

challenges improvement innovation good governance

Local Government Reform Program - Promoting Better Practice

REVIEW REPORT

KYOGLE COUNCIL

JUNE 2008



Department of Local Government

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1. ABOUT THE REVIEW

Review objectives

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

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

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

Review process

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

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

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

Kyogle Council Review

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

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

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

All councillors were provided with a survey form (non-compulsory) to provide them with an opportunity for direct input into the review process. For example, the survey sought their views on matters such as: their role; training and support; strategic directions; conduct of council meetings; relationship with staff and community; and council's strengths and weaknesses. All councillors were also invited to meet the review team. The review team comprised Departmental officers Paul Terrett and Tempe Lees. The on-site component of the review was conducted from 19 to 22 November 2007.

The on-site review involved meetings with Council's Mayor and General Manager, conducting interviews with senior Council staff as well as other operational staff. A number of Council's policies and other documents were reviewed on-site and key Council facilities/worksites were visited. Council management was then provided with the opportunity to respond to the review's preliminary findings.

This report details the review's findings, recommendations and Council's initial response. The Department expects councils to formally respond to the review

process, to prepare an action plan to address agreed issues and to provide progress reports on the implementation of the action plan.

2. EXECUTIVE SUMMARY

Kyogle Council is a council that is going through significant change following the Department's section 430 investigation, as well as experiencing a change of senior officers. It has looked proactively at its operations to facilitate change and has critically analysed areas of the Council needing attention.

Council's deficiencies in strategic planning and a lack of policy development are now being actively addressed and the Council is on track to strategically manage its resources. While this work has commenced, Council still has a number of key steps to take. These challenges include asset management, long term financial planning and linking service provision to future community needs and expectations.

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

The increasing use of electronic technology poses a challenge to Council to ensure that information technology keeps pace. While existing IT services are meeting the current needs of Council, in the long term Council will need to develop an IT strategy.

Because of its limited financial resources, Council has chosen not to provide a number of community services. The change in the demographics of the Kyogle local government area means that Council should re-examine its service provision in this area. An ageing population and increasing demands and expectations created by the relocation of people seeking a "tree-change" will place pressure on Council to better meet their needs. Council may need to review its strategic direction to meet these demands.

The Council's last local government election was contested in one ward only. Council is encouraged to promote candidacy for the 2008 local government elections and particularly to encourage women from the community to stand for election.

Council has conducted a residents' survey and is aware of the wants of the community. It has commenced addressing these needs through the community strategic plan. This, along with other plans, has contributed to the development of an updated Local Environment Plan.

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

The Department also used this review to conduct an assessment of the recommendations of the section 430 Investigation. The review team are satisfied that the Council has taken steps to comply with the recommendations. However, as part of this review, the outstanding recommendations have been included for on-going monitoring.

RECOMMENDATIONS

Strategic

1. To maximise the achievement of Council's goals and desired outcomes, Council should ensure that its plans and reports are well integrated with each other at all levels. Council should ensure that all its operational plans are integrated with its strategic plan.
2. Council should report on its strategic priorities in its annual report and management plan.
3. Council should look at strategies to address the future skills shortages in the Kyogle area.
4. Council needs to share its vision and mission with staff and review its policies and publications, which reference the vision and values, to ensure they are current.

Governance

5. Council should review its code of meeting practice to minimise the use of general business and “questions without notice”.
6. Council should cease the public forum section of Council meetings and incorporate it in the public access session of Council. Council should be advised of the nature of the matter that is to be discussed.
7. Council should adopt a practice of including an item “Matters determined without further debate” in the business paper. This allows the Council to determine those matters where councillors agree with the officers recommendations to be adopted “en globo”.
8. Council should explore strategies to overcome scheduling issues in relation to councillor training. For example, some training could be scheduled to coincide with Council's regular meeting schedule when councillors are already in attendance.
9. Council should explore strategies, such as a community education and mentoring program, to facilitate members of the public to stand for Council at the next election.

10. A summary of all complaints received by Council should be reported to senior management on a half yearly basis.
11. Council should supply all councillors and designated persons with a copy of the Department's Circular 04/16 to assist them in completing written returns of interests.
12. Council should review its Statement of Business Ethics so that it extends to private contractors who work with the Council and is included as part of all tender documents.
13. Council should review its draft risk management policy to ensure it provides more detail and links with the risk management strategy adopted by Council.
14. Council should develop a risk management plan that provides a framework to proactively identify and manage generic and specific risks.
15. Council should examine the costs and benefits of establishing an internal audit function. Given the Council's size, consideration should be given to sharing this function with other councils. Council should also establish an internal audit program.
16. Council should undertake a fraud risk assessment and develop a fraud control strategy.
17. Council should finalise and adopt its disaster recovery/business continuity plan. The Department's Circular 07/12 will assist Council in developing such a strategy.
18. Council should make the required changes to its record keeping practices to facilitate compliance with the *State Records Act 1998*, to ensure that its records system supports the needs of the organisation and facilitates community access. Specific changes required, as set out in this report, include educating councillors and staff to be aware of their responsibilities in the area of recording keeping and encouraging them to comply with Council's procedures.
19. Council should continue to review its Privacy Management Plan and provide staff with training in privacy legislation.
20. To ensure that Council's section 355 committees carry out their functions in an appropriate manner, Council should:

- ensure that each committee has a constitution or charter setting out its membership, functions and delegations
 - provide members with appropriate training on their roles and responsibilities under the *Local Government Act 1993* and Council's code of conduct
 - provide an operational manual to which they can refer on an ongoing basis.
21. Council should investigate opportunities to resource share through NOROC, the Richmond - Tweed – Clarence group and with Queensland councils.
 22. Council should ensure that the notes for the Financial Statements are included in the Annual Report.
 23. Council should update its code of conduct to include Council's revised vision and values. The updated code of conduct should be reissued to all staff and councillors.
 24. Council should review its purchasing and tendering policies to give greater direction to staff providing information on when each method should be used and linking dollar limits to delegations.
 25. Council should also develop processes for monitoring and reviewing its purchasing and tendering, disposal of assets and contract management.
 26. Council continue to pursue establishing a sister city relationship with a larger council in NSW.

Regulatory

27. Council should review its planning administration to improve systems to fully utilise Dataworks and IT.
28. The State of the Environment Report should be reviewed to include the matters set out in the review report.
29. Council should develop an inspections strategy to ensure that inspections are undertaken to manage Council's risks associated with the exercise of its regulatory and compliance functions.
30. Council should investigate working with neighbouring councils on sharing resources for enforcement and regulation.

31. Council should investigate whether authority should be extended to rangers in neighbouring councils.
32. Council should adopt an Enforcement Policy.
33. Council, through its newsletter and other activities, should encourage dog and cat owners to register their animals.
34. Council should review its swimming pool programs to fully comply with the *Swimming Pool Act 1992*.

Financial Management

35. It is recommended that Council review its Debt Recovery and Hardship Policy and implement a procedure to reduce the risk of escalating outstanding debts.
36. Council should continue to develop a comprehensive asset management plan that includes the rationalisation of assets and a maintenance program. Council should implement a total asset management system to ensure that it has an empirical basis for determining what funding will be required to maintain, replace and enhance assets when needed.
37. Council should develop a long-term financial plan in conjunction with its strategic plan and asset management plan, taking into account the details provided in this report.
38. Council should consider the future of IT arrangements, including resource sharing with other councils. It should develop an IT strategy and plans after a comprehensive IT audit is conducted. Council should look at maximising its IT systems and ensure that all areas of Council fully utilise Dataworks.
39. Council should consider developing an enhancement of its Intranet and Internet site to include Council policies and other information.
40. Council should follow best practice, as defined by the Department of Premier and Cabinet, in ensuring an IT security framework; this includes an information management system and supporting policies and procedures.

Community and Consultation

41. Council should review its annual report to include information regarding people from culturally diverse backgrounds.
42. Council should identify strategies for older people and whether it should have a dedicated aged services/community services worker.
43. Council should examine strategies to address the needs of the youth of the Shire.

Workforce Relations

44. Council should develop a succession plan for key areas of its operation, which addresses potential gaps in its workforce due to the significant number of employees expected to retire over the next 10 years. The succession plan should, where appropriate, be linked to Council's training plan.
45. Council should review its provision for staff training to ensure that it meets the needs of the Council.
46. Consideration should be given to producing a staff newsletter to improve communication of new policies and other Council activities.
47. To achieve the full and equal participation of women in local government, Council should implement strategies such as career development, mentoring and assertiveness training contained in the document *The Review of the National Framework for Women in Local Government – The Way Forward 2007*.

Section 430 Investigation – Outstanding Recommendations

Recommendation 1 – *That Kyogle Council immediately reconsider its decision to resign its position as Trust Manager of 26 Crown Reserves in the Kyogle area with a view to also encouraging the community boards to maintain a role as well.*

Recommendation 2 – *In reconsidering, Council should in the first instance liaise with the Department of Lands as to the availability and/or possibilities of obtaining funds to assist it to perform its duties.*

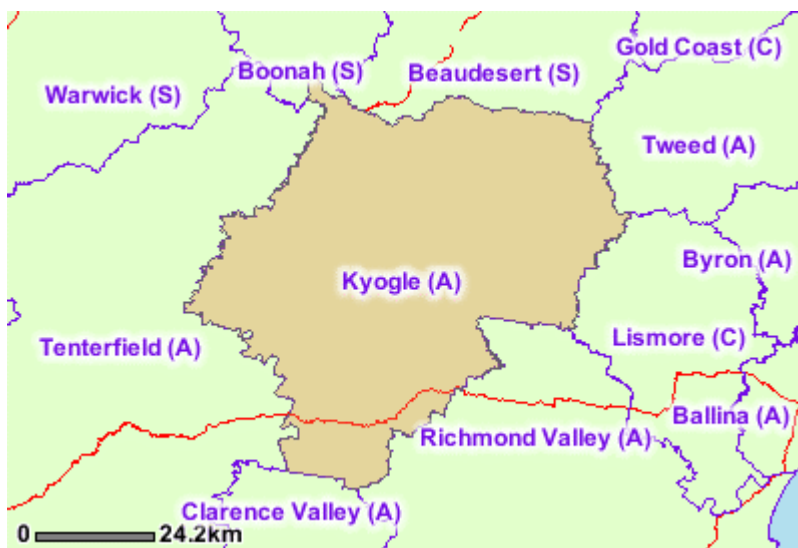
Recommendation 3 – *Should Council decide not to become the Trust Manager it should direct its attention to immediately taking the necessary steps to mitigate its public liability risks, its lack of leases/licenses for public facilities on Crown Reserves and decide how it will fulfill its Charter and assist the community to maintain its facilities.*

Recommendation 4 – *Council should progress the water and sewerage matters related to the Muli Muli and Woodenbong communities and provide the communities with a timetable of anticipated works by 16 June 2006. The timetable is also to be provided to the Minister and to the Director General of the Department of Local Government by that date.*

Recommendation 5 – *Council staff should progress the Seniors Centre project to the fullest extent possible with a report to the Council meeting in June 2006 and a copy to the Minister and Director General.*

4. CONTEXT

The Kyogle local government area (LGA) services an area of 3,589 square kilometres and adjoins the Beaudesert Shire in Queensland and the Northern Rivers Shires of Tweed, Lismore, Richmond Valley, Clarence Valley and Tenterfield in New South Wales. Kyogle Council comprises a large and diverse region with spectacular natural and cultural attributes, within two hours drive from Brisbane and one hour from Queensland's Gold Coast and NSW coastal communities of Byron Bay, Ballina and Tweed Heads. This combined with a temperate climate and a close proximity to all services, education and recreation, makes the Kyogle area an attractive place to live and work.



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There are 9 councillors on Kyogle Council. The local government area is divided into 3 wards each electing 3 councillors.

Council employs 78 full time staff. Of these 22 (28%) are aged 55 years and above.

Kyogle has the largest number of timber bridges of any local government area in NSW. Council spent in excess of \$1,000,000 in 2006/07 on bridges and a further \$1,000,000 on bridge maintenance

As at 30 June 2007 Council had a surplus from all activities of \$3,562,000. This compares to a surplus of \$1,446,000 as at 30 June 2006.

The total revenue for 2006/2007 was \$18,462,000, which was raised from the following sources:

Rates and charges	30%
User charges	20%
Interest	4%
Grants and Contributions	45%
Other revenue	1%

5. COUNCIL'S AMBITIONS, PRIORITIES AND FUTURE FOCUS

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

While Council has built the foundations for a strong strategic approach, it does not fully integrate its strategic plans with other more operational plans (such as the management plan and financial plan). **(Recommendation 1)** In response to the draft report, council has advised that it has finalised its Community Strategic Plan 2007 – 2017 and has commence a review of its strategies, plans and policies to integrate the Community Strategy.

Integrated planning and reporting

The Department of Local Government's vision is of a strong and sustainable local government sector that meets community needs.

A major corporate priority of the Department for 2007/08 and beyond is to work with councils to better integrate their planning, service delivery and reporting. Integrated planning is about ensuring that council planning requirements and processes are sufficiently interconnected to maximise the achievement of council's goals and desired outcomes. If plans are not integrated it is likely that their implementation will work against each other to fragment and confuse responsibilities and targets, and undermine the achievement of council's goals.

Integrated reporting is about ensuring that reporting is linked to council plans, particularly in regard to the progress toward achieving those plans and then accurately informing the development of future plans. The Department notes that Council has developed a Community Strategic Plan 2007 – 2017, which aims to incorporate and integrate operational plans. Council acknowledges that additional work is required in this area.

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

Changes to Council population

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

The Far North Coast Regional Strategy predicts an increase in residential housing and as a consequence a major increase in population by 2025. This will place particular pressure on the Council in planning and meeting community needs into the future. As is noted later, Council appears to be planning for this growth.

Currently 14.8% the population of Kyogle are aged 65+ years. Kyogle is therefore ranked 73rd amongst NSW councils in terms of the percentage of residents in this age bracket. This is projected to grow to 25.7% of Kyogle's population by 2022. At an average increase of 0.33 percentage points per year. This 'force of ageing' is substantially faster than that projected for NSW as a whole (0.43). The Council's population aged 85 and over is projected to increase in proportion from 1.5% to 2.5% of the population (*Population Ageing in New South Wales and its Local Government Areas*, Dr. Natalie Jackson, Director, Demographic Analytical Services Unit, University of Tasmania).

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

The Local Government and Shires Associations have produced *Planning the Local Government Response to Ageing and Place*. This paper is intended to offer a framework to assist councils to begin to plan for the population ageing unique to their area by:

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

The Department encourages councils to use this paper in their planning processes. Council's social plan includes some strategies for older people. However, it was not evident to the review team that Council has integrated strategies across its various functional areas to address this challenge.

Given Council's aged population is increasing at a significant rate, Council needs to consider ways to raise the awareness of this issue across all sections of Council. Building upon strategies in its social plan and using the Ageing and Place Framework developed by the Associations, Council should prepare long term strategies to meet current and future needs for older people.

Priority strategies should be determined on an annual basis and incorporated in Council's management plan and budget, the business plans of each section and the work plans of individual officers.

Progress in relation to these priorities should be reported on a regular basis via reports to Council, inclusion in the management plan, as well as annually in Council's Annual Report. **(Recommendation 2)**

Labour Market implications

Currently Kyogle has a labour market "entry:exit ratio" of 1.0 meaning that for every 10 people entering the labour market 10 people leave the market. By 2022 this ratio is expected to be 0.5 (five entrants per ten exits) with more people leaving the labour market than entering. Council should consider strategies to address the future skills shortages in the area. **(Recommendation 3)**. Council has advised that in preparing

the Closer Rural Settlement and Urban Expansion Strategy it has designated three areas for industry around Kyogle that will help in addressing the need for industrial land and assist in skills growth.

6. DELIVERING AND ACHIEVING

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

Overview

Overall, the review team observed that the Council has made a number of significant improvements. A contributing factor to this catalyst for change has come from the section 430 investigation and a more professional approach to service provision.

Council understands its local community. However, the vision for the Kyogle Shire is not being fully realised due to financial constraints and a culture that lacks ownership for change. The community has appreciated actions by the Council when major projects are carried out, such as streetscape improvements.

Council has reviewed its vision, mission and values as follows:

Our Vision

Working together to balance Environment, Lifestyle and Opportunity

Our Mission

To meet the challenges of our unique and diverse region

Our Values

- Respect and respond to community needs
- Improve the quality of our services
- Be open and accessible
- Act with honesty and integrity
- Value peoples contribution
- Support the culture of teamwork, co-operation and safety
- Be creative and innovative.

It is the challenge for Council to put these aspirational comments into practice and directions for the future. Council needs to share this vision with its staff and the

community. Staff questioned by the review team could not articulate the vision or values of the Council.

Council also needs to review its current policies and publications that reference the Council's mission, vision and values to ensure they are current and up-to-date. **(Recommendation 4)** The review team observed several publications that referred to outdated vision and values. For example the vision articulated in the 06/07 Annual Report, the Code of Conduct and the Community Strategic Plan need to be updated to align with the amended vision and values articulated in the 07/08 Management Plan.

6.1 Governance

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

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

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

Council meetings

The review team observed a Council meeting during the on-site review. We also reviewed Council's code of meeting practice, business papers and minutes.

The Department recently issued a Circular on transacting business without notice (Circular No 07/14). Kyogle Council maintains an item of business on its meeting agendas under which councillors may put Questions Without Notice. Questions during a council meeting should be in relation to the business before council and councillors should avoid raising business that can be discussed under other items of business on the agenda, pursuant to clause 241 of the Regulation.

Business that can be discussed and dealt with at council meetings under clause 241 includes:

- Business that a councillor has given written notice of within the required time before the meeting (clause 241(1)(a)) and of which notice has been given to councillors (section 367 of the *Local Government Act 1993*)
- Business that is already before the council or directly relates to a matter that is before the council (clause 241(2)(a)). For example, business that was discussed at the last council meeting or business in a report made by council staff in response to an earlier council request for a report.
- The election of a chairperson for the meeting (clause 241(2)(b))
- A matter raised in a mayoral minute (clause 241(2)(c))
- A motion to adopt committee recommendations (clause 241(2)(d))
- Business ruled by the chairperson to be of great urgency (clause 241(3)), but only after a motion is passed to allow this particular business to be dealt with.

The *Local Government Act 1993* provides a number of other methods for councillors to bring matters to council, such as using notices of motion or holding councillor information sessions on significant matters.

Council should review its code of meeting practice and meeting practices generally to minimise the use of general business and “questions without notice”.

(Recommendation 5)

Council has a Public Forum and a Public Access session. The Public Forum that allows members of the public to ask questions without notice is considered to be contrary to clause 249 of the Local Government (General) Regulation that limits questions to be asked by councillors. Further, it raises business that is not on the agenda pursuant to clause 241 of the Regulation. **(Recommendation 6)**

Council should also adopt a practice of including an item on “Matters Determined without Further Debate” in the business paper. This allows the Council to determine those matters that will be adopted in total. This assists in Council meetings operating smoothly and avoids undue delays where councillors agree with the officers’ recommendations. **(Recommendation 7)**

Council’s business papers are informative and assist councillors to make informed decisions. We note the practice of providing councillors with a full list of development applications approved under delegated authority. This allows councillors and the community to be fully informed of development in the Council area.

We note that the business paper is large and contains a number of items such as media articles and Mayoral attendances for councillors’ information only. Council should consider removing these from the business paper. However, councillors could still be provided with this information.

Council uses best practice in projecting motions before the Council on overhead displays. To extend this practice Council should consider a number of reforms to improve Council’s meeting practice, these could include:

- Moving Council meetings to a larger venue to allow members of the public better access to the council chamber, such as the Kyogle Memorial Institute Hall.
- Council should consider laptops and email access for all councillors.
- Review the floor layout of the chamber to allow councillors better visual contact with the Mayor and officers.
- Reviewing meeting times to ensure greater accessibility to meetings. Currently all meetings being held during business hours may preclude attendance by those members of the public in full-time employment.
- Review committee structures to assist in developing strategic and policy matters and move away from the operational matters of council.
- Additional training on meeting practices for all councillors after the 2008 council elections.

Councillor induction and ongoing 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's elected body. To assist councillors in achieving these goals, councillor induction training should familiarise councillors with the activities and functions of their Council and the legislative framework in which they operate. The program should 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. Training should be provided on an ongoing basis.

Council has a structured induction and training program for councillors. Scheduling training appears to have been an issue. Council should look at scheduling some training as part of Council's regular meeting schedule, when councillors are already available. **(Recommendation 8)**

It was reported during the review that a number of councillors were intending not to stand for re-election for another term. Further, at the last elections, elections were only held in one ward. Council is encouraged to investigate a community education and mentoring program to encourage members of the public to stand as councillors. Council may also wish to encourage community leaders to stand. Council should provide prospective candidates with information in relation to the roles and responsibilities of being a councillor. Alternatively, Council may wish to conduct information sessions to key groups such as service organisations and clubs to share information on Council and how to stand as a councillor. **(Recommendation 9)**. Council has advised that it has organised a workshop for prospective councillor candidate in June 2008.

Customer service and complaints handling

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

Council has developed a Customer Service Policy, which was adopted in December 2006. This sets out time frames and procedures on how Council will respond to

complaints. Council has not developed a Customer Service Charter. The Charter should establish clear service values and standards that customers can expect to receive from Council. While some of these appear in the Customer Service Policy, the policy could be enhanced with a charter showing the Council's customer service commitment.

Council should put its complaints policy, and once developed, the Customer Service Charter, on its website and at the front counter so that the community are aware of the service criteria.

Council should collect details of all complaints received and provide a summary to senior management on a six (6) monthly basis to assist in identifying problem areas. **(Recommendation 10)**. A summary of complaints is included in the quarterly Management Plan reviews

Summary of Affairs

Councils are required to publish a "Summary of Affairs" in the Government Gazette each six months. This is a requirement of the *Freedom of Information Act 1989* (FOIA). Aside from being a statutory requirement, the preparation of a Summary of Affairs is an important process, as it requires the Council to identify and list each of the Council's current policy documents.

The process of identifying and listing each policy is valuable because it affords the Council the opportunity to identify the scope of its policies and identify omissions and any redundant policies. Distributing a copy of the Summary to staff and councillors is a simple way in which they can be made aware of the matters on which the Council has a policy.

Pecuniary interest

Chapter 14 of the *Local Government Act 1993* sets out the parameters that must be adhered to when councillors and staff have a conflict between their public duty and private pecuniary interests. The Act also requires councillors and designated staff to lodge returns of interest. Part 8 of the Regulation prescribes the information required to be included when lodging returns.

The review team examined most recent returns and found that they were generally completed to a satisfactory standard. Council should provide all councillors and designated staff with a copy of Departmental Circular 04/16 to assist them in completing their returns. **(Recommendation 11)**

Statement of business ethics

A statement of business ethics is a form of statement aimed at 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. While Council has adopted a Statement of Business Ethics, it should extend this document to contractors doing business with Council. A reference to the Statement does not appear routinely in Council's tender documentation and is not available on Council's website. **(Recommendation 12)**

Council's statement of business ethics is available from Council. It covers key issues around the values Council stands by. The review team was assured that this statement, together with a copy of the Council's Code of Conduct, is provided to all persons conducting business on behalf of Council. The Council does not display its values or mission on its website.

Risk management

Risk management is about the systematic identification, analysis, evaluation, control and monitoring of risks. While risk cannot be entirely eliminated, councils should aim to establish a risk aware culture and to continually work towards establishing structures, processes and controls that cost effectively reduce the Council's risk profile and thereby protect the interests of Council, the public and other key stakeholders. There should be a balance between the cost of managing risk and the benefits expected from engaging in an activity that has inherent risks.

Councils are exposed to a wide range of risks as a consequence of their diverse functions. The significance of specific risks will vary from council to council. A risk management plan should provide a council with a framework to proactively identify, communicate and manage generic and specific risks. It is important that Council

consider the development and implementation of a risk management plan to minimise the likelihood of negative events that could have otherwise been foreseen and thereby managed or avoided. Such a plan should extend beyond those risks that are insurable. Council may wish to refer to AS/NZS 4360:2004 for more information on risk management.

Council has a risk management policy that was recently adopted by Council. Concern is raised by the review team that the policy lacks detail and does not define such things as what is a risk, how to implement the policy or the categorisation of risks to Council. Council should review this policy to give it greater detail and to link it more with the risk management strategy. **(Recommendation 13)**

Council is currently developing a risk management strategy and it is anticipated that a draft strategy will be presented to Council in the coming months. Councils need to continually work towards establishing structures, processes and cost effective controls that reduce the council's risk profile. In doing so, councils need to be mindful that there should be a balance between the cost of managing risk and the benefits expected from engaging in an activity that has inherent risks.

An invaluable mechanism for implementation of any risk management strategy is the undertaking of an organisational wide risk assessment. 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 and manage, as well as facilitate the development of an internal audit plan for Council (see below). Risk assessment process 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 14)**

Internal audit and control

Internal audit and control provides for systematic scrutiny of an organisation's operations, systems and performance. It assists in ensuring that service standards are met, data records are accurate and complete, and established procedures are being followed. 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 committee and/or an internal audit function would assist the Council in monitoring and improving its internal controls, and Council should examine the costs and benefits of establishing such functions.

Council may wish to look to its neighbouring councils or to a larger council to conduct a peer assessment of its internal controls. It should also examine resource sharing of this internal audit function with other councils in the area. **(Recommendation 15)**. Council has advised that this issue was raised at the May 2008 meeting of the Richmond – Tweed – Clarence council co-operation group.

Council does not appear to have undertaken any fraud risk assessment. Changes to the Australian Auditing Standard 210 (ASA210) 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 16)**

Business Continuity

Council does not have a disaster recovery/business continuity plan, although a draft plan is being prepared. Incidents such as the recent flood highlight the importance of having a business continuity plan in place to ensure that when such events occur, Council is prepared and disruption to Council business is kept to a minimum. Such a plan is an important part of a business's risk management strategy. The Department has issued Circular 07/12 that will assist councils in developing such a strategy. Council should finalise this policy as a matter of priority and put to Council for adoption. **(Recommendation 17)**

Records management

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

standards and codes. The review identified several opportunities for Council to improve its record keeping practices.

The review team were impressed at the detailed and comprehensive way that records were managed. Council does have a records management policy that reflects good practice. However, the review revealed that the policy is not always adhered to. For example the review team was told that documents were sometimes disposed of via the tip. Council needs to be aware that ISO 15489-2002 has superseded Australian Standard AS4390. This new standard has been adopted as a code of best practice for the NSW Public Sector for records management policies and procedures.

While councillors take up their positions with a variety of knowledge, experience and commitment, they may not have a knowledge or understanding of their responsibilities for recordkeeping. This includes the regulatory and best practice requirements they are expected to observe when undertaking duties on behalf of Council.

To facilitate the efficiency of Council business and to ensure that its decisions and actions are transparent and accountable, Council needs to ensure that councillors understand their specific record keeping responsibilities. One way councillors can be informed of their responsibilities is through the issue of policy and procedures. State Records NSW has created *Sample records management policy and procedures for councillors* that can be modified by councils to suit their needs. State Records NSW has also produced a brochure titled *What have records got to do with me?* This is available free of charge. All councillors should be provided with a copy.

Council currently stores its archived documents in a house opposite the Council offices. This house has been effectively adapted to store Council archives and is a major improvement to Council's previous archiving and storage practices.

The current Records Management Policy states that records are maintained in accordance with the General Disposal Authority (GDA10). The review found no evidence of this. The Council currently destroys documents at its tip and Council should review this practice of disposal of documents.

All records need to be reviewed periodically to determine if they should be retained, archived to State Archives or destroyed in accordance with GDA10. A copy of this Authority is available from the State Records Authority website.

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

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

(Recommendation 18)

Privacy management

The *Privacy and Personal Information Protection Act 1998* ("PPIPA") provides for the protection of personal information and for the protection of the privacy of individuals. Section 33 of the PPIPA requires all councils to prepare a Privacy Management Plan. Council adopted the Model Privacy Management Plan in 2000. Council has not reviewed the model plan since then, nor conducted privacy training for staff or councillors. As Council routinely deals with large volumes of personal information, it is essential that staff are aware of the Council's obligations under the PPIPA. Council should consider reviewing the policy and provide staff with training in the requirements of the privacy legislation. **(Recommendation 19)**. Council has advised that the Privacy Management Plan was reviewed in March 2008.

Section 355 Committees

Council has a number of section 355 committees. These committees provide an opportunity for community involvement and can be an effective way of delivering services. The review noted that Council had village maintenance agreements with a number of these committees for the maintenance of public areas and assets. While these agreements set out the terms and conditions for the work, they did not prescribe the minimum standard of maintenance required. Thus Council has no

means of ensuring that these public assets and areas are maintained to an acceptable standard. Furthermore, currently only three of Council's committees appear to have constitutions.

As these committees carry out functions on behalf of Council, it is important they all have a constitution or charter setting out their membership, functions and delegations. To ensure that committee members carry out their functions in an appropriate manner, Council should provide appropriate training, as well as providing an operational manual to which they can refer on an ongoing basis.

(Recommendation 20)

Working with other councils

Council is working with other councils in the Northern Regional Organisation of Councils (NOROC) and the Richmond-Tweed-Clarence General Managers' Group. Council is examining resource sharing of a number of functions including internal audit, human resources, OH&S, apprenticeship development, etc.

Council has already worked on a number of joint projects including the Muli Muli water supply with Tenterfield Shire Council, tourism, library services and the Summerland Way Committee.

Other areas where Council may consider engaging in joint projects to achieve economies, efficiencies and access expertise not currently available to Council include information technology, internal audit and ranger services.

Given that Kyogle Council is a small council, this co-operative approach is encouraged and Council should examine other activities where resource sharing could be an advantage. Council could also look to working with Queensland councils on joint activities or with other councils using already established resource sharing arrangements. **(Recommendation 21)**

Delegations

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 continually reviewed to ensure they remain current. Council reviewed its latest register of delegation in September 2007; these delegations are comprehensive and are adequately linked to job descriptions.

Planning and reporting framework

Each year Council is required to prepare a draft management plan with respect to its activities for at least the next 3 years and its revenue policy for the next year.

Sections 403 and 404 of the Local Government Act and the Local Government (General) Regulation 2005 require certain particulars to be included in Council's draft management plan. The draft management plan is to be exhibited in accordance with section 405 of the Act.

Similarly, Council must issue an annual report. Section 428(1) of the Act requires councils to prepare a report within five (5) months of the end of each financial year as to its achievements with respect to the objectives and performance targets set out in its management plan for that year. Matters to be included are set out in section 428(1) of the Act.

The review team examined Council's management plan for 2007/2008 and annual report for 2005/2006. Both appear well presented and easy to read documents.

However, it was noted that the notes to the financial statement were omitted from the Annual Report. The notes form part of the financial statements and are necessary for the proper understanding of the same. Council should ensure that the notes to the financial statements are included in the Annual Report. **(Recommendation 22)** It was noted that the notes had also been omitted from the draft Annual Report for 2006/07.

The annual report has been improved in 2006/2007 with an executive summary setting out the Council's major achievements in the previous year. Council could consider including a message by both the Mayor and General Manager outlining their summary of the previous year and their goals for the coming year. Council

shares its strategic vision in the annual report, as well as its key goals for the organisation.

Policy register

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

While hard copies of Council policies are available to staff, the number of copies are limited and only available at the main Council offices. Not all Council staff are located in the main office. Council currently does not have a staff Intranet on which these policies could be placed. Staff access to policies would be greatly enhanced if they were available electronically via either a shared server or a staff Intranet site. The ability of Council to effectively implement policies or procedures is greatly improved if staff have easy access to these documents so that they can be readily referenced as required.

Code of conduct

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

Council adopted a new code of conduct in 2005. The code of conduct appears to be in line with amendments to the Local Government Act, which provide for a mandatory Model Code of Conduct for Local Councils in NSW, which was issued by the Department in January 2005.

However, as noted above, the values articulated in the code of conduct have recently been amended. Accordingly Council should update its code of conduct in this respect. Council could then reissue the updated code of conduct to staff and councillors as a useful reminder of both Council Vision and Values and the provisions of the code of conduct. **(Recommendation 23)**

Purchasing and tendering

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

Council has a Local Purchasing Policy and a Purchasing and Supply of Goods and Services Manual, adopted in July 2007. Council's tendering and quotation policy complement this manual of policy and procedure. It also has an Asset Disposal Policy that was derived from a Council resolution. This policy gives a series of general principles. Council should review this policy to give greater direction to staff as to the method to be used in disposal of assets and when each method should be used, such as dollar limits, and linked to delegations. **(Recommendation 24)**

A review of tenders was difficult. While the files documented the tender sufficiently, a number of inconsistencies were apparent such as receipt of tender, amounts being tendered and reasons for awarding of the tenders were seemingly sometimes outside the scope of the tender. Council should consult with other councils as to the methods used in awarding its tenders. Council should also consider using a tender checklist to ensure compliance with the Local Government Act.

Council should develop processes for monitoring and auditing its purchasing and tendering, disposal of assets and contract management. **(Recommendation 25)**

The composition of tender panels that were reviewed did not include any independent panel members. Having an independent panel member adds to the probity and integrity of tender assessment and reduces the risk of allegations of bias or failure to follow due process. Council should consider including in its tendering guidelines a requirement to have an independent panel member for high value or high risk tenders.

Sister City Relationships

Council currently does not have a sister city relationship with any other council. Council may benefit from establishing a closer working relationship with a larger council in NSW, which could provide opportunities for staff development, resource

sharing and capacity building for both councils. It is understood that Council is currently in discussion with another council with the view of forming a “sister city” relationship. Council is encouraged to pursue this opportunity, as it has the potential to offer both councils benefits in the form of sharing of expertise and resources. **(Recommendation 26)**. Council has resolved to proceed with the establishment of a sister city/country Council relationship with Coffs Harbour City Council.

6.2 Regulatory Functions

Council exercises regulatory functions in relation to a range of activities within its area. The efficiency and probity of Council's regulatory functions is important for effectively managing its responsibilities and for preserving public trust in Council and staff.

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

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

Development applications

Council has effective planning areas, which handles approximately 220 development applications (DAs) per annum and are assessed on average in less than 28 days. Planning decisions are clearly documented and developments of any significance are referred to Council for determination.

In reviewing the processing of DAs, concern was raised at the Council's failure to adequately use Council's Dataworks system. It was also noted that residents were charged inspection fees, however, no evidence was on file to show that an inspection had taken place.

While it is the applicant's responsibility to advise the Council of when inspections are needed, Council does not appear to have a follow-up system to assist it to identify the currency of the DA or compliance with consent conditions.

Council does not have an electronic system for lodging or tracking of development applications. There does not appear to be any plans to upgrade the IT systems in the Planning branch to address matters such as e-planning. Council may find it

beneficial to consider resource sharing with another council(s) to facilitate the development and implementation of e-planning. Council should review its planning administration to improve systems to fully utilise Dataworks and IT.
(Recommendation 27)

State of the Environment Report

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

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

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

The Council's current comprehensive report was produced in 2004 and supplementary reports have been published annually. The current supplementary report relates to 2006.

Council's first SoE report was produced in 1994 and revised in 2000. The current report benefits from the existence of extensive baseline indicators drawn from these reports. Overall the reports meet the majority of the general reporting requirements and contain useful information. The pressure-state-response model is used in the comprehensive report, and Council's management plans and special projects are highlighted with respect to each environmental sector.

Linkages between the SoE and Council's Management Plan and Annual Report are very good. Timeframes and priorities are clearly identified, and outcomes are clearly reported. Of particular note is the "Environmental Activities" section in the 2007/08 Management Plan.

Inter-departmental consultation is evident in the drafting of the current report. However, this appears to be less substantial than that undertaken when drafting the 2000 report (only two government departments are listed, down from six in 2000). The included information from the Catchment Management Authority and Department of Environment and Climate Change is, however, comprehensive and relevant.

The Supplementary report is essentially an update of Appendix 1 (Recommendations and Actions) of the Comprehensive Report. While it is thorough, it does not indicate any new environmental impacts or new regional information. Overall, the report provides an excellent snapshot of the local environment and Council's corresponding activities.

Areas that could be strengthened in the report include:

- The current comprehensive report is not available for download on Council's website (only the 2000 comprehensive and the 2005 supplementary report). In the interest of public availability, this should be addressed as a matter of priority.
- There is no evidence of community consultation undertaken in the drafting of the report. It was put on public exhibition following publication, but there is no evidence that the public comments have since been incorporated into the report.
- No inter-council consultation is evident, apart from Northern Rivers County Council. The extent of this consultation is not detailed. Future SoEs would benefit from a greater regional focus by Council, especially with regard to inter-council consultation.

- Further detail about the impact of Council activities on the local environment is required. The report displays a general awareness of this issue, but specific impacts are not identified.
- Future supplementary reports may identify new environmental impacts/regional information for the period. **(Recommendation 28)**

Planning – keeping environmental planning instruments under review

Council is required by section 73 of the *Environmental Planning and Assessment Act 1979* to keep its planning instruments and policies, such as local environmental plans and DCPs, “under regular and periodic review”.

Council has been pro-active in developing a new local environment plan (LEP) for the Shire. Council is required to have a new LEP by 2008.

Council has completed a Kyogle Strategy for Closer Rural Settlement and Urban Expansion. This will form a key document in developing the Council’s strategic plans. Further the Council has linked the Community Strategy, Sense of Place, the Economic Development Strategy, the Main Street Program, the Infrastructure Works Program and the Far North Coast Strategy in developing a comprehensive LEP for the area.

Section 94

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

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, 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.

Council does not have a formal regulatory inspection process that ensures that all food outlets, hairdressers, etc, are compliant. Council does outsource this service, however, it does not appear that this is done in a structured manner. Council should develop an inspections strategy to ensure that adequate inspections are undertaken in a consistent and structured manner sufficient to manage Council's risks associated with the exercise of its regulatory and compliance functions. **(Recommendation 29)** Council has recently appointed a new Environmental Health Officer.

Kyogle has one ranger covering a large area: Council should investigate whether this function should be shared with other councils to allow for the sharing of resources and expertise. **(Recommendation 30)** It was noted that the ranger also does some enforcement in Urbenville in Tenterfield Shire. Council should investigate whether authority should be granted to the Ranger from Tenterfield Shire. **(Recommendation 31)**

The way 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.

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.

Kyogle Council does not have an organisation-wide enforcement policy. It is evident that Council undertakes investigations into matters and proceeds to issuing penalty infringement notices. Council also undertakes routine inspections in a range of its areas of regulatory responsibility.

The review team was advised that managers communicate the steps Council officers need to follow in enforcing regulatory requirements. Council should document its policy and procedures in relation to dealing with non-compliance issues. The NSW Ombudsman's Enforcement Guidelines are a useful resource in developing this policy (**Recommendation 32**).

Companion Animals

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

Council's companion animals management plan has identified strategies that Council will pursue in meeting its obligations under the *Companion Animals Act 1998*. This includes community education, enforcement, environmental and community amenity strategies. Council has met its obligation under section 64 of that Act to seek alternatives to that of euthanasia, if practicable. Euthanasia rates for the Council were 19 (67.8%) in 2005/06.

Council has 86 cats and 1,593 dogs on the companion animal register. However, of those cats and dogs, 58 cats and only 812 (45.6%) dogs have lifetime registration. Council should encourage dog and cat owners to register their dogs and cats. (**Recommendations 33**)

It was observed that while Council has pound facilities they are rarely used and has no facilities for cats. Council may wish to assess the long term viability and cost benefit of providing pound facilities and consider the possible advantages and disadvantages of outsourcing this service to either a private provider or an adjoining council.

Swimming Pools

The *Swimming Pools Act 1992* requires Council to promote awareness of the requirements of the Act in relation to private swimming pools within the Council's area. Kyogle Council does not currently have a compliance program to ensure it is notified of all swimming pools in its area, and that swimming pools comply with the *Swimming Pools Act 1992*.

Council has brochures on Pool Safety, however, does not have a fully documented inspection program of private pools that are not fully complying with the requirements under the *Swimming Pools Act 1992*. Council should take steps to ensure it has programs that assist with compliance. (**Recommendation 34**)

6.3 Asset & Financial Management

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

Overview of financial position

Council has made an operating deficit before capital items for the past three years. For the period 2006/07, deficit before capital items stood at (\$273,000). This figure is offset by a surplus in operating results after continuing operations of \$3,562,000 in 2006/07.

Liquidity and cash position

Council's unrestricted current ratio (UCR) for the 2006/07 period was 4.71. For the period 2004/05 and 2005/06 it was 3.13 and 4.09 respectively. The UCR measures the adequacy of working capital and the ability to satisfy obligations in the short term. It does not include externally restricted activities such as water, sewer or specific grants. A UCR of greater than 2 is acceptable. Kyogle's results show improvements in this area. The Debt Service Ratio in 2006/07 was 2.0%.

The Rates and Annual Charges Outstanding Percentage (RACO%) in 2006/07 was 9.41%. The RACO% assesses the impact of uncollected rates and charges on liquidity and the efficiency of debt recovery. This compares with 2004/05 and 2005/06 of 8.09% and 8.29% respectively. These figures suggest an upward trend in the amount of outstanding rates and charges. The review was advised that Council does not routinely prepare aged debtor reports. Review of the Council's Debt Recovery and Hardship Policy reveals that while the policy outlines the steps to be followed in respect to recovery of outstanding rates and charges, it does not set any timeframes within which these steps should be taken. It is recommended that Council review its Debt Recovery and Hardship policy and implement a procedure to reduce the risk of escalating outstanding debts. (**Recommendation 35**)

Infrastructure maintenance

The written down value (WDV) of Council's assets for 2006/07 period are as follows:

- Roads, bridges and footpaths 42%
- Stormwater drainage 61%
- Water supply network 55%
- Sewerage 76%.

The Department considers that WDV below 50% may be a cause for concern. Council's estimated costs to bring assets to a satisfactory condition were \$44,796,000 in 2006/07. There is a shortfall between estimated maintenance to actual maintenance of \$1,699,000.

The Council Auditor recommended that Council needs to assess its infrastructure requirements and develop strategies to ensure long term viability of its assets.

It is noted that Council is taking active steps to address the issue of aged wooden bridges within the Shire. Council has successfully applied for special variations for bridge reconstruction in 2004/05 and 2005/06, being 9.8% and 2.5% respectively.

It is also noted that Council is almost debt free. While debt management is important, Council should take into account the comments of the external auditor "*that Council's management team should prepare a borrowings policy which identifies the type of*

*projects Council can borrow for and the most appropriate debt levels relative to Council's financial capacity"*¹

The Council's Employee Leave Entitlement (ELE) reserve is in excess of 133%, the Department considers a benchmark of 22% to be sufficient. Council may wish to review the level of ELE current held.

Compliance with the Accounting Code

For 2006/07 Council was fully compliant with both the Accounting Code and the Local Government Act as far as financial provisions were concerned. However, Council could show a greater break-up of asset condition under Special Schedule 7.

Asset management

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

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

The cost of managing and maintaining Council's assets or services at the ideal or even a satisfactory level could have a significant impact on Council's annual budget.

Council should continue to develop a comprehensive asset management plan that includes the rationalisation of assets and a maintenance program. Council should implement a total asset management system to ensure that it has an empirical basis for determining what funding will be required to maintain, replace and enhance assets when needed. Council's asset management plan should include potential rationalisation of assets and a maintenance program. Council should identify a

¹ Section 2.3 Council of Kyogle Independent Audit Report – Thomas Noble & Russell Chartered Accountants 2007.

position that is responsible for ensuring that its various departments liaise on asset management and that there is integration of the management of all of Council's assets. **(Recommendation 36)**

Pensioner Rates and Hardship Policy

Section 577 of the *Local Government Act 1993* allows councils to extend concessions to avoid hardship in relation to rates and charges. Council does have a rates hardship policy in place.

Long term financial planning

Council has limited borrowings, which has allowed Council to manage funds within its own budget and has produced a good current ratio. The Council has effectively used internal borrowings to improve cash at the Council. These internal borrowings were in accordance with the *Local Government Act 1993*.

Councils are required to develop a budget each financial year as part of the management plan. This includes providing estimates of revenue and expenses for the next two years.

The Department is also encouraging councils to develop long-term financial plans that are integrated with the council's strategic plan. These 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, measure the sustainability of its proposed activities and decide whether it can fund additional activities and services and consider appropriate debt levels to finance its activities, as recommended by Council's external auditor.

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

- alternative sources of revenue
- long term rates strategy (rating structure, special variations, etc)
- long term borrowing needs and debt service ratio
- investment strategies

- the alignment of its long-term financial plan with other strategic directions, asset management, social and strategic plans
- long-term plans for capital works, land acquisition and anticipated demand for community facilities
- reserves and section 94 contributions
- asset management planning.

(Recommendation 37) Council in response to the draft report has advised that it is currently preparing a 10 year financial plan as part of its 2008-2009 management plan process.

Information technology

Council does not have a strategy or plans of action for information technology. Such a strategy identifies industry standard hardware and software requirements.

Council needs to review its current IT platform/database to ensure that communication within and between departments is seamless, ensuring that there is organisational-wide access to all relevant information. The review team acknowledges the challenges in the information technology areas. Council may be hindered in the future by the lack of IT support. While the current IT systems meet most of the Council's current needs, in the long term Council should have access to contemporary IT services to meet community expectations.

It is noted that some areas of Council do not fully utilise the IT systems, in particular the Planning division of Council. It is noted that officers do not appear to be fully aware of the Dataworks system. Council staff should be trained in the Dataworks system to record and store documents.

Council does not have a staff Intranet. Staff Intranets are an efficient and effective method of communicating with staff and ensuring that all staff have ready access to current Council policies and procedures. Intranets are particularly useful where staff are not all located at the one site.

Council should conduct an IT internal audit using a specialist IT consultant to ensure that its IT resources suitably meet the Council's current needs and have suitable security in place.

Within this context Council should consider and plan for its future IT arrangements, including opportunities to share resources with other councils. **(Recommendation 38)**

Council should take better advantage of its Internet to communicate and consider developing a staff Intranet to facilitate communication with staff. Employees should have access to information that will assist them in performing their job and the Intranet should hold such information as staff policies, corporate information, etc. Similarly the public should have access to Council policies and information, including information of Council's business activities, tourism, etc. **(Recommendation 39)**

Council adopted an Email and Internet Usage Policy in August 2007, which addresses the use of computers at Council.

Council should follow best practice as defined by the Department of Premier and Cabinet and in AS 7799, which stresses the need for an IT security framework that includes an information management system and supporting policies and procedures. Council should continuously review the system to reflect the changing nature of technology. **(Recommendation 40)**

6.4 Community & Consultation

A council's charter requires that a council:

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

Council's community focus

Overall, Kyogle Council has an understanding of its local community; it has conducted a residents' survey, which has identified key concerns to Council. There is evidence that the social planning process is linked to Council's management planning process. The community consultation processes undertaken have underpinned Council's planning.

The resident survey has shown satisfaction in the provision of library services, swimming pools, waste collection, landfill operations and water services. However, major areas of concern to the community are unsealed rural roads.

Council also keeps its community informed through the production of a monthly newsletter that is delivered to all residents. This monthly newsletter appears to be an effective means of communication, being read by over 80% of residents.

Council has a communication policy, however, this policy does not give clear instruction to staff about when consultation should occur and how Council should consult.

Social Plan

The Local Government (General) Regulation 2005 requires all councils to develop a social/community plan at least once every five years. A social/community plan examines the needs of the local community, including groups that may be disadvantaged in some way. It also formulates access and equity activities that Council and/or other agencies could implement to address identified needs. This plan must be prepared in accordance with guidelines issued by the Department. Aspects of the social/community plan must be reported in Council's management plan and annual report.

The Plan covers the period 2005 – 2009 and was developed by GHD Pty Ltd of Sydney. It supersedes the 1999 Social Plan. Overall the Plan is very comprehensive, well structured and easy to read. It provides detailed demographic data for all target groups and is a very useful public resource.

The “Methodology” section provides details of various activities undertaken when implementing the previous plan and also addresses the community consultation that has taken place in the development of the current plan. This information is broken down by year, from 1999/2000. This relates to the summary of the effectiveness of the previous plan.

The “Strategies” section is comprehensive and identifies a large number of goals and performance measures. This section also provides clear timeframes for completion of identified tasks.

The current Social Plan is not available for download on the Council’s website. There is a link in the top bar menu, but it does not work. There is no indication as to where the public can obtain copies of the Plan (including references to Council’s website, which is missing from the current plan). There is no evidence of inter-council/regional consultation during the development process.

The “responsibilities” column of the Strategies section only identifies “Council” and “Government Agency”. It would also be useful to clarify which Council department is responsible for the implementation of each strategy.

The “Access and Equity Activities” section of Council’s 2007/08 Management Plan does not set out performance targets or indicators (it only summarises general goals for each target group). As these are clearly stated in the Social Plan, it would be useful for these to also be included in the Management Plan.

The “Access and Equity” section of Council’s 2005/06 Annual Report also does not cover performance targets or indicators. It does, however, provide a comprehensive list of the year’s achievements sorted by target group.

The Annual Report does not provide information regarding People from Culturally and Linguistically Diverse Backgrounds, as required by the Guidelines. The Social Plan states that no initiatives currently exist to support this group of people. It

identifies a number of initiatives to address this, but they do not appear to have been implemented. **(Recommendation 41)**

Ageing population

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

Between 2004 and 2022 the population of Kyogle is projected to increase in size. With 14.8% currently aged 65+ years, Kyogle has NSW's 73rd oldest demographic LGA. By 2022, it is expected that approximately 25.7% of the population will be aged over 65+ years, at an average increase of 0.33 percentage points per year. By 2022 Kyogle will have the 34th oldest demographic LGA. (*Population Ageing in New South Wales and its Local Government Areas*, Dr. Natalie Jackson, Director, Demographic Analytical Services Unit, University of Tasmania.)

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

Over the next decade there will be an increased number of retirees who may need aged care and other services in the Shire. Council recognises that older people need to be encouraged to continue to participate in community life through the acknowledgement of their skills and experiences. Council supports quality services and facilities to enhance the independence and quality of life of older people. To this end, Council has commenced construction of the Kyogle Senior Citizen's Centre. Once constructed, it will allow Council further opportunity to review service provision for its aged population.

Council does not operate a Community Services Department. To facilitate this, Council should consider appointing a dedicated aged services and/or community services worker to address the increasing need for services by its local community. **(Recommendation 42)**

Aboriginal people

Council's social plan indicates that Kyogle has a significant indigenous population of 5.8 per cent, which is higher than the state average of 1.9 per cent. The plan contains some strategies that other agencies are implementing. Council does not undertake any specific strategies of its own for the indigenous population.

The Local Government Association and Shires Association Policy Statements acknowledge Aboriginal and Torres Strait Islander people as the traditional owners of their own lands. Councils are encouraged to include Aboriginal people in official Council ceremonies using local customary protocols such as 'welcome to country' and by encouraging the flying of the Aboriginal and Torres Strait Islander Flags.

'Acknowledgement of Country' is where organisers of an event acknowledge and show respect for the traditional owners and custodians of the land where the event is taking place. It is a sign of respect. There is an acknowledgement at the beginning of each council meeting and Council has undertaken an Aboriginal mentor program.

It is noted that only 11 people in the Shire speak Bundgalung. Council may wish to consider projects to preserve this language in the local Aboriginal community and in the naming of place names in the Shire.

Youth

Given the affordability of housing in Kyogle and its proximity to Lismore, the demographics of the Shire may change in line with the North Coast plan, with younger families moving to new homes in the area. While the emphasis has been towards providing aged services, Council should examine possible strategies to address the needs of the youth in the Shire. **(Recommendation 43)**

6.5 Workforce Relations

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

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

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

Overview of the organisation

Council's executive management team is made up of the General Manager and three senior managers.

Council employs 78 staff, of which 22 are aged 55 years and over. Women make up 20% of the employees. The staff work well together and have a professional approach to their work. They show a willingness to accept a wide variety of tasks and to work cooperatively with all levels of the organisation.

Workforce planning and development of human resources strategy

Workforce planning and the development of a human resources strategy are important activities intended to ensure there are sufficient, appropriately qualified and experienced staff to carry out a council's charter and vision.

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 online 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.

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

- consider and address internal and external factors affecting its workforce such as those mentioned above
- consider the profile of the current workforce
- result in human resource policies and programs to address workforce issues. Examples are: recruitment and retention strategies and succession plans for key positions; increased opportunities for apprenticeships, cadetships and traineeships to address these concerns.
- outline methods to monitor and evaluate the effectiveness of workforce planning measures.

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

Council has developed a human resources strategy, which was prepared in September 2007. While this is still to be implemented, Council should be conscious of how this strategy will link with Council's other plans and strategies.

Human Resources policies

Council's primary focus in recent years has been the implementation of a new salary system. More recently it has focussed on creating a comprehensive range of human resource policies and practices. These policies should be available to all staff via a staff intranet.

Council is encouraged to refer to 'Human Resources Policies – A Manual for Local Government' produced by the Local Government and Shires Associations of NSW when reviewing and finalising its human resources policies.

Recruitment and selection processes

Council has a clear overview of the recruitment process. Files include requirements for a current job description, selection criteria, the need for merit based decisions, managing any conflicts of interest/ethical issues that may arise, documentation requirements and the composition of the selection committee.

Two recruitment files were checked at random. Both files indicated that the particular selection processes had been undertaken in a manner that is consistent and transparent.

Succession planning

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

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

- 1 Identifying the broad skills, talents and experience needed in the future
- 2 Identifying what will attract and keep workers, starting with existing staff
- 3 Identifying collective opportunities for training and development of employees
- 4 Identification of career development opportunities for individuals
- 5 Regularly reconsidering rewards and recognition that are available to current and future employees
- 6 Providing opportunities for promotions and career advancement
- 7 Creating awareness and support for this particular issue
- 8 Taking a systematic approach

- 9 Opportunities for partnering with other councils to address this issue
- 10 Developing a plan with actions that align with other plans such as council's strategic plan, management plan and workforce plan.

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

As mentioned, 22 staff (28% of the total workforce) are aged 55 years and over. Notably, 4 staff are aged 65 years and over. While Council undertakes succession planning activities for key positions, these plans are not documented.

(Recommendation 44)

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. The review team inspected the minutes of the committee. The business of the committee appears well documented.

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 policies and practices to create a safe work environment and minimise risk.

Training

Councils have other staff training obligations. Council staff in specialised roles are often required to maintain certain qualifications/complete refresher training in order to be allowed to carry out their work. Ensuring staff are appropriately trained is a key requirement in any OH&S system. Council needs to ensure staff have the required qualifications/training.

Council has 2 apprentices. Given the ageing workforce, Council should consider working with other councils to develop a pool of younger people to train in the skills needed. Council should review its provision for staff training to ensure that the training meets the future needs of the Council. **(Recommendation 45)**

Performance management

The Local Government Award requires that all employees shall have on-going feedback about performance. The Award states that the

“performance development process can be simplified to three stages:

- (1) joint development on objectives and performance standards*
- (2) progress reviews and*
- (3) a formal performance review, which is followed by decisions and outcomes”.*

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

Employee relations/communication

It is important that organisations have effective means of communication with staff. Effective communication systems will typically use a range of channels to disseminate and gather information. Council has conducted an employee survey. This is an effective tool to gauge job satisfaction, overall staff morale and seek suggestions of areas for improvement.

The survey will provide a realistic assessment of the climate of its workforce. In particular, the information gathered would identify areas where intervention might be needed and allows Council to develop proactive strategies to respond to create a positive and highly motivated workforce.

Newsletters (either hard copy or electronic) are also useful in providing staff with relevant information on a regular basis. Council does not currently produce a staff newsletter. **(Recommendation 46)**. Council has advised that a staff newsletter was introduced in January/February 2008 and will be produced on a quarterly basis.

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 adopted an Equal Employment Opportunity Policy and Management Plan in October 2007.

The policy and plan complies with the Act. It is disappointing to note that many of the actions are general. Most of the target dates are stated as "ongoing". Without specific key performance indicators (KPIs), it is difficult to accurately monitor or analyse how well Council achieves its EEO objectives.

Council employs 19 females, which represents only 24% of its total workforce. Council does not employ any staff of Aboriginal and Torres Strait Islander origin, nor any people from culturally and linguistically diverse backgrounds or people with disabilities.

Earlier this year the Australian Local Government Women's Association Inc released the Review of the National Framework for Women in Local Government – The Way Forward. The document is available at www.algwa.org.au.

The Framework identified that in 2001 in Australia and NSW approximately 40% of people employed in the local government sector were women and 26% of councillors

were women. Only 5% of General Managers and 30% of managers and administrators in local government were women.

The 2007 review has found that women are still significantly under-represented in elected member and employed positions in local government in Australia.

The Way Forward document provides strategies that can be applied by state and local authorities to achieve the full and equal participation of women in local government. Council should consider implementing some of these, such as particular initiatives for career development like mentoring and assertiveness training. **(Recommendation 47)**

6.6 Section 430 Investigation - Recommendations

As part of the review, an assessment was undertaken on the implementation of the section 430 investigation.

The section 430 Investigation Report was tabled in Parliament on 9 May 2006 and at Council's ordinary meeting on 15 May 2006. Kyogle Council had until 30 June 2006 to advise the Department on how and when it was proposing to comply with all of the relevant recommendations contained in the section 430 report.

The quarterly progress reports provided to the Department in 2006 and 2007 showed that many of the recommendations have been addressed, however, it is noted that five remained incomplete. The current status of the outstanding recommendations is as follows:

Recommendation 1 – That Kyogle Council immediately reconsider its decision to resign its position as Trust Manager of 26 Crown Reserves in the Kyogle area with a view to also encouraging the community boards to maintain a role as well.

Seventeen of the twenty-six Crown Land reserves are yet to be placed under the Council's care, control and management due to the lack of plans of management or an open space strategy. On 9 May 2007 Council resolved to engage a consultant to assist it in addressing actions required by the Department of Lands in relation to Crown Reserves. A Strategic Plan for Crown Reserves in Kyogle Council has been prepared and forwarded to the Department of Lands for comment. Council is currently undertaking stakeholder and community consultation. The Department of Lands will then "consider Council's request and assess its capacity to improve on the existing management arrangement". This may then see the transfer of Crown lands back to Council.

Council has progressed towards a Crown Reserves Strategic Plan in unison with the Department of Lands and the Trust Managers/ Community. It is intended to be placed on public exhibition in May 2008.

Recommendation 2 – In reconsidering, Council should in the first instance liaise with the Department of Lands as to the availability and /or possibilities of obtaining funds to assist it to perform its duties.

On 9 May 2007, the Department of Lands confirmed that Council was not in a position to apply for grant funding for the Crown reserves, as it is not the trust manager. Council staff have assisted in completing the application for grant funding by the trust managers.

Recommendation 3 – Should Council decide not to become the Trust Manager it should direct its attention to immediately taking the necessary steps to mitigate its public liability risks, its lack of leases/ licenses for public facilities on Crown Reserves and decide how it will fulfill its Charter and assist the community to maintain its facilities.

In November 2006, Council resolved to provide financial assistance to cover any applicable insurances and rates and charges for those Crown reserves where the existing Trust Managers retain control of the reserves. Provision of financial assistance with ongoing maintenance costs will need to be considered further. Council also assisted trustees make grant applications and provided risk assessment and building advice. Council has now obtained leases/licenses over a number of these reserves.

In May 2007, Council considered that it was not its role to inform Trust Managers of their public liability exposures and risk management of reserves. Council believes that this should be a matter for the Department of Lands, as contained within the Trust Handbook.

As these Trust Managers are voluntary organisations, Council should not simply abrogate its responsibility in this area. The safety of the local community should remain an on-going concern. Council, under the Crown Lands Act and through its section 355 committees, may still have some liability for occupational health and safety in these reserves.

Council could work with the Department of Lands to assist in mitigating risks. Ultimately, it is the community of Kyogle who will be impacted if these reserves are not maintained in a safe condition.

Council has offer council staff to assist trusts with grant applications, risk assessment and building advice. Council has also obtained leases gor a number of reserves.

Recommendation 4 – Council should progress the water and sewerage matters related to the Muli Muli and Woodenbong communities and provide the communities with a timetable of anticipated works by 16 June 2006. The timetable is also to be provided to the Minister and to the Director General of the Department of Local Government by that date.

Council experienced a number of delays in obtaining approval to call for initial tenders. Tenders have now been called for the Ubenville Muli Muli Woodenbong Water Supply (UMMWWS) Augmentation, Water Treatment Plant Design and Construction Contracts. Tenders closed on 18 December 2007. The Muli Muli internal sewerage system is now operating under Council's control.

The project has now been timetabled for construction to be completed in September 2008.

Recommendation 5 – Council staff should progress the Seniors Centre project to the fullest extent possible with a report to the Council meeting in June 2006 and a copy to the Minister and Director General.

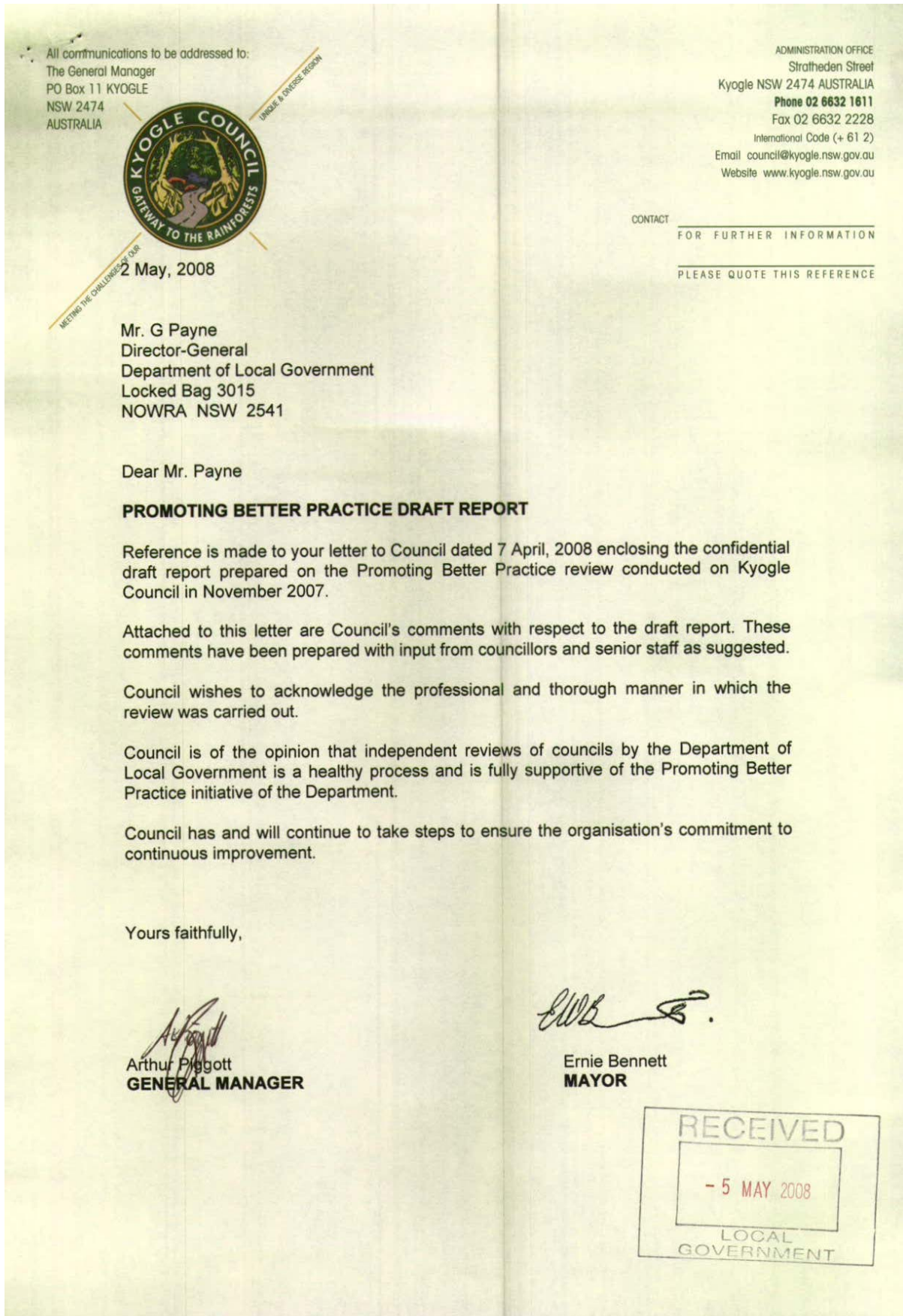
Council reported to the June 2006 meeting on the progress of the Seniors Centre project. Council did not receive formal written advice until March 2007 that the grant application had been approved. Construction has now commenced with the project estimated to be fully completed by June 2008. The review team noted that at the time of the on-site review, the floor of the centre has been completed.

Council has advised that it is now completed to lock up stage and remains on target to be completed by June 2008.

The remaining recommendations 6 to 14 have been completed to the Department's satisfaction.

The remaining 5 outstanding recommendations will be placed on the Promoting Better Practice review action plan for on-going monitoring on a 6 monthly basis. In light of the review the Council will no longer be required to report quarterly.

7. COUNCIL'S RESPONSE



Kyogle Council
Comments on Draft Promoting Better Practice Review

Strategic

Recommendation 1: To maximise the achievement of Council's goals and desired outcomes, Council should ensure that its plans and reports are well integrated with each other at all levels. Council should ensure that all its operational plans are integrated with its strategic plan.

Comment: Council's *Community Strategic Plan 2007-2017* was finalised in November 2007. Council has commenced procedures to ensure that all of its strategies, policies, plans and procedures are reviewed regularly and that they are integrated with the strategic plan.

This has been evidenced during the preparation of the Kyogle Local Growth Management Strategy which incorporates the relevant elements of the Community Strategic Plan, Social Plan, State of the Environment Report and Kyogle Closer Rural Settlement and Urban Expansion Strategy.

Recommendation 2: Council should report on its strategic priorities in its annual report and management plan.

Comment: A report on strategic priorities is to be included in the 2008-2009 management plan that is currently being developed. This will also be reported on in subsequent annual reports.

Recommendation 3: Council should look at strategies to address the future skills shortages in the Kyogle Area.

Comment: Council believes that the groundwork has been laid with Council's preparation and completion over the last three years of its Closer Rural Settlement and Urban Expansion Strategy.

The Closer Rural Settlement and Urban Expansion Strategy has designated three proposed Industrial locations to the north, south and east of the town of Kyogle. The eastern site currently has a rezoning proposal before Council. The development of these sites should create labour market positions to improve the "entry:exit ratio" and also on a broader level, to provide greater balance in the demographic make-up and average age within the Kyogle population.

Recommendation 4: Council needs to share its vision and mission with staff and review its policies and publications, which reference the vision and values, to ensure they are current.

Comment: Council has commenced procedures to ensure that all of its strategies, policies, plans and procedures are reviewed regularly and that they are integrated with the strategic plan including its vision and values. Council will include the vision and values (values are already included) in its Code of Conduct and issue copies to staff and Councillors.

Governance

Recommendation 5: Council should review its code of meeting practice to minimise the use of general business and “questions without notice”.

Comment: Council will review its Code of Meeting Practice taking into consideration the Department’s comments and recommendation.

Recommendation 6: Council should cease the public forum section of Council meetings and incorporate it in the public access session of Council. Council should be advised of the nature of the matter that is to be discussed.

Comment: Council will review its Code of Meeting Practice taking into consideration the Department’s comments and recommendation.

Recommendation 7: Council should adopt a practice of including an item “Matters determined without further debate” in the business paper. This allows the Council to determine those matters where councillors agree with the officers recommendations to be adopted “en globo”.

Comment: Council introduced the item “Matters determined without further debate” in February 2008.

Recommendation 8: Council should explore strategies to overcome scheduling issues in relation to councillor training. For example, some training could be scheduled to coincide with Council’s regular meeting schedule when councillors are already in attendance.

Comment: Council will explore this option along with the possibility of holding joint councillor training sessions with neighbouring councils.

Recommendation 9: Council should explore strategies, such as a community education and mentoring program, to facilitate members of the public to stand for Council at the next election.

Comment: Council has organised a workshop for prospective Councillor Candidates to be run in June 2008. A combined workshop run by the Electoral Commission at Lismore has also been scheduled. Council has made arrangements for a councillor at a neighbouring council to be available to answer queries should prospective candidates not feel comfortable talking to our Mayor and/or Councillors.

Recommendation 10: A summary of all complaints received by Council should be reported to senior management on a half yearly basis.

Comment: A summary of complaints is included in quarterly Management Plan reviews. More detailed summaries will be prepared on a half yearly basis as recommended.

Recommendation 11: Council should supply all councillors and designated persons with a copy of the Department's circular 04/16 to assist them in completing written returns of interests

Comment: Council staff have made use of Circular 04/16 in reviewing forms that have been submitted by councillors and designated persons. This circular will be distributed to councillors and designated persons along with future requests to complete declarations of interest.

Recommendation 12: Council should review its Statement of Business Ethics so that it extends to private contractors who work with the Council and is included as part of all tender documents.

Comment: Agreed. Council's intends to have the reviewed Statement of Business Ethics presented to the June 2008 Ordinary Meeting

Recommendation 13: Council should review its draft risk management policy to ensure it provides more detail and links with the risk management strategy adopted by Council

Comment: Agreed.

Recommendation 14: Council should develop a risk management plan that provides a framework to proactively identify and manage generic and specific risks.

Comment: Agreed.

Recommendation 15: Council should examine the costs and benefits of establishing an internal audit function. Given Council's size, consideration should be given to sharing this function with other councils. Council should also establish an internal audit program.

Comment: Agreed. This issue will be raised at the May 2008 General Manager's Group meeting of the Richmond-Tweed-Clarence council cooperation group.

Recommendation 16: Council should undertake a fraud risk assessment and develop a fraud control strategy.

Comment: Agreed.

Recommendation 17: Council should finalise and adopt its disaster recovery/business continuity plan. The Department's circular 07/12 will assist Council in developing such a strategy.

Comment: Agreed.

Recommendation 18: Council should make the required changes to its record keeping practices to facilitate compliance with the *State Records Act 1998*, to

ensure that its records system supports the needs of the organisation and facilitates community access. Specific changes required, as set out in this report, include educating councillors and staff to be aware of their responsibilities in the area of recording keeping and encouraging them to comply with Council's procedures.

Comment: Agreed. Council will review its Records Management Plan. Council will also look to utilise the State Records NSW *Sample records management policy and procedures for councillors* and *What have records got to do with me?* documents as part of its education process.

Recommendation 19: Council should continue to review its Privacy Management Plan and provide staff with training in privacy legislation.

Comment: Council's Privacy Management Plan has been reviewed and presented to its March 2008 Ordinary Meeting. Council is currently researching the possibility of online training in privacy legislation.

Recommendation 20: To ensure that Council's section 355 committees carry out their functions in an appropriate manner, Council should:

- ensure that each committee has a constitution or charter setting out its membership, functions and delegations
- provide members with appropriate training on their roles and responsibilities under the *Local Government Act 1993* and Council's code of conduct
- provide an operational manual to which they can refer on an ongoing basis.

Comment: Agreed.

Recommendation 21: Council should investigate opportunities to resource share through NOROC, the Richmond-Tweed-Clarence group and with Queensland Councils.

Comment: Kyogle Council recognises the need to minimise costs and generate savings for the benefit of its ratepayers both internally and in conjunction with other Councils.

Kyogle Council has recently put forward agenda items at the General Managers group meeting of the Richmond-Tweed-Clarence council cooperation group aimed at identifying and discussing proposals to create savings through sharing of resources/costs.

Council will further expand on these discussions with the items identified in the Departments report.

Council is also having independent discussions with other neighbouring councils in relation to the possibilities of sharing staff particularly in the Human Resources, Waste and Environmental areas.

Council has resolved to proceed with the establishment of a Sister City/Country Council relationship with Coffs Harbour City Council.

Recommendation 22: Council should ensure that the notes for the Financial Statements are included in the Annual Report

Comment: Agreed.

Recommendation 23: Council should update its code of conduct to include Council's revised vision and values. The updated code of conduct should be reissued to all staff and councillors

Comment: The code of conduct was revised in October 2007 to include Council's values. Council will further update the code of conduct to include council's vision and reissue to staff and councillors.

Recommendation 24: Council should review its purchasing and tendering policies to give greater direction to staff providing information on when each method should be used and linking dollar limits to delegations

Comment: Agreed. Council's intends to have the reviewed Purchasing and Tendering Policy presented to the June 2008 Ordinary Meeting.

Recommendation 25: Council should also develop processes for monitoring and reviewing its purchasing and tendering, disposal of assets and contract management.

Comment: Agreed.

Recommendation 26: Council continue to pursue establishing a sister city relationship with a larger council in NSW.

Comment: Council has resolved to proceed with the establishment of a Sister City/Country Council relationship with Coffs Harbour City Council.

Regulatory

Recommendation 27: Council should review its planning administration to improve systems to fully utilise Dataworks and IT.

Comment: Council is currently making arrangements for the consultants that lodge the majority of the DA's received by Council to lodge their DA's electronically and in a format that can be easily registered in Council's Dataworks system.

The failure of Council to fully utilise the Dataworks System in reviewing and processing DA's is acknowledged and will be researched as progress is made in extending the opportunities for electronic lodgement etc.

The recording of inspections is provided for on each file and this is another element to be improved with the formation of the Building and Environment Team.

Currency of DA's has been reviewed recently in terms of valid and lapsed approvals for subdivision, however the need to extend this into compliance with consent conditions for all consent approvals is acknowledged and will be discussed with relevant Officers.

Recommendation 28: The State of the Environment Report should be reviewed to include the matters set out in the review report

Comment: The need to incorporate the views of a wider range of Government Departments in the supplementary and comprehensive State of the Environment Reports is acknowledged and will be enacted upon. Similarly comments on implementing outcomes provided by the public will be incorporated where relevant and beneficial.

Recommendation 29: Council should develop an inspections strategy to ensure that inspections are undertaken to manage Council's risks associated with the exercise of its regulatory and compliance functions.

Comment: Council has recently appointed a new Environmental Health Officer. Upon this officer's commencement, Council plans to form a team consisting of the Co-ordinator Building and Environment, the Environmental Health Officer and the Environmental Compliance Officer, to discuss issues including the undertaking and recording of building and on-site sewage system inspections with a view to managing Council's risk in these areas.

Recommendation 30: Council should investigate working with neighbouring councils on sharing resources for enforcement and regulation.

Comment: This issue will be raised at the May 2008 General Manager's Group meeting of the Richmond-Tweed-Clarence council cooperation group.

Recommendation 31: Council should investigate whether authority should be extended to rangers in neighbouring councils.

Comment: This issue will be raised at the May 2008 General Manager's Group meeting of the Richmond-Tweed-Clarence alliance.

Recommendation 32: Council should adopt an Enforcement Policy

Comment: Agreed.

Recommendation 33: Council, through its newsletter and other activities, should encourage dog and cat owners to register their animals

Comment: This is an ongoing educational activity which is supported at the State level by the operation of the "SPOT" Program, where the ranger addresses school aged children etc. This will also be extended to advertising in Council Newsletter.

Recommendation 34: Council should review its swimming pool programs to fully comply with the *Swimming Pool Act 1992*.

Comment: Agreed.

Financial Management

Recommendation 35: It is recommended that Council review its Debt Recovery and Hardship Policy and implement a procedure to reduce the risk of escalating outstanding debts.

Comment: Council's Revenue Coordinator and Revenue Officer have both been actively engaging in debt recovery procedures. It is expected that Council's Rates and Annual Charges Outstanding Percentage will improve for the 2007/2008 year. Council's Debt Recovery and Hardship Policy will be reviewed and presented to July 2008 Ordinary Meeting to add suggested timeframes.

Recommendation 36: Council should continue to develop a comprehensive asset management plan that includes the rationalisation of assets and a maintenance program. Council should implement a total asset management system to ensure that it has an empirical basis for determining what funding will be required to maintain, replace and enhance assets when needed.

Comment: Agreed.

Recommendation 37: Council should develop a long term financial plan in conjunction with its strategic plan and asset management plan taking into account the details provided in this report.

Comment: Council is currently preparing a ten year financial plan as part of its 2008-2009 management plan process.

Recommendation 38: Council should consider the future of IT arrangements, including resource sharing with other councils. It should develop an IT strategy and plans after a comprehensive IT audit is conducted. Council should look at maximising its IT systems and ensure that all areas of Council fully utilise Dataworks.

Comment: Council has prepared a basic IT strategy which will be further developed and then presented to Council for adoption.

Recommendation 39: Council should consider developing an enhancement of its Intranet and Internet site to include Council policies and other information.

Comment: Council's IT Coordinator is currently working on the development of a staff intranet. Council's Internet site will be updated in line with the information in the report.

Recommendation 40: Council should follow best practice, as defined by the Department of Premier and Cabinet, in ensuring an IT security framework; this

includes an information management system and supporting policies and procedures.

Comment: Agreed.

Community and Consultation

Recommendation 41: Council should review its annual report to include information regarding people from culturally diverse backgrounds

Comment: Agreed.

Recommendation 42: Council should identify strategies for older people and whether it should have a dedicated aged services/community services worker.

Comment: Agreed. Council will also consider whether aged services can be adequately handled by its Community Projects Officer in conjunction with local bodies such as Care Connections and RSL sub-branches.

Recommendation 43: Council should examine strategies to address the needs of the youth of the Shire.

Comment: Agreed.

Workforce Relations

Recommendation 44: Council should develop a succession plan for key areas of its operation, which addresses potential gaps in its workforce due to the significant number of employees expected to retire over the next 10 years. The succession plan should, where appropriate, be linked to Council's training plan.

Comment: Agreed.

Recommendation 45: Council should review its provision for staff training to ensure that it meets the needs of the Council.

Comment: Agreed. This will occur in conjunction with the operation of Council's new salary system.

Recommendation 46: Consideration should be given to producing a staff newsletter to improve communication of new policies and other Council activities.

Comment: A hard copy staff newsletter was introduced January/February 2008 and will continue to be produced on a quarterly basis.

Recommendation 47: To achieve the full and equal participation of women in local government, Council should implement strategies such as career development, mentoring and assertiveness training contained in the

document *The Review of the National Framework for Women in Local Government – The Way Forward 2007*.

Comment: This will be considered along with other strategies such as support for councillors with family and other caring responsibilities.

Section 430 Investigation – Outstanding Recommendations

Recommendation 1: That Kyogle Council immediately reconsider its decision to resign its position as Trust Manager of the 26 Crown Reserves in the Kyogle area with a view to also encouraging the community boards to maintain a role as well.

Comment: Council has reconsidered its decision to resign its position as Trust Manager of 26 Crown Reserves and is currently progressing towards a Crown Reserves Strategic Plan in unison with the Department of Lands and the Trust Managers/ Community. The Strategic Plan is intended to be placed on public exhibition in May 2008 with the final Strategic Plan expected to be adopted in June 2008 following consideration of public submissions.

Recommendation 2: In reconsidering, Council should in the first instance liaise with the Department of Lands as to the availability and/or possibilities of obtaining funds to assist it to perform its duties.

Comment: Council staff have liaised with the Department of Lands in accordance with this recommendation. A response was received on 19 May 2006. A copy of this response was included in Council's submission to the Final section 430 Investigation report on 19 June, 2006.

On 9 May, the Department of Lands confirmed that Council was not in a position to apply for grant funding for the Crown reserves, as it is not the trust manager.

Council has however offered to make staff available to the Crown reserve trust managers to assist with grant applications. Staff have recently assisted the Kyogle Showground Trust in the successful application for funding from the Showgrounds Standing Committee.

Recommendation 3: Should Council decide not to become the Trust Manager, it should direct its attention to immediately taking the necessary steps to mitigate its public liability risks, its lack of leases/licenses for public facilities on Crown Reserves and decide how it will fulfill its Charter and assist the community to maintain its facilities.

Comment: The provision of assistance is being considered as part of Council's Crown Reserves Strategic Plan that is currently being prepared.

In addition to financial assistance, Council has offered to make it's staff available to provide assistance and technical advice. For example, assistance with grant applications, risk assessment and building advice.

Council has obtained leases/licenses for:

- Kyogle / Fairymount Lookout
- Woodenbong Public Swimming
- Bonalbo Public Swimming Pool
- Kyogle Recreation Ground
- Cedar Point Reserve
- Norman Johnson Oval
- Green Pigeon Rural Bushfire Shed

Council is also working on the resolution of:

- Access issues associated with the Fairymount Lookout (Crown Reserve 87232).
- Access issues associated with the Horseshoe Creek Reserve Trust (Crown Reserve 82860).

Recommendation 4: Council should progress the water and sewerage matters related to the Muli Muli and Woodenbong communities and provide the communities with a timetable of anticipated works by 16 June 2006. The timetable is also to be provided to the Minister and to the Director General of the Department of Local Government by that date.

Comment: Timetables were provided as required. The current status of the water and sewerage projects relating to the communities of Woodenbong and Muli Muli are as follows;

1. Urbenville Muli Muli Woodenbong Water Supply (UMMWWS) Augmentation
The Muli Muli internal water supply reticulation is now under Councils control.

A preferred tenderer has been identified for the UMMWWS Water Treatment Plant Design and Construction Contract. Contractors and service providers for all other aspects of the project have been determined and an application for Stage 3 funding approval under the Country Towns Water Supply and Sewerage Program (CTWSSP) has been submitted to the Minister for Water Utilities. Due to the requirements of the CTWSSP, no contract engagements can be made until the Minister has granted Stage 3 approval. As such the project is now on hold pending the Ministers approval.

The previously advised timetable has been updated as shown below.

Project Component	Date
Submission of additional details required for Stage 2 approval	Completed
Stage 2 approval	Completed
Call Tenders	Completed
Close tenders	Completed
Tender evaluation period	Completed
Stage 3 funding application sent to Minister	Completed
Stage 3 funding approval by Minister	May 2008
Commence construction	May 2008

Project Component	Date
Completion Construction Works	September 2008

2. Connection of the Muli Muli community to the Woodenbong Sewerage System

The Muli Muli internal sewerage system is now under Councils control.

Recommendation 5: Council staff should progress the Seniors Centre project to the fullest extent possible with a report to the Council meeting in June 2006 and a copy to the Minister and the Director General.

Comment: The building is completed to lock up stage in accordance with the submitted plans. Significant works on the interior have been completed or are underway. Fit-out items have been ordered. Landscaping including construction of dementia garden and fencing has been commenced. The project is estimated to be fully completed by June 2008.

8. SUMMARY - WHAT'S WORKING WELL & CHALLENGES

COUNCIL'S PRIORITIES AND FOCUS

What is working well

- Strategic vision and positive approach to planning
- Shared vision for Kyogle

Challenges to improve

- Ageing population and decreasing workforce
- Integration of Council plans

GOVERNANCE

What is working well

- Mature approach to decision making
- Records Management

Challenges to improve

- Business continuity
- Risk management and internal controls
- Internal audit
- Fraud control

REGULATORY

What is working well

- DA turnaround down to 28 days
- Review of LEP
- Section 94 contributions

Challenges to improve

- Companion animals management
- Regulatory inspections

ASSET AND FINANCIAL MANAGEMENT

What is working well

- Compliance with statutory requirements
- Positive financial result

Challenges to improve

- Asset management planning
- Long term financial planning

COMMUNITY, COMMUNICATION AND CONSULTATION

What is working well

- Community focus
- Communication policy – residents' survey

Challenges to improve

- Support for section 355 committees
- Services to youth and aged populations

WORKPLACE RELATIONS

What is working well

- New salary system
- OH&S monitoring

Challenges to improve

- Need for workforce to reflect local community
- Succession planning.