 contributions register and monitors expenditure to ensure that funds are spent within a reasonable time and in the area to which they relate.

Regulatory inspections

Council has a program of inspections of all food outlets in the shire. However, a similar program is required for inspecting other premises such as hairdressers. **(Recommendation 18)**

Council promotes swimming pool safety and has prepared a brochure that is sent to pool owners to remind them of their obligations in owning a swimming pool.

As Coolamon is a small shire, enforcement is the responsibility of only a few officers of council. Council should investigate working with other councils in sharing resources in the regulatory area to minimise duplication and develop expertise in the regulation and enforcement areas. **(Recommendation 19)**

Companion animals

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

Only 10 cats have been registered in the Coolamon LGA since 1 June 2005 (59 since 1999), indicating a low level of compliance, which in turn may be related to a low level of awareness in the community as to the requirement to register cats. Dog registrations since 1999 number about 372 but only 18 since 1 June 2005.

Council does not have a companion animal's management plan. There is a clear need for a plan to address the issues of ownership and control of companion animals in the shire. It is also a means of raising awareness for compliance with the relevant legislation. It is recommended that council prepare and adopt a companion animal's management plan. **(Recommendation 20)**

The plan should identify strategies that council will pursue in meeting its obligations under the Companion Animals Act. This includes, but is not limited to, community education, enforcement, environmental and community amenity strategies. Council

also has an obligation under section 64 of the Act to seek alternatives to that of euthanasia and if practicable, adopt any such alternatives. Strategies should be linked to, and monitored through, the council's management plan.

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

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

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

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.

Overview of financial position

Council has made operating surpluses before and after capital items for the past two years. For the period 2005/06, surplus before capital items stood at $210,000. Revenues (excluding capital grants and contributions) for the year increased by approximately 9.7%, while during the same period operating expenses increased 5.8%.

In the 12 months to 30 June 2006, council's operating result from continuing operations (including capital grants and contributions) rose to $3,080,000. Allawah Lodge Aged Hostel contributed $67,000 to council's operating result.

Liquidity and cash position

Council's unrestricted current ratio (UCR) for the 2005/06 period was 5.89. For the period 2004/05, 2003/04 and 2002/03 it was 3.77, 6.87 and 8.12 respectively. The UCR measures the adequacy of working capital and the ability to satisfy obligations in the short term. It does not include externally restricted activities such as water, sewer or specific grants. A good UCR is greater than 2.

The Rates and Annual Charges Outstanding Percentage (RACO%) in 2005/06 was 6.80%. The RACO% assesses the impact of uncollected rates and charges on liquidity and the efficiency of debt recovery. This compares with 2004/05, 2003/04 and 2002/03 of 5.56%, 6.91% and 7.94% respectively.

The Debt Service Ratio in 2005/06 was Nil, as the council has no external debt.

Infrastructure maintenance

Council's infrastructure assets are in good condition as per the information provided. The written down value (WDV) of council's assets for 2005/06 period are as follows:

- Roads, Bridges and Footpaths   85%
- Stormwater Drainage   87%
- Sewerage   84%.

The department considers that WDV below 50% may be a cause for concern. Council's estimated costs to bring assets to satisfactory condition were $2,643,000 in 2005/06. There is a shortfall between estimated maintenance to actual maintenance of $632,000.

Compliance with the Accounting Code

For 2005/06 council was fully compliant with both the Accounting Code and the Local Government Act as far as financial provisions were concerned.

Timeliness of submission of financial statements

Council has always submitted its financial statements to the department in a timely manner and over the last few years has been one of the first 10 councils to submit statements.

Proactive approach to economic development

Key objectives for Coolamon in this area include elevating the profile of the economic perspective, researching barriers to business activity, improving networking to respond to challenges, identifying strategies to build economic activity and providing input on planning issues.

Council's proximity to Wagga Wagga will see an increase in population with the townships in the Shire providing affordable housing. Council has identified opportunities for the development of land. This will see employment opportunities increase in the shire for the building industry.

Council has also recognised a need for aged services in the town and has developed Allawah Lodge, an aged persons hostel, which has created employment in the town and addressed community needs.

Asset management

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

Within the context of generally declining traditional sources of income and increasing costs, the renewal and maintenance of existing community assets is a major issue for council and the community.

The cost of managing and maintaining council's assets or services at the ideal or even a satisfactory level would have a dramatic effect on council's annual budget.

Council has recently engaged Jeff Rooda and Associates to undertake a review of its asset management of all roads in the shire. He will be working with the REROC to develop this on a regional basis. Council is proactive in assessing its assets and appraising the life of its assets.

Council has undertaken an asset management review in 2001 and 2005 and undertook some rationalisation of assets.

Council must ultimately commit a level of expenditure with respect to asset maintenance that it is able to afford. Council currently has a long-term asset management plan in regard to plant to 2010/2011. It also has an asset management plan for 20 years, which sets out major expenditures for key assets only. An additional plan exists for the Allawah Lodge. Council should work to develop a single asset management plan and asset management system, which integrates the management of all council assets. **(Recommendation 21).**

Long term financial planning

Council has no external borrowings, which has allowed council to manage funds within its own budget and has produced a good current ratio. The council has effectively used internal borrowings to improve cash at the council. These internal borrowings were done in accordance with the *Local Government Act 1993*.

Council has been effective in seeking grants and has developed expertise with grant applications. It has been successful is seeking assistance for community services activities and in particular for aged services.

Council in February 2007 adopted a long-term financial plan through to 2017 and will be incorporated in the management plan in June 2007.

It is nevertheless imperative that council develop a long-term financial plan that should be integrated with its asset management plan. The plan should take into account the following considerations:

- o   alternative sources of revenue
- o   long term rates strategy (rating structure, special variations, etc)
- o   long term borrowing needs and debt service ratio
- o   investment strategies
- o   the alignment of its long-term financial plan with other strategic directions, asset management, social and strategic plans

      o   long-term plans for capital works, land acquisition and anticipated demand for community facilities

      o   reserves and section 94 contributions

      o   asset management planning.

(Recommendation 22)

Council business activities

For council to effectively plan and monitor its business activities, it is important that council invest time and effort into systems to promote good risk management and control. Councils should develop a checklist for each business activity, including:

- performance indicators
- investment hurdles and cost/benefit analysis
- regular risk management reviews, and
- probity checks to ensure appropriate balance between council's role as business owner/operator and any regulatory or other roles.

Council should develop a business plan for all of its business activities that incorporates and builds on this information. **(Recommendation 23)**

6.4   Community & Consultation

A council's charter requires that a council:

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

Council's community focus

Overall, Coolamon Shire Council has a strong community focus. There is evidence that the social planning process is linked to council's management planning process. The community consultation processes undertaken have underpinned council's planning.

This is highlighted in the council's innovative approach to getting feedback from the community by providing cameras to people in the community to photograph things they like and don't like about the town. Further, in developing the new Local Environmental Plan, the council sought comment from the children of the shire on what they wanted in the shire.

Community committees

Council has a number of section 355 committees. These committees provide an opportunity for community involvement and can be an effective way of delivering services. Council also keeps its community informed through the production of a monthly newsletter that is delivered to all residents.

It is important that all of the committees have a constitution or charter setting out their membership, functions and delegations. Procedures or operational manuals should be provided to those committees that carry out functions on behalf of council. This will help ensure that they carry out those functions in a proper manner. It is also suggested that council provide adequate training for committee members in relation to their relevant area**. (Recommendation 24)**

Kindra Park

Council, together with the Kindra Park Development Committee, is currently involved in the preliminary stages of the redevelopment of the Kindra Park Recreation Area. The committee is linked to council as a section 355 committee.

It is anticipated that in the coming years council will establish new touch football fields together with bowling greens. An improved watering system has been developed for Kindra Park Recreation Reserve and the Coolamon Golf Course.

When completed the program is envisaged to meet the wide recreation needs of the Coolamon township.

Social and Community Plan

The Local Government (General) Regulation 2005 requires all councils to develop a social/community plan at least once every five years. 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. This plan must be prepared in accordance with guidelines issued by the Department. Aspects of the social/community plan must be reported in council's management plan and annual report.

The Community Plan for 2004/2009 meets most of the requirements of the Social and Community Planning and Reporting Guidelines. However, the plan does not appear to be reported on as part of council's annual report. For example, the plan contains recommended actions for each target group. However, the annual report only details activities undertaken by council to provide for the needs of selected target groups (children, young people, older people and the general community). There is no explanation in the annual report why identified activities for women, people with disabilities and men were not carried out. This is something council should remedy in future annual reports. **(Recommendation 25)**

Community grants

Council employs a Community and Economic Development Officer. This Officer works with all of the community groups and sources grant funding, together with assisting these groups in the completion of grant applications where need is identified. The position is intended to provide support to ensure the shire benefits from any initiatives and funding available.

Library project

Council purchased the "Up-to-Date" Store in Coolamon. This Store is a rare example of a general store of the early twentieth century. It is in an extraordinarily intact state for a store fitted out in 1909. In purchasing this store, council recognised its cultural

value to the community. Restoration work was completed in 2003 and it has since been registered on the NSW State Heritage Register. The Store now houses a number of historical collections, which reflect the shire's history.

Included as part of council's program of works for the store, council has plans for inclusion of a library service adjoining the store. The council set up a library committee who planned the layout. It is expected to be completed and operational by July 2007.

Ageing population

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

Between 2004 and 2022 the population of Coolamon is projected to increase in size. With 15.8% currently aged 65+ years, Coolamon is NSW's 57th oldest LGA. By 2022, it is expected that approximately 20.8% of the population will be aged over 65+ years, at an average increase of 0.28 percentage points per year. (*Population Ageing in New South Wales and its Local Government Areas*, Dr. Natalie Jackson, Director, Demographic Analytical Services Unit, University of Tasmania.)

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

The council is also aware of the number of retiring and ageing farmers in the area and the need to provide support to them. Council has formed the Men's Group to support these aged farmers.

Council provides many facilities for the care and housing of the elderly throughout the shire, with further provision of care and housing planned for the future. Over the next decade there will be an increased number of retirees who may need aged care in the shire. Council recognises that this group is made up of people of diverse ages, cultural backgrounds, levels of independence and personal characteristics. Council also recognises that older people need to be encouraged to continue to participate in

community life through the acknowledgement of their skills and experiences. Council supports quality services and facilities to enhance the independence and quality of life of older people.

Council recognises that there needs to be a range of health services, and that this is a very important issue for the elderly who may require high levels of medical and community support particularly in the later years of their life.

The council has been progressively working towards the development of an aged care and medical facility within the town. The facility is proposed to include 26 self-care units, a medical centre, a community centre, and a 23-bed aged person hostel as part of the local hospital. The construction of a 10-bed dementia wing will further add to the health facilities associated with this health care facility.

Council operates a Home and Community Care Department, which offers many services to the frail and aged in the community, including Meals on Wheels, home maintenance and modification, community transport, and equipment hire. These services are able to operate very effectively due to the important role of volunteers.

This service was recently assessed by the Department of Ageing, Disability and Home Care. The service received an excellent rating of 18.8 out of 20.

Council is aware that mobility is a major issue for aged people and has concentrated effort on establishing a plan to improve the footpath network throughout the Shire. This, along with council-provided community transport, means that aged people have good access to essential services.

Sporting facilities exist for the aged, including bowls and golf. A large number of social activities are provided within each town. Senior Citizens Clubs, Church groups, Men's Group and community groups all play their part in providing services to the Shire's aged residents.

Youth

Given the affordability of housing in Coolamon and its proximity to Wagga Wagga, the demographics of the shire is expected to change, with younger families moving to new homes in the area. While the emphasis has been towards providing aged services, council should examine possible strategies to address the needs of the youth in the towns. **(Recommendation 26).**

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 of the organisation

Council's executive management team is made up of the general manager and four senior managers.

Council employs 64 staff, of which 22 are aged 55 years and over. Women make up 54% of the employees. The staff work well together and have a professional approach to their work. They show a willingness to accept a wide variety of tasks and to work cooperatively with all levels of the organisation.

Trainees, apprentices, cadets and work experience placements

Council has demonstrated a strong commitment to skills development within the community and council. Council has employed cadets who are working towards the attainment of their Bachelor degrees while getting valuable on-the-job experience. Council is looking at expanding this program with La Trobe University to encourage engineering students to work at the council.

Succession planning

The General Manager, Corporate & Community Services Manager, and the Engineering & Environment Manager may retire within the next five years. Other key internal positions are filled by staff approaching retirement age. The council has acknowledged the need to develop staff into these positions and to develop a succession plan for the organisation.

Human resources strategy

All councils should develop a long-term workforce plan that looks at the staffing needs of each section of council and allocates staff according to workload and priorities. The long-term plan should also address the issues of:

- o council's ageing workforce
- o the provision of a plan of succession for key positions, and
- o increase opportunities for apprenticeships, cadetships and traineeships to address these concerns.

A human resources strategy can integrate and guide council's overall human resources effort, particularly in the areas of recruitment and retention and staff training and development. A strategy of this kind may be stand-alone or may be integrated into council's overall strategy. The key is to ensure that, consistent with the council's view on the future direction of the organisation, planning is underway to support that direction at the human resources level. Such a strategy is a key part of effective modern strategic management. Its importance is underlined by the requirement to report annually in the management plan on council's human resource activities (section 403(2)). **(Recommendation 27)**

Recruitment and selection process

The review team assessed a number of recent recruitment files. These selection records lack transparency, with no details of the successful candidates' respective merit for the positions over other applicants.

Council has developed a selection and recruitment policy known as the staff selection policy and procedures. This policy attempts to set out procedures for the recruitment of staff.

This policy states that some positions are to be filled internally and others externally. It is the review team's view that this particular policy has the net effect of preventing other suitably qualified persons from applying for a position, if there is a candidate within council who could fulfil the role.

As the policy in question appears to limit other suitably qualified persons from applying for positions, it is difficult to see how appointments made (while utilising the advertisement methods prescribed by this policy) would be merit based, as required under section 349 of the Act and clause 26 of the Local Government (State) Award 2004.

While there was no evidence that those employees selected for positions were not the best persons for the jobs, it was also difficult to establish this, and be satisfied that strategy 3 of the council's EEO plan was implemented.

Council should review its recruitment and selection processes to ensure that appointments are adequately documented and EEO principles are implemented. **(Recommendation 28)**

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. Ensuring staff are appropriately trained is a key requirement in any OH&S system. Councils need to ensure staff have the required qualifications/training. Relying on line managers/supervisors to ensure that this occurs is a high-risk approach in the absence of clear business rules that communicate what is required.

Council should review its provision for staff training to ensure that it complies with the requirements of the Award and that the training meets the future needs of the council. **(Recommendation 29)**

Joint Consultative Committee

Clause 25a of the Local Government (State) Award requires each council to establish a consultative committee and to meet regularly. Council's committee did not met in the last 12 months. The composition of the consultative committee, as per the Award, must include the following members:

- MEU (Salaried) employee representative – 1 elected
- MEU (Wages) employee representative – 1 elected
- Environmental Health and Building Surveyors – 1 elected
- Australian Services Union – 1 elected
- Local Government Engineers Association – 1 elected
- Management representatives.

Council should have regular JCC meetings to discuss staff issues. **(Recommendation 30)**

Performance management

The Local Government Award requires that all employees shall have on-going feedback about performance. The Award states that the *"performance development process can be simplified to three stages:*

> *(1) joint development on objectives and performance standards*

> *(2) progress reviews and*

> *(3) a formal performance review, which is followed by decisions and outcomes."*

Council has a competency and performance management process in place. The performance management process is reviewed annually, with employees and their supervisors being invited to provide feedback and recommend changes via the staff.

7.   COUNCIL'S RESPONSE

Please contact   Mr Terrey Kiss

Council Ref.   TK:GOB:L.05-05

Your Ref.   A90591

Coolamon shire
c o u n c i l

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28 May, 2007

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

ATTENTION PAUL TERRETT

Dear Paul,

**RE: PROMOTING BETTER PRACTICE REVIEW
– COOLAMON SHIRE COUNCIL**

I refer to the Draft Report on the Better Practice Review conducted on the Coolamon Shire Council which was received on 2 May, 2007. The report has been reviewed by Council's Senior Management Team and by Council at its meeting of 17 May, 2007.
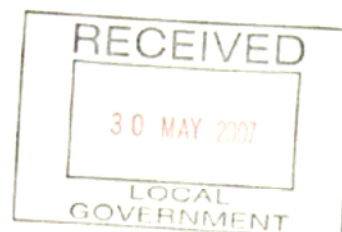
The following document constitutes Council's response to the recommendations within the Report.

Also enclosed is a copy of Page 14 of the Department's Report with the suggested amendments as discussed.

Yours faithfully,

Terrey Kiss,
GENERAL MANAGER.

Enc.

RECEIVED

3 0 MAY 2007

LOCAL
GOVERNMENT

— *big enough to serve small enough to care* —

Ardlethan - Beckom - Coolamon - Ganmain - Marrar - Matong

COOLAMON SHIRE COUNCIL

COUNCIL'S RESPONSE TO
PROMOTING BETTER PRACTICE REVIEW

GENERAL COMMENT

As a general comment Council were pleased with not only the results of the audit but the opportunity to work through not only this Council's operations, but Local Government in general with the Officers from the Department.

Council notes that in a number of instances the recommendations relate to process issues and no doubt these will be addressed in the passage of time. Council takes comfort from the Executive Summary which generally indicates that the Council is a well managed Local Government Authority where all of the component parts, ie. the Community, the Council and Councillors and Staff are working in close harmony and moving forward in a co-ordinated fashion.

STRATEGIC

1. *Council should develop and document a Strategic Plan that articulates the Council's vision and strategy for the next 10 years.*

    Council Response

    Council has prepared its mandatory 2007/2010 Management Plan to include a Strategic Direction that is linked to Council's Draft Local Environmental Plan.

    In addition, Council has prepared a Financial Budget that extends from 2007 to 2017 that includes all proposed Capital Works during this 10 year period together with various funding options.

    Council notes that a copy of the Management Plan incorporating the 10 year Financial Budget was forwarded to the Department prior to receipt of the Draft Report.

2. *To maximise the achievement of Council's goals and desired outcomes, Council should ensure that its plans and reports are well integrated with each other at all levels. Council should ensure that all its operational plans and integrated with its strategic plan.*

    Council Response

    Council has responded to the Department of Local Government reform agenda on 26 February, 2007 indicating that it supported Option 3 – Reshape the Framework proposed by the Department.

Council produced its 2007/2010 Management Plan to incorporate and integrate Operational Plans including all Strategic and Planning documents under the one Management Plan.

GOVERNANCE

3. *Council should examine the costs and benefits of establishing an internal audit function. Given the Council's size, consideration should be given to sharing this function with other Councils. Council should also establish an internal audit program.*

    Council Response

    Council will establish an Internal Audit programme. Investigations are currently underway as to how this will occur. The function may well be shared with other Councils within the Riverina Eastern Region of Councils (REROC) or alternatively, Council will consider the cost and benefits of establishing its own independent audit function that would be outsourced in a professional manner.

4. *Council should undertake a fraud risk assessment and develop a fraud control policy or strategy.*

    Council Response

    Council does have a Fraud and Corruption Prevention Policy that was adopted on 28 October, 2004 (Minute No. 365/10/2004).

    This policy will be subject to regular review and incorporated into an Internal Audit programme.

5. *Council should develop a risk management plan that provides a framework to proactively identify and manage generic and specific risks.*

    Council Response

    Council will develop a Risk Management Plan that encompasses significant organisational risks.

    This will be reviewed by Council's Senior Management team however Council notes that any such control measure must undergo cost benefit analysis. Council also notes that the management of risk is at times a function that is carried out by Senior Management intuitively in undertaking normal tasks.

    Council notes that insurable risks, i.e.: Public Liability and Professional Indemnity are currently subject to Risk Management Practices within the

Shire and that Occupational Health & Safety risks are also subject to similar policies and procedures that already being implemented.

6. *Council should review its complaints handling policy to facilitate the regular reporting of complaints to senior management and Council, for their information.*

Council Response

Council will review its Complaints Handling Policy.

Council notes however that the nature of this organisation generally ensures that the General Manager and the Executive Managers become directly aware of complaints and that such matters are normally dealt with expeditiously

Council's Policy will be amended to ensure that any continuity or repetitiveness in complaints will ensure that it is brought to the General Manager and Councils attention.

7. *To complement its complaints policy and demonstrate its commitment to customer service, Council should develop and adopt service standards for its key customer service activities, including responding to telephone calls, emails and correspondence. Council should include an appropriate means of reporting on its performance in these areas in its annual report.*

Council Response

Council's Customer Service practices will be amended to include standards as regards key customer service activities.

Council notes however that there is currently an expectation by Senior Management that all telephone calls are responded to within a 24 hour period and that correspondence is either acknowledged or the matter attended to within the 7–14 day period.

8. *Council should make the required changes to its record keeping practices, to facilitate compliance with the State Records Act 1998, to ensure that its record systems support the needs of the organisation and to facilitate community access.*

Council Response

Council's Records Managements Policy and Procedures will be reviewed to ensure they comply with the State Records Act 1998. Council notes that its current system has never impeded the needs of the organisation nor has it impeded community access to necessary records. Councillors will be made aware of their role in relation to record keeping and Council will investigate the needs for an archival records repository. This latter item may be an issue for further discussion between the Councils of REROC.

9. *Council should provide to the public, information on what documents are available under Section 12 of the Local Government Act 1993 and how to access them.*

Council Response

Public Notification has been provided in Council's office advising of the availability of documents under Section 12 of the Local Government Act 1993.

Council notes that this notification was in place prior to the Review being undertaken by the Department.

10. *Council should review whether it has implemented its Privacy Management Plan as intended given the concerns raised in the report about Council's record management practices.*

Council Response

Council will review the adequacy of its Privacy Management Plan.

11. *Council should develop a disaster recovery strategy.*

Council Response

Council has a Disaster Recovery Policy which was adopted by Council on 20 October, 2005 (Minute No. 392/10/2005).

Following the Departmental Review, Council has installed a Security System at Council's Administration Office and Depot.

12. *To encourage more community leaders to stand for Local Government election, Council should develop strategies to encourage people to stand for election, particularly women. Council should develop an induction kit and induction training to assist new Councillors understand their role as Councillors.*

Council Response

Council will continue to encourage the democratic process to be undertaken. Council does provide an Induction Programme for newly elected Councillors. This programme is undertaken by the General Manager and all policies, programmes and operational issues are discussed with them as well as their responsibilities under the Local Government Act.

13. *Delegations should be reviewed to show greater details and to link these delegations to job descriptions.*

Council Response

Council delegations are quite detailed and linked to job descriptions. The review team, when undertaking their task, were shown a matrix that summarised delegated authorities. There is a substantial weight of material that supports that matrix.

Nevertheless Council's processes in relation to delegated authority will be reviewed.

14. *Council's statement of values should be included in its Management Plan.*

Council Response

Council does have a Statement of Value in its Management Plan and this has been part of Council's Management Plan since the introduction of that particular legislation.

15. *Council should develop a statement of business ethics to communicate both internally and externally the ethical standards that Council abides by and expects others to abide by in doing business with Council.*

Council Response

Council's Statement of Business Ethics was adopted on 28 October, 2004 (Minute No. 365/10/2004) and is available on Council's website.

The Statement is included in Council's Contract Documentation and will be also incorporated into the 2007/2010 Management Plan.

16. *Council should review its policy on Councillor expenses and facilities.*

Council Response

Council reviewed its Policy for the Payment of Expenses to Councillors and adopted a new Policy on the 15 March, 2007. This Policy has been provided to the Department.

17.   The Annual Report should include an executive summary and messages from the Mayor and General Manager setting out a summary of the previous year's achievements and Council's goals for the coming year. It should also share its strategic vision and key objectives in the annual report.

Council Response

Council will include an Executive Summary and a message from the Mayor in future Annual Reports. Reference will also be made to Council's Strategic Vision and key objectives for the immediate future.

18.   Council is encouraged to develop procedures to assist the operations of its Conduct Committee.

Council Response

Council notes that it has formulated a Conduct Committee and there has never been there requirement for that Conduct Committee to be convened. Council will develop procedures to assist that Committee in the event that it is required to be convened.

19.   Council should develop processes for monitoring and reviewing its purchasing and tendering, disposal of assets and contract management.

Council Response

Council adopted a Purchasing and Procedures Policy on the 28 October, 2004. This Policy will be reviewed and amended to incorporate processes to monitor and review purchasing, tender, asset disposal and contract management procedures.

20.   Council should investigate establishing a Sister City relationship with a larger Council in NSW.

Council Response

Council has made contact with a larger New South Wales Council during 2006. That process has been unproductive and Council has since made contact with another New South Wales Council with the object of developing a mentoring/twinning relationship.

REGULATORY

21. *The State of the Environment Report should be reviewed to:*

    a) *include environmental data from neighbouring Councils in future SOE Reports.*

    b) *identify new environmental impacts, update trends in environmental indicators and undertake a comparison of the condition of each environmental sector with its previous report.*

    c) *consult and involve the community, including environmental groups.*

    Council Response

    The areas identified in the Report will be given consideration in the production of Council's next comprehensive State of the Environment Report. Council as part of REROC will endeavour to incorporate Regional aspects in the next SOE Report.

22. *Council should conduct a review of its environmental health inspections.*

    Council Response

    Council's Environmental Health Inspection regime will be amended to ensure that all required regulatory inspections are undertaken.

    Council notes that all food shops do receive an annual inspection and the only ones not receiving such inspection are hairdressers of which there are nine (9) within the Shire.

23. *Council should investigate working with neighbouring Councils on sharing resources for enforcement and regulation.*

    Council Response

    Council currently undertakes regulatory enforcement issues in respect of Noxious Weeds and Bush Fire/Fire Break Inspections with neighbouring Councils. The matter is under further discussion with REROC to determine whether other such opportunities may be available.

    Since the on site review has been undertaken, Council's Regulatory Officer has received additional training which will enable an expansion of duties and responsibilities.

24. *Council should review its Companion Animals Management Plan to ensure that it is comprehensive, contains strategies and meets its obligations under the Companion Animals Act 1998.*

Council Response

Council will review its obligations under the Companion Animals Act 1998 and it notes that it has already a Draft Companion Animals Management Policy/Plan that is under review by Senior Management and when the review has been completed it will be presented to Council for adoption.

FINANCIAL MANAGEMENT

25. *Council should continue to develop a comprehensive Asset Management Plan that includes the rationalisation of assets and a maintenance program. Council should implement a total asset management system to ensure that it has an empirical basis for determining what funding will be required to maintain, replace and enhance asset when needed. Council's Asset Management Plan should include potential rationalisation of assets and a maintenance program. Council should identify a position that is responsible for ensuring that departments liaise on asset management and that there is integration of the management of all of Council's assets.*

Council Response

In 2001 Council in conjunction with its external auditor undertook a review of its entire Asset Base. This review identified assets that Council considered integral to its core organisation as well as assets that were surplus to Councils needs or beyond their economic life. This process also aimed to identify the maintenance and capital requirements for that asset base in accordance with Councils priorities for each asset or asset class.

Following the review in 2001 Council were able to dispose of a number of assets and utilise the funds for more productive purposes.

In 2005 Council again engaged its external auditor for an Asset Management Review. Council's asset base was again rationalised in line with its vision and future direction and available funds. Council will continue to develop this plan and will continue to monitor its asset base to determine maintenance and capital requirements as well as the need for asset retention.

26. Council should develop a long-term financial plan in conjunction with its Strategic Plan and Asset Management Plan, taking into account the following considerations:

- alternative sources of revenue
- long term rates strategy (rating structure, special variations, etc)
- long term borrowing needs and debt service ratio
- investment strategies
- the alignment of its long-term financial plan with other strategic directions, asset management, social and strategic plans
- long-term plans for capital works, land acquisition and anticipated demand for community facilities
- reserves and section 94 contributions
- asset management plan
- council needs to review its rating structure as part of its long-term financial planning process

Council Response

I refer to earlier comments in that Council has adopted a long term Financial Plan through to 2017. The development of this Plan has been underway for the past 12 months and was finalised at a working party meeting held in February, 2007 between Senior Staff and Council. Following the February working meeting Council then incorporated that Plan into its Annual Management Plan and this will be formally adopted at the June, 2007 meeting of Council. Prior to that adoption of course the Plan will be subject to public advertising and consultation.

27. Council should develop business plans for all its business activities.

Council Response.

Under National Competition Policy, Council has only two defined business activities – Sewerage and the Allawah Complex.

In respect of Sewerage, Council is currently consolidating its sewerage services and has recently completed a 20 year Financial Plan with the Department of Commerce.

The Allawah Complex has a separately defined Asset Management Plan together with a continuous Improvement Programme as specified under the Aged Care Act.

Furthermore, Council has developed a Domestic Waste Strategy for the ongoing management of its resources in respect of domestic waste.

Council's current plans and strategies will be reviewed to determine their appropriateness in the current environment.

COMMUNITY & CONSULTATION

28. *Council should provide its Section 355 Committees with a procedure or operations manual that outlines what is expected of them, including information on Council's Code of Conduct.*

Council Response

Council has provided each of its Section 355 Committees with a Constitution and Operations Manual together with the information on Councils Code of Conduct. This information was provided to these Committees prior to the on site Review.

29. *Council should review its annual report to include details of identified activities Council is undertaking for women, people with disabilities and men.*

Council Response

These activities are identified and reported on in Council's Annual Report under Part B – Management Plan. This refers to Council's principal activities and social plan and includes Council's comments together with cumulative comments for the year on meeting the objectives set out in both the Management Plan and Social Plan.

30. *Council should examine strategies to address the needs of the youth of the Shire.*

Council Response

Council should examine strategies to address the needs of the youth of the Shire.

Council also notes that it is working with the community to develop a significant Sporting Complex in the Coolamon township. This will involve contributions by various Crown Land Trustees, Licensed Clubs and Sporting Bodies.

Council has also commissioned IRIS Research to undertake a detailed survey of Council's constituents to determine what services the community are looking for in terms of youth needs.

WORKFORCE RELATIONS

31. *Council should develop a long-term workforce strategy that looks at the staffing needs of each section of Council and allocates staff according to workload priorities.*

Council Response

Council is aware that its Senior Management Staff may well retire within the next 5 years. Council notes however, that other key staff are well short of retirement age.

A staff Succession Plan has been reviewed by Council's Staff Committee and to the point that Council can continue to manage this issue there is a significant Succession Plan in place. Obviously staff will come and go at their particular pleasure, however Council does have second and third tier management level staff that are being trained or are trained in their particular area of competence.

Council notes the difficulty in attracting staff to rural areas, however believes that it has the next two levels of management under its senior management team

Council believes that if all senior staff retired in the immediate future that there could be a seamless transition with minimal disruption and the strategic direction of Council being maintained.

32. *Council should review its recruitment and selection processes to ensure that appointments are adequately documented and EEO principles are implemented.*

Council Response

Council will review its Recruitment and Selection Processes but has the view that its current practices ensure that employment appointments are based on sound EEO principles.

33. *Council should review its provision for staff training to ensure that it complies with the requirements of the Award and that the training meets the needs of the Council.*

Council Response

Council's current processes provide that all operational staffs' qualifications and licenses are monitored and upgraded when necessary.

Council has a programme of tertiary training for office staff to ensure that appropriate staff is in place that enable a Succession Plan to come to fruition.

34. *Council should hold regular Joint Consultative Committee meetings as a key means of communications with attention to workforce issues.*

Council Response

Council will ensure regular Consultative Committee meetings are programmed.

8. SUMMARY - WHAT'S WORKING WELL & CHALLENGES

COUNCIL'S PRIORITIES AND FOCUS

What is working well

- Shared strategic vision
- Councillors and staff work well together to realise a shared vision

Challenges to improve

- Documentation of strategic direction
- Integration of council plans under an overarching strategic plan

GOVERNANCE

What is working well

- Mature approach to decision making
- Strategic alliances in REROC
- Local initiatives in Aged services and housing

Challenges to improve

- Records management
- Risk management and internal controls
- Internal audit
- Fraud control

REGULATORY

What is working well

- DA turnaround down to 8 days
- Review of LEP
- Section 94 contributions

Challenges to improve

- Companion animals management
- Regulatory inspections

ASSET AND FINANCIAL MANAGEMENT

What is working well

- Compliance with statutory requirements
- Economic development

Challenges to improve

- Asset management planning
- Long term financial planning

COMMUNITY, COMMUNICATION AND CONSULTATION

What is working well

- Community focus
- Services to aged community
- Library services

Challenges to improve

- Support for section 355 committees
- Services to youth

WORKPLACE RELATIONS

What is working well

- Family friendly employer
- Succession planning

Challenges to improve

- Recruitment processes
- Workforce planning
- Training
- Consultative committee membership