Promoting Better Practice Program

good governance

innovation

improvement

challenges

REVIEW REPORT

DENILIQUIN COUNCIL

APRIL 2008

dlg

Department of Local Government

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1.   ABOUT THE REVIEW

Review objectives

The Promoting Better Practice review program 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.

Deniliquin Council Review

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

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

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

Sonja Hammond and Lyn Brown conducted the on-site component of the review from 26 June to 27 June 2007.

The on-site review involved a meeting with Council's Mayor and General Manager, conducting interviews, conducting a councillor briefing session, attending a Council meeting and the review of a number of council's policies and other documents.

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

This final review 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.

The review team wishes to thank Council and staff for its assistance in conducting this review.

2.   EXECUTIVE SUMMARY

Deniliquin Council is generally meeting its obligations set out in the charter under section 8 of the Local Government Act 1993. There are a number of areas of Council's operations where there are current and effective practices in place. However, there are also a number of areas that require reviewing and updating.

It was evident that councillors, council managers and staff work with each other well. There was a mature and respectful attitude among councillors and between councillors and council staff which was particularly evident at Council's meeting.

Council acknowledged that the 2000 - 2005 business plan, which is the current strategic plan, requires reviewing and updating. However, it is evident that the goals that are set in the business plan have guided Council's management plan in the last two years. Council needs to ensure that the new strategic plan that is developed sets the direction for Council for the long term.

Additionally, Council's strategic plan should drive its other plans. In this regard, Council should ensure that its long term plans and strategies are integrated with its strategic plan.

Council has some work to do to improve its management planning. A council's management plan is an important document. It should implement the direction that is set in Council's strategic plan. In addition to undertaking further work on the strategies in the management plan, Council needs to develop realistic and measurable performance indicators against which success of these strategies can be measured.

Council is an active member of the Murray Regional Organisation of Councils. Council participates in many of the joint projects through the group and has recently signed a partnership agreement with Murray and Conargo Shire Councils to formalise cooperative arrangements that are in place and to identify future opportunities for resource sharing. This initiative is commendable.

Council has some sound governance attributes. This includes strong internal control systems, sound tendering practices and an effective approach to records management.

There are some governance matters that Council needs to address, including; reviewing a number of Council's policies and practices, such as its risk management plan, its delegations and complaints management system; reviewing Council meeting practices; developing an internal reporting policy and procedures; and developing a system for monitoring and reporting complaints.

Council has well organised development application assessment processes in place. It provides comprehensive and user friendly development application information on its website. In addition, Council has a range of policies, registers and procedures to meets it regulatory obligations. Council's State of the Environment reporting is comprehensive and regular, providing a thorough environmental snapshot of the region.

Regulatory matters that Council needs to address include, developing an enforcement and prosecutions policy, reviewing development delegations and developing a companion animals management plan. It is suggested that the latter should be developed in conjunction with Conargo Shire Council.

Overall Council's financial position is considered to be satisfactory. Council does need to undertake some long-term financial planning to ensure that this position is maintained while providing the appropriate services and infrastructure for the community. The work that is being undertaken on asset management planning is impressive. This is another example of councils working together, with many of the councils in the Murray ROC region implementing the Biz-e-Assets program.

The social plan for Deniliquin Council is a combined plan with Conargo and Wakool Shire Councils. The plan appears to be reasonable but needs to be integrated further with Council's management plan and annual report.

It was apparent that Council has a number of good practices in place to address some of the issues it will face in the future in obtaining and retaining its workforce. Council is encouraged to continue this work and document its approach in a workforce planning strategy. Council should ensure that this is driven by the new strategic plan.

In summary, this report recommends the continuance of Council's good practices and systems and makes some suggestions to improve its effectiveness.

The review team wishes to thank Council and staff for its assistance in conducting this review.

3. RECOMMENDATIONS

Ambitions, Priorities and Future Focus

1. Council should ensure that its values are promoted in its significant documents including the management plan and annual report.
2. Council should review and update its strategic plan to provide a long term direction for Council.
3. Council should involve the community when reviewing and developing the strategic plan.
4. Council should work towards the integration of its plans such as the management plan, financial plan, social and community plan, environmental plan, workforce plan and asset and capital works plans.
5. Council needs to adopt performance indicators across the organisation that are realistic and measurable to ensure a best value approach to services is developed.
6. Council should work with its agreement partners to develop structured strategies and performance indicators for the activities to be undertaken in accordance with the agreement.

Governance

7. Council should review the format of its management plan to ensure that it provides comprehensive strategies in relation to its principal activities and complies with the requirements of the Local Government Act and Regulation.
8. Council needs to develop measurable performance indicators against the strategies that are included in the management plan.
9. Council should produce its code of conduct as Deniliquin Council's code (currently it is in the format of the Model Code) and as a separate document.
10. The 'Provision of information to councillors and for the interaction between councillors and staff' policy should be reviewed to ensure that the reporting and resolution processes are consistent with the requirements of the code of conduct.

11. Council should ensure that its core policies and documents, such as the code of conduct, procedures for the conduct of public question time at Council meetings and code of meeting practice, are available on its web site.

12. Council should review its policies to ensure they are current, use a consistent format and include information that identifies who is responsible for the policy, the date the relevant policy was adopted, the date for review and cite any related policies or other documents.

13. Council should ensure that it manages both its electronic policy manual and its hard copy policy manuals through version control processes.

14. Council's risk management plan should be reviewed to provide timeframes for the strategies and actions identified in the plan.

15. Council should identify and document the internal controls that it has in place in its risk management plan.

16. Council should review and update its business continuity plan in accordance with the Department's circular 07-12 issued on 27 April 2007.

17. Council should develop an internal reporting policy and system under the *Protected Disclosures Act 1994*.

18. Once adopted, Council should provide training to councillors and staff on the protected disclosures system.

19. Council should develop a statement of business ethics that sets the ethical standards that Council abides by and expects others to abide by in doing business with it. Once adopted, Council should incorporate this statement in its tendering and contract documents.

20. Council should update the disposal policy to ensure it is comprehensive and covers the disposal of all of Council's assets.

21. Council should include a risk assessment of its procurement and disposal practices in its risk management plan or as part of its internal audit program.

22. Council should review its records management policy and procedures to include provisions relating to keeping councillor records.

23. Council should review its delegations to ensure that they are dated, current and appropriate.

24. Council should review its practice of holding a discussion forum at its meetings.

25. Council should ensure that its minutes record the time that councillors leave or enter the meeting.

26. In deciding whether or not a matter should be discussed in closed session, Council should ensure that it applies all the requirements of section 10D of the Act, specifically the public interest test.

27. Council should review its complaints management system taking into account the comments made in this report.

28. Council should develop a process to monitor and report on its complaint handling activities.

Planning and other regulatory functions

29. Council should review its development assessment and approval criteria to ensure that it is still appropriate.

30. Council should consider delegating the power of refusal of development applications to its staff so as to further streamline the development assessment process.

31. Council should include information about processes for the review of decisions in its existing development application guides.

32. Council should consider working with local schools to gauge their interest in participating in any environmental monitoring projects.

33. Council should place the 2003/04 comprehensive SOE report on its website.

34. Council should develop an organisation-wide enforcement and prosecutions policy.

35. Council should ensure that residents are informed as to how they may report alleged breaches and suspected cases of non-compliance.

36. Council should work with Conargo Shire Council to develop and adopt a joint companion animals management plan.

Asset and financial management

37. Council should develop a ten-year financial plan that is integrated with its updated long term strategic plan.

38. Council should ensure that its asset management plan and capital works program are supported by a long term financial strategy.

39. Council should ensure that its proposed capital works program, along with its plant replacement program are presented in the annual management plan.

Community and consultation

40. Council should review the format of its annual report to ensure that it complies with the legislative requirements, provides the required financial information and reports against activities that are outlined in the management plan.

41. Council should ensure that its management plan includes a statement with respect to access and equity activities to meet the needs of residents in the Council's area drawn from initiatives identified in its social and community plan.

42. Council should include the relevant social and community plan strategies in its management plan, including a statement of means and performance assessment.

Workforce relations

43. Council should develop the workforce plan as part of a review of its strategic plan.

44. Council should consider conducting an employee attitude survey.

45. Council should ensure that the consultative committee meets in accordance with its adopted constitution.

46. Council should review its EEO and harassment prevention plan to ensure that it complies with the provisions of section 345 of the Act.

47. Council should ensure that its annual report includes a statement of activities undertaken to implement the actions identified in the EEO and harassment prevention plan.

4.   CONTEXT

The Deniliquin Council area is located in the south west of NSW. The Council area is only 129.9 square kms and is bordered by Conargo and Murray Councils. The town of Deniliquin is situated on the Edward River. The Council area comprises the town of Deniliquin and a small area surrounding the town. The township of Deniliquin itself contains part of the world's largest red gum forest. Deniliquin provides a commercial centre for the local sheep station properties. It is also the location of the largest rice mill in the southern hemisphere.

The population of the Deniliquin Council area at the 2006 census was 7715 persons. The population has had small declines in size and is projected to continue to decline in the future. The rate of decline is low. Like many areas in NSW, the population is ageing. The median age of the population in Deniliquin has changed from 33 years in 1991 to 41 years in 2006. At the 2001 census, approximately 17.1% of Deniliquin's population was aged 65 years or over. This is projected to grow to 23.5% by 2022. However, the rate of ageing of Deniliquin's population is slower than for many councils in rural NSW.

According to Council's management plan for 2007/08, there are 3,748 rateable properties within the Shire. These are predominantly residential, rural residential and business. This gives Council a rate yield of approximately $3.35 million.

Council has 9 elected representatives, including the Mayor. The Mayor is elected by the councillors on an annual basis. Council has a full council meeting twice a month and has one standing committee that comprises all councillors, being the finance committee.

As at June 2007, Deniliquin Council employed 90 full-time equivalent staff. Council's organisational structure consists of four divisions: Technical Services, Financial Services, Administration Services, and Regional Library and Community Services. In addition, the functions of Human Resources and Economic Development are directly accountable to the General Manager.

In 2006/07, Council's budget for expenditure on ordinary activities was approximately $7.2 million. Council reported a small operating deficit before capital items in

2005/06, but made a surplus for the two years prior. Council had a surplus after capital items for the last three years.

Council determined 110 development applications in 2005/06 (NSW Department of Planning, Local development performance monitoring 2005-06, July 2007). The mean time for determining development applications in 2004/05 was 23.78 days. This compares favourably to similar councils, which had an average of 40.78 days (Department of Local Government comparatives 2004/05).

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.

Council developed a five year business plan in 2000. This plan articulated the mission, vision and set of values to guide the organisation. While Council has provided its values on its website, the values are not evident in the management plan or annual report. Council should ensure that its values are promoted in its significant documents. *(Recommendation 1)*

Council acknowledged that the 2000 - 2005 business plan, which is the current strategic plan, requires reviewing and updating. Council should ensure that the strategic plan that is developed sets the direction for Council for the long term and that the management plan focuses on the activities necessary to meet the long term goals that are set. Council's strategic plan should drive its other plans. However, it is evident that the goals that are set in the business plan have guided Council's management plan in the last two years. *(Recommendation 2)*

It is unclear as to the level of community involvement in the development of Council's previous strategic (business) plan. Council should engage with the community when reviewing and developing the strategic plan to ensure that the community's aspirations are reflected in Council's long term vision for the area. The strategic plan should:

- articulate where the Council area and the organisation envisage they would like to be in the foreseeable future,
- how all contributing elements fit together, and
- clearly reflect the community's vision for the future of the area. *(Recommendation 3)*

Council should also ensure that all its plans are integrated. That is, the management plan, social and community plan, state of the environment plan, financial plan, asset and capital works plan and workforce plan should progress the strategies established in the strategic plan. Additionally, the management plan should include and bring together the relevant strategies from each of these plans. *(Recommendation 4)*

Council also needs to undertake further work on the development of performance indicators for its activities. These need to be realistic and measurable. Performance indicators should be developed, adopted and monitored across the organisation to ensure that a best value approach to services is developed. *(Recommendation 5)*

Deniliquin Council is a member of the Murray Regional Organisation of Councils (Murray ROC). Council is an active participant in this group. There are many examples throughout this report of joint projects and resource sharing being undertaken by member councils. Deniliquin Council staff and councillors participate actively in Murray ROC programs and activities. The councils in the region should be commended on the activities undertaken through their regional organisation of councils. Council staff are also involved in other regional activities such as library services and professional group meetings.

In addition, Council has signed a partnership agreement with Murray and Conargo Shire Councils. The agreement states that it is based on the strategic alliance model adopted by the Wellington, Blayney and Cabonne Councils. This agreement outlines a range of areas for co-operative arrangements. Some of these arrangements are currently in place, while others are identified as future opportunities for resource sharing. This initiative is also commendable.

While it is early days for the agreement, it is suggested that the agreement partners consider developing structured strategies and performance indicators for the activities to be undertaken in accordance with the agreement. The Department has recently conducted a review of the Wellington, Blayney and Cabonne Councils alliance and Council should consider the recommendations that are included in the review report (once it is published) to assist with the implementation of the agreement. *(Recommendation 6)*

6. DELIVERING AND ACHIEVING

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

6.1 Governance

Overview

 "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*

Management plan

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

Council's management plan takes the form of a budget document and focuses largely on reporting financial estimates. It does not address specific programs in detail and does not chart the progress of council's implementation of initiatives. The management plans for 2006/07 and 2007/08 contain identical information in relation to human resources, the environment and Council's goals and principal activities. This gives the impression that Council has not achieved any of the activities outlined in the 2006/07 plan.

While Council has indicated that the recent plan applies until 2009/10, each year Council should review the management plan and modify it to the extent of achievement of the proposed activities. It would help if Council identified the timeframes that apply to each of the activities listed.

The review team noted that Council's management plan for 2007/08 requires greater detail in order to comply with sections 403 and 404 of the Act and Regulation. Specifically, the management plan should contain more information on the following:

- The principal activities that Council proposes to conduct along with more detailed strategies and expected timeframes for completion of specific projects
- Sales of assets to be conducted by Council
- Integration of proposed activities outlined in the State of the Environment Report and Social and Community Plan
- Programs to be undertaken to implement its EEO management plan
- Statement with respect to proposed Council activity relating to access and equity activities to meet the needs of resident in the Council's area.

Council should review its management plan in order to ensure that it complies with the requirements of the Act and Regulation. *(Recommendation 7)*

Council needs to undertake further work on the strategies in the management plan and the development of realistic and measurable performance indicators to measure performance against these strategies. Currently, the performance measures are vague and it makes the reporting on progress to implement strategies in the management plan inadequate. *(Recommendation 8)*

Code of conduct

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

Deniliquin Council adopted the Model Code of Conduct on 9 March 2005. It was supplemented with a section on complaint handling guidelines for any complaints lodged under the code. Currently the code is incorporated into one document with a number of other policies and codes. This document/policy is called 'Council and committee meetings standing orders and code of meeting practice'. The Council's code of conduct should be removed from this document so that it stands alone. Additionally, Council needs to badge the document Deniliquin Council's code of conduct. *(Recommendation 9)*

It was noted that a further document titled 'Provision of information to councillors and for the interaction between councillors and staff' was also included as Attachment E to the document/policy mentioned above. Some of the information included in the interaction policy was inconsistent with the requirements of the Model Code. This included the reporting of breaches of the interaction policy to council meetings. Breaches of the policy may be considered to be breaches of the code of conduct and should be dealt with in accordance with the procedures established in the Model Code. This policy should be reviewed to ensure that the reporting and resolution processes are consistent with the requirements of the code of conduct. *(Recommendation 10)*

The review team noted that while the code of conduct was available on Council's intranet and in the policy manual, it was not currently available on Council's web site. Council should ensure that its core policies and documents are available on its web site. *(Recommendation 11)*

Policy register

Council has a policy manual that is available on Council's intranet site for staff. The review team also noted that hard copies of the policy manual were available at many of the work stations and in offices. An examination of Council's policies indicated that they can be improved by identifying who is responsible for the policy, the date the relevant policy was adopted, the date for review, using a consistent format and cite any related policies or other documents. It was apparent that some of the policies had not been reviewed for some time, for example, the privacy management plan. Council also needs to ensure that it manages both its electronic policy manual and its hard copy policy manuals through version control processes. *(Recommendations 12 and 13)*

Internal controls (risk management, internal audit, fraud control, internal reporting)

Internal control processes, such as internal audit, fraud control, risk management plans and legislative compliance provide for systematic assessment of the adequacy and weaknesses of council processes and systems. This, in turn, enables the organisation to ensure, on the one hand, that statutory and service level requirements are met, and, on the other, to test organisational processes for risks or vulnerabilities and to strengthen its processes and systems.

Deniliquin Council has developed a risk management plan. The plan identifies the key business risks faced by the organisation and who is responsible for the implementation of actions identified in the plan. The plan could be improved by providing timeframes for the actions identified. Additionally, the plan should be reviewed in accordance with the recommendation made in this report in relation to Council's policies, that is, it should contain some document control information such as the date it was adopted. *(Recommendation 14)*

While Council does not have a specific fraud control policy or strategy, fraud risk assessments are undertaken in conjunction with its internal audit program. Council has a contract arrangement with its external auditor who undertakes the activities

identified in its internal audit plan. Council has also established an internal audit committee to oversee this process.

Council has strong internal control systems such as registers of equipment, monitoring of phone accounts, checks and balances in the accounting area and the separation of roles. Council's fraud risk practices are generally good. Council could expand on its current practices by including the use of equipment in its control system. The review team suggests that Council documents the internal controls that it has in place in its risk management plan.

Council advised that it monitors its compliance with its legislative and regulatory responsibilities by using the strategic tasks document that is issued by the Department as well as ensuring that staff are advised of the Local Government and Shires Associations weekly circulars. This approach to managing its compliance responsibilities could also be included in Council's risk management plan. *(Recommendation 15)*

Council has developed a business continuity plan, currently titled the 'Business interruption plan'. The plan is dated July 2002 and Council advised that it had been reviewed in January 2003. Council should review and update this plan in accordance with the Department's circular 07-12 issued on 27 April 2007. *(Recommendation 16)*

Council provided a copy of its internal reporting policy and guidelines. This was a grievance policy and did not include information on the making of protected disclosures under the *Protected Disclosures Act 1994*. Council should develop an internal reporting policy and system under the Protected Disclosures Act. Once adopted, Council should ensure that staff and councillors receive training on protected disclosures. *(Recommendations 17 and 18)* *(Suggestion: Council may refer to the Protected Disclosure Guidelines issued by the NSW Ombudsman.)*

Statement of business ethics

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 not have a statement of business ethics. Council should consider developing a statement of business ethics that incorporates the relevant provisions of Council's code of conduct. A statement of business ethics can be an excellent tool for raising private sector awareness of public sector values. Once developed and adopted it is recommended that Council include this statement in its tendering and contract documents. ***(Recommendation 19)*** *(Suggestion: Refer to the ICAC publication: Developing a statement of business ethics.)*

Disclosure of interest returns

The Local Government Act sets out the parameters that must be adhered to when councillors and staff have a conflict between their public duty and private interests that constitutes a pecuniary interest. The Act requires that councillors and designated staff complete and lodge disclosure of interest returns. It is important that councillors and staff observe these requirements, as 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 inspected the councillor and senior staff disclosure of interest returns. While the returns were generally good, there were some areas where councillors need to take care when completing their next returns. Councillors should ensure that they include their name on the return, provide the appropriate date, enter 'nil' in any areas where there are no other entries and that the nature of any interest in real property is clearly identified. Council could use the information provided in the Department's circular 04/16 to assist councillors complete their returns.

In its response to the draft report, Council advised that it had provided the Department's circular to councillors following the review to assist them with the preparation of their disclosure of interest returns. The recommendation to provide the circular to councillors was removed from the report.

Procurement, disposal and tendering

Council's obligations in relation to formal tenders are regulated under section 55 of the Local Government Act and the relevant provisions of the Regulation. These provisions apply to contracts with a value of $150,000 or more.

Tendering, procurement, contract management and asset disposal activities should be governed by considerations of probity, transparency and accountability in the expenditure of public funds for public purposes.

Council has a policy for the procurement of assets and services and a general policy on the disposal of small equipment. It was noted that these policies needed to be updated and should be reviewed as part of the review of policies recommended in this report. In addition, Council should consider updating the disposal policy to ensure it is comprehensive and covers the disposal of all of Council's assets. *(Recommendations 12 and 20)*

Council uses e-tendering and information about this is provided in Council's policy. Staff advised that e-tendering has made the tendering process much easier. Council's practices in relation to tendering are sound. Staff have access to a checklist that is provided on the intranet to assist them through the tendering process. The checklist provides a flowchart of the process and at each step of the way there is a link to the relevant clause or section of the legislation. In addition, links are provided to relevant forms and formats for documents eg tender advertisements, assessment process and correspondence. This is an excellent tool to assist staff with the process.

The review team sampled files on two tendering processes which were well ordered. While the review team acknowledges that this is a small sample, the condition of these files indicates that Council's tendering practices are sound and well documented. One of the tender processes was managed by the Department of

Commerce. The tender file did not contain some completed documentation as this had not yet been forwarded to Council to include on the file. This included the tender specification documents, the council report and the contract. Council should ensure that these documents are provided and filed.

Council had not conducted a risk assessment of its procurement and disposal practices in the last two years. Council should consider including such an assessment in its risk management plan or as part of its internal audit program. *(Recommendation 21)*

Record keeping

Council is required to 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.

Council has adopted a records management policy. The policy has been modelled on the policy documents provided by the State Records Authority of NSW, the State Library of NSW and Holroyd City Council. Deniliquin Council uses the Civica records management software to store and manage its electronic records system. Council runs a parallel paper based system as well. It is evident that Council has an effective approach to records management.

State Records NSW has recently issued a recordkeeping publication for local government councillors, 'Sample records management policy, procedures, leaflets and templates for local government councillors', that provides guidance about the keeping of records that relate to the councillors' role. Council should review its records management policy and procedures to ensure that councillor records are included. *(Recommendation 22)*

Delegations

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

Council maintains a delegations register in accordance with the Act. While the review team was advised that the delegations were reviewed following the last election, the date of this review was not included on the delegations in the register. Council should review its delegations to ensure that:

- they contain the date the delegations are made and reviewed,
- legislative references in the delegations are current,
- the delegations are appropriate, and
- delegations are easy to find, for example, you should be able to search by position title as well as individual name. *(Recommendation 23)*

Council meetings

Council meetings are the primary means by which council makes its decisions. Council last adopted a code of meeting practice in August 2006. This code, in combination with the Council's code of conduct, regulates the behaviour of councillors and staff.

Council meetings are held twice a month. The review team inspected a sample of Council's minutes and attended Council's meeting on the 27 June 2007. This revealed that there is a mature and respectful attitude among councillors and between councillors and council staff. The maturity was evident in that council staff were also provided with an opportunity to speak on items. The Council uses an overhead projector to type up the minutes as the meeting progresses. This enables councillors, staff and members of the public to see the outcomes of the meeting straight away and have the minutes clarified immediately.

The review team made a number of observations of the council meeting and provides the following feedback for consideration:

- Council includes a discussion forum on the agenda but does not list any items on the agenda. Council should ensure that it complies with the requirements of the Act and Regulation. The general provision is that Council must not transact business at a meeting unless a councillor has first given notice of the business in writing within the period fixed by Council's code of meeting practice or by Council resolution (cl.241 of the Regulation). Clauses 241 and

243 provide limited exceptions to the general provision. Council should review its practice of conducting a discussion forum by referring to the Department's circular 07-14 'Council meeting practice – business without notice'. *(Recommendation 24)*

- Some councillors were allowed to speak on items on more than one occasion.

- A councillor disclosed a non-pecuniary conflict of interest in a matter but did not state the nature of that interest to the meeting. While the minutes of the meeting have recorded the nature of the interest, councillors need to state this aloud so that any members of the public who are present know what this is. In addition, Council's minutes did not record the time that the councillor left the meeting nor the time that the councillor returned to the meeting. A review of Council's minutes indicates that a record is made that a councillor has declared an interest and left the room for the duration of the consideration of that matter. It would be good practice to ensure that the minutes record when the councillor re-enters the room. *(Recommendation 25)*

- Council moved into closed session and relaxed the rules of debate without moving into committee of the whole. Council should use the provision in the Act and Regulation to move into committee of the whole if it wishes to enable free discussion on a matter before it. Committee of the whole can be used in open or closed session.

- Council should provide the previous meeting minutes that are to be confirmed, in the agenda papers for the meeting. The agenda papers for the meeting on 27 June 2007 included an item of the confirmation of the minutes of the meeting on 13 June 2007. However, these minutes were not included in the agenda papers.

Council indicated in its response to the draft report that it will address these issues in its reviewed Code of Meeting Practice.

Council provides the minutes of the meetings on its web site. However, Council does not provide its business paper on its website. Council also does not provide its code of meeting practice on the website. The code of meeting practice includes a procedure for the conduct of public question time and addresses to the council or a committee. Council should ensure that the public have access to this information by

providing all these documents on its website. The practice of providing an opportunity for the public to raise or discuss issues with Council is commendable. However, Council needs to ensure that members of the public are aware that this opportunity is available and the procedures that govern this. *(Recommendation 11)*

Council should also be cautious in its use of extra-ordinary meetings to conduct business. The review team was advised that on at least one occasion an extra-ordinary meeting was held where no minutes were kept of the meeting. In addition, Council should use the extra-ordinary meeting provisions cautiously as there are not the same public notification requirements as apply to Council's ordinary meetings. While Council does not conduct very many extra-ordinary meetings, it should consider giving public notice of the meeting wherever possible.

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 closed session, Council is required to state the grounds for closing the meeting (section 10D). These include:

- The relevant provision of section 10A(2) relied upon in closing the meeting
- The matter to be discussed during the closed part of the meeting
- Where the matter is not a personnel matter, a personal hardship matter or a trade secret, the way in which discussion of the matter in open council would on balance be contrary to the public interest.

While Council identifies the matter to be discussed and the relevant provision of section 10A(2) in its grounds for closing the meeting, it has not included the public interest test as required by section 10D of the Act. Council should review the Department's circular 07-08 titled 'Closed council meetings', for assistance in this regard. *(Recommendation 26)*

Councillor expenses and facilities, induction and training

New councillors require induction training to equip them with the skills required to properly carry out their duties and allow them to be effective members of council elected bodies. To assist councillors in achieving these goals, councillor induction training should familiarise councillors with the activities and functions of their council

and the legislative framework in which they operate. The program should ensure that councillors are made aware of their general legal responsibilities as an elected member and their obligations of disclosure under the pecuniary interest provisions of the Local Government Act.

Council has developed a comprehensive program for the induction of its councillors. Councillors are provided with an information kit called a 'Guide for councillors'. Council is to be commended on its approach to the induction of its councillors. Council should ensure that the 'Guide' is reviewed before the next local government elections to ensure that the information is current. Council could expand the program to provide more detail about the code of conduct and pecuniary interest obligations.

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. Councils are required to submit their expenses and facilities policies to the Department by 30 November each year.

The Department issued updated guidelines for the preparation of policies under section 252 in May 2007. Deniliquin Council reviewed its policy and placed it on public exhibition in June 2007. The policy was adopted by Council in July 2007 following the exhibition period. The policy follows the format and meets the basic requirements of the Department's guidelines.

Complaints handling

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

Council has a policy and procedures for complaints management. Council's processes are currently under review with the introduction of the new electronic document management system. Council's review should ensure that the following matters are taken into account. Council's policy and procedures should:

- define a complaint

- differentiate between service requests and complaints

- make it clear who will deal with complaints and how

- provide a three-tiered process that involves initial assessment and one level of internal review

- identify performance targets for turnaround of complaints

- identify how complaints and outcomes will be recorded.

In addition, Council management does not currently prepare or receive regular reports on the number, progress and outcome of complaints. Council should develop a system for monitoring and reporting on the complaints it receives. The review team notes that Council advised in its comments on the draft report that the new Customer Service Action Request System had been implemented and training of staff was currently underway. *(Recommendations 27 and 28)*

6.2   Planning and other regulatory functions

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

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

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

Council's planning instruments and policies

Section 73 of the *Environmental Planning and Assessment Act 1979* (EP&A) places a requirement on councils to keep their planning instruments and policies, such as local environmental plans (LEP) and development control plans (DCP) under regular periodic review. In addition, amendments to the EP&A Act have sought to standardise planning instruments throughout the state through the issuing of a LEP template that all councils are required to use.

Currently Deniliquin Council has one LEP that was gazetted in 1998. Council is listed on the 2011 timetable for completion of the process of reviewing its LEP so that it complies with the template. There is currently no funding provided for this work.

Council has a number of DCPs which will also be required to be reviewed to comply with the changes to the EP&A Act. Council staff are preparing to review all these policies as part of the LEP template development.

Council has identified complying and exempt development in its LEP and also has a separate DCP that identifies this type of development. The LEP contains limited information on notification of developments. However, Council has an 'Exhibition and Notification of Development Applications' policy. This policy describes the circumstances of the types of developments to be notified and to whom they will be notified.

Development assessment

Council indicates that 90% of its development applications (DAs) are dealt with under delegated authority. Council has documented the criteria for referring DA decisions to the elected body for determination. There are 13 criteria listed that include, among others, development applications with an estimated value over $1 million, applications that seek variation to council policy, applications affected by a SEPP, some staff applications, any application where a written objection has been received that is not resolved and applications where refusal is recommended. In addition, any development can be called up by one councillor for reporting to Council.

While the criteria provides clear guidance to staff, the policy was developed in 2002 and indicates that it was due for review in 2003. Council should review this criteria to ensure that it is still appropriate. *(Recommendation 29)*

In particular Council should give consideration to delegating the power of refusal of development applications to its staff so as to further streamline the development assessment process. Many well performing councils have over 95% of development applications determined by staff. *(Recommendation 30)*

Council provides comprehensive and user friendly development application information on its website. This includes the how, what, when and why of development applications. It is an excellent source of information on the development application process. The information could be improved by the addition of information about the availability of a review of decisions. *(Recommendation 31)*

Council has well organised development application assessment processes. It has a 'checklist' for everything; lodgement, assessment and processing. According to the 2004/05 Department of Local Government comparative data, Council had 135 development application determinations. This was an increase on previous years. Council's mean time for determining its development applications was 23.78 days. This compared well to council's within its group that have an average of 40.78 days. This is evidence of Council's efficient assessment and processing system.

Council uses the 'Authority' system for processing and managing its development applications. The review team was advised that this system is not being utilised to its full potential. The staff in the planning and development section have only been with Council a short period of time. In this regard, staff are aware that they are still learning this system. For example, staff currently use outlook calendars for reminders as to when actions are due and manually calculate stop the clock provisions. The 'Authority' system has a stop the clock function that is not being used at the moment. The review team was advised that staff intend to approach other councils that are currently using the 'Authority' system, for further training and support. This is encouraged.

Environmental management

Since 1999 councils have been required to report on the state of the environment in their areas through State of the Environment (SOE) Reports, reporting on the main environmental issues facing local government areas. The reports must address 8 environmental sectors and include major environmental impacts and related activities.

The Local Government Act requires councils to prepare a comprehensive report the year following each council election or otherwise to provide a supplementary report in each of the intervening years. These reports must identify any new environmental impacts since a council's last report and update the trends in environmental indicators that are important to each environmental sector.

Deniliquin Council subscribes to a regional state of the environment report, prepared by Habitat Planning on behalf of the Murray Regional Organisation of Councils. There are 10 councils involved in the SOE report. Council prepared a comprehensive report in 2003/04 and a supplementary report in 2005/06.

The report is well laid out and easy to read. Habitat Planning and the councils involved in preparing the report should be commended for preparing such a comprehensive document and for following up with such regular, detailed supplementary reports. They provide a thorough environmental snapshot of the region and illustrate the benefits to councils of working together in a strategic way.

The Department has issued guidelines that emphasise the involvement of the community (including environmental groups) in monitoring changes to the environment over time. The guidelines suggest that councils consult their community through State of the Environment working groups.

There is little evidence of consultation with the community or environmental groups during the development of the SOE report. The comprehensive report, at least, should detail the extent of community consultation undertaken. The review team was advised that there are no environmental groups located in the Deniliquin area. It is suggested that Council consider working with local schools to gauge their interest in participating in any environmental monitoring projects. *(Recommendation 32)*

As discussed elsewhere in this report *(see Management plan and Annual report),* there needs to be clearer integration between the SOE report and actions to be taken in the management plan. Similarly, Council's annual report could provide a summary of the progress of environmental initiatives in addition to referring to the SOE report. It is also recommended that Council places the 2003/04 comprehensive SOE report on its website along with the supplementary reports that relate to it. *(Recommendation 33)*

Council adopted an on site sewage management strategy in 2001 and maintains an on site sewage management register. The register includes the required information on each system.

Council's stormwater management plan was adopted in 2001 and has recently been reviewed.

Enforcement

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

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

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

Council does not have an organisation-wide enforcement policy. It is evident that Council undertakes investigations into matters and proceeds to issue orders or penalty infringement notices. Council also undertakes routine inspections in a range of its areas of regulatory responsibility. For example, inspections carried out this year resulted in Council issuing orders relating to the fire safety of premises. It is recommended that Council develop an enforcement and prosecutions policy to guide its enforcement activities and ensure there is a consistent approach to compliance

activities across the different areas of Council. *(Recommendation 34)* *(Suggestion: Council may refer to the Enforcement Guidelines for Councils issued by the NSW Ombudsman as a starting point.)*

With respect to the provision of information to the community as to how to report suspected non-compliance, Council relies on general feedback from the public. Given its statutory obligation in areas of public health and safety, the Council should also ensure that residents are informed as to how they may report alleged breaches and non-compliance. This may enable Council to effectively monitor some of the key areas of responsibility and reduce the risk of non-compliance for residents. *(Recommendation 35)*

Swimming pools

Councils have a range of functions imposed on them by and under many Act and laws. One of these Acts is the *Swimming Pools Act 1992* that confers on councils the responsibility to take such steps as are appropriate to ensure that they are notified of the existence of all swimming pools to which the Act applies that are within their area, and to promote awareness within their area of the requirements of the Act in relation to swimming pools.

Council maintains a register of all pool owners within its Shire. The Council area has approximately 139 backyard pools. Council's register is comprehensive and up to date and includes copies of pool inspection reports.

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

Deniliquin Council does not currently have such a plan. In recommending that Council develop a companion animals management plan, it is also suggested that Council work with Conargo Shire Council to adopt a joint plan. This approach is suggested as Conargo Shire utilises the pound facility provided by Deniliquin Council. *(Recommendation 36)*

Council provided comment on the draft report that advised that discussions will be held with Conargo Shire Council in regard to developing a joint companion animals management plan. Council pointed out that Deniliquin is predominantly an urban area while Conargo is a rural environment. Thus the issues may be very different. However, it is still the view of the review team that a joint plan could be developed that takes these differences into account.

Council should refer to the Department's Guide to Preparing Strategic Companion Animals Management Plans when developing its plan. (http://www.dlg.nsw.gov.au/dlg/dlghome/documents/Forms/gpscamp.pdf)

It is notable that Council's euthanasia rates for animals have increased over the last five years. The review team was advised that many dogs are left behind by the large number of tourists that travel through the area. This is an issue that should be addressed in the development of the companion animals management plan.

6.3   Asset and financial management

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

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

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

Overview of financial position

The financial reports for 2005/06 were reviewed as they were the most current financial reports available at the time of both the on site review and the writing of this report.

Council's net operating result for the 2005/06 financial year was a surplus of $468,000. This compares to a net operating surplus for 2004/05 of $1,414,000. The Auditor has noted that the revenues decreased by almost 2% on the previous year, while the expenses increased by 7%.

Council has $10,920,000 in cash assets and investment securities. Of this, $1,219,000 is internally restricted and $812,000 is unrestricted. Council's internal restrictions include $314,000 for plant & vehicle replacement, $560,000 for employee leave entitlements, $218,000 for Saleyards and $120,000 for the Aerodrome. Council has almost $5,000,000 externally restricted for water supply and $2,700,000 for sewerage assets.

Council's performance ratios were considered satisfactory with all showing an improvement for the 2005/06 financial year. The unrestricted current ratio refers to the amount of available assets that a council has to meet its current liabilities. Councils should be aiming at an unrestricted current ratio of greater than 1.5:1. Deniliquin Council's unrestricted ratio is 1.84:1.

Another important ratio is the debt service ratio. This measures, as a percentage, the amount of money that council is spending to service any debts. As at 30 June 2006 Deniliquin Council had a satisfactory debt service ratio of 5.86%.

Council's rates and annual charges outstanding reflect the percentage of money that has not yet been collected for rates and annual charges. The percentage of rates and annual charges outstanding increased for 2005/06 to 6.16%. This ratio may well increase in 2006/07 similar to neighbouring councils as a result of the drought conditions within the region.

Overall Council's financial position is considered to be satisfactory.

Financial planning

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

Currently Council does not have any financial plans beyond the three-year management plan. Council developed a Total Asset Management Plan (discussed in detail in the next section) and this should provide a good basis for Council to begin to develop a longer-term financial plan. *(Recommendation 37)*

Asset management and infrastructure maintenance

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

Council has a dedicated position working on asset management. Council has a current asset management plan that was adopted in June 2002. Council is currently updating this plan. The 2002 plan is comprehensive. It provides information on the types of assets covered by the plan. This is very detailed and includes, as an example, assets such as street trees, lighting and cemetery as well as roads, bridges, buildings, parks and reserves, street infrastructure, sewerage system, stormwater drainage, airport, saleyards and swimming pool.

The plan includes a 20 year capital works program for street infrastructure that includes roads, kerb and gutter, footpaths and drains. In addition information is provided on asset funding requirements, asset valuations, condition summaries, maintenance and replacement strategies, maintenance standards and service levels. The plan has a number of tables that provide guidance on the maintenance intervention levels and response times for each class of asset.

Council is currently using the 'Biz-e-Assets' software system to update its plan. This includes mapping assets, re-valuing assets and updating asset condition data.

The work that is being undertaken on asset management planning is impressive. This is also another example of councils working together, with many of the councils in the Murray ROC region implementing the Biz-e-Assets program. The Murray ROC has also bought a GPS unit that is shared by councils in the region. In addition to using technology to map its assets, Council has a system of cameras in sections of its stormwater system that enable staff to monitor the condition of stormwater assets and pinpoint trouble spots without having to dig.

Based on the information provided with Council's 2005/06 financial statements, some of Council's infrastructure assets are nearing the end of their economic life. The written down value (WDV) of Council's assets for 2005/06 are as follows:

Roads, bridges and footpaths	30%
Stormwater and drainage	49%
Water supply network	53%

Sewerage network   36%

The Department considers that a WDV below 50% may be cause for concern. Council's estimated costs to bring assets to a satisfactory standard were $43.67 million in 2005/06. The shortfall of programmed maintenance to estimated annual maintenance in 2005/06 was $1.685 million. With the development of Council's Total Asset Management Plan and a 20 year capital works program for street infrastructure that includes roads, kerb and gutter, footpaths and drains, Council should begin to address the problems highlighted by these figures.

Council's re-valuations for water and sewer assets were expected to be completed by the end of June 2007, with stormwater valuations completed by the end of December 2007. Roads and other assets will follow. Council has completed the collection of roads condition data. Council should continue with its program to update its asset management plan, particularly in light of the low WDV of its roads, bridges, footpaths and sewerage assets.

The basis for Council's annual capital works program is the 20 year program and the maintenance and replacement strategies contained in its asset management plan. In addition to relying on the strategies contained in the asset management plan, Council conducts an annual survey of footpaths and the priorities for expenditure each year are based on these yearly inspections. Council also consults with landowners in relation to specific proposed programs of works.

Plant assets are not included in Council's asset management plan. The review team was advised that Council sold excess property and under-utilized plant some years ago. Council has kept enough plant for its core business. For example, Council uses Conargo Shire Council staff and plant to undertake its unsealed roadworks program. Each year Council's plant requirements are reviewed and presented as part of the management plan.

Council should ensure that its asset management plan and capital works program are supported by a long term financial strategy. In addition, this information, along with any proposed plant replacement, should be presented in the annual management plan. *(Recommendations 38 and 39)*

6.4   Community and consultation

A council's charter requires that a council:

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

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

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

Annual report

Council is required to prepare an annual report of its activities within five months of the end of each financial year. Section 428 of the Local Government Act requires that Council furnish a copy of its annual report to the Minister, Council is required to submit its annual reports to the Department by 30 November each year. Council is required to include a copy of the audited financial report in its annual report. A summary of Council's financial position is not adequate.

Council's annual report does not report on the progress of specific initiatives. Rather, it provides a general summary of what each branch of Council has achieved for the reporting period, as well as what they hope to achieve in the next period. This information is useful as a summary tool, but does not assist in determining how successful Council has been in achieving its goals. In addition, Council's annual

report does not meet some of the statutory requirements, for example, it does not include information on:

- A report on the condition of public works that includes estimate of amount of money required to bring the works up to a satisfactory standard, estimate of annual expense of maintaining the works at that standard and Council's program of maintenance for that year (section 428(2)(d)).
- A summary of the amounts incurred by the Council in relation to legal proceedings and the state of progress of each legal proceeding and result (section 428(2)(e)).
- A report on Council's performance in relation to access and equity activities to meet residents' needs as outlined in Council's management plan.
- Statement of activities to implement the EEO management plan should outline the activities that have been undertaken and relate to those outlined in Council's management plan. *(Recommendation 40)*

Social and community planning

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

Deniliquin Council's social plan is a combined plan for Conargo, Deniliquin and Wakool Councils. Community consultation during the development of the plan is well documented. Relevant demographic data is provided as required by the Department's guidelines and a number of regional issues are identified. Generally, there appears to have been a significant amount of cross-council planning in the development of the plan.

The plan contains a number of recommendations for action and a table that lists the timeframe for completion of these actions. There needs to be greater integration between Council's social and community plan, its management plan and its annual report. Council's management plan is required to include a statement with respect to

access and equity activities to meet the needs of residents in the Council's area drawing from Council's social and community plan. This is not contained in Council's management plan for 2007/2008 – 2009/2010. *(Recommendation 41)*

In addition, Council should monitor the implementation of its social and community plan by integrating the relevant strategies into its management plan. Council should include the relevant social plan strategies in its management plan and include a statement of means and performance assessment. *(Recommendation 42)*

In the same way, Council should be reporting on the outcome of implementing relevant strategies from the social and community plan in its annual report. In addition, Council is required to report in its annual report on its performance in relation to access and equity activities to meet residents' needs that are outlined in its management plan. This is not evident in Council's annual report.

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:

- *Human resources strategy*
- *Consultative committee processes*
- *Job descriptions and job evaluation*
- *Recruitment and selection processes*
- *Employee remuneration*
- *Staff development*
- *Grievance management*
- *Occupational health and safety*
- *Secondary employment*
- *Equal employment opportunity*

Overview of the organisation

All employers have legislative responsibilities in relation to their staff. The Local Government Act imposes additional requirements on councils. Importantly, a council's charter requires it to conduct itself as a responsible employer.

Deniliquin Council reviewed its organisation structure and adopted its current structure in August 2004. The General Manager is the only senior staff position. The executive consists of the General Manager, Manager Technical Services, Manager Regional Library and Community Services, Manager Administration Services and Manager Financial Services. In addition, the Human Resources Manager and Economic Development Officer report directly to the General Manager and attend executive meetings.

As at June 2007, Council had 90 equivalent full time staff comprising:

- 35% women
- 1% Aboriginal and Torres Strait Islander

Council indicated that its workforce did not have staff who identify as people with physical disabilities. In addition, Council advised that the Deniliquin area only has a small percentage of persons from culturally and linguistically diverse origin.

Council makes extensive use of traineeships and apprenticeships. Currently Council utilises the Community Development and Employment Program (CDEP) to employ Aboriginal trainees. Three CDEP trainees have just moved from that program to traineeships while a further 3 CDEP trainees have commenced work with Council. Council currently has a total of 8 apprentices and trainees.

Workforce planning

All councils are, to varying degrees, required to respond to workforce issues such as:

- an ageing workforce
- changes in workload for certain sections as council's and government priorities change
- retention of experienced staff
- attracting qualified and experienced staff to rural areas
- remuneration/market pressures for higher wages
- societal demands for better work/life balance.

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:

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

A workforce plan can integrate and guide council's overall human resources effort, particularly in the areas of recruitment and retention and staff training and development. 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)).

The Deniliquin labour market 'entry:exit ratio' is currently at approximately 1.1. This means that for every ten persons approaching retirement age there are eleven people at labour market entry age. This is projected to become negative by 2010; that is, less entrants than exits. (Jackson, Dr Natalie, 2004, *Population Ageing in New South Wales and its Local Government Areas*, University of Tasmania.)

It is evident that Council has a number of practices in place to address some of the future workforce issues it is facing. This includes the use of apprenticeships and traineeships as outlined above. In addition, while Council does not have a documented approach to succession planning, staff have been cross-trained so that the necessary skills are broadly available in the organisation should positions be vacant. Council has policies on job sharing, part time work, fixed term employment and a range of leave options. These practices and policies provide flexibility for Council in managing its workforce.

Council is also generous with its support for staff in undertaking further education and training. Council has developed a good relationship with TAFE colleges where staff are encouraged to undertake further training such as certificates in local government.

It is notable that Council has 3 staff members who are over the age of 65 years. Currently approximately 26% of Councils workforce is aged 55 years or older. Council is currently looking at ageing workforce strategies through its affiliation with the Murray Regional Organisation of Councils and StateCover. It is expected that work on these strategies will be completed by the end of 2007.

It was apparent that Council has a number of good practices in place to address some of the issues it will face in the future in obtaining and retaining its workforce. Council is encouraged to continue this work and document its approach in a workforce planning strategy. However, Council should ensure that this is driven by the strategic direction of its organisation and community. To this end, it should develop the workforce plan as part of a review of the Deniliquin Council Business Plan (strategic plan). *(Recommendation 43)*

Human resource policies and practices

Council has well documented procedures in place to manage its human resource needs. It is evident that these policies and procedures guide Council activities. The policies and procedures are contained in the Council general policy manual. This is accessible to staff through Council's intranet system. The review team also noted that managers and supervisors had a policy manual in their offices.

Council has a well developed induction program. The induction manual that is given to all new employees is comprehensive. The induction program includes an initial session with the Human Resources Manager followed by on the job induction from the person's supervisor. The program is guided by a checklist and the new staff member is required to verify that they have received the information.

Council has a range of good practices such as well documented recruitment and selection practices, job descriptions for every position which are reviewed at least every 12 months, ongoing staff performance assessment processes and an exit interview policy.

Council has identified the skills and competencies for every position in the organisation. This is used to identify training requirements for each position.

Council human resources staff attend meetings with a Riverina human resources group of council representatives. This enables staff to share resources and discuss problems. These activities are commendable.

Employee attitude survey

Council has not conducted an employee attitude survey. Council's human resources manager advised that Council is a small organisation and generally in touch with its employees. However, Council's consultative committee has only met once in the last 12 months as the committee has been unable to attract a quorum to its meetings. Generally, a consultative committee is a mechanism whereby managers and staff can discuss issues as they arise.

An employee attitude survey is a useful tool in identifying what is working well at Council, areas of concern to employees or areas that require improvement. It is acknowledged that Council is a small organisation. However, with the lack of regular meetings of the consultative committee, it would be important for managers to use a tool such as an employee attitude survey to gauge employee satisfaction with the organisation and identify areas that may require improvement. Council should consider conducting an employee attitude survey. *(Recommendation 44)*

Consultative committee

The Notional Agreement (NAPSA) governing the employment of Council staff requires Council to establish and properly maintain a consultative committee that meets regularly. The aim of the consultative committee is to provide a forum for consultation between Council and its employees.

As mentioned above, Council's consultative committee has only met on one occasion in the last 12 months due to an inability to attract a quorum to its meetings for various reasons. The review team was advised that this problem is being addressed and a further meeting of the committee was held in the last week of June 2007.

While the committee membership includes councillors, the councillors have not been attending meetings. The committee has just recommended that councillors should not be members of the consultative committee. This is supported. Councillors are kept informed of its activities through the presentation of information in the councillor information bulletin.

Consultative committees are an important means for dialogue between managers and staff. They are also an important mechanism for raising awareness of issues as they arise. Using a consultative committee is a well-recognised way of efficiently and effectively consulting. Accordingly, we recommend that Council ensures that the consultative committee meets in accordance with its adopted constitution. *(Recommendation 45)*

Equal employment opportunity

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

Section 345 of the Local Government Act outlines what the council's EEO plan is to include. Of particular significance are the requirements related to collection and recording of appropriate information, review of personnel practices within the organisation, the setting of goals and targets the means of evaluating the program and the revision and amendment of the plan.

Council has developed an EEO and harassment prevention policy and an EEO and harassment prevention plan. Council has identified 9 actions in the plan to implement the objective in Council's policy. Council's EEO policy is reflected in its recruitment and selection policy and procedures.

However, it is unclear as to whether Council's plan has been updated since the policy was adopted in 2002. The plan could be improved by the inclusion of specific targets and performance criteria, information on how the effectiveness of the policy and programs will be evaluated including any review of personnel practices to identify any discriminatory practices, provision for the review and amendment of the plan, timeframes for actions in the plan and a statement about corporate ownership of the policy. Council needs to ensure that its plan includes the requirements outlined in section 345 of the Act.

Council is required to provide a statement of activities undertaken by it to implement its EEO management plan in its annual report. In the 2006 annual report, Council provided a policy statement on the importance of EEO but did not report on activities that were undertaken in the year to implement the plan. Council should review its EEO and harassment prevention plan to ensure that it complies with the provisions of section 345 of the Act. Council should ensure that its annual report includes a statement of activities undertaken to implement the actions identified in the plan. *(Recommendations 46 and 47)*

Occupational health and safety (OH&S)

Although the review did not involve a comprehensive audit of council's occupational health and safety practices, the review team did examine a number of council documents in this area. Council has developed a management plan and system for occupational health and safety for the organisation. This system has been reviewed and rewritten in the last 12 months. The latest plan was adopted in June 2007. The currency of the plan is checked at least annually by the occupational health and safety committee.

Council's occupational health and safety committee meets regularly. The committee's agenda includes a standing item in relation to the occupational health and safety policy and system. The review team was advised that Council staff have a culture of reporting incidents. Currently the investigation process for workplace incidents is being reviewed and staff are undertaking training in this area.

The number of workplace incidents and time lost due to workplace injuries has reduced in the last 12 months. This resulted in a rebate to Council.

The reach of Council's approach to occupational health and safety is evident. For example, the information provided to new staff in the induction manual is comprehensive. In addition, the induction manual includes extensive information on evacuation procedures should an emergency arise.

Council is a member of an OH&S group established through the Murray Regional Organisation of Councils. This group meets quarterly. Resources are shared between councils in this group. In addition, the group has received incentives from StateCover to work together. This is another commendable activity sponsored by the Murray ROC.

7.   COUNCIL'S RESPONSE

FF

21 February 2008

RECEIVED

2 8 FEB 2008

LOCAL
GOVERNMENT

**DENILIQUIN
COUNCIL**

Mr G Payne AM
Director General
Department of Local Government
Locked Bag 3015
NOWRA NSW 2541

All correspondence to
be directed to the
General Manager

Civic Centre
Civic Place
PO Box 270
Deniliquin NSW 2710
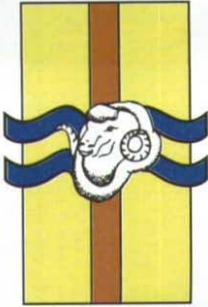
Dear Mr Payne

I refer to your letter dated 13 December, 2007, received 10 January, 2008 in which you forwarded a copy of the draft report prepared on the "Promoting Better Practice Review" conducted on Deniliquin Council in June, 2007.

You sought from Council comments in respect of the draft. Please find attached details of Council's response to individual recommendations in the draft Promoting Better Practice Report.

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03 5898 3000

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03 5898 3029

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council@deniliquin.nsw.gov.au

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ABN 90 513 847 629

Rec No	Comments submitted per recommendation
1	Council agrees with this advice
2	Council agrees with this advice. Council plans to review and update its Strategic Plan over the coming months.
3	Council agrees with this advice. Council intends to involve the community in the review and updating the Strategic Plan
4	Council agrees with this advice. This will be implemented where practical. Some of the plans mentioned have been prepared on a regional basis so it is not possible to completely integrate the plans.
5	Council agrees with this advice. Performance indicators will be reviewed and adopted during the development of the upcoming Management Plan
6	Council agrees with this advice
7	Council agrees with this advice. This will be undertaken during the preparation of the upcoming Management Plan.
8	Council agrees with this advice
9	Council agrees with this advice. Council intends to review its Code of Conduct following issue of upcoming guidelines from the Department of Local Government.
10	Council agrees with this advice. Council will review this policy during the review of its Code of Conduct
11	Council is in the process of placing its core policies and documents, such as Code of Conduct and procedures for the conduct of public question time and Code of Meeting Practice on its website

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NSW

"Achievement through Action"

12	Council has commenced the process of including its policies on its website. All suggestions made in this recommendation are being undertaken during this process
13	Council agrees with this advice
14	Council agrees with this advice. A review of Council's Risk Management Plan has recently been recently received from its internal auditors. A review is currently underway
15	Council agrees with this advice
16	Council staff has undertaken a review of Council's Business Continuity Plan. This review will be reported to Council by March, 2008
17	Council already has an internal reporting policy under the Protective Disclosures Act of 1994. This is included in Council's Management Practice
18	Training has been provided to Councillors and staff on the protective disclosures system. Additional training will be provided in coming months for staff and for new Councillors following the September election
19	Council agrees with this advice. This will be implemented in conjunction with the preparation of Council's Management Plan
20	A copy the Department's circular was presented to Councillors to assist in the preparation of their latest Disclosure of Interest returns
21	Council agrees with this advice
22	Council agrees with this advice
23	Council agrees with this advice
24	Council agrees with this advice. A review of Council's delegations has commenced and will be undertaken over coming months
25	Council agrees with this advice. Council reviewed its policy at its meeting held 13 February, 2008. It should be noted that the Discussion Forum is not part of the Council meeting. The Council meeting is adjourned prior to holding of the Discussion Forum. Council will abandon the practice of having a Discussion Forum and will hold an adjourned session called Delegates Reports in which other Councillors can update on meetings they have attended. Where action is needed or a more detailed report is appropriate, a written report will be presented to Council for inclusion in the business paper. These changes will be included in Council's updated Code of Meeting Practice
26	Council agrees with this advice. This was addressed in the review of Council's Code of Meeting Practice
27	Council agrees with this advice
28	Council agrees with this advice. A new Customer Service Action Request system has been implemented. Training of staff is currently underway in its use
29	Council agrees with this advice. This process was implemented with the new Customer Service Action Request system

DENILIQUIN COUNCIL

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30	Council has an existing policy on the notification of development applications this is included in Council's policy register as Council's Town Planning Policy 5.1.1 Exhibition and notification of Development Applications
31	Council agrees with this advice. Prior to reviewing this Management Practice, Council is awaiting the finalization of the state-wide review of Council planning powers.
32	This delegation is a Council decision. Should the power to refuse be given, strict guidelines will to be formulated to ensure consistency
33	The right of appeal is detailed on the determination documentation, plus the applicant is being advised at the time of determination. The review information can be easily added to the existing application guides and like. It is thought that any addition of such information to the application form in itself would be seen as a negative thing by external stakeholders
34	Council agrees with this advice. Whilst desirable, limited resources would preclude extensive monitoring projects by Council and the schools
35	Council agrees with this advice. Steps have been undertaken already to place the comprehensive State of the Environment report on Council's website
36	Council agrees with this advice. Research has commenced to develop a place based policy. This will involve all enforcement staff.
37	Council agrees with this advice. Council intends to prepare a flyer, include details on its website and include a column on the Council page in the local newspaper. At present time there does not appear to be any problems with complaints being lodged
38	This seems like a practical suggestion. Discussions will be held with Conargo Shire. It needs to be borne in mind that Deniliquin is predominantly an urban environment with different companion animal problems to the Conargo Shire Council area. Within the Deniliquin urban environment the problem has been nuisance stray dogs, occasionally with threatening behaviour towards people. In the Conargo Shire Council area, being predominantly rural, it is felt the largest problem would be occasional attacks on livestock.
39	Council agrees with this advice. Such a financial plan will be developed in conjunction with Council's revision of its long term Strategic Plan.
40	Council agrees with this advice
41	Council's capital works program and its plant replacement program are normally presented in the Annual Management Plan. Council will ensure that this occurs on all occasions.
42	Council agrees with this advice
43	Council agrees with this advice
44	Council agrees with this advice. Council's social and community plans have been drawn up on a regional basis; however some sections can be linked to its Management Plan workforce relations.
45	Council agrees with this advice
46	Council agrees with this advice

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47	Council agrees with this advice; however it is reluctant to hold meetings for the sake of holding meetings. Council's Consultative Committee meets when it has items to discuss.
48	Council will review its EEO and Harassment Prevention Plan as recommended
49	Council agrees with this advice

General Comment

Council would like to extend it thanks to the staff of the Department of Local Government for the way in which they conducted the review. This was undertaken in a friendly co-operative manner.

There is one small inaccuracy that Council has picked up in the report, this being on page 31 paragraph 2 second last line.

The Review Team was advised that staff were considering approaching other councils which currently use the Authority system for further training and support. There were a number of regional councils mentioned as possible support options, with Albury being just one of them.

Yours faithfully
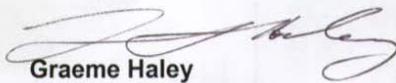
Graeme Haley
GENERAL MANAGER

Council provided its response to the draft report on 21 February 2008. Council advised of the requirement to amend part of the text to fix an inaccuracy. Changes have been made to the text at the appropriate places to accommodate Council's comments and correct any inaccuracies.

In addition, two recommendations have been removed and two have been modified as a result of Council's feedback. The recommendations that were removed related to the disclosure of interest returns circular and the notification of development applications. The recommendations relating to development application appeal information and meetings of the consultative committee were amended to take account of Council's comments.

Council responded that it already had an internal reporting policy. On further enquiries into this matter it was revealed that the internal reporting policy was part of the Child Protection Policy. Council advised that it would commence work on developing a separate internal reporting policy in accordance with the recommendation in the report.

Council should be congratulated for having taken action on many of the recommendations in the report prior to its finalisation.

SUMMARY- WHAT'S WORKING WELL & CHALLENGES

COUNCIL'S PRIORITIES AND FOCUS

What is working well

- Council is an active participant in the Murray Regional Organisation of Councils.
- Council is developing effective alliances with councils in its region.

Challenges to improve

- Council needs to review and update its strategic plan and ensure that the community is involved in the process.
- Council needs to ensure that all its plans are integrated with its strategic and management plan.

GOVERNANCE

What is working well

- Council has strong internal control systems in place.
- Sound tendering practices.
- It is evident that Council has an effective approach to records management.
- There is a mature and respectful attitude among councillors and between councillors and council staff at Council meetings.

Challenges to improve

- Council needs to ensure that its management plan meets the requirements of the Act and Regulation.
- Council's policies should be reviewed.
- Some meeting practices should be reviewed.
- Council core documents should be made available on its web site.
- Development of a system for the monitoring and reporting on complaints.

REGULATORY

What is working well

- Council has effective development application assessment and processing systems in place.
- Council provides comprehensive and useable information to the public on the development application process.
- Council's SOE report is a comprehensive document with regular, detailed supplementary reports that provide a thorough environmental snapshot of the region.
- Council has a comprehensive register of private swimming pools.