

**PROMOTING BETTER PRACTICE
PROGRAM**

REVIEW REPORT

WENTWORTH SHIRE COUNCIL

FEBRUARY 2015



Office of
Local Government

ACCESS TO SERVICES

The Office of Local Government is located at:

Levels 1 & 2

5 O'Keefe Avenue
NOWRA NSW 2541

Locked Bag 3015
NOWRA NSW 2541

Phone 02 4428 4100

Fax 02 4428 4199

TTY 02 4428 4209

Level 9, 6 – 10 O'Connell Street
SYDNEY NSW 2000

PO Box R1772
ROYAL EXCHANGE NSW 1225

Phone 02 9289 4000

Fax 02 9289 4099

Email olg@olg.nsw.gov.au

Website www.olg.nsw.gov.au

OFFICE HOURS

Monday to Friday

8.30am to 5.00pm

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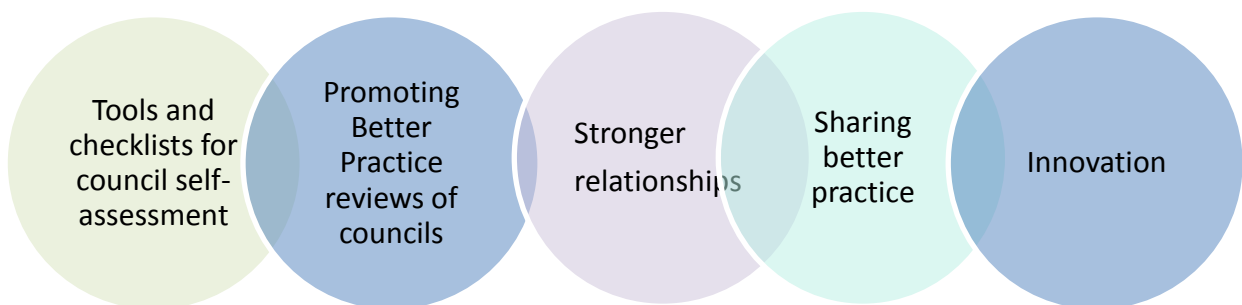
PROMOTING BETTER PRACTICE

The Program

By promoting better practice, the Office of Local Government aims to assist in strengthening the local government sector by assessing performance and promoting continuous improvement.

The Program includes:

- working with councils to identify, share and promote better practice in key areas.
- working cooperatively with councils to promote strong relationships within the sector.
- providing councils with feedback on areas requiring improvement or further development, and assisting them in developing solutions.
- identifying trends and issues arising from council reviews to support policy and legislative changes for the local government sector.
- encouraging and facilitating innovation within the NSW local government sector.



Promoting Better Practice reviews

Reviews of individual councils are designed to act as a ‘health check’ to examine the extent to which there are appropriate strategies, policies, systems and procedures in place at the strategic and operational levels.

The reviews are conducted by a team from the Office of Local Government in collaboration with councils. During a visit to the council, key strategic areas are examined together. A key outcome is a report which reflects the findings of the review but most importantly contains a Review Action Plan which aims to facilitate better practice and increase the council’s overall capacity to deliver appropriate services to its community.

Key strategic areas considered



Civic leadership and organisational governance examines how the elected body and the council organisation provide leadership within the local community, and considers the means by which a council is directed and controlled to ensure effective decision making and ensure the organisation is meeting its legal and ethical obligations. The council's regulatory and enforcement framework is also considered.

Strategic community planning focusses on the council's role in planning for the future in collaboration with its community. It considers how well the council engages its community in planning, and how well the Community Strategic Plan; Delivery Program, and Operational Plan capture the community's aspirations and goals. It also examines how strategic land-use planning matters are integrated into the council's implementation of the Integrated Planning and Reporting framework.

Resourcing the plans to achieve financial sustainability considers the current and future financial capacity of a council to maintain its operations and deliver appropriate services to the community. The council's financial and asset management position and practices are considered. The quality and utility of the council's long-term financial planning, asset management, and workforce planning is a key part of this assessment.

Delivering services to the community relates primarily to the extent to which the council translates the strategies and initiatives within its Community Strategic Plan, Delivery Program and Operational Plan into action. This includes how the council informs the community of its

performance in delivering services and facilities according to plan, and how it measures customer satisfaction or receives community feedback to inform ongoing planning.

The review process



KEY FINDINGS

Wentworth Shire Council is performing at a satisfactory level given the resources available to it. The Council is clear about the challenges it is likely to face in the future.

The review team found a strong working relationship between the Mayor and the General Manager, and the councillors.

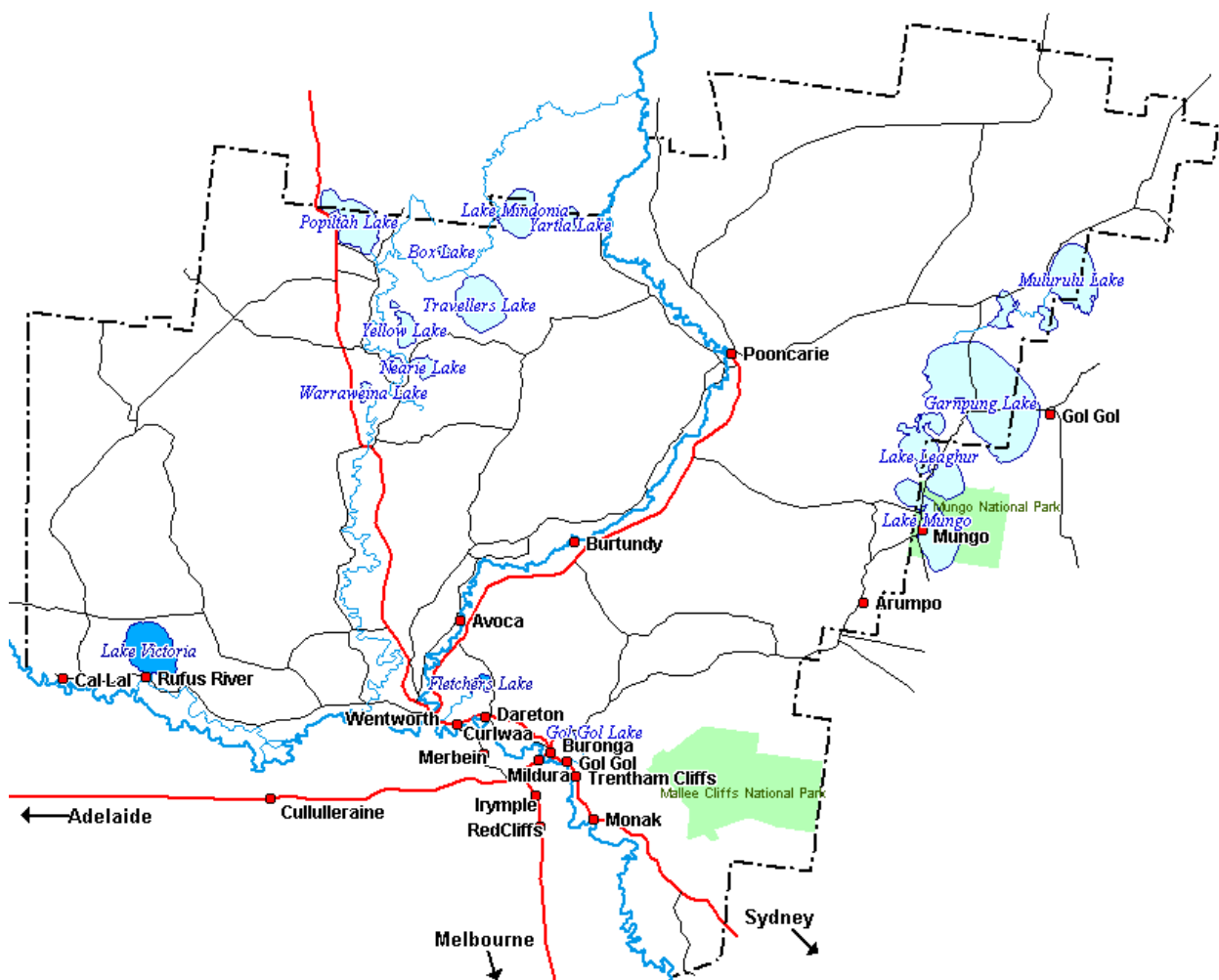
The majority of the Council's policies, practices and systems are of a satisfactory standard. While a number of areas have been identified for further development, the Council is in the process of implementing appropriate strategies to affect positive change. A recent restructure should provide a solid basis for moving ahead with plans to address areas for further development.

The Council has demonstrated a strong understanding of the role and purpose of the Integrated Planning and Reporting framework, particularly in relation to supporting the councillors' decision-making, which will serve the elected body well.

The main area of concern to the reviewers is the Council's financial position, which is considered weak. The Council will need to review its Resourcing Strategy to ensure that it realistically states the Council's financial position and provides clarity about how the Council will work towards achieving a financially sustainable future.

ABOUT WENTWORTH SHIRE COUNCIL

The town of Wentworth is located in the far west of New South Wales. It is 1,040km directly west of Sydney, 400km east of Adelaide and 570 km northwest of Melbourne. Wentworth Shire sits in the heart of the New South Wales part of the Sunraysia district, renowned for irrigated cropping of fruits. The Council area covers 26,266km², and is bordered by the Victorian city of Mildura, the NSW shires of Balranald and Central Darling, and the unincorporated lands of western NSW. Wentworth Shire is a predominantly arid rural area subject to the *Western Lands Act 1901*, which covers land tenure for the Western Division of NSW, with residential, industrial and commercial land uses mainly along the Murray and Darling River systems. Significant population centres in the area are, in the main, focussed around the Murray River towns of Wentworth, Dareton and Gol Gol. The town of Pooncarie is located along the Darling River in the north east of the Shire and services local mineral sand mines and tourism.



NSW Department of Planning and Environment statistics show that Wentworth Shire has a population of approximately 7,150 residents at the time of the review. Approximately 19% of the population is under the age of 15 and 15% of the population is over 65 years of age. The 65+ age group is the only group predicted to increase by 2031. Just over 10% of the population identify as being Indigenous.

An Australian Bureau of Statistics outline of the economy of Wentworth Shire states that it is based around fruit growing, tree nut growing and increasingly, tourism. Other major industries of employment include; sheep, beef cattle and grain farming (5.8%), school education (5.2%), metal ore mining (3.2%) and road freight transport (2.7%). The unemployment rate in the Shire is 6.6%.

The following pages provide a summary snapshot of the Wentworth Shire.

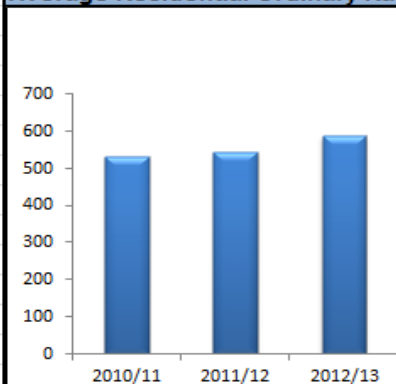
Wentworth Shire Council



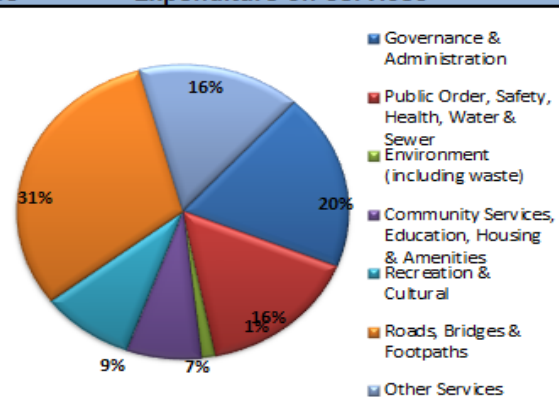
Wentworth Shire has an area of approximately 26,266.9 km² with a population of 6,821. Located in the far south-west Riverina region, it is known for its agriculture, fruit and wineries and is part of the Sunraysia region. Tourism is also a main industry in the area with attractions including the Mungo National Park and the Willandra Lakes World Heritage Area.

Your Local Population	LGA	Group Avg	Your Council	LGA	Group Avg
Five year population change (%)	-2.0	1.7	Councillors (No.)	9	9
Population aged 19 or less (%)	26.9	25.9	Population per Councillor (No.)	758	835
Population aged between 20 & 59 (%)	48.9	47.4	Equivalent Full Time Staff (EFT) (No.)	91	108
Population aged above 60 (%)	24.2	26.7	2012/13 Revenue (\$'000)	21,909	23,296
Aboriginal & Torres Strait Islanders (%)	10.3	7.9	2012/13 Expenses (\$'000)	20,838	22,483
Language Spoken Other than English (%)	2.4	2.6	Residential Pensioner Rebates (%)	22	25
Socio-Economic Index Rank (1 low, 152 high)	65	n/a	Population Density (residents per km ²)	0.26	1.80
Your Local Economy	LGA	Group Avg	Your Public Facilities	LGA	Group Avg
SALM Unemployment Rate (%)	6.6	5.5	Public Swimming Pool Complexes (incl rock pools) (No.)	2	2
Avg Taxable Income (\$)	35,345	34,729	Public Halls (No.)	9	7
Avg Household Family Size (No.)	2.9	2.9	Public Libraries (No.)	4	2
Largest Industry Employer	Agriculture, forestry & fishing		Open Public Space (ha)	172	151
Value of DAs determined (\$'000)	18,122	10,612	Total Road Length (km)	2,318.8	1606.1
Active Businesses in LGA (No.)	778	851	Access to Internet at Home (%)	61.3	61.4

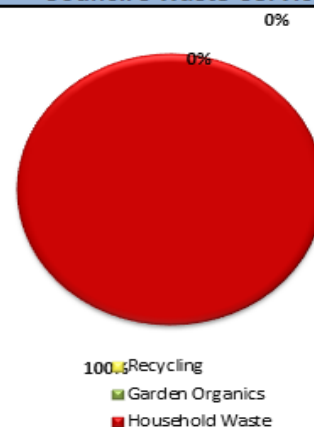
Average Residential Ordinary Rates



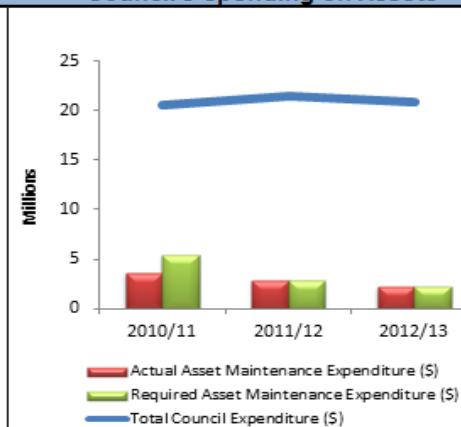
Expenditure on Services



Council's Waste Services



Council's Spending on Assets



In 2013 TCorp assessed your Council's current Financial Sustainability Rating as Weak with a Negative outlook.

In 2013 the Infrastructure Audit assessed Council's infrastructure management to be Weak.

Contacting Council	Your Council's Finances	LGA	Group Avg	Your Council's Services	LGA	Group Avg		
26 - 28 Adelaide Street Wentworth NSW 2648 Postal Address: PO Box 81, Wentworth NSW 2648 Phone: 03 5027 5027 Fax: 03 5027 5000 Email: council@wentworth.nsw.gov.au Web: www.wentworth.nsw.gov.au	Avg Ordinary Residential Rate (\$)	587.01	516.92	Governance & Administration Expenditure per capita (\$)	576.46	416.68		
	Avg Ordinary Business Rate (\$)	4,814.67	1,196.86	Environmental Expenditure (including waste) per capita	40.90	218.44		
	Avg Ordinary Farmland Rate (\$)	1,404.09	2,257.70	Water & Sewer Services Expenditure per capita (\$)	362.56	377.40		
	Avg Ordinary Mining Rate (\$)	n/a	89,571.68	Community Services, Education, Housing, Amenities Expenditure per capita (\$)	223.57	319.06		
	Total Land Value / Total Rate Revenue (\$)	104.82	179.29	Recreational & Culture Expenditure per capita (\$) *	280.02	279.50		
	Typical Residential Water and Sewer Bill (including usage) (\$)	1,238	1,067	Public Order, Safety & Health Expenditure per capita (\$)	121.83	142.68		
	Avg Domestic Waste Charge (\$)	217.32	270.75	Other Services Expenditure per capita (\$)	489.96	414.94		
	Own Source Revenue (%) (TCorp Benchmark 60%)	51	49	Library Services Expenditure per capita (\$)	61.43	45.73		
	Grants & Contributions Revenue (%)	42	44	Library Circulation per capita (Items)	4	5		
	Operating Performance Ratio (%) (TCorp Benchmark >=4.0%)	-11.2	-6.8	Domestic waste not going to land fill (%)	0	31		
Demographics of Population of LGA			Unrestricted Current Ratio	10.5	5.1	Development Applications (mean gross days)	166	58
			Outstanding Rates & Annual Charges (%)	42.0	9.2	Development Applications determined (No.)	146	88
			Debt Service Cover Ratio (TCorp Benchmark >2.0)	17.2	26.5	Companion Animals microchipped (No.)	3,211	3,107
			Cash Expense Cover Ratio (Mths) (TCorp Benchmark > 3 mths)	10.3	6.3	Companion Animals microchipped and registered (%)	88	53
Your Council's Community Leadership			Your Council's Assets					
Development Applications determined by Councillors (%)			3	5	Roads, Bridges and Footpath expenditure per capita (\$)	959.68	1,039.65	
Audited Financial Reports submitted by due date (Y/N)			Y	n/a	Building & Infrastructure Renewal Ratio (%)	59.8	79.0	
Code of Conduct Complaints (No.)			2	1	Infrastructure Backlog Ratio (%) (TCorp Benchmark <20%)	16.2	16.6	
Complaints investigated requiring action (No.)			0	0	Road Length per '000 capita (metre)	339.9	234.2	
Cost of dealing with Code of Conduct Complaints (\$)			2,750	2,417	Asset Maintenance Ratio (TCorp Benchmark >1.0)	1.0	0.9	
Population per EFT Staff (No.)			75	71	Comparative Information on NSW Local Government			
See Appendix 1 for definitions, calculations & benchmarks See Appendix 3 for Council Groups			Measuring Local Government Performance 2012-13					

CHALLENGES FACING THE COUNCIL

Inter-governmental issues

The Council highlighted that it is a small council, and finds that dealing with multiple government departments is both time consuming and onerous. The Council believes that both State and Federal Government agencies make policy and planning decisions based on assumptions from afar and have little or no understanding of regional issues and are concerned that their views are not heard. For example the Council's recent draft submission in response to the Crown Lands white paper stated:

“Wentworth Shire Council (“Council”) has pleasure in making a Submission to the Crown Lands Review but note that in the past year we have made Submissions to TCorp, Local Land Services, the Long Term Transport Masterplan and the Local Government Review. Our detailed submissions to the NSW Government have been substantially ignored to date and it is hard to justify again putting pen to paper when a likely result is that our considered input will be ignored once again. “

The Council would like to see a more enabling attitude from both Federal and State governments, along with more timely and effective communications. When the Council engages with State or Federal agencies it is usually a time and/or labour-intensive commitment, and an undertaking of at least three days given the distances involved. For example, the minutes of the January Internal Audit and Risk Management Committee indicate the cost impacts the Council experiences. After discussing the operational impact of preparing for this review, the committee resolved as follows:

Committee Recommendation

That Council track the amount of time spent collating the information for the Promoting Better Practice Review and that an invoice be sent to the Office of Local Government.

Moved Councillor P Cohrs, Seconded Councillor P Nunan

Carried

The Council cites the issue of cost shifting as having a significant impact on its operations.

The Council indicated that it is repeatedly frustrated by what it perceives as a lack of co-operation at all levels of government, highlighted by the disparity in experiences between the two sides of the Murray River.

Wentworth Shire Council is subject to the *Western Lands Act 1901*, which covers land tenure for the Western Division of NSW. The vast majority of residential and rural land is under leasehold. There are only a few pockets of land, mainly residential, that are freehold. A number of issues result from the majority of land being leasehold. These include:

- If someone wants to lodge a development application, they have to apply to both the Council and the Western Lands Commissioner (NSW Department of Lands). The Council say that the Western Lands Commissioner is often slow to respond and places onerous conditions on applicants. This often leads to higher costs for the applicant, or means that they go elsewhere (for example, to Mildura across the river in Victoria).
- Banks will not lend the same proportion of money for leasehold properties as they do for freehold properties (the LVR between leasehold and freehold is different)
- Restrictions placed on land use by the Western Lands Commission.

The Council says that it is at a distinct disadvantage compared to its neighbour across the Murray River (Mildura) which is not subject to the same land restrictions. Wentworth Shire has a population of around 7,000 residents, while the Mildura local government area has approximately 51,000 residents. Major shopping centres and a marina are being built in Mildura, while no major developments are happening in Wentworth. Mildura developers rarely cross the border because it is seen to be easier to operate in Mildura.

The Council believes that if the leasehold restrictions were removed, then Wentworth Shire, taking advantage of being at the junction of the Murray and Darling Rivers, would develop rapidly and compete on a more equal footing with Mildura.

Financial issues

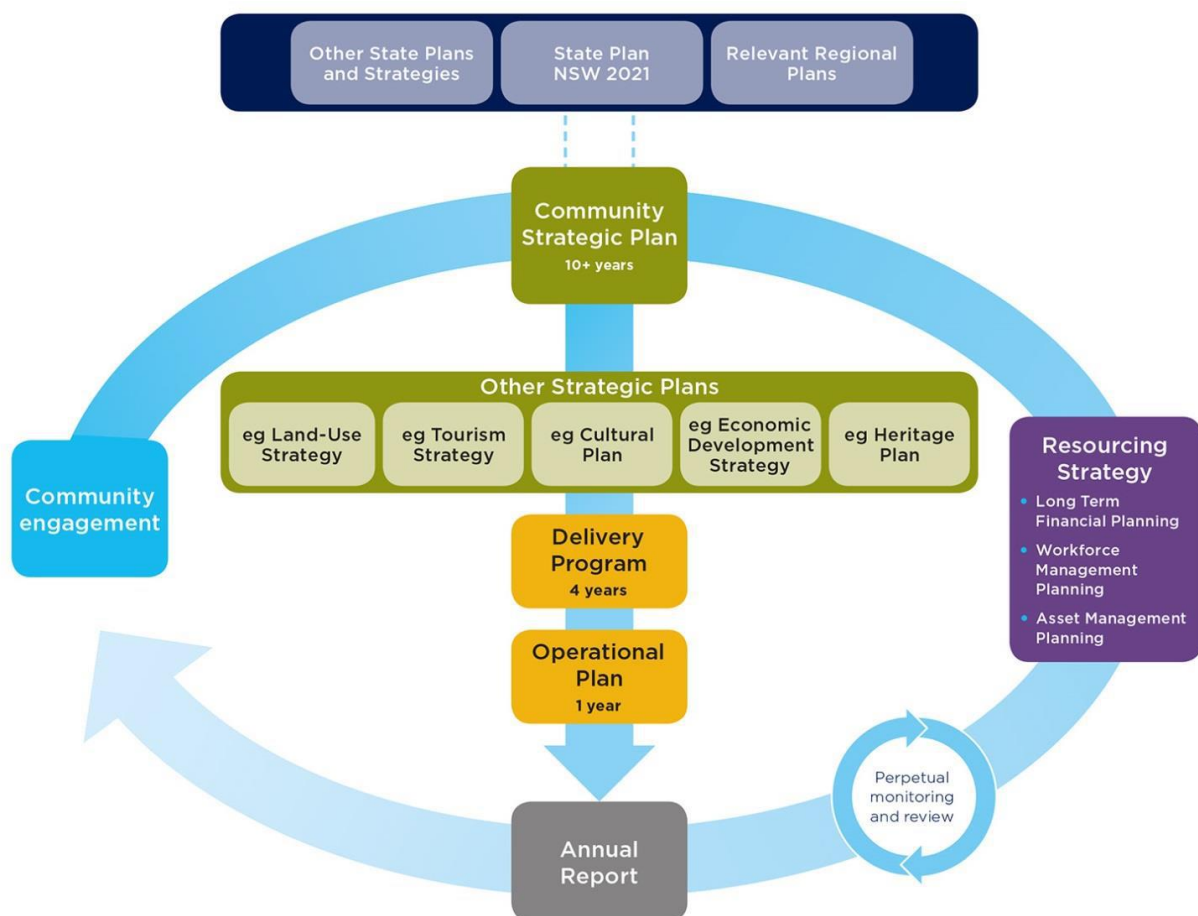
The financial challenges facing the Council are significant and ongoing. At the time of the review, the Council had not fully developed a comprehensive plan to address many of its financial and asset management issues, including low levels of liquidity, an infrastructure backlog, continually rising asset maintenance and renewal costs, and community service expectations. Without an improvement in its operating result and an increased capacity to provide funding for its asset renewal and capital expenditure, the Council's future financial position and sustainability will be under even more pressure.

STRATEGIC DIRECTION AND PLANNING

A key component of a council's strategic planning is its use of the Integrated Planning and Reporting framework. The Integrated Planning and Reporting framework for NSW local government was introduced to improve local councils' long-term community planning and asset management, as well as to streamline reporting to the community.

The framework aims to improve the sustainability of local communities by encouraging councils, residents and State agencies to work together on long-term plans and strategies. The Community Strategic Plan is supported by a four-year Delivery Program, annual Operational Plan and a Resourcing Strategy that includes long-term financial planning, asset management planning and workforce management planning.

Diagram 1: The Integrated Planning and Reporting Framework

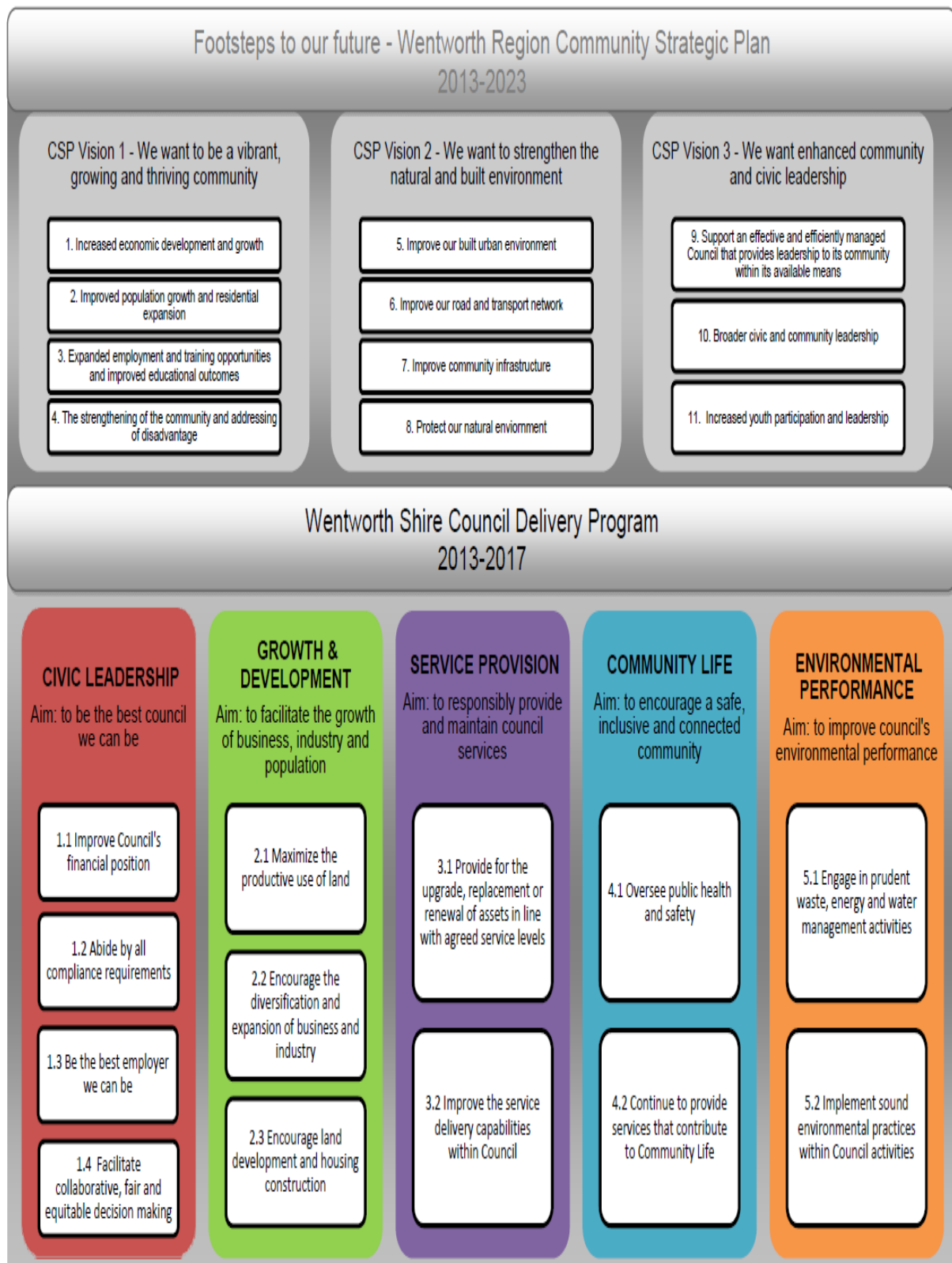


Overall, given the size of the Council and its limited resources, its efforts in implementing the Integrated Planning and Reporting framework are commendable. The Council's Integrated Planning and Reporting suite of documents is of a high standard, with the documents clearly linking to each other.

When the review team met with staff and the General Manager, they articulated a shared vision for the Wentworth local government area and demonstrated a good understanding of the Integrated Planning and Reporting framework requirements.

The Council's political governance structures appear to align well with the community goals in the community strategic plan. A review of the Council's meeting agendas and minutes reveal that councillors are increasingly strategically focused. Reports to Council cite direct links to the community aspirations in the Community Strategic Plan and align with the Delivery Program. Councillors are provided with a one-page summary of the Community Strategic Plan and Delivery Program at each meeting to serve as a reminder of the community's goals and to support decision-making to ensure alignment with the Delivery Program. A copy of the one-page summary is provided below.

Diagram 2: 'Footsteps to our future' Wentworth Shire Community Strategic Plan and Delivery Program summary



Many staff and all councillors were involved in the community engagement process that was used to inform the development of the Community Strategic Plan. The community engagement highlighted that the community's main concerns were the economy, tourism and the environment.

Following the 2012 local government election, the Council reviewed its Integrated Planning and Reporting documents, as required under the *Local Government Act 1993*. The Council advised that it intends to undertake further reviews, particularly in relation to its asset management planning and its Long-Term Financial Plan.

The Community Strategic Plan provides good context about the community, its priorities aspirations and challenges. The Plan makes excellent linkages to the State Plan and recognises a range of key stakeholders. The Plan lacks baseline and target measurements, which will make it difficult for the Council to report on community outcomes when it prepares its end-of-term report prior to the next local government election. The Council should address this now in readiness for 2016.

The community engagement process is very well explained and indicates a comprehensive and targeted approach. The ideas that emerged from the community engagement process are well represented in the Community Strategic Plan.

The Community Engagement Strategy directly informs the development of the suite of Integrated Planning and Reporting documents and also provides the Council with a set of principles to guide day-to-day community engagement practices. The Strategy identifies key stakeholders, methods, timeframes and the process of engagement.

The Council's Delivery Program is comprehensive and clearly supports the implementation of the Community Strategic Plan. Many of the Council's base-line measurements are not available, so it will be impossible for the Council to measure progress over time. The Council should address this.

The Local Government Act (section 404(5)) requires General Managers to ensure that progress reports are provided to the council with respect to the principal activities detailed in the Delivery Program, at least every six months.

The Council adopted the current four-year Delivery Program on 19 June 2013. The intent of the Delivery Program is to outline the initiatives that the Council will undertake during its term

of office towards achieving the objectives of Community Strategic Plan. All the activities identified in the Delivery Program must be linked to the Community Strategic Plan.

The report for the six months to December 2013 highlights that the majority (76%) of activities flagged for the 2013-14 year were in progress, with only 4% yet to start. For various reasons, 17 activities (or 15%) have been deferred into future years, and one activity has been cancelled.

The report discusses the progress towards the desired result at the end of the four year period of the Delivery Program. A Report Card reports on the progress of the undertakings committed to in the current financial year. Some of the missing baseline data and performance measures absent from the original Delivery Program are being incorporated into these reports as it becomes available. Future iterations of the Delivery Program will incorporate these measures and indicators.

At the time the Delivery Program was adopted, the Organisational Structure had not been reviewed and determined by the Council, but has subsequently been completed. Several of the actions in the Operational Plan will need to be reallocated to reflect the new organisational structure. These amendments have been noted on the Report Card.

Resourcing Strategy

The Long-Term Financial Plan is comprehensive and includes a simple and clear narrative throughout. Overall, the Long-Term Financial Plan provides a clear indication of the Council's current financial position, where it hopes to be and how it aims to get there. The Plan would be strengthened if it was more clearly linked to the Community Strategic Plan by demonstrating how it enables the achievement of strategic objectives over time.

The Asset Management Strategy identifies critical assets, the current state of assets, and how the Council aims to improve its asset capabilities. Not all Asset Management Plans have been completed.

At the time of the review, the Council was reviewing its Asset Management Plans, and in particular, asset values and useful life. Once completed, the Council intends to update its Long-Term Financial Plans and Delivery Program accordingly.

The Council's Workforce Management Plan discusses the current workforce and identifies the emerging critical workforce issues. The Plan identifies strategies and actions to address the identified workforce issues across the four years of the Delivery Program.

The Council's response – Strategic direction and planning

Implementation of Integrated Planning and Reporting framework

The positive feedback in relation to the high standard and implementation of the Integrated Planning and Reporting framework, given Council's limited resources, is very much appreciated.

Lack of baseline measurements in the Community Strategic Plan

One of the challenges that was identified during the community strategic planning process was the question of 'how to measure'. How do we as a Council develop performance measures that can be easily obtained, collated and interpreted, without having to put on additional resources to monitor the activities of a raft of organisations, that don't necessarily have any direct relationship with Council other than as a consequence of the community strategic planning process. The Council would require State Government assistance to provide administrative resources to develop and monitor a clear set of community indicators that are tied back to the Community Strategic Plan.

Office of Local Government comment: the recommendation to include baseline measures into the Community Strategic Plan to support future reporting stands. The Council must have some point of reference for future reporting purposes to identify if there has been change in relation to particular community priorities. In the first instance, the Council should identify a baseline measure and target for those Vision items which it has allocated as a Council responsibility in the Plan.

Delivery Program

The lack of baseline targets has been addressed in the 2014 review of the Council's Delivery Program and Operational Plan.

Resourcing Strategy – Long-Term Financial Plan

The comments in relation to the Resourcing Strategy were not unexpected and reflect the issue of trying to blend documentation that is familiar and acceptable to the Council with the new requirements under the Integrated Planning and Reporting framework. More detailed responses in relation to the Long-Term Financial Plan and financial sustainability are provided in the next section, but the Resourcing Strategy will be fully revised in readiness for the 2016 version of Integrated Planning and Reporting documents.

Resourcing Strategy – Asset Management

The Council is continually updating the asset management plans across all asset classes. Work commenced with the largest of the asset class: the Transport Network (roads, footpaths, bridges). The data collection process has been refined to the extent that as the data is captured it is fed into the Asset Management Plan and now flows through into the Long-Term Financial Plan. This has resulted in increased spending on maintenance and identification of priorities for infrastructure renewals in the Long-Term Financial Plan.

FINANCIAL SUSTAINABILITY AND CHALLENGES

The financial challenges facing the Council are significant and ongoing. As with most far western NSW councils, the Wentworth Shire faces challenges such as:

- a small rate base (rates income forms only 32% of total income).
- a heavy reliance on Federal and State grants such as Financial Assistance Grants and Roads to Recovery funding. Operating and capital grants represented 43% of Council's total income in 2012/13.
- taking on responsibility for delivering services which would normally be State Government responsibilities in response to community expectations.
- Western Lands leasehold issues (as discussed above).

A review of the Council's financial position shows that:

- the Council has recorded operating deficits before capital grants and contributions in the last three financial years totalling \$5.350M (to 30/6/2013).
- the report of the Treasury Corporation (TCorp) review of the Council's finances (based on financial statements to 30/6/2012) assessed that the Council is currently in a weak financial position.
- the Council's Long-Term Financial Plan forecasts operating deficits before capital grants and contributions for each of the next ten financial years. This is in contrast to the purpose of a long-term financial plan, which is to demonstrate how a council will achieve financial sustainability into the future.

The Council's financial position was discussed at length with the Mayor, the General Manager and the Council's financial team during this Promoting Better Practice review. The Council has acknowledged that it will need to address a number of ongoing financial challenges.

At the time of the review, the Council had not fully developed a comprehensive plan to address many of its financial and asset management issues, including low levels of liquidity, an infrastructure backlog, continually rising asset maintenance and renewal costs, and community service expectations. Without an improvement in its operating result and an increased capacity to provide funding for its asset renewal and capital expenditure, the Council's future financial position and sustainability will be under even more pressure.

The Council outlined the following areas it has or is undertaking to address its financial position:

- Shared services with Mildura Rural City Council. An example of an arrangement already in place is the sealing of Wentworth Shire roads by Mildura Rural City Council.
- Possible sharing of landfill facilities with Mildura Rural City Council (located in Wentworth Shire).
- A recent restructure has seen the reduction of 10% of the Council's workforce.
- The Council is considering a special rate variation application.
- The Council is reviewing its Asset Management Plans, and in particular the valuation of its assets (mainly roads) and assessment of useful life. The Council believes that its depreciation has been overstated, and if so, its depreciation expenses will reduce in its financial forecasts.
- The Council is continually reviewing the services it provides to identify areas for savings and other efficiencies.

The Council has made significant progress in reviewing and completing its Asset Management Plans. It has recently appointed a full-time asset manager who has the requisite experience to value and assess its assets.

Once the Council's Asset Management Plans have been finalised, the Council will then update its Long-Term Financial Plans and the Delivery Program accordingly.

The Council's response – Financial sustainability

T-Corp Report

The Council has addressed the issues identified by T-Corp in relation to the Long-Term Financial Plan and provides the following comments:

- *There was a calculation error with the employee benefits which resulted in a below-average increase in projected employee benefits. This has resulted in a more accurate employee benefit figure in future years in the Long-Term Financial Plan.*
- *The organisation restructure has resulted in a 15% (approx) reduction in employee costs.*
- *Other assumptions in relation to expenditure have been revised so that they are more in line with historical trends both to Wentworth and local government in general.*
- *The revenue assumption regarding the projected percentage increase in rateable properties has been revised.*

Infrastructure Backlog

The Council has continually had to defend the methodology used in calculating the infrastructure backlog as it differs to that used by NSW Treasury Corporation (T-Corp). Despite raising concerns directly with T-Corp and requesting a review of the methodology, the Council feels that its future sustainability is being called into question as a direct consequence of fundamentally different methodologies.

The Council maintains the view that the infrastructure backlog should be based on the cost to bring infrastructure back to a condition that is acceptable to the community and funding is being allocated over the next ten years to achieve this standard.

Development of plans to comprehensively address financial and asset management issues

The Council has and continues to explore ways to address many of the concerns raised by the Promoting Better Practice review team. These include:

- *modifying investment practices to improve liquidity ratios at the end of each financial year. The strategy now is to have an even balance between short- and long-term investments.*
- *reviewing the Motor Vehicle Policy to reduce or eliminate Fringe Benefits Tax.*
- *increasing the use of debt funding to reduce the infrastructure backlog and improve intergenerational equity. By leasing major items of plant (as opposed to outright purchase), the Council can spread the cost of the asset over its useful life and reduce depreciation costs, resulting in immediate cash flow savings that can be reallocated to other functional areas.*

The Council notes the comments by the review team with regards to the purpose of the Long-Term Financial Plan and will address this matter in the next review of that Plan.

GOVERNANCE

Good corporate governance means having effective and efficient structures, systems, policies and processes in place that support decision-making to ensure the council achieves its strategic and operational objectives thereby promoting community confidence in the council.

Strong, effective governance is critical to:

- achieving goals and aspirations
- enhancing organisational performance
- managing risks by identifying and addressing emerging risks and opportunities
- increasing the confidence of the community in the organisation
- ensuring that the council is meeting its statutory and ethical obligations
- assisting in the prevention and detection of dishonest or unethical behaviour
- service delivery and the efficient use of council resources.

From the information provided to the review team, it appears that most of the Council's policies, procedures and systems are adequate, although some need updating and enhancing.

The Council's integrated approach to its governance systems and processes is evidenced by its internal audit and risk management strategic business plan. This four-year plan, linked to the Council's Delivery Program, sets out audit objectives, examines key risks, includes process improvements, and establishes both strategic priorities and an annual work plan. This internal audit program highlights the review and improvement approach taken by the Council to ensure that cohesive and robust systems support its operations into the future.

The Council may wish to review the composition of its Audit Committee in line with the Office of Local Government's Internal Audit Guidelines. Minutes of the Audit Committee show that it is comprised solely of councillors and staff. The Office of Local Government's Internal Audit Guidelines state that:

Ideally the audit committee should consist of at least three and preferably no more than five members comprised of independent external members, who should be in the majority, and councillors other than the Mayor (or an Administrator). Staff should not be members of the audit committee.

The inclusion of appropriately qualified independent members on the Audit Committee may provide valuable insights and improvements for the Council's systems and processes.

While it is for the Council to determine what systems and processes best promote organisational integrity and meet community need, there are some systems gaps that were identified in the Council's response to the Promoting Better Practice checklist:

- The Council has a number of committees and should ensure its committees are properly established, with clearly-defined roles, procedures and training.
- The Council may wish to seek opportunities to further develop councillor skills which will assist in delivering community outcomes in the context of the Resourcing Strategy and Community Strategic Plan goals.
- Council does not have a waste management strategy. It is acknowledged that the Council is in the process of developing a regional approach to waste management as part of its development of a waste management facility in conjunction with Mildura.
- The Council could consider developing and promoting a set of customer service standards that focus on community service delivery.
- The Council should consider the benefits of and seek opportunities to engage in regional partnerships and resource sharing arrangements.
- The Council has indicated that it has not undertaken a fraud risk assessment. As part of its audit plan, a fraud risk assessment will assist to prioritise high risk activities for review and improvement.

The review team notes that staff have made several recommendations to the General Manager concerning systems improvements arising from their completion of the programme checklist. The Council may wish to examine its checklist responses and make appropriate systems improvements.

Overall, there are strong linkages between the Council's operational policies and systems and its management and decision-making processes. There are weekly meetings between the senior leadership team and the Mayor and Deputy Mayor to report internal progress and to communicate councillor concerns. That involvement is further supported by the eleven committees of the Council, comprising both staff and councillors. This close relationship benefits the operational aspects of the Council's community engagement, particularly in areas such as environment, planning and development. The Council may wish to re-consider the nature and number of its advisory committees, as this level of councillor involvement may adversely impact on councillors' ability to focus on key strategic issues.

A strategic issue for the Council is the development and application of a land use strategy for the area. The Council does not employ any professional planning staff at this time, and

contracts out to external providers for any strategic planning needs. The Council's current planning and assessment systems appear to serve its immediate needs adequately. However, the Council does not have a system for monitoring contractor performance. The Council should develop and apply a system of contractor performance management to ensure best value service and link this process to its internal audit, risk management and fraud control plans.

Overall, the Council is aware of the challenges of land use in the Shire, and has sufficient systems and processes to meet the community's needs. An appropriate strategic alliance may assist the Council in resourcing any growth in the need for planning and environmental services.

The Council has recently undergone a significant restructure and functions realignment, moving from three directorates to two. The traditional three silo structure (Health and Planning; Finance and Policy; and Roads and Engineering) has been replaced with a Sustainable Development directorate and a Sustainable Organisation directorate. This forward-focussed realignment sees responsibility for almost all service delivery functions under the Director, Sustainable Development; organisational systems continuity functions under the Director, Sustainable Organisation; and relationship and issues management functions as the responsibility of the General Manager.

The Council's restructure resulted in the loss of 10% of the workforce and a realignment of staff and services. The resulting realignment appears to address the Council's commitments to its community, but has had a significant impact on staff morale. That said, the Council appears to now have a positive organisational culture with a motivated workforce that is closely connected to its community.

The Council's overall approach to workforce management appears sound. It is noted that many systems will continue to evolve as the Council implements its recent restructure and determines the related new reporting arrangements. However, there are some workforce management systems gaps that were identified in the Council's response to the Promoting Better Practice checklist that it may wish to consider. For example, the Consultative Committee is not currently functioning. The Council should look to reignite its consultative processes to address restructure fallout issues, such as roles and functions, and also establish a Work Health and Safety committee.

Wentworth Shire Council appears to have many effective and efficient structures, systems, policies and processes in place. The relationships between councillors and staff appear

supportive and cohesive, allowing the Council to work towards achieving strategic and operational objectives, and thereby meeting the needs of its community.

The Council's response – Governance

The Council's Policies, Procedures and Systems

The Council has worked hard to achieve an integrated approach to governance and welcomes the positive feedback received from the review team. It is agreed that some policies, procedures and systems need updating. Important tasks such as these have tended to take a back seat during the development of the Integrated Planning and Reporting suite of documents, combined with developing robust submissions to the Independent Local Government Review Panel and the Local Government Acts Task Force. The Council recognises the need for continued good governance, but is continually frustrated by the need to divert precious resources into preparing quality submissions and reports to Government in order to ensure that the views of this Council and the community that it represents are adequately presented.

Committees

The comments regarding the number and composition of various committees have been noted. The Council has developed the practice of annually reviewing its committees each September at the statutory meeting. At this point in time, the Council has elected not to alter the number and composition of any of the committees, including the Audit Committee. The monitoring of contractor performance to ensure best value service and the introduction of fraud control plans will, however, be added to the annual work plan for the Audit Committee in line with the review team's recommendations.

Systems Improvements

All systems improvements suggested by staff during the completion of the Promoting Better Practice checklist are being reviewed as a part of the continuous improvement process.

Organisational Restructure

The description by the review team of the organisational restructure is technically incorrect. In 2010, the Council moved from a three Directorate structure to a two Directorate structure, being the Sustainable Development and Sustainable Organisation Directorates mentioned by the review team. Following its election in September 2012, the current Council elected to undertake a significant restructure, returning to a more traditional three Directorate model: Roads and Engineering, Finance and Policy, and Health and Planning. The Council critically reviewed the services being provided within each directorate, and the restructure resulted in the loss of 10% of the workforce and a realignment of staff and services.

Since the 2012 restructure, the Council has continued to monitor organisational responsiveness and the needs of its community and, as late as August 2014, has further refined the structure and reporting lines.

Consultative Committee and Work Health and Safety Committee

The Review team has correctly noted that the Council currently does not have a consultative committee, nor does it have a Work Health and Safety Committee. Despite efforts to reinvigorate the Consultative Committee, it fell into a state of lapse several years ago due to a lack of interest by staff, and a formal WHS Committee has not been requested by staff. In an attempt to address these shortcomings, the Workforce Management Plan suggested the establishment of a new Staff, Health, Equity and Diversity Committee (SHED Committee). All attempts to get this committee off the ground have failed due to lack of staff interest.

NEXT STEPS

Wentworth Shire Council faces some significant challenges, particularly around financial sustainability in a tightening economic environment. Some of the challenges facing the council are not exclusive to Wentworth Shire. Many of the challenges are discussed in the Independent Local Government Review Panel's final report. Overall, Wentworth Shire Council is aware of the issues and challenges confronting it and is taking action within its sphere of control.

The attached action plan lists those items the review team believes the Council should address as part of its ongoing organisational improvement.

ACTION PLAN

The following Action Plan has been prepared to guide the implementation and monitoring of the recommendations of the Promoting Better Practice review.

<i>RECOMMENDATION</i>	<i>PRIORITY</i>	<i>ACTION PROPOSED</i>	<i>TIME FRAME</i>	<i>RESPONSIBILITY</i>	<i>PROGRESS REPORT</i>
1. The Council should complete all Asset Management Plans as a priority.	<i>Medium</i>	Update all plans as current asset data is captured.	By June 2015.	Asset Manager and Director Finance & Policy	AMPs for all asset classes have been completed.
2. The Council should continue to review the asset valuations and useful life of its assets in order to keep its Asset Management Plans up-to-date.	<i>High</i>	Annual review of useful life and residual value of assets.	By June 2015.	Asset Manager and Director Finance & Policy	
3. The Long-Term Financial Plan and Delivery Program should be updated when the revisions to the Asset Management Plans are complete.	<i>High</i>	Linkages between Asset Data and the LTFP to be reviewed	By June 2015	Asset Manager and Director Finance & Policy	
4. The Council should revise its Workforce Management Plan to reflect its organisational restructure.	<i>Low</i>	Plan to be reviewed in readiness for inclusion in 2016 IP&R documentation.	By June 2016	Manager Organisational Support and General Manager	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
5. Both the Community Strategic Plan and the Delivery Program should be updated to include baseline and target measurements, which will be needed for meaningful future reporting.	<i>Medium</i>	Assistance to be sought from State Government to fund admin resource to establish robust dataset for measuring CSP performance.	By June 2017.	General Manager	Baseline and Targets have already been included in Delivery Program.
6. The Council should continue to explore ways of sharing services with the Mildura Rural City Council.	<i>Low</i>	Regional Waste Management Strategy to be completed.	By Dec 2015.	Director Roads and Engineering & Waste Management Committee.	
7. The Council should continue to review its costs and the services it provides, in consultation with its community and service users, in order to reduce its expenditure.	<i>Medium</i>	Included as part of Continuous Improvement Program and reported through Audit Committee.	By June 2016.	General Manager, Directors and Manager Organisational Support.	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
8. The Council should develop a Succession Plan as soon as practicable.	<i>Medium</i>	To be done in conjunction with review of Workforce Management Plan	By June 2015.	Manager Organisational Support.	
9. The Council should re-examine the role and structure of its Audit Committee in guiding continuous improvement.		No change	N/a		Reported to 30 September 2014 Council meeting –
10. The Council should appropriately address the systems gaps identified in its responses to the Promoting Better Practice self-assessment checklist.		Systems improvement suggestions by staff to be reviewed as a part of the continuous improvement process.	By December 2015	Manager Organisational Support and General Manager.	