improvement

good governance

capability

Promoting Better Practice Program

REVIEW REPORT

Gunnedah Shire Council

June 2011

Division of Local Government
Department of Premier and Cabinet

TABLE OF CONTENTS

EXECUTIVE SUMMARY

Gunnedah Shire Council is generally performing well, with the majority of its practices being of a satisfactory standard. Council was already examining and refining many of its systems, policies and procedures during the Division's review. The review team found the purchasing and tendering processes were worthy of note, as was the community services co-ordination function.

The review has identified a number of improvement opportunities that the Council needs to consider as a priority. There are some specific matters in relation to Council's decision-making processes that need to be addressed. The report provides details of these and other matters so that the Council can give them due consideration.

The evidence suggests that Council, as an administrative entity, is faced by a number of challenges. Council needs to modernise and integrate its policy and procedural framework to ensure staff have clear structures and are aware of how their functions fit together to deliver services to the community. An improved and cohesive policy and procedural framework will encourage community confidence in Council as a whole.

The review team notes that a number of significant policies were adopted in September 2010 prior to the review. Many of these policies are key policies for good governance and will require Council to provide staff training. Council should also place these policies on its website.

The elected Council also faces significant challenges. The elected body needs to realign its activities with the form and intent of the *Local Government Act 1993*. It needs to robustly and jointly confront the strategic challenges facing Gunnedah and it needs to significantly reconsider how it engages with the community it represents in light of its strategic responsibilities. It appears that some councillors have had limited involvement in strategic policy formulation.

The failure of a good and workable relationship among some councillors and between some councillors and staff is hindering the development of strategies that are shared by all stakeholders. As a result, some councillors have become involved in operational matters rather than working strategically or at a policy level. These

failures are a distraction for the Council and action to repair these actions and relationships is necessary.

Some of the challenges facing Gunnedah Shire Council in the coming years include: improving leadership; developing a shared vision and strategic direction; accurately forecasting and managing its financial position; building and maintaining infrastructure in an effective manner; acknowledging and responding to demographic change (in particular an ageing community); and engaging more successfully with its community.

Council's planning instruments have been reviewed and are currently being considered by the NSW Department of Planning. Council's development unit has documented procedures that guide staff in the discharge of their responsibilities. Development Unit reports to Council are of a high standard. Council should ensure that its environmental planning activities are integrated with its strategic plan and other relevant operational plans. While Council has a compliance program, Council did not appear to have a compliance policy or associated procedures and guidelines. Compliance programs should be underpinned by documented policies and procedures.

Council is in a satisfactory financial position, with all financial indicators showing performance at better than accepted industry benchmarks. However, Council's quarterly reports could be improved to provide easier to read performance data to councillors. While Council has a policy framework underpinning its financial performance, it needs to support these policies with documented procedures to minimise risk. Council also needs to determine the extent of its asset portfolio in order to better manage its maintenance commitments and increase awareness of its asset cost base. Council needs to develop a long-term financial plan to underpin the long-term strategic plan that is critical to building sustainability for Council's finances.

Should the expected development in the mining sector take place in the Namoi Valley then Council will face significant pressures. Council needs to develop its workforce strategies in conjunction with the Integrated Planning and Reporting framework.

Overall, Council needs to communicate its strategic responsibilities to councillors, staff and the community.

PART I.   BACKGROUND

1   ABOUT THE REVIEW

Review objectives

Promoting Better Practice Reviews have a number of objectives. The objectives include generating momentum for a culture of continuous improvement and the promotion of good governance and ethical conduct. The reviews are designed to act as a "health check", giving confidence about what is being done well and helping to focus attention on key priorities.

Review process

The process involves a review team from the Department of Premier and Cabinet's Division of Local Government (the Division) evaluating the effectiveness and efficiency of the council's operations and giving feedback.

There are essentially five steps in a typical review - preparing, assessing, checking, analysing and reporting. The completion of a comprehensive self assessment checklist by the council is a key element in all PBP reviews.

The review team takes a risk based approach targeting its resources to areas identified as core matters to be examined as part of a PBP review and those matters considered to be important having regard to the circumstances of an individual council. It does not examine every aspect of a council's operations.

All reviews involve checking compliance with a range of statutory requirements, examining appropriate practices and ensuring that council has frameworks in place to monitor its performance. All reviews seek to identify better and noteworthy practices and areas requiring improvement or further development.

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 scope of the review report is limited to documenting those areas the review team identified as:

- exceeding good practice (referred to as better practice)

- in need of improvement or further development

- otherwise noteworthy for the reasons detailed in the body of the report.

SIGNIFICANT OBSERVATIONS	DESCRIPTION
Better practice	- Beyond or above minimum compliance requirements and good practice indicators. - Innovative and/or very effective. - Contributes to continuous improvement within the sector.
In need of improvement or further development	- Does not satisfactorily meet minimum compliance and good practice indicators and may impact negatively on council operations. - Significant improvement initiatives that are in progress and which need to be continued.
Otherwise noteworthy	- May include successful initiatives which respond effectively to local circumstances or practice that is in other ways significant for the council/community. - Practice which in general exceeds good practice but may have some aspects that require fine tuning.

Gunnedah Shire Council Review

Gunnedah Shire Council was asked to complete a comprehensive checklist/questionnaire about key Council practices. The review team comprised Senior Investigation Officers Grant Astill and Paul Terrett, who examined these and a range of other source documents prior to visiting Council in order to gain a preliminary understanding of the circumstances of Council and how the Council is responding.

The on-site component of the review took place in October 2010. It involved initial interviews with the Mayor and the General Manager, interviews with a cross-section of staff, observation of a Council committee meeting, individual meetings with 6 councillors, a review of Council policies and other documents and visits to Council's main works depot and some localities in the area.

Implementation and monitoring of recommendations of final report

While the overall assessment is that the Council appears to be generally performing satisfactorily, there are some important issues that the Council will need to address

for the future. The review has identified a number of improvement opportunities that the Council needs to address. Council will now need to identify its intended actions in implementing the recommendations in this report in the action plan contained at the back of the report. Council is asked to report to the Division in six months time on its progress towards implementing the recommendations.

2   ABOUT THE COUNCIL AND THE AREA

Location and demographics

Gunnedah Shire is located in north eastern New South Wales in an area known as the Namoi on the Oxley and Kamilaroi Highways. It is approximately 470km from Sydney by road and 75km inland from Tamworth. The area is defined by rural production and coal mining interests. The major products include cotton, grain, coal and cattle. The Gunnedah township is the regional hub with 5 outlying villages.

According to the Australian Bureau of Statistics 2006 Census, the population of the Gunnedah Local Government Area is 12,265 persons (June 2010 data update) with a median age of 40 years. Of the existing labour force of 5,105 persons, 59.5% were employed full-time with 13.8% of the labour force employed in the Sheep, Beef and Grain Farming employment category (the next highest being retail then services sectors). The Australian Bureau of Statistics reports a 0.2% population growth in Gunnedah for 2009 compared with the State growth of 1.7% for the same period.

Land use

Land use is a key issue and one that will be the subject of significant attention in future as the anticipated mining expansion and its affect on arable land have an impact on the area. Council's new Local Environmental Plan is currently with the NSW Department of Planning for review and authorisation prior to implementation. This plan is a significant document given the predicted growth of mining operations and ancillary activities in the region. In addition, Council needs to be mindful of its strategic responsibilities concerning its own land portfolio and the pressures brought to bear on Council's maintenance budget.

It is predicted that Gunnedah will face significant pressure over mining and water access issues in the near future. The mining issue impacts the agricultural sector and is likely to cause significant community tension should the expected expansion of the mining sector come to fruition.

Elected Council

The current Council has a mix of experienced and new councillors; there are two female and seven male councillors. Two of the councillors are first term councillors,

being elected at the 2008 local government ordinary election. The councillors seem divided by their views on agriculture and mining, each view with its own vision of Gunnedah's future. The Mayor is elected by the Councillors and is in his third term.

Council staffing

There are 171 staff employed by Gunnedah Shire Council making it one of the most significant employers in the region currently. Council's General Manager was employed in 2007 and is currently supervising three Group Directors and the Human Resource Manager. Council's structure was reviewed and adopted by the current Council in 2010.

Sale yards

Gunnedah saleyard operations attract stock from large distances. The saleyard is a cultural as well as economic operation benefiting Council and the district. Council will be challenged by the need to encourage the continued growth and operation of the saleyards for the benefit of the wider community, particularly in the face of predicted competition from other regional centres.

COUNCIL'S RESPONSE

GENERAL COMMENTS

In relation to the draft review a number of general observations have been made:

1. There are a number of recommendations, the actions on which have already commenced, particularly in relation to the progression of the Integrated Planning and Reporting program. Some of this is due to the fact that much of the IP&R work, apart from information collection and commencement of asset plans, has been planned for this year and fell after the review. It should be emphasised that Council chose to fall into group 3 because it did not want to pay lip service to the IP&R process and consciously aimed for quality plans backed up by sound information.

2. There has been some concern expressed by Council in relation to the comments regarding working relationships and the delivery of services to the community. While it is recognised by Council that there are issues which need discussion and

resolution, Council has as its priority, the objective of high levels of service delivery within the constraints of the resources available to it.

3. There are a number of strengths within Council that have been recognised from within our community including sound financial management, effective and improving service delivery including waste recycling and disposal, parks and garden services and an exceptional community care/service delivery model that extends well beyond the Shire boundary. The draft report has not highlighted these positives effectively.

4. Council's processes and procedures are constantly improving and this will see a boost from the introduction of improved training and technology. Council's intranet is an example of this direction as is council's investigation into the complete renewal of its website.

Notwithstanding the above comments Council has embraced and welcomed those recommendations as indicated below that will improve its service delivery.

Some noted corrections to the Draft Report are:

•   Location and Demographics – Page 7 – Australian Bureau of Statistics data indicates the Shire population was 12,265 as at June 2010.

•   Location and Demographics should read – Page 7 – Major products include cotton, grain, coal and cattle.

•   Elected Council – Page 8 – Only two new Councillors are in their first term.

•   Elected Council – Page 8 – Mayor is currently in his third term.

REVIEWER COMMENT

Council's written response is incorporated within the report at the appropriate locations.

Council's general comments are noted.

In relation to points 1 through 4 of Council's comments above it should be noted that Council's operations appear to be functioning well overall. With regard to the content of the report, the Promoting Better Practice review is designed to report "by

exception". This means that large parts of Council's operations that are functioning well will not be commented on in the report. Please refer to Section 1, 'About the Review'.

The Division recognises the evolutionary nature of the matters under review and acknowledges continued action by Council to develop and progress its core activities.

The reviewer has made the corrections noted above.

3   SUMMARY OF KEY FINDINGS

Better practices/Other noteworthy practices		Areas for improvement	
STRATEGIC POSITION			
			Provision of Integrated Planning and Reporting training
			Develop an action plan for Integrated Planning and Reporting
GOVERNANCE			
	Tendering and procurement processes are well documented		Provide conflict of interests training to councillors
			Structured councillor development program
			Improve standard of disclosure of interests returns
			Improve policy documents and provide access to these for the community
			Procedures need to be formalised
			Complete and implement risk management projects
			Establish an internal audit function
			Improve fraud risk assessment and policy practices
			Review and improve awareness of delegations
			Improve understanding of the different roles of councillors and staff and improve working relationships

Better practices/Other noteworthy practices		Areas for improvement	
			Compliance with Government Information (Public Access) Act 2009
			Improve Council's website
			Further develop its complaint management policy
			Develop an information technology strategy
PLANNING AND REGULATORY			
	Development reports to Council of a high standard		Improve DA processing times
			Develop organisation wide compliance and enforcement policy and attendant procedures.
ASSET AND FINANCIAL MANAGEMENT			
			Outstanding rates and charges are high and need to be reduced
			Develop a long term financial plan
			All assets should be documented and the land register updated
			Prepare asset management plans and allocate appropriate funding to this area, including asset maintenance planning
			Develop plans of management for all community land
			Review current assets and develop a disposal policy

Better practices/Other noteworthy practices		Areas for improvement	
			Review quarterly financial reporting quality
			Develop financial policies and procedures
COMMUNITY, COMMUNICATION AND CONSULTATION			
	Community services planning is comprehensive and a useful planning tool		Develop customer service standards
	Community service delivery and co-ordination is managing Council's social responsibilities well		
WORKFORCE RELATIONS			
	Equal Employment Opportunity Plan & Diversity Committee work is positively addressing relevant issues		Finalise workforce management plan
	Demonstrated commitment to effective OH&S systems		Review human resources policies
			Undertake an employee attitude survey
			Incorporate succession planning into the workforce management plan

PART II.   PLANNING A SUSTAINABLE FUTURE

This part of the review focussed on Council's strategic intent and how it has involved its communities and other stakeholders in developing long term strategic plans. The review assessed the clarity of Council's strategic direction, whether its plans reflect a shared and realistic vision and its overall approach to corporate planning. Monitoring and reporting progress to promote continuous improvement was also an integral consideration in regard to Council's performance in this area.

4   STRATEGIC PLANNING AND REPORTING

A planning and reporting framework for NSW local government has been introduced to improve local councils' long term community planning and asset management as well as streamline reporting to the community.

The framework aims to improve the sustainability of local communities by encouraging councils, residents and State agencies to work together on long term plans and appropriate delivery programs. Community strategic plans will be supported by a resourcing strategy comprising a long term financial strategy, asset management plan and workforce strategy. The framework is set out in the following diagram.

Diagram 1: Proposed planning and reporting framework

4.1   OVERVIEW

4.1.1 Overview of Gunnedah Shire Council's Strategic Planning function

The transition to Integrated Planning and Reporting will present significant challenges to councillors and staff. The open space strategy was mentioned as the first real test of Council's grasp of strategic planning and widely reported as a challenging experience. Gunnedah could benefit from liaison with 'Group 1' councils (councils that have already implemented the Integrated Planning and Reporting framework) in order to communicate the magnitude of the changes and skill sets needed to successfully apply the strategic planning framework.

Recommendation 1

Council should provide training and development opportunities to its councillors and relevant staff in the requirements of the Integrated Planning and Reporting framework.

Gunnedah Shire Council will be required to comply with the new Integrated Planning and Reporting requirements from 1 July 2012. Council has engaged the services of a strategic planning manager tasked with developing and delivering the Integrated Planning and Reporting materials required by Council. Council's Community Engagement Strategy has been developed using the internationally recognised standard matrix (IAP2) to guide its interaction with the community. However, there is little evidence to support any community engagement as yet. Community engagement is a key part of developing Council's response to the Integrated Planning and Reporting requirements. Council needs to clearly plan and map its process for developing and implementing strategic planning. This process needs to be driven by the General Manager.

Recommendation 2

Council should develop and implement an action plan to ensure the delivery of its Community Strategic Plan, Resourcing Strategy and Delivery Plan as a matter of priority.

COUNCIL'S RESPONSE

Recommendation 1

There was a general agreement with the need to provide training and development opportunities in relation to the IP&R framework although it should be noted that sessions with Councillors and staff have been held for this purpose. Preliminary training in relation to the IP&R process and the Community Strategic Plan for Councillors and staff was held at the beginning of the process in 2010 and in February 2011.

While training in relation to the overall framework has occurred, staged training and development will continue to occur as part of the IP&R Action Plan. This process will be ongoing as part of our schedule as a Group 3 Council.

Recommendation 2

An action plan has been developed and is being implemented. Progress, in terms of implementation, is on schedule and consistent with a timeline and milestones for a Group 3 council. To facilitate progress and monitoring of the IP&R process and an overall corporate perspective, a Steering Group has been constituted which has, as its membership, three Councillors and five staff. The steering group is responsible for ensuring all elements of Council's IP&R framework meet legislative requirements, including on-time delivery. The group will also provide a forum to facilitate the sharing of ideas and information regarding the process.

PART III. DELIVERING AND ACHIEVING

This part of the review focussed on examining key structures, systems and processes involved in delivering the stated outcomes of Gunnedah's management plan. This included considering the means by which Council:

- governs its day to day operations

- undertakes it planning and regulatory obligations

- manages its assets and finances

- involves the community, and

- recruits and retains its workforce.

5 GOVERNANCE

5.1 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.

5.1.1 Scope of review

- *Ethics and values*

- *Management planning*

- *Procurement, disposal & tendering*

- *Privacy management*

- *Code of conduct*

- *Communication devices*

- *Disclosure of pecuniary interests*

- *Council's decision-making processes, including delegations and conduct of meetings*

- *Support for councillors*

- *Records management*

- *Access to information*

- *Complaints handling*

- *Risk management, legislative compliance and internal control*
- *Information technology*

5.1.2 Overview of Gunnedah Shire Council's governance practices

The review team found that improvement is necessary across a number of governance areas.

5.1.3 Significant Observations

Noteworthy practice

<u>Tendering & Procurement</u>

Council has a robust system for managing its procurement and tendering responsibilities. It is evident that Council has devoted significant effort to ensuring compliance with legislation and published guidelines. Council has developed clearly documented policy and procedures to assist staff and minimise risk to Council.

Areas for improvement

<u>Code of Conduct</u>

Council records indicate there have been a number of complaints to Council regarding conflict of interests allegations. It is noted that only two councillors attended the Division's 2010 Councillor Information Session held in Tamworth. The session included presentations on conflicts of interests and the handling of complaints, which would have been beneficial to councillors.

Councillors need to be mindful of their private interests and associations when dealing with matters before Council. Pecuniary conflict of interests, significant non-pecuniary conflict of interests and less than significant non-pecuniary conflict of interests are explained in the Model Code of Conduct for Local Councils in NSW. Councillors must ensure that they comply with the requirements of the *Local Government Act 1993* and Council's code of conduct when managing such conflicts.

Recommendation 3

Council to provide further Code of Conduct training to councillors to ensure they understand the types of conflict of interests and how to manage them.

Councillor Training and Development

Councillors' knowledge and skills have a significant impact on the organisation's capacity to make sound and transparent decisions. New councillors require both induction and ongoing development to equip them with the knowledge and skills required to properly carry out their duties and allow them to be effective members of the council's elected body. For long-serving councillors there is the ongoing challenge to keep up-to-date with changes in the areas where they are making decisions for their communities. It is therefore appropriate that councils allocate appropriate resources to councillor training and development.

The Division encourages councils to continue to provide opportunities for their councillors to keep abreast of developments in those areas that are most likely to be beneficial for carrying out their strategic role within the organisation. It is also important for each individual councillor to critically review his or her skills and knowledge and commit to on-going development over their term as a councillor. As Council adopts the Integrated Planning and Reporting framework, it will be imperative for councillors to be fully aware of their strategic role in this planning process. It is noted that regular councillor information sessions are one way to continually develop knowledge and understanding across a broad range of subject areas.

Council does not have a comprehensive councillor development program. The Division of Local Government provides resources on its website to assist councils to create and implement a tailored councillor development program.

Recommendation 4

Council should create and implement a councillor development program.

Disclosure of Interests Returns

The review team examined the most recent disclosure of interests returns and noted that there were a number of omissions in the returns. While these omissions were minor, Council should provide all councillors and designated staff with a copy of the Division's Circular to Councils 08-71 "Self-Help Guide to Complete Section 449 Returns of Interests" to assist them in completing their returns. All councillors and designated persons should ensure their returns are complete.

Recommendation 5

Council should provide information and assistance to councillors and designated persons to facilitate the completion of the disclosure of interests returns.

Recommendation 6

All councillors and designated persons should review their disclosure of interests returns to ensure they are accurate and complete.

Policy and Procedure

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

It is considered good practice for councils to review and, as appropriate, amend or replace the organisation's policy suite following ordinary local government elections. This ensures that policies clearly delineate the responsibility of the elected body for the strategic aspect of policies and of the various sections of council responsible for the operational aspect of policies. It has been the Division's experience that where there is a lack of commitment by the elected body to a council policy framework the council has experienced problems.

Under section 232 of the Act, a councillor, as a member of the governing body of council, is to play a key role in the creation and review of the council's policies and objectives. Staff give operational effect to council policy through the development and application of procedures.

Overall, the review team found the policy framework lacked coherency and integration across the organisation. The review team noted that a list of policies could only be located via Council's records management system and there did not appear to be a register that would assist in the management of policy adoption and review. All Council policies should have an adoption date with a reference to the Council minutes, a 'last reviewed' date, and the area of the Council responsible for the policy. Policies should also contain cross-references to related policy documents to actively promote an overall consideration of the system of governance of Council.

Council's policies should provide assurance to the community that Council is properly managed and accountable for its activities. Council also communicates its standards and principles through the publication of its policies. Access to Council's policies is

necessary to ensure community confidence. Council does not have many of its policies readily accessible to the community.

Recommendation 7

That Council review its current policy framework with a view to developing and implementing a full suite of policy documents.

Recommendation 8

That Council provide its policy documents to the community.

Documented Procedures

Giving effect to the policy statements are the underlying procedures used by staff. In most cases these documents are distinctly operational in nature. The review team noted that many of Council's work practices were not corporately documented. This poses a risk to Council operations should knowledge holders leave the organisation. There were several examples of work groups or individuals documenting their procedures (example: development services and the tendering officer). Procedures should be documented, endorsed by management and subject to regular review to mitigate any risk to business continuity.

Recommendation 9

That Council document and formally record its procedures across its functional areas.

Risk Management Strategy/Plan

Risk management is the identification, assessment, and prioritisation of risks followed by coordinated and economical application of resources to minimise, monitor, and control the probability and/or impact of unfortunate events.

Council recently adopted its Risk Management Policy and it is noted that Council's Risk Management Strategy is under development. An invaluable mechanism for the implementation of any risk management strategy is the undertaking of an organisational-wide risk assessment with a business continuity focus. Business continuity activities consider the needs of people, assets and systems to provide effective prevention and recovery for Council. Adopting this approach ensures that

Council could continue to operate with minimal impact, irrespective of adverse circumstances or events.

It is good practice to undertake an organisational risk assessment at least every three years. Such a risk assessment can be used to identify areas of high risk that Council should focus on and manage, as well as facilitate the development of an internal audit plan for Council. Risk assessment processes such as this will ensure that Council looks beyond insurable risks and OH&S matters and works to identify and manage all business risks.

While the review team acknowledge that some work has been done in this area, Council needs to address all risks it faces.

Recommendation 10

Council should complete the development and implementation of its risk management projects as a matter of priority.

Internal audit and fraud control

In 2008, pursuant to section 23A of the *Local Government Act 1993*, the Division released Internal Audit Guidelines (Circular to Councils No 08-64) advising all councils to develop an internal audit committee to act as an independent oversight of systems and processes. Internal audit is an essential component of good governance for all councils. It provides a mechanism to ensure the provision of robust control systems to manage organisational risks. An internal audit program will also provide councillors and members of the public with assurance that Council is managing its operational risks and performance appropriately.

Council does not have an internal audit committee or an internal audit plan. An internal audit function would assist the Council in monitoring and improving its internal controls.

Recommendation 11

Council develop an internal audit function and establish an internal audit committee.

Council does not appear to have undertaken any fraud risk assessment. Changes to the Australian Auditing Standard 240 now require all external auditors to obtain a

written representation from management that the organisation has systems to deal with fraud risks. Council needs to address this issue.

Recommendation 12

Council should undertake a fraud risk assessment and prepare an appropriate fraud policy and strategy.

<u>Delegations</u>

The power of delegation is an important tool that assists council officers carry out the functions of Council in an effective and timely manner. Delegations need to be made in accordance with sections 377-381 of the Local Government Act and be continually reviewed to ensure they remain current. The review team noted that the Delegations Register was incomplete and out of date in some respects. Also, those delegations that could be located need to be cross-referenced to the relevant position description.

Recommendation 13

Council should review its delegations.

Recommendation 14

Council needs to ensure that staff are aware of their delegations by including them in their position descriptions.

<u>Leadership</u>

The review team found indicators that some councillors appear to get bogged down in the detail of running the Council. Additionally, there are some indications of poor relationships and a lack of co-operation among councillors and between councillors and staff. This gives rise to a concern that Council will not be able to manage its strategic direction. Council appears to be distracted by a degree of infighting that is doing damage to the Council leadership. Such matters distract Council from delivering its services to the community efficiently and effectively.

Council should, as a matter or urgency, re-establish the strategic and policy setting role of councillors, as opposed to their involvement in the operational management of Council. Staff should also consider the dual role of councillors, as members of the governing body and elected representatives, and seek to provide the support councillors require to effectively carry out their roles. This will allow Council to

develop systems and processes essential to supporting the legislated local government model.

Councillors and the senior management team must work together to provide good leadership and direction to the organisation to enable it to provide the services and infrastructure needed by the community.

Recommendation 15

Council should provide training to councillors and staff on their respective roles.

Recommendation 16

Council should undertake actions and develop procedures that allow a professional working environment to develop between councillors and staff.

Access to information

The *Government Information (Public Access) Act 2009* (GIPA Act) applies to all NSW Government agencies, including local councils and county councils. It requires proactive information disclosure through mandatory publication and authorised release of 'open access information'. There is a presumption in favour of the disclosure of government information unless there is an overriding public interest against disclosure.

Section 18 of the GIPA Act lists the open access information that all agencies, including local councils, must publish. In addition, the Government Information (Public Access) Regulation 2009, Schedule 1, identifies the types of information that councils must publish, which is classified as open access information. Council is required to comply with the provisions of the GIPA Act and Regulations.

Council's website needs extensive development to ensure it enables Council to comply with the provisions of the GIPA legislation. The website is also lacking in policy content and does not adequately facilitate comment or feedback. The bulk of the documents that can be accessed are old polices and there are many links that are broken or lead to corrupted files. The state of the website and its contents reflects poorly on Council.

Recommendation 17

Council should, as a matter of priority, ensure its compliance with the provisions of the Government Information (Public Access) Act 2009.

Recommendation 18

Council should improve the current state of the information available on its website.

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 it can provide a useful source of information and feedback for improving Council's services.

Council has adopted a Complaints Registration Policy that includes handling procedures for staff receiving complaints only. The current policy needs to take account of the Division's Practice Note 9 'Complaints Management in Councils' to ensure Council is equipped with a more comprehensive complaints management system.

Recommendation 19

Council needs to review and further develop its complaint management policy in accordance with the Division's practice note.

Information technology

Council does not have an information technology strategy that incorporates plans of action for information technology, information management and information systems. It would be good business practice to adopt an information technology strategy to meet the business needs, standards and strategic directions of Council.

Recommendation 20

Council should develop an information technology strategy which supports Council's long term planning.

COUNCIL'S RESPONSE

Recommendation 3

Code of Conduct training was provided as part of the Councillor Induction Program at the beginning of this term. It is agreed that refresher training would be beneficial. Council has a training program that includes a number of Code of Conduct sessions. A training package has been sourced for Councillors and staff. The intention is to hold further training of a higher standard and of a more specific nature. Council is of the view that there would be benefit in holding information sessions for the general public on the Code of Conduct. It is considered that those who may make complaints do not always understand the purpose of conduct provisions and processes giving effect to the Code.

Council believes that the important test of code of conduct compliance is the number of substantiated claims not simply the number of complaints. It was also recognised that the implementation of the provisions of the Code following training is important.

Recommendation 4

A councillor training program has been agreed upon for the complete term of Council and is being implemented and reviewed. This program was adopted by resolution of Council and was in place when DLG review visit took place.

There were questions raised about the meaning of the word "comprehensive" in the section on Councillor training. Council asked if this reference could be clarified?

Recommendation 5

Council seeks clarification on which aspects of the returns represent inappropriate inclusions or omissions. It should be noted that the Circular 08-71 was provided to Councillors and designated staff prior to the last return. Instruction will be provided to those required to make declarations following receipt of information from your office and a review of current returns.

Recommendation 6

Refer to Item 5. This will occur as part of an audit of the returns.

Recommendation 7

Council has reviewed its policies, established a framework and is currently working through all policies with the intention of inclusion in the policy register. It was disappointing that the good work in this area, including new and reviewed policies, was not noted in the draft report. The need to continue this process is well accepted and supported.

Council is also preparing a policy on policies to better ensure: a standard policy format and content, reviewing procedures are firmly established, education on policy is continually provided and information dissemination is effective.

Recommendation 8

Council will place all policies on the website following their review.

Recommendation 9

There was agreement with the need to prepare a procedural manual for functional areas to improve consistency of application and improve continuity of operations.

Recommendation 10

A Business Continuity Plan has been completed which has been premised upon an extensive Risk Assessment investigation involving all relevant staff. The Plan has been adopted by Council.

It is acknowledged that an internal audit is required.

Recommendation 11

Council is aware that internal auditing is required and that this will would benefit Council's operations.

Recommendation 12

Council has already decided to conduct a fraud risk assessment and prepare a fraud policy and strategy.

Recommendation 13

Organisation-wide delegations have been reviewed and completed last year. A further review will occur in the light of the recent review of the General Manager's delegations and a workshop to be held soon.

Recommendation 14

Council agrees with the recommendation. Attachment of delegations to position descriptions is to occur. It should be noted that staff have had their signed delegations provided.

Recommendation 15

Training has been provided during the Councillor Induction process at the beginning of this electoral term. Council is to provide further training sessions for staff and Councillors on respective roles and responsibilities.

Recommendation 16

While Council agrees in general with the recommendation, it holds some concerns with the comments and conclusions in this section. Council has discussed this recommendation as a group and believe our delivery of services to the community is effective and efficient.

Council requests that the DLG provide further information to assist in understanding the comments contained in the report and opportunities for improvement.

Recommendation 17

Council will continue to work to ensure compliance with provisions of GIPA as a matter of priority. It should be noted that preliminary training on PIPA and GIPA has

been provided to staff and Councillors. Council has an officer dedicated to the administration of these legislative provisions.

Recommendation 18

Council acknowledges the need to improve its website and is currently investigating options for a completely new site which will be more interactive, service driven and provide opportunities for customer feedback across all functional areas including complaints from the public. This will include a website that facilitates compliance with GIPA and ensures all information is current, accurate and relevant.

Recommendation 19

Council agrees with the recommendation. The complaints policy is to be reviewed to ensure consistency with best practice and the DLG practice notes. A draft policy has been prepared for consideration by Council.

Recommendation 20

Council agrees with the recommendation. A comprehensive IT Strategy is to be developed as part of the IP&R process

REVIEWER COMMENT

Council's response is noted.

Code of Conduct: The important test of the code of conduct is not so much the statistics surrounding complaints but the application of the code and its principles. This includes the rigor and transparency of the systems supporting the code. Not only does Council need to abide by its code, it needs to ensure that complaints under the code are managed in accordance with the processes outlined in the Model Code of Conduct.

Councillor Development: The value of the current training program, including the focused training being delivered to facilitate integrated planning and reporting, is acknowledged.

Returns: It is noted that Council refers to "inappropriate inclusions or omissions" in relation to the declarations of interests returns inspected by the review team. It is worth noting that the reviewers did not make any reference to the appropriateness or otherwise of the declarations rather that there were minor omissions in some returns. For example some portions of some returns were left blank. The Regulation requires that if there are no interests or other matters of the kind required to be disclosed under a particular main heading in this form, the word "NIL" is to be placed in an appropriate space under that heading. Councillors and designated persons should ensure the proper completion of these important documents. Council could refer to the latest publication on the Division's website titled '*Self-Help Guide For The Completion of Returns Disclosing Interests Of Councillors and Designated Persons Required Under Section 449 Of The Local Government Act 1993.*'

Relationships: Council has requested the Division provide further guidance regarding recommendation 16 as it does not understand the content of the report leading to this recommendation. The reviewers conducted a number of interviews during the onsite component of the review. A number of concerns were raised regarding Councillor and staff interactions, including such matters as those in the body of the report. The reviewers were concerned about the impact of such issues.

6   PLANNING AND OTHER REGULATORY FUNCTIONS

6.1   OVERVIEW

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.

6.1.1   Scope of review

A review was conducted of a range of aspects of Council's planning and regulatory practices, including:

- *Council's planning instruments and policies*

- *Development assessment*

- *Section 94 plans*

- *Companion animals*

- *Environmental management*

- *Compliance and enforcement practices*

- *Swimming pools*

6.1.2   Overview of land use planning, development assessment and regulatory practices

Council's small land use and regulatory team is responsible for significant areas of work with limited resources. The Council currently has its new Local Environmental Plan with the NSW Department of Planning for consideration and Council is expecting advice shortly.

Planning decisions are clearly documented and developments of any significance are referred to Council for determination. Councillors dealt with approximately 8% of all development applications in 2009/10.

Overall, Council's planning and regulatory systems appear to function well, but could benefit from an adopted compliance policy and the formalisation of procedures to minimise business continuity risks.

6.1.3 Significant Observations

Noteworthy practice

Development reports

The review team inspected a number of reports to Council and noted that the reports from Development Services were of a high standard, concise and well formatted.

Areas for improvement

DA processing times

Council handles approximately 190 development applications (DAs) per annum and on average these are assessed in 88 days. Compared to the twenty other Group 11 Councils, Gunnedah has the second slowest DA processing times and should look to improve this now that the unit's LEP work has been substantially completed.

Recommendation 21

Council should review its development unit resourcing to focus on improving its DA processing times.

Enforcement

In the exercise of their functions under the *Local Government Act 1993* and various other Acts, councils are required to ensure compliance and, where necessary, to 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 could expose a council to liability for compensation, the expense of litigation and may enable corrupt practices.

The manner in which councils exercise their enforcement powers also plays an important part in the public's perception of councils. Alleged inconsistencies in responses to non-compliance issues are a major source of complaints about councils.

It is evident that Council undertakes investigations into matters and issues penalty infringement notices. Council also undertakes routine inspections in a range of its areas of regulatory responsibility. This includes the inspection of food premises and swimming pools.

Council needs to develop an organisation-wide compliance and enforcement policy and procedure. The application of such policy and procedures, coupled with suitably trained and experienced compliance staff, should create a robust system for compliance and enforcement activities across Council's regulatory functions. A comprehensive enforcement policy would articulate the processes, standards and decision mechanisms around complaint handling and assessment, investigative processes and outcome mechanisms that would apply to all Council compliance and enforcement processes.

Recommendation 22

Council should develop an organisation-wide compliance and enforcement policy and attendant procedures.

Companion Animals

The primary aim of the *Companion Animals Act 1998* is to provide for the effective and responsible care and management of companion animals. Local councils are responsible for implementing and enforcing the provisions of the *Companion Animals Act 1998*. The Act imposes requirements on councils and the owners of companion animals. Council employs one Animal Control officer.

Council has a responsibility under section 64 of the Act to seek alternatives to euthanasia and, in this regard, the Council has a relationship with a local veterinarian whereby animals are held for a period to assist in finding homes for them. Council should designate the veterinarian's facility an impound facility to formalise the current arrangements for the re-homing of impounded animals. This action will enable Council to comply with the provisions of the *Impounding Act 1993* and the *Companion Animals Act 1998*. In addition, the Animal Control officer should have the delegated authority to designate an impound facility in accordance with the provisions of the *Impounding Act 1993*. (See review of delegations under Governance.)

Recommendation 23

Council should ensure that its companion animals operations are in accordance with the provisions of the relevant legislation.

COUNCIL'S RESPONSE

Recommendation 21

It should be highlighted that Council monitors it's DA processing times regularly and places importance on the timeframes for, and quality of, assessments. Council will not compromise quality of assessment in an attempt to satisfy a performance indicator. Council is also mindful of the importance of ensuring statutory compliance and sound planning practice.

The DA processing time averages for 2009/2010 are not a true representation of the actual times. It should be noted that a significant contributor to the longer DA assessment times was the number of inactive development applications not removed from the list of registered applications. This one-off administrative error has been corrected. Furthermore, during this period, Council experienced lodgement of a range of complex applications requiring extensive input from the community, government agencies and experts. The amount of development during the 2009/2010 period was valued at about $42.3 million.

It should be noted that current processing times for 2011-2012 average 33 days and comparative data indicates this time is consistent with similar Councils. This timeframe is indicative of those experienced by Council prior to the 2009/2010 period.

In terms of average workloads Council considers that the current resource level is satisfactory but will continue to monitor demands. Council will work with adjoining Councils and engage external consultants to source specific expertise or additional short term resources where required.

Recommendation 22

Council agrees with the recommendation. A Policy is to be prepared.

Recommendation 23

Council agrees with the recommendation. Declaration of satellite pounds will be undertaken and appropriate delegations issued to Council's animal control staff.

7 ASSET AND FINANCIAL MANAGEMENT

7.1 OVERVIEW

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 those assets.

7.1.1 Scope of review

A review was conducted of a range of aspects of Council's asset and financial management practices, including:

- *Financial management*

- *Asset management, including land assets, plant replacement and capital works*

- *Management of community land*

7.1.2 Overview of asset and financial management practices

Council's budget has produced an operating surplus after capital items for the past three years. The surplus for the year ending 30 June 2010 was $2.719M, being an increase in Council's working funds of $2.869M. This is an increase over the previous year's results, being $1.492M.

Liquidity and cash position

Council's unrestricted current ratio (UCR) for the 2009/10 period was 4.02. For the period 2008/09 it was 3.63 and 4.73 in 2007/08. The UCR measures the adequacy of working capital and the ability to satisfy obligations in the short term. It does not include externally restricted activities such as water, sewer or specific grants. A UCR of greater than 2 is acceptable. While Gunnedah's UCR has declined from its position in 2007/08, it is still in a satisfactory position.

Another important ratio is the debt service ratio. This measures, as a percentage, the amount of money that Council is spending to service its debts. As at 30 June 2010, Gunnedah Shire Council's debt service ratio was 2.52%, compared with 3.15% as at 30 June 2009. The benchmark is a ratio of less than 10%.

Gunnedah Shire Council has not applied for a special rate variation in the last five financial years.

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

Infrastructure maintenance

The written down value (WDV) of Council's assets for the 2009/10 period are as follows:

- Roads, bridges and footpaths   59%
- Stormwater drainage   79%
- Water supply network   62%
- Sewerage   41%

The Division considers that WDV below 50% may be a cause for concern. Council may need to examine its commitment to its water treatment assets.

Council's estimated cost to bring assets to a satisfactory condition was $520,000 in 2009/10 compared with $1,590,000 in 2008/09. In previous years Council has used 'ball park' figures to report the estimated cost to bring Council's assets to a satisfactory condition and the required annual maintenance. During the 2009/10 financial year, Council changed this approach. The changes are as a result of a more thorough process to assess the cost to bring assets to a satisfactory position. The data is better, as is the understanding of the condition of the assets. The new approach is to only include assets that have been reported to Council as being in an unsatisfactory condition, that have a plan for remediation developed and reliable costs for this. The amount reported in 2009/10 may change in the future as Council undertakes further asset condition assessments in the development of the asset management plans in conjunction with the Integrated Planning and Reporting framework.

7.1.3 Significant Observations

Areas for improvement

Outstanding debts

The percentage of Rates and Annual Charges Outstanding (RACO%) in 2009/10 was 13.3%, which is high in comparison to other councils. This represents an increase from the 2008/09 percentage of 12.31%. Council needs to investigate why

this increase has occurred and implement appropriate debt collection strategies to improve this result.

Recommendation 24

Council should monitor its outstanding rates and charges and implement debt collection strategies to ensure improvement.

Long term financial planning

A long term financial plan is critical for any organisation to allow it to plan for the future. The long term financial plan will show how Council intends to fund its overall Community Strategic Plan for the future. Council will be required to develop a Long Term Financial Plan as part of the Integrated Planning and Reporting framework. Council should consider fast-tracking its Long Term Financial Plan.

Council's financial planning is based on various Excel© models that analyse a 5-10 year period, but no overall formal plan or document. Council's financial plan does not currently incorporate major capital works. The work currently being undertaken on its Asset Management Plan should be incorporated into its Long Term Financial Plan if the plan is to accurately predict future financial needs.

Council is a Group 3 council and will be required to implement its integrated plans by 30 June 2012.

Recommendation 25

Council should give priority to its preparation of a Long Term Financial Plan in accordance with the project plan for implementing the Integrated Planning and Reporting framework.

Asset management

● *Asset register*

Council has many different types and categories of assets and each is controlled by different business units within Council. Council is gradually recording all of its assets from various spreadsheets into the software program BizAsset.

The Shire has entered identifying data on its roads, bridges and water and sewerage assets and is now assessing asset conditions to enable it to use BizAsset functionality to prepare maintenance schedules and costings.

This condition assessment should be completed as a priority to allow the Council to use the system-generated maintenance/replacement schedules to prioritise and cost infrastructure maintenance and capital works.

This data can then be fed into the Council's Long Term Financial Plan, giving Council the ability to investigate funding options and take a longer-term view of its financial requirements.

In conducting the review, no current land register could be identified. However, Council has had all land re-valued in recent years.

Recommendation 26

Council should give priority to the entering of all assets into BizAsset.

Recommendation 27

Council should ensure that its Land register is accurate and complete.

● *Asset management plan*

Council does not have an all encompassing Asset Management Plan. Instead, it has a series of registers and spreadsheets associated with the different types of assets belonging to Council. Council does not have a dedicated asset management department, however, has appointed an officer to co-ordinate assets. Instead, its many different types and categories of assets are each controlled by individual business units.

Council has a draft Property Asset Management Plan 2010 – 2011, which sets a good basis for Council's asset management planning. Council has also adopted an Asset Management Policy to sit alongside this Plan.

Recommendation 28

Council should give priority to its preparation of an Asset Management Plan in accordance with the project plan for implementing the Integrated Planning and Reporting framework.

Recommendation 29

Council is encouraged to endorse an Asset Management Plan and to allocate appropriate funds and resources to implement this Plan.

● *Plans of management*

Council does not have Plans of Management for all its community land as required by the Local Government Act. The review team discovered that a number of community assets had no management plan. However, there was a generic plan of management for sportsgrounds and main areas, such as swimming pools, community centres, and sports ovals.

Recommendation 30

Council needs to develop Plans of Management for all of its community land.

● *Asset maintenance*

Council has limited borrowings. This has allowed Council to manage funds within its own budget and has produced a good current ratio. Internal borrowings were in accordance with the Local Government Act. However, given the current interest rates, Council may wish to look to borrowing to address infrastructure needs and undertake community projects. Alternatively, Council may wish to investigate loans such as the interest-free loans through the NSW Local Infrastructure Fund to bring forward infrastructure projects and provide an immediate local economic boost.

Council does not have a formal asset maintenance program. The Engineering Division has a schedule of works, but allocation of monies is based mainly on reactive pressures. There is no regular maintenance program schedule for each Council asset. The responsibility for asset maintenance is currently dispersed across various departments.

Recommendation 31

Council should develop a formalised policy and program for asset maintenance to match the required expenditure.

● *Asset rationalisation*

A number of assets appeared to be unused or had not been used in some time. Council has not undergone any asset rationalisation process. The disposal of excess assets will add to Council's cash position, or allow Council to purchase needed assets or replace existing obsolete assets.

The risk that Council has idle assets, or underutilised assets, is high. This is probably brought about by Council not having a formal asset register or disposal policy.

Council should develop an asset disposal policy and consider a review of all its assets.

Recommendation 32

Council should undertake an asset rationalisation review.

Recommendation 33

Council should develop an asset disposal policy.

Quarterly financial reporting

Council's quarterly financial report does not present a clear financial picture to councillors. It merely states whether Council's financial position is satisfactory or unsatisfactory compared to its budget in the management plan. The report lacks details of Council's current financial position compared to the budget in monetary terms. There is also no projection for Council's financial position for the end of the financial year.

Recommendation 34

Council should review its quarterly reports to comply with the Division's recently released templates and guidelines (Circular to Councils 10-32).

Financial policies and guidelines

Council has a range of policies to guide finance processes and decisions. The policies are generalised documents which discuss the subject, but they do not give details as to the procedures to follow. While there was evidence that staff understood the procedures to be followed when implementing policy, these are not documented.

This poses a risk to the organisation and may create inconsistent application of policy.

While the above policies are informative, a clear set of guidelines as to the procedures to follow should be documented and adopted and placed on Council's intranet.

Recommendation 35

Council should provide a clear set of guidelines and procedures to support its financial policies and these should be placed on Council's intranet.

COUNCIL'S RESPONSE

Recommendation 24

There is a strong agreement in relation to the need to implement stronger debt recovery strategies and a debt recovery module has been commenced since the review was conducted. A report has been provided to Council to instigate the sale of numerous parcels of land for unpaid rates and the write-off of unrecoverable amounts.

Recommendation 25

Council agrees with the recommendation. Development of a long-term financial plan is underway as part of the IP&R process.

Recommendation 26

Relevant asset data is being entered into BizeAsset.

Recommendation 27

Council has a hard copy register available which was presented to the DLG team during the review. All land known to be under Council ownership is contained in the Land Register. The register will require checking and converting to an electronic form.

Recommendation 28

Council agrees with the recommendation. Asset Management Plans and a Strategic Asset Management Plan are being completed as part of the IP&R process.

Recommendation 29

Council agrees with the recommendation. This will form part of the IP&R process.

Recommendation 30

Council agrees with the recommendation. Management Plans are to be developed.

Recommendation 31

This matter is currently being addressed through the preparation of Councils Asset Management Plans and Strategic Asset Management Plan which are being completed in accordance with the IP&R implementation plan. Council adopted an Asset Management Strategy in August 2010.

Recommendation 32

Council agrees with the recommendation. This is being assessed through the Asset Management Planning process and will be reflected in the Asset Management Plans and Strategy.

Recommendation 33

Council agrees with the recommendation. This matter will be addressed through the Asset Management Planning process and will be reflected in the Asset Management Plans and Strategy.

Council has employed a rigorous process since 1 July 2007 of reviewing all classes of assets for redundancy and impairment, which has been recognised as leading practice by its external auditors.

Recommendation 34

Council is updating its quarterly budget review process in accordance with the recently released DLG guidelines. The first report based on this format and including additional information will be provided after July 2011.

Recommendation 35

A set of guidelines are currently being reviewed for publication on Council's intranet.

8   COMMUNITY AND CONSULTATION

8.1   OVERVIEW

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.

8.1.1 Scope of review

A review was conducted of a range of aspects of Council's community and consultation practices, including:

- *The methods council uses to involve and determine the views of its community*

- *Ageing Population*

- *Social and community functions of Council*

- *Annual reporting*

- *Customer service standards*

8.1.2 Overview of community and consultation practices

Ageing population

In terms of the age structure, the median age of people in the Shire at the time of the 2006 Australian Bureau of Statistics census was 40 years compared with 37 years for persons in Australia. Jackson's NSW Local Government Population Ageing Project[1] indicates that in 2004, with 16.1% of its population aged 65 years and over, Gunnedah Shire was the 47th oldest LGA. The same study forecasts that by 2022 it will be the 31st oldest with a predicted 25.8% of the population aged over 65 years.

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[1] Jackson, Dr Natalie, 2004 Populations Ageing in New South Wales and its Local Government Areas, University of Tasmania

The study discusses the impact of natural ageing, that is, the ageing of the existing population, but also refers to what is termed structural ageing. Structural ageing is the relationship between natural ageing and declining workforce numbers to produce a projected decrease in the tax base used to fund ageing strategies.

In 2004, the Local Government and Shires Associations produced "Planning the Local Government Response to Ageing". The paper is intended to offer a framework to assist councils to begin to plan for the population ageing unique to their area. The Division encourages councils to use this paper as part of their planning processes.

8.1.3 Significant Observations

Noteworthy practices

Social and community planning

The Social Plan 2005 (the Plan) was developed by consultants for Gunnedah Shire Council. Key features of the Plan include:

- A discussion of the methodology used in developing the Plan, including the community consultation undertaken.

- Recommendations for Council initiatives are set out in comprehensive and relevant sections of the Plan.

- Recommendations cover all mandatory target groups and are well integrated. It is worth noting the addition of "Men" as a non-mandatory but essential target group.

- The recommendations set what appear for the most part to be realistic and achievable goals for Council. They also reflect suggestions made by the community as part of an extensive and well documented consultation process. However, the timeframes for implementation of these initiatives are not clearly documented, which presents problems for the accurate monitoring of the Plan's implementation.

- A number of other key issues which impact on many or all mandatory target groups are included, specifically: housing, transport, domestic violence, drug and alcohol use and mental health issues. These matters are outside the scope of the Division's social planning guidelines but are a welcome addition. The Plan notes that these additional issues have been included in an effort to be responsive to all

major social issues raised within the community, in particular where significant gaps in services or access to resources is identified.

The 2009/10 Annual Report summarises key social planning initiatives undertaken by the Council during the year. Gunnedah Shire Council's Social Plan 2005 is a comprehensive and useful planning tool for Council. It is also an excellent resource for the local community, especially in regard to the information it contains about issues affecting the community and what Council should do to address them.

Council's social plan is now 6 years old and Council has continued to include the implementation of the original recommendations in its Management Plan and Annual Report. Council should include these issues when developing its strategies in accordance with the Integrated Planning and Reporting requirements.

Community service delivery

Council is a large provider of human services to Gunnedah. It currently manages a range of services such as community transport, childcare, youth programs, libraries, help for families, carers and people with disabilities and support for older people. These services are provided under the business banner of "Northwest Regional Community Care" (NRCC) to provide assistance across the communities of Gunnedah, Narrabri, Moree, Tamworth, Manilla, Barraba and Quirindi. NRCC has an Advisory Committee comprised of NRCC clients, service providers and Council representatives from the communities which NRCC represents.

The Council Community Care Multi Purpose Service Outlet (MSO) assists frail aged people, people with Dementia, people with disabilities and their carers to remain living in their own home and in the community. This service encourages and supports community life through social interaction and community-based experiences.

Council's Community Transport Service assists elderly people, people with a disability and their carers and people who are isolated and disadvantaged by their rural and/or remote location. Community Transport uses a combination of wheelchair accessible vehicles (including a bus), volunteer drivers, volunteers cars, taxi vouchers and project owned vehicles to assist with transport for almost any purpose.

Gunnedah Shire Council provides the following Aboriginal services:

- The Gunnedah Indigenous Service Delivery Interagency (GISDI) focuses on removing the barriers and improving access to services for indigenous clients,

facilitating networking and providing culturally appropriate training. Four Aboriginal Case Managers are employed by Council through NRCC. The Case Managers provide case management and brokered community care services for eligible Aboriginal people with high and complex community care needs.

- Gunnedah Shire Council also employs an Aboriginal Services Co-ordinator to provide the Aboriginal Elders project. This project provides a range of social activities and referrals for eligible Aboriginal Elders.

- Gunnedah Shire Council also employed an Indigenous Youth Worker. The critical area identified for this position has been the development of a homework centre in response to identified issues regarding the participation of young Aboriginal people and children in the education system.

Council's community services and co-ordination teams are continuing to manage Council's social responsibilities well.

Areas for improvement

Use of service standards

Council does not appear to have developed a customer service focus. The addition of customer service standards would assist Council's community reputation through improved service delivery. Council should develop a document setting out standards that customers can expect in relation to Council's response to correspondence, telephone calls, visits with Council staff, requests for service and requests for information.

Council should identify the standards customers can expect of their services and make those available to their customers. As part of this process, Council may wish to consider creating a focus group to assist Council in identifying what the community's expectations are or seek public input through a public exhibition process. It is important that once these standards have been developed, they are monitored and reported on to ensure accountability to the community and to provide feedback to the Council. Council should also include this information on its website.

Recommendation 36

Council should develop an organisation-wide customer service standards policy that identifies standards for Council services.

COUNCIL'S RESPONSE

Recommendation 36

It is agreed that a more focused and comprehensive set of service standards would be beneficial to give effect to Council's Organisational Principles Policy which has, as one of its main requirements, a strong focus on customer service.

9   WORKFORCE RELATIONS

9.1   OVERVIEW

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.

9.1.1 Scope of review

A review was conducted of a range of aspects of Council's workforce relations practices, including:

- *Human resources strategy and workforce planning*

- *Employee attitude surveys*

- *Job descriptions and job evaluation*

- *Recruitment and selection processes*

- *Equal employment opportunity*

- *Occupational health and safety*

- *Secondary employment*

9.1.2 Overview of the organisation

Gunnedah Shire Council currently has 171 staff; 65% men, 35% women, 10% Aboriginal and 2% who have identified as having a disability. One third of the workforce is in the age bracket 45–54 years and 69% of the workforce is aged over 35. Council's workforce is generally reflective of its community.

Gunnedah recently appointed a Human Resources Manager, who is currently undertaking significant works on Council's Human Resources (HR) systems. The review team found that almost all of Council's HR processes were either under review or reconstruction during the review. Council has recognised deficiencies and gaps in its HR systems and is working towards improvement.

9.1.3 Significant Observations

Noteworthy practices

Equal employment opportunity (EEO)

Section 345 of the *Local Government Act 1993* outlines what a council's Equal Employment Opportunity (EEO) Management Plan is to include. Of particular significance are the requirements related to collection and recording of appropriate information and the setting of goals and targets. Other relevant legislation is the NSW *Anti-Discrimination Act 1977* and the Commonwealth *Disability Discrimination Act 1992*.

Council is seeking to establish a Diversity Committee as a reconstituted EEO Committee and has provided its Diversity Committee Constitution. The Diversity Committee has responsibility for promoting workplace reform to prevent discrimination, harassment and victimisation. The Committee is made up of 10 members who are to fulfil the role of diversity officers. A handbook has been prepared to guide those staff in these activities.

The EEO Management Plan supports the activities of the Diversity Committee and there is evidence that these issues are being positively addressed. Council conducts induction training, staff relationships training and has employed 2 Indigenous trainees during 2010.

Occupational Health and Safety (OH&S)

The *Occupational Health and Safety Act 2000* and Occupational Health and Safety Regulation 2001 require both employers and employees to work to stringent safety requirements. Council is required to develop written safe work procedures.

The review did not involve a comprehensive audit of Council's occupational health and safety (OH&S) practices. However, the review team did consider a range of matters to gain an understanding of Council's OH&S system. These included Council's policy on OH&S obligations, the operation of its OH&S Committee and the system(s) for recording and following up on identified hazards/accidents.

An OH&S committee has been established and meets quarterly in accordance with its constitution. Council records incidents and provides statistical information on

injuries in the workplace; this is reported at each senior management (Manex) meeting.

Overall it appears that Council has a commitment to occupational health and safety. This commitment is demonstrated through the establishment and ongoing review of an integrated system of monitoring practices and events to create a safe work environment and minimise risk.

Areas for improvement

Workforce planning

All councils are exposed to a number of workforce issues, such as:

- the shortage of specialised skills in certain areas, such as in the area of environmental planning. The 'National Skills Shortage Strategy for Local Government May 2007' provides more information and is available on the Local Government Managers Australia website at www.lgma.org.au.

- an ageing workforce

- changing workloads as council and government priorities change

- career opportunities outside council and the local government area.

Council has taken steps in developing a long-term workforce plan through the early draft of the Workforce Management Plan. This plan forms part of Council's Resourcing Strategy deliverable under the Integrated Planning and Reporting framework. The Workforce Management Plan is required to address Council's human resource requirements of Council's Delivery Program.

Recommendation 37

Council should give priority to the finalisation of its Workforce Management Plan in accordance with the project plan for implementing the Integrated Planning and Reporting framework.

Human Resources (HR) policies

Council is developing a comprehensive set of HR policies and procedures, which in most cases are based on existing policies. Council is encouraged to refer to 'Human

Resources Manual (2004)' produced by the Local Government and Shires Associations of NSW, when reviewing and finalising its HR policies.

A number of HR policies are available on Council's shared network drive. These policies are also outlined in the staff manual and discussed as part of the Council induction program.

Recommendation 38

Council should finalise the development and review of its Human Resource policies as a matter of priority.

Employee attitudes survey

Council has not undertaken an employee survey. 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. Council has recently sought to engage a consultant.

Recommendation 39

Council should conduct an employee attitude survey.

Consultative Committee

Council records indicate that the Consultative Committee met at least 10 times in 2010, considering a range of issues including policy and allowances. As the Committee's aim and purpose is operational in nature, Council should distribute minutes of Consultative Committee meetings to councillors for their information only. This will enable councillors to develop effective Council policy on industrial issues and remain informed about current issues and outcomes.

Recommendation 40

Council should consider the distribution of the minutes of Consultative Committee meetings to councillors for information only.

Succession planning

A central element of workforce planning is succession planning and management. This involves managing the recruitment and professional development processes in line with information on employees leaving Council and the potential workforce to

ensure the workforce can be sustained to effectively achieve Council's objectives. Given the ageing of the workforce in Australia in general and chronic skills shortages in some technical areas, succession planning is vital.

A number of staff are aged 55 years and over. Council uses a '9box' evaluation matrix to identify persons for key positions and provide a timeframe for their development. There did not appear to be a subsequent training and development plan supporting the identified persons as yet.

Recommendation 41

Council should continue to develop its succession plan for key positions in the organisation and incorporate this into its Workforce Management Plan.

COUNCIL'S RESPONSE

Recommendation 37

A first draft of the workforce plan has been developed. The Plan will be completed as part of the IP&R planning process. Much of the plan will depend on the long-term strategies and supporting asset management plans adopted by Council and their implementation.

Recommendation 38

Human Resource policy development and review has already commenced and will continue. This has proceeded as a matter of priority.

Recommendation 39

An initial survey has been executed and the second stage, which included collecting detailed information, is occurring at present.

Recommendation 40

Consultative Committee is a committee that is required to report directly to the General Manager and as such he will advise Councillors of matters that have policy or strategic relevance.

Recommendation 41

Council agrees with the recommendation. High impact performers have been identified through a nine box assessment. Succession planning will be incorporated into the workforce plan that will form an important part of the resource strategies.

PART IV.   RISK RATING OF RECOMMENDATIONS

The recommendations made in this report have been assessed for a priority ranking based on the following risk analysis.

		CONSEQUENCE		
		Significant *Significant risk to the operations of council and if not addressed could cause public outrage, non-compliance with council's statutory responsibilities, severe disruption to council's operations and council's ability to meet its goals.*	**Moderate** *Moderate risk to the operations of council and if not addressed could cause adverse publicity, some disruption to council's operations and council's ability to meet its goals.*	**Minor** *Minimal risk to the operations of council, little disruption to council's operations and will not limit council's ability to meet its goals.*
LIKELIHOOD	**Almost certain**	**High**	**High**	**Medium**
	Possible	**Medium**	**Medium**	**Low**
	Rare	**Medium**	**Low**	**Low**

Priorities for recommendations: *(based on application of risk analysis)*	Risk categories could include:
    • **High** • **Medium** • **Low**	• Reputation • Compliance with statutory requirements • Fraud/corruption • Financial • Legal liability • OH&S

PART V.   ACTION PLAN

The Action Plan is to be completed and adopted by Council to guide the implementation and monitoring of the recommendations in this report. The reviewers have allocated notional priority rankings using the risk rating analysis in the previous section. Council is encouraged to review and revise these, if necessary.

Recommendations	Priority	Action proposed	Time frame	Responsibility	Progress report
1. *Council should provide training and development opportunities to its councillors and relevant staff in the requirements of the Integrated Planning and Reporting framework.*	High				
2. *Council should develop and implement an action plan to ensure the delivery of its Community Strategic Plan, Resourcing Strategy and Delivery Plan as a matter of priority.*	High				
3. *Council to provide further Code of Conduct training to councillors to ensure they understand the types of conflict of interests and how to manage them*	High				

Recommendations	Priority	Action proposed	Time frame	Responsibility	Progress report
4. *Council should create and implement a councillor development program.*	Medium				
5. *Council should provide information and assistance to councillors and designated persons to facilitate the completion of the disclosure of interest returns*	High				
6. *All councillors and designated persons should review their disclosure of interests returns to ensure they are accurate and complete*	High				
7. *That Council review its current policy framework with a view to developing and implementing a full suite of policy documents*	Medium				
8. *That Council provide its policy documents to the community*	Medium				

Recommendations	Priority	Action proposed	Time frame	Responsibility	Progress report
9. *That Council document and formally record its procedures across its functional areas*	High				
10. *Council should complete the development and implementation of its risk management projects as a matter of priority*	High				
11. *Council develop an internal audit function and establish an internal audit committee*	High				
12. *Council should undertake a fraud risk assessment and prepare an appropriate fraud policy and strategy*	High				
13. *Council should review its delegations*	High				
14. *Council needs to ensure that staff are aware of their delegations by including them in their position descriptions*	High				

Recommendations	Priority	Action proposed	Time frame	Responsibility	Progress report
15. *Council should provide training to councillors and staff on their respective roles.*	High				
16. *Council should undertake actions and develop procedures that allow a professional working environment to develop between councillors and staff.*	High				
17. *Council should, as a matter of priority, ensure its compliance with the provisions of the Government Information (Public Access) Act 2009*	High				
18. *Council should improve the current state of the information available on its website*	High				
19. *Council needs to review and further develop its complaint management policy in accordance with the Division's practice note*	High				

Recommendations	Priority	Action proposed	Time frame	Responsibility	Progress report
20. *Council should develop an information technology strategy which supports Council's long term planning*	High				
21. *Council should review its development unit resourcing to focus on improving its DA processing times*	Medium				
22. *Council should develop an organisation wide compliance and enforcement policy and attendant procedures*	High				
23. *Council is to ensure that its companion animals operations are in accordance with the provisions of the relevant legislation*	High				
24. *Council should monitor its outstanding rates and charges and implement debt collection strategies to ensure improvement*	Medium				

Recommendations	Priority	Action proposed	Time frame	Responsibility	Progress report
25. *Council should give priority to its preparation of a long-term financial plan in accordance with the project plan for implementing the Integrated Planning and Reporting framework*	High				
26. *Council should give priority to the entering of all assets into BizAsset*	Medium				
27. *Council should ensure that its Land register is accurate and complete*	Medium				
28. *Council should give priority to its preparation of an asset management plan in accordance with the project plan for implementing the Integrated Planning and Reporting framework*	High				
29. *Council is encouraged to endorse an Asset Management Plan and to allocate appropriate funds and resources to implement this Plan*	Medium				

Recommendations	Priority	Action proposed	Time frame	Responsibility	Progress report
30. *Council is encouraged to endorse an Asset Management Plan and to allocate appropriate funds and resources to implement this Plan*	Medium				
31. *Council needs to develop Plans of Management for all of its community land*	High				
32. *Council should develop a formalised policy and program for asset maintenance to match the required expenditure*	Medium				
33. *Council should undertake an asset rationalisation review*	Medium				
34. *Council should develop an asset disposal policy*	Medium				

Recommendations	Priority	Action proposed	Time frame	Responsibility	Progress report
35. *Council should review its quarterly reports taking into account the Division's recently released templates and guidelines*	Medium				
36. *Council should provide a clear set of guidelines and procedures to support its financial policies and these should be placed on Council's intranet*	High				
37. *Council should develop an organisation-wide customer service standards policy that identifies standards for Council services*	Medium				
38. *Council should give priority to the finalisation of its Workforce Management Plan in accordance with the project plan for implementing the Integrated Planning and Reporting framework*	High				

Recommendations	Priority	Action proposed	Time frame	Responsibility	Progress report
39. *Council should finalise the development and review of its Human Resource policies as a matter of priority*	Medium				
40. *Council should conduct an employee attitude survey*	Medium				
41. *Council should consider the distribution of the minutes of Consultative Committee meetings to councillors for information only*	Low				
42. *Council should continue to develop its succession plan for key positions in the organisation and incorporate this into its Workforce Management Plan*	High				