challenges   improvement   innovation   good governance

Local Government Reform Program - Promoting Better Practice

REVIEW REPORT

YOUNG SHIRE COUNCIL

APRIL 2008

dlg **Department of Local Government**

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1. ABOUT THE REVIEW

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 problems
- to promote good governance and ethical conduct
- to identify and share innovation and good practice
- to provide the Department with feed back on the application of the current legislative and policy framework and in doing so, identify improvement opportunities.

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 measurement in Australia and overseas.

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.

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 results of reviews are analysed and provided to the council, the Director General of the Department of Local Government and the Minister for Local Government.

Young Shire Council Review

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

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?

Mr Richard Murphy and Mr John Gibbons conducted the on-site component of the review from 20 to 22 June 2007.

The on-site review involved initial interviews with the Mayor and the General Manager, a briefing for Council's senior staff, interviews with a cross-section of staff, a briefing for councillors, an observation of a council meeting, individual meetings with some councillors, a review of Council policies and other documents and visits to a number of Council facilities/worksites.

2.   EXECUTIVE SUMMARY

The review found a number of areas where Council was performing well and others where it can improve its practices.

Council has been able to achieve a significant improvement in its financial performance in recent years. This is highly commendable given that previously the Department was closely monitoring its financial circumstances. Although the current financial position is good, there is a need for Council to develop a long-term financial strategy to ensure it creates sufficient reserves to fund asset renewal as and when required.

Council is well advanced in the development of a new Local Environmental Plan for the area. This project has great strategic significance for the area. Council has been implementing it as a high priority and with a high level of community engagement.

More generally, Council appears to be carrying out its planning and regulatory functions in a professional manner. However, we did note the absence of comprehensive section 94 plans and the low level of developer contributions as a consequence of this. This is flagged as an issue that should be addressed. We also recommend Council develop an Enforcement Policy and a Companion Animals Management Plan.

Council needs to update and regularly review its policies. A comprehensive review of its Policy Manual is recommended. The report also makes a number of other recommendations that should serve to improve Council's governance practices.

Council is currently building the key elements of a good financial planning framework, including an asset management system. The work that Council is currently undertaking to update its asset register and its stated intentions to do condition assessments and update valuations will assist it develop an asset management plan. It will be important that Council align the work being undertaken by different parts of the organisation in regard to this.

Council needs to be mindful that the lack of current up-to-date valuations of its assets may mean that Council's financial position may be worse than it appears. It is

important that Council undertake condition assessments and obtain accurate information on the value of its assets as soon as possible.

Council is not unique in having to make difficult decisions about the allocation of resources, particularly in relation to prioritisation of major infrastructure projects. The report advocates further development of Council's strategic plan. The development of the plan will provide the opportunity for Councillors, Council staff and the community to further consider and reconcile the current and emerging needs of the area with the limited resources that are available to meet those needs. It should be noted that Council acknowledges the current plan is a "work in progress" and that it continues to work on the plan.

It is apparent that Council has had a focus on economic development and we were provided with a comprehensive package on Council's activities in this area. Council has been successful in delivering an ongoing marketing strategy and maintaining ongoing support for these activities from the local business community.

We identified scope for the Council to improve the range of information it provides on its website. We have also suggested that Council document and evaluate the way it communicates with the community.

Council demonstrates a significant commitment to developing and improving its workforce relations practices. It has made significant investments in documenting and improving its recruitment practices, it has appropriate consultative arrangements and commitment to occupational health and safety. It needs to review its workforce planning practices and we recommend consideration be given to the employment of some apprentices and/or trainees.

The development and monitoring of an action plan to address the recommendations contained in this report will provide Council with the opportunity to consider how it can address the issues identified and approach some of the issues it has been aware of in a different way.

3. RECOMMENDATIONS

Ambitions, Priorities and Future Focus

1. Council should further develop and adopt an enhanced corporate strategic plan prior to the Council election to be held in September 2008.

Governance

2. Council should develop and adopt a statement of business ethics.

3. Council should incorporate relevant policy provisions in its Code of Conduct. Where the provisions of a policy are fully incorporated in the Code, the redundant policy should be rescinded.

4. Council should have all councillors, delegates and Council staff sign an acknowledgement indicating that they have been given a copy of the code of conduct and ensure they are reminded of its importance and application on a regular basis.

5. The General Manager should provide councillors and designated persons with written guidance on the correct completion and lodgement of pecuniary interests returns.

6. Council should give consideration to the need for additional persons to be determined to be designated persons (and thereby required to make written returns of interest).

7. Council should finalise the development of its disaster recovery and business continuity plan.

8. Council should develop and implement an internal audit policy/plan.

9. Council should adopt a revised/up-to-date internal reporting policy.

10. Council should document its approach to identifying and reviewing its compliance obligations and develop a policy/procedure to facilitate the internal reporting of non-compliance, fines, penalties and prosecutions.

11. Council should undertake a comprehensive review of the contents of its Policy Manual. Policies that are no longer necessary should be rescinded and omissions should be addressed.

12. Council should ensure all of its section 355 committees have a constitution or charter setting out their membership, functions and delegations.

13. Council should review its Code of Meeting Practice having regard to the issues raised in this report and ensure it refers to the current provisions of the Local Government (General) Regulation 2005.

14. Council needs to ensure that it complies with the provisions of its Code of Meeting Practice (and implicitly the Act and Regulation) when it closes meetings to the public.

15. Council should post copies of its business papers and minutes on its website.

16. Council should incorporate an "executive summary" in its annual management plan that outlines items such as key initiatives and priorities and the broad logic behind them.

17. Council's management plan should include more information about its environmental activities and its approach to strategic alliances with other councils.

18. Council should review and revise its annual report having regard to Departmental Circular 06-61 and the other suggestions contained in this report.

19. Council should ensure that the General Manager's performance is reviewed in accordance with the terms of his contract and at least annually.

20. Council should develop and document a records management program that facilitates compliance with its statutory obligations.

21. Council should review and revise its privacy management plan.

Planning/regulatory

22. The General Manager should provide Council with regular reports on development application processing times.

23. Council should publicise the availability of its pre-lodgement service and document what advice and information will be provided.

24. Council should review its position in relation to the imposition of levies on development and adopt comprehensive section 94 contributions plans.

25. Council should prepare a supplementary State of the Environment report that incorporates an assessment of the impact of its own activities and addresses the need for strategies for appropriate ongoing monitoring and reporting.

26. Council should develop an enforcement policy.

27. Council should develop and implement a companion animals management plan.

Asset and financial management

28. Council should prepare a long-term financial plan.

29. Council should prepare and implement a project plan for updating the asset register, undertaking condition assessments, determining useful lives and updating valuations. Implementation should be monitored by the General Manager and reported to Council on at least a quarterly basis.

30. Council should use the updated information on its assets to prepare a total asset management policy, a long-term asset management strategy and an asset management plan.

31. Council should develop and adopt a more comprehensive road hierarchy to guide the allocation of resources and to provide a benchmark against which Council can measure its performance in maintaining roads.

Community and consultation

32. Council should finalise the development of the economic development plan and evaluate its effectiveness over time.

33. Council should develop a communication strategy and evaluate its effectiveness on a regular basis.

34. Council should consider the needs of the library service when reviewing its infrastructure priorities.

Workforce relations

35. Council should ensure its human resources and workforce relation practices are informed by a systematic workforce planning process.

36. The General Manager should provide Council with a report on the costs and benefits of providing some traineeship and apprenticeship opportunities.

37. Council should conduct an annual audit of the recruitment process to assess the level of compliance with the new procedures and to help ensure adequate records of the selection process are being made and kept.

38. Councillors and the General Manager should ensure that the performance management requirements of the General Manager's contract are complied with and relevant information is reported to Council annually.

39. The General Manager should ensure that a performance management system is developed and implemented for Group Managers.

40. Council should review and revise its EEO policy and prepare a new EEO plan having regard to section 345 of the Act.

4. CONTEXT

Young Shire has an area of 2,670 square kilometres. It is located about four hours drive southwest of Sydney. Young is the only major centre in the Shire. It is located at the junction of the Olympic Highway and the Henry Lawson Way. There are a number of villages in the Shire including Bribbaree, Monteagle, Bendick-Murrell, Murringo and Koorawatha.

The area has an estimated population of 11,986.[1] Between 2004 and 2010 the population of Young is projected to increase by 1.4%, and by 3.4% by 2022.[2] Over the same total period, the percentage of its population that is aged 65 or over is forecast to grow from 18% to 26%, which is an increase of 49%.

First settled in 1826 for grazing sheep, the area came to prominence with the discovery of gold in 1860. Cherries were introduced in 1876 and the stone fruit industry has been a significant factor in the economy and the profile of the area.

Land use in the Shire remains predominately agricultural (stone fruit orchards and various cropping enterprises) and sheep and cattle production. The area is experiencing a protracted period of drought – the worst in 100 years.

The area has a diverse economic base with over 2,000 business enterprises, an increase of 25% over the last four years.

Council is currently in the midst of developing a new LEP for the area. Progress towards the making of the plan is well advance and as such, Council has a wealth of contemporary planning information, which it can draw upon to inform its strategic planning.

Nine councillors represent the Shire. Four councillors, including the Mayor, have served for at least three terms on Council, two councillors two terms and three are in their initial terms of office.

The Council provides a diverse range of services, including the retail supply of water. Its administration is based in the town hall, located in the main street of Young. This

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[1] ABS Census 2006
[2] Baum and Jackson, Planning the local government response to ageing and place. LGSA. 2004

building is inadequate for the needs of the Council and requires urgent remedial work. However, it is apparent that this work will do little to address its inherent inadequacies.

The Council has just completed the construction of a major indoor sports facility and new outdoor netball courts. However, it also faces some significant infrastructure challenges that will need to be addressed in coming years, including the replacement or repair of its cold-water swimming pool, the need for a new administration centre and renewal of its sewerage infrastructure. Council allocates a significant amount of its resources to maintenance of its road network.

At the time of our visit, Council was a member of the South West Strategic Alliance of Councils. However, we have been subsequently advised that this alliance has been disbanded. We were also advised that Young intends to form new alliances with other unaligned councils. It is not a member of CENTROC, but uses some of its services such as training. It also has a number of specific purpose joint ventures in relation to water, waste, noxious weed control and library services.

The current General Manager has been with Council since 2000. At the time of his appointment, all of the senior management positions were vacant. This has allowed him to recruit his own team of staff that has been relatively stable. It is only in the last twelve months that there has been a change in the senior management team, being the appointment of a new Group Manager – Engineering.

5.   COUNCIL'S AMBITIONS, PRIORITIES AND FUTURE FOCUS

We assessed the clarity of Council's strategic direction. The primary sources for this assessment were Council's corporate strategic plan and its annual management plan.

Council's stated vision is "Our community shall enjoy a quality of life and services second to no other country town in Australia", while its mission is "to plan and deliver quality services and encourage responsible development for the community, in an equitable manner".

In the 2007/2008 Management Plan the Council stated the following as it values:

- Performing the role of custodian of the environment for future users.
- Ensuring the community and staff can rely upon the organisation.
- Acting in an honest and fair manner incorporating high moral standards.
- Recognition of customer requirements as a high service priority.
- Open and valued dialogue, exchange of views.
- Rational selection and cost-effective completion of tasks and projects.
- Certainty and consistency in the decision-making process.

The long-term strategies to be pursued by Council include the replacement of the sewerage treatment works, improvements to the town hall and accommodation for staff, maintenance of roads, promoting the Shire, heavy vehicle parking, street lighting and heating the swimming pool. It also has a demonstrated awareness of strategic issues such as heritage, waste management and strategic alliances. However, it does not appear to have determined the relative priority of these issues and how they will be addressed.

Earlier this year Council held what was described in the local paper as a "corporate strategic plan meeting". It appeared the General Manager's intent was to gain endorsement for a list of projects councillors wished costed from those earmarked in 2006. We recommend that Council progress this work and use it is as a basis for a revised strategic plan that can be used to better guide councillors in the development and adoption of the annual management plan and budget.

The completion of a comprehensive strategic planning process should provide the opportunity for councillors, Council staff and the community to carefully consider and reconcile the current and emerging needs of the area with the limited resources that are available to meet those needs.

Ultimately the aim should be the adoption of a strategic plan that reflects a consensus on Council's medium and long-term priorities and what Council's role will be in providing infrastructure, services and economic development over at least the next ten years.

It is recommended that Council further develop and adopt a revised strategic plan prior to the council elections to be held in September 2008. **(Recommendation 1)** This timing will ensure that the new Council has a strong strategic basis on which it can build.

During the course of the review, we identified a strong focus on doing and delivering, but with slightly less focus on documenting process and continuous improvement. Some Council policies are very old and need to be rationalised and reviewed. We believe that this exposes Council to a level of risk that may be unacceptable. In setting its future course, the Council should be mindful of the need to ensure it strikes the right balance between the allocation of resources for planning, delivering and controlling its activities.

6. DELIVERING AND ACHIEVING

This part of the review process focuses on an assessment of capacity and systems to deliver performance improvement; defined roles and responsibilities and accountabilities; delivery through partnership; modern structures and processes; strong financial management; resources commensurate with and based on priorities; effective use of performance information; risk being managed appropriately; and openness to external challenge.

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*
- *Management planning & annual reporting*
- *Complaints management*
- *Information management*

Ethics and Values

Corporate Values

Council has developed an explicit set of values which it publishes along with its charter, vision and mission in its management plan. This is better practice.

Statement of Business Ethics

Council has business relationships with the private sector but does not have a statement of business ethics to guide these relationships. **(Recommendation 2)** A statement of business ethics is an excellent tool for raising private sector awareness of public sector values. Such a statement is also important because appropriate working relationships with the private sector are an essential part of building an efficient and cost-effective public sector.

Code of Conduct

Council's code of conduct was last reviewed and reissued in May 2007, just before our visit. It is based on the Model Code of Conduct for Local Councils in NSW and incorporates a copy of ICAC's publication "Managing Conflicts of Interest" as an attachment. The Code also includes references to related Council policies. This is commendable.

There is the opportunity to further tailor the code and rationalise the number of Council policies by incorporating the provisions of some policies in the Code. **(Recommendation 3)** For example, the provisions of the gift policy could be included in the code and then there would not be a need for a separate gift policy.

Council should also ensure that its process for making protected disclosures is referenced or incorporated in the code.

The General Manager provides all new staff, councillors and delegates with a copy of the code. We suggest Council adopt a practice of councillors, delegates and Council staff signing an acknowledgement indicating that they have been given a copy of the code. Council should also ensure that councillors, delegates and Council staff are reminded of the importance and application of the code on a regular basis. **(Recommendation 4)**

Council may wish to consider deferring the implementation of recommendation 3 and recommendation 4 until after the finalisation of the current Departmental review of the Model Code of Conduct for Local Councils.

Management of pecuniary interests

The Act sets out the parameters that must be adhered to when councillors and staff have a conflict between their public duty and private interests that constitute pecuniary interests. To this end, the Act requires that councillors and designated staff complete and lodge written disclosure of interests returns in the form prescribed by the Local Government (General) Regulation 2005 and to appropriately manage pecuniary interests when relevant matters arise.

We conducted a review of the 2005/06 written returns. All of the returns had been made on the wrong form. Council has subsequently advised that it has sourced the correct form and it was used for the 2006/2007 returns.

The review identified scope to improve the quality/completeness of the information provided in the returns. For example, relevant addresses were missing from some returns; abbreviations were used, which can make it hard to identify the entity being referred to; information was declared in the wrong part of one return; and one councillor also left part of the return blank. We recommend that the General Manager provide councillors and designated officers with written guidance on the correct completion and lodgement of the returns each July. **(Recommendation 5)** This information could include copies and/or links to the relevant statutory provisions, copies of relevant Departmental circulars, a copy of the previous year's return and any local procedure relating to lodgement.

We noted that, other than the General Manager and the two Group Managers, there are no other designated persons (as defined by section 441 of the Local Government Act). It is clear that Council needs to give consideration to determining other staff and members of committees as designated persons and thereby requiring them to make written returns of interest. **(Recommendation 6)**

Council should consider designating appropriate staff members whose position involves the exercise of functions (such as regulatory or contractual functions) that, in their exercise, could give rise to a conflict between the person's duty as a member of staff or delegate and the person's private interest, eg rangers/health and building officers.

Risk management and internal controls

Councils are exposed to a wide range of risks as a consequence of their diverse functions. 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 needs to be a balance between the cost of managing risk and the benefits expected from engaging in an activity that has inherent risks. The significance of specific risks varies from council to council.

Risk management framework

We examined the way Council seeks to manage risk and found that it has a risk management plan. We were advised that the plan was based on a quantitative model developed by Statewide Mutual. Both organisational and risk contexts had been established and consideration had been given to historical areas of risk, such as litigation and current statutory exposure. A formal position was adopted in regard to the management of exposure, the development of systems of management and responsibilities were assigned to specific positions. All of the above are key elements in the development of an effective risk management plan.

Council provided us with a copy of a draft disaster recovery and business continuity plan. We were also advised that Council has effective data back up and recovery procedures and the ability to establish and maintain the operation of essential council systems at an alternative site, in case of an event necessitating this. We were also advised that this functionality had been successfully tested.

While it is commendable that these systems and procedures have been developed, it is essential that they be documented in formal plans. Council should complete the development of the disaster recovery and business continuity plan. **(Recommendation 7)**

We reviewed the risk management plan and found that it had a number of better practice features, especially in relation to the use of the quantitative model and the use of different likelihood and consequence tables for different types of risk.

We were advised that risk assessments supported by checklists were completed before work was undertaken. While safe work method statements were not reviewed, general discussions were held on OH&S issues and, to its credit, it would appear that Council has developed a "risk aware" culture.

Internal audit

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. Council does not have an internal audit committee or an internal audit plan that could assist in ensuring that it adequately meets these objectives. We recommend Council formalise its approach to internal audit and control by adopting an internal audit policy/plan. **(Recommendation 8)**

We note that Council's risk management plan may address some internal control issues and recognise that a dedicated internal audit function/position may not be practical, given Council's size and limited resources. Given this, some practical examples of compensatory controls (in lieu of having a dedicated internal audit function) that could be adopted include random tests by supervisors, cross checking by staff, job rotation, effective division of duties and ensuring another staff member undertakes the full duties of high-risk positions on a periodic basis. Council may also want to consider establishing a dedicated internal audit function as part of a joint venture with other councils.

The recommended internal audit policy/plan should identify the high-risk positions and processes and the controls that will be used to monitor the probity of operations.

Fraud Control

Fraud is a crime involving the dishonest obtaining of a financial or other benefit by deception. The benefit might be of a direct value or it might be an indirect value. Fraud wastes scarce funds and resources and can damage an organisation's

reputation and competitiveness. It is important that fraud risks are identified and managed effectively and that supervisors and staff be kept up-to-date on known and emerging risk areas, as well as on strategies for properly managing those risks.

Council does not appear to have undertaken any fraud risk assessment. Nor does it have a fraud control policy or strategy. These, together with the issues raised under internal audit, should be addressed as part of the implementation of the risk management plan and the internal audit process.

Protected Disclosures

Protected disclosures are an important means by which councils can signal commitment to ethical practice. They also can act as an early warning system for management. While Council has adopted an internal reporting policy, it needs to revise it to reflect the current statutory provisions (such as the provision allowing protected disclosures to be made to the Department in certain circumstances) and update the persons to whom disclosures may be made (as a number of the persons listed no longer work for Council). **(Recommendation 9)** As mentioned earlier, the policy should be referenced and/or incorporated in Council's code of conduct when the code is next reviewed.

Legislative compliance

A fundamental principle of good public administration is that public officials comply with both the letter and the spirit of the law. To facilitate compliance with legal requirements, councils and their senior staff should ensure that:

- management commitment to compliance is clear and unequivocal
- the legal requirements that apply to each activity for which they are responsible are identified (including updates reflecting changes to the law), and documented (preferably in detail, but as a minimum by reference to relevant provisions)
- all staff are kept fully informed, briefed and/or trained about the key legal requirements relevant to their work
- staff are made aware of the potential repercussions of non-compliance with legal requirements that apply to them, and
- record-keeping systems and practices that capture evidence of compliance and non-compliance are in place.

It is important for councils to consider what systems they have for identifying their compliance obligations, for staying on top of legislative changes and for ensuring they are meeting those obligations on an ongoing basis.

We were advised that while Council has a protocol for identifying and reviewing its compliance obligations, it is not documented in a policy or procedure.

Council does not have a system for the internal reporting of legislative non-compliance or fines/penalties/prosecutions against Council. Nor does it have a policy that explicitly requires it, or a procedure that facilitates it.

We recommend that Council document its approach to identifying and reviewing its compliance obligations and develop a policy/procedure to facilitate the internal reporting of non-compliance, fines, penalties and prosecutions. **(Recommendation 10)** In making this recommendation, we note that Council may wish to address these issues in its risk management plan and internal audit process.

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 Act and regularly reviewed to ensure they remain current.

The Council reported that it has an effective system for conferring delegations and that they are well documented, available publicly, reviewed after each election and maintained/updated regularly. Council did however state that it did not have an audit program to review the exercise of delegations conferred. It is considered that this matter should be addressed in conjunction with issues raised in relation to internal audit.

Policies/protocols

As part of the review process, we examined Council's policy manual. It is in need of updating as, although some policies have been recently reviewed, the review has not resulted in necessary changes having been made. There is a risk that some Council policies and procedures may not reflect current legislative requirements. We also identified some gaps where policies need to be adopted.

Council is aware of the need to review the policy manual. The review should include the rescinding of redundant policies, the updating of those still required and the adoption of additional policies as necessary. **(Recommendation 11)**

In reviewing the policies they should be critically examined to ensure they adequately address the range of risks associated with dealing with staff, the public and businesses over the full range of Council's activities. Specific items that should be included are a records management policy and a consolidated complaints policy.

During our visit we raised the issue of staff access to the policy manual. To Council's credit, immediate action was taken to make the manual available to all staff via Council's intranet.

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 (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. Council has been consistently complying with this requirement.

Management of 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.

We were advised that a procedures operational manual has been provided to each committee that carries out functions on behalf of Council. During our visit we did not have the opportunity to review the manual so we cannot comment on its coverage. The provision of such a manual does indicate that Council is aware of the need to provide support to its Committees and to ensure that appropriate governance protocols are maintained.

However, we did note that not all of the committees have a constitution or charter setting out their membership, functions and delegations. **(Recommendation 12)** This should be addressed and a standard constitution may be able to be used for all

of the committees. The development of a constitution or charter together with adequate training will give the committees additional structure and guidance and help ensure that they carry out their functions in a proper manner.

Tendering, procurement, asset disposal and contract management

Councils' obligations in relation to formal tenders are regulated under section 55 of the Act and the relevant provisions of the Regulation. These provisions apply to contracts with a value of $150,000 or more. Tendering, procurement, contract management and asset disposal activities should be governed by considerations of probity, transparency and accountability in the expenditure of public funds for public purposes.

Council has policies for purchasing and tendering and the disposal of assets. It also has documented processes for monitoring and auditing the processes. We were also advised that it has procedures but not a policy for monitoring contractor performance.

Council should review the adequacy of its procedural framework for monitoring contactor performance, particularly having regard to its experience in overseeing the construction of the recently completed indoor sports facility.

We reviewed the procurement policy that had been reviewed by Council just before our visit and noticed that statements regarding ethical behaviour and fair dealing were focused only on Council staff that, together with the absence of a statement of business ethics or policy, did not convey expectations in relation to external parties. As noted earlier in the report, we have recommended Council develop and adopt a statement of business ethics. Once this has been addressed, it will need to ensure it is communicated appropriately to external parties.

Decision making process

The Act allows a council to adopt its own code of meeting practice that supplements the statutory provisions, provided those extra provisions are not inconsistent with the relevant provisions of the Regulation.

The review team reviewed the Council's code of meeting practice, inspected the minutes of a number of Council meetings and attended the ordinary Council meeting of 20 June 2007.

Code of meeting practice

Council's code of meeting practice was adopted by it in February 2005. The provisions of the code appear to be generally consistent with the provisions of the Act and Regulation.

The Regulation on which the code is largely based (and which is referred to extensively in the code) was repealed on 1 September 2005 and replaced by the current Regulation. The references in the code to the Regulation need to be updated.

While the code does deal with declarations of pecuniary interests, the order of business in the code does not. The code does not deal with the need to declare non-pecuniary interests. This needs to be addressed.

We also identified some other matters that could be improved by making changes to the code. These include changes to the public participation process and provision of information about meetings on the Council website.

Council should review and revise its code of meeting practice having regard to the issues raised in this report. **(Recommendation 13)**

Council meetings

Council typically has ordinary meetings on the 3rd Wednesday of each month. It has only held two extraordinary meetings in the 12 months prior to the review. Keeping extraordinary meetings to a minimum is better practice and an indicator of orderly and planned decision-making.

We observed the ordinary Council meeting held on 20 June 2007. We were able to review the business paper prior to the meeting. Copies of the business paper were also available for members of the public attending the meeting. The meeting was conducted in an orderly and productive manner.

A review of the minutes of the February, March and April 2007 meetings indicated Council dealt with the matters before it in less than 3 hours at each meeting. This suggests Council is reasonably efficient in dealing with matters before it.

We noted that the agenda for the meeting held on 20 June 2007 did not contain a specific provision inviting the declaration of pecuniary and non-pecuniary conflicts of interests. Nor does the order of business in Council's code of meeting practice. It would be better if Council facilitated declarations by ensuring its agendas include a standing item calling for such declarations.

The agenda includes a standing item that invites Councillors to ask questions without notice. Council should consider the necessity for such an item and Councillors should not use the item to raise operational issues that could and should be directed to the General Manager, or relevant Council officer with permission, for actioning outside of the formal meeting process.

Councillors should be encouraged to seek information from the senior officers of Council as a matter of course and in doing so, it would alleviate the need to use valuable meeting time (and the time of other councillors) dealing with matters that may be of interest to only one councillor. The inclusion of this item on the agenda also increases the potential for Council to improperly deal with a matter without proper notice having been given. This issue was recently brought to the attention of councils in Departmental Circular 07-14.

Committee of the whole/closed meetings

As a general rule, meetings of the Council and its committees are required to be open to the public. Where Council determines that a matter should be dealt with in closed session, sections 10A and 10B of the Local Government Act outline the requirements for this determination, which was exercised by Council five times for a part of meetings in the past year.

Council held a "committee of the whole" meeting on 20 June 2007. This meeting was closed to members of the public without the proper process having been followed. Further, proper notice was not given of the intention to close this meeting. We suggest that the relevant item of business (pertaining to the proposed purchase of land) could and should have been listed as an item of business in the main business

paper for the ordinary Council meeting (without any further details as to the nature of the item) along with the reasons as to why the General Manager considered the Council should close that part of the meeting, having regard to any public interest considerations.

It should be noted that when Council decides to meet as a committee of the whole, this does not mean that members of the public are excluded. Nor should Council deal with all confidential matters as a committee of the whole.

While the provisions of Council's code of meeting practice deal with these matters appropriately, Council needs to ensure that it complies with the provisions of its Code and implicitly the Act and Regulation when it closes its meetings. **(Recommendation 14)** The application of the correct process should be evident in the notice of meetings where confidential matters are to be dealt with and in the minutes of meetings where Council has resolved to close part of the meeting. Further guidance on this matter is available in the Department's Meetings Practice Note No 16.

Council minutes

Section 375(1) of the Act requires a council to keep full and accurate minutes of meeting proceedings. Subject to legislative provisions and any directions from the council, it is up to the General Manager to decide how much detail is to be shown in the minutes.

An inspection of the minutes of Council's February, March and April 2007 meetings indicates that they generally contain the information required under the Local Government Act and Regulation.

Council does not include copies of reports from its business paper in its minutes. While it has no obligation to do so, this practice can help facilitate better understanding of the reasons for decisions without the need for separate recourse to the business paper.

Public participation

Providing some form of public participation at meetings is good practice. Council allows up to 30 minutes for public addresses, with a requirement that no address

exceed 5 minutes. The process for this is detailed in the Council's code of meeting of practice.

The process only requires members of the public to indicate their desire (and the matter on which they wish to speak) 15 minutes before the commencement of the meeting. It would not be unreasonable for Council to require a longer period of notice and this would allow the Council officers to review and research the relevant matters.

Access to business papers and minutes

Council does not post copies of its business papers and minutes on its website. It would be better practice for it to do so, as it would allow members of the public to be more readily informed as to the matters to be considered by Council and the decisions that Council makes. **(Recommendation 15)**

Monitoring and review

Management planning

Each year council is required to adopt a management plan with respect to its activities for at least the next 3 years and its revenue policy for the next year. The management plan is a key accountability mechanism.

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

The review team examined Council's management plan for the period 2006/2007 and the draft plan for 2007/2008. The 2007/2008 plan is divided into a number logical sections that broadly are: vision and mission; functions; budget; and fees and charges. It provides good detail of Council's planned activities, charges, measures of effectiveness and other matters. However, while it is very informative it is a bulky document. It has a good introduction but it does not have a summary that consolidates the direction of the totality of the components. A suggestion for achieving this would be to include an "executive summary" that outlines items such as key initiatives and priorities and the broad logic behind them. **(Recommendation 16)** Such a summary could readily be re-published in the form of a brochure included with rate notices.

Council could further improve its management plan by including more detail about its environmental activities and its approach to strategic alliances with other councils. **(Recommendation 17)**

Annual reporting

The review team has assessed Council's annual report for 2005/2006 and found it was well written, informative and generally compliant with the relevant statutory requirements.

Its primary shortcoming is the omission of a supplementary state of the environment report and reporting on the planning and environment group generally. Other areas for improvement are the inclusion of an executive summary, more quantitative data (both targets and results, so performance can be better assessed) and adoption of a consistent reporting format for each section of Council. The report on each section should include a summary of budget outcomes for that part of Council. The inclusion of such data will provide Council and the community with a more objective basis to assess Council's performance.

We recommend Council review and revise its annual report having regard to the suggestions made in this report. **(Recommendation 18)**

There have been a number of changes to the annual reporting obligations of councils. We draw Council's attention to Departmental circular 06-61. We suggest that Council make use of the checklist that accompanies this circular to ensure that its annual report contains all of the required content.

General Manager's contract

The Act requires councils to employ their General Managers under fixed term performance based contracts. The General Manager is required to report to Council at least annually on the contractual conditions of Council's senior staff (including himself).

Council's General Manager was appointed to the role substantively in 2000. As part of the review process, we made enquiries as to how the Council was managing his performance and found that it was last reviewed in 2005 and that an annual review had not been subsequently undertaken. The review process is an important

communication and goal setting opportunity that assists in ensuring alignment with Council's objectives. It is considered important that the reviews be undertaken annually. **(Recommendation 19)**

Complaints management

An effective complaint handling system is an essential part of the provision of quality council services. It can act as a circuit breaker to prevent unnecessary litigation/disputes and just as importantly it can provide a valuable source of information and feedback for improving a council's services.

Council has a complaints management system. It was evident from a review of documentation that Council was aware of the sources of complaints and had considered how they should be addressed. The operation of the system was not examined.

Information Management

Record keeping practices

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. We found that Council does not currently have a records management policy. Council should develop and document a records management program that facilitates compliance with its statutory obligations. **(Recommendation 20)**

Privacy management plan

Section 33 of the *Privacy and Personal Information Protection Act 1998* (PPIPA) requires all councils to adopt and implement a privacy management plan. Council has formally adopted such a plan but it has not been reviewed and updated since July 2000, some 7 years ago. **(Recommendation 21)**

6.2   Planning and other regulatory functions

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

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

- *Council's planning instruments and policies*
- *development assessment*
- *environmental management*
- *enforcement*

The aforementioned practices are the primary responsibility of Council's Environment and Planning Group. The stated objective of this part of Council is to *"ensure that Young Shire's environment, both natural and built, is adequately protected and enhanced by appropriate policies, procedures and, where necessary, regulation and controls".* During the course of the review we found evidence that indicates that the Council is taking steps to ensure this objective can be achieved.

At the time of the on-site review, the Group was fully staffed by a range of appropriately qualified professional staff. The Council demonstrated a good awareness of contemporary planning matters and the strategic land use issues it needs to address. It is well advanced in its progress towards the making of a new Local Environment Plan (LEP) for the area.

The offices that the Environment and Planning Group occupy in the town hall are very cramped and present an obvious constraint to efficient functioning (including the provision of customer service). It is apparent that Council needs to consider its options in relation to the redevelopment of the town hall.

Council planning instruments and policies

Council is required by section 73 of the *Environmental Planning and Assessment Act 1979* to keep its planning instruments and policies, such as LEPs and development control plans (DCPs), under regular and periodic review.

Currently there are two LEPs operating within Young Shire. According to Council, the existing land use strategy is in excess of 20 years old and is substantially obsolete. Council is aware of the inadequacies of the LEPs and as a consequence has made the making of a new LEP a high priority.

All councils are required by the Department of Planning to develop a new single LEP for their area based on a standard instrument. Council's progress towards the making of the LEP was the focus of our review.

As indicated in the introduction to this section of the report, Council is well advanced in its efforts to develop a new LEP and ahead of the timetable imposed by the Department of Planning. This is commendable.

We noted that the development of the new LEP has been guided by a project plan. We reviewed a copy of the revised project plan, dated October 2006. The plan provides relevant background information, details the aims and outcomes, scope and key milestones and addresses constraints and resource requirements. A project risk assessment accompanies the plan as an appendix. The obvious effort put into preparing the plan is reflected in the good progress that is being made in the implementation of this key project.

The Council identified that *"success and ease of implementation of the Young Local Environmental Plans Review rests with good communication and stakeholder involvement".* We would agree with this proposition. We observed that Council had identified relevant stakeholder groups and used a variety of strategies to engage with them.

While this report is critical of the limited information provided by Council via its website, we did note that copies of its DCPs are available on its website, along with a copy of the local building code adopted by Council.

Community based heritage study

The need for a heritage study was identified in the project plan for the LEP. Council was successful in gaining grant funding for a community based heritage study. This study has provided the community with the opportunity to be actively included in researching and nominating items of heritage significance.

Development assessment

Council determined 340 development applications (DAs) in 2005/2006. Its mean and median net processing times for applications were 35 days and 34 days. Council has a system for monitoring progress and turnaround times for DAs. Reports on processing times are reviewed monthly.

Young Shire's mean gross determination time was 88 days in 2005/2006. While this was the 20th highest in the state, Council has responded to the statistic by indicating that it was reflective of its diligence in appropriately referring applications to other relevant authorities and applying the "stop the clock" provisions. This explanation is consistent with the net determination times referred to earlier, which are significantly shorter.

According to Council, 94% of development applications were determined under delegated authority. This is commendable as it avoids the time cost in having to refer matters to Council. It suggests that only those matters requiring policy decisions or raising significant public interest issues are being referred to Council.

Council has a checklist to help ensure staff consider all relevant matters when processing DAs. Council uses the CivicView system to facilitate processing. The use of such control mechanisms is better practice.

It was apparent to us that Council is readily able to locate DAs at any point in the assessment process. In the last two years it has changed the internal referral process, reworked the DA checklist and reviewed its standard conditions. It is commendable that Council is engaging in such reviews of its processes.

Council indicated it reports on processing times to senior management and staff processing DAs. We recommend that processing times and trends be reported to Council on a regular basis, given the importance of the assessment process. **(Recommendation 22)**

Council indicated that it has a pre-lodgement advice service for applicants. This appears to be a service provided on an ad-hoc basis as and when required. It is clear from Council's responses to the self-assessment questionnaire that there are protocols for what information and advice is given. However these protocols do not

appear to be documented. We recommend that Council publicise the availability of its pre-lodgement service and document what advice and information will be provided. **(Recommendation 23)** The improved promotion and use of this service may help reduce the relatively high number of applications that are being lodged with Council with insufficient information.

We asked Council how it dealt with its own applications for development, given the potential conflict of interest involved. It was positive to note that Council was aware of this issue and had recently used Yass Valley Council to assess a rezoning application.

Notification of development

Council has adopted a notification DCP that provides for notification to all adjoining and adjacent property owners in cases where Council considers the owner may be affected by the proposed development. The DCP also provides for newspaper advertisements for more significant types of developments. A review of Council files indicated that the DCP was being applied.

Section 94 contribution plans

Council has only adopted very limited section 94 contribution plan. We understand that this was because Council was apparently reluctant to impose development levies that might discourage development. As a consequence, Council has not been able to accumulate any significant funds from this source to provide infrastructure. This has been a lost opportunity given the number and extent of approved developments in recent years. We recommend that Council review its position in relation to the imposition of levies on development and adopt comprehensive section 94 plans. **(Recommendation 24)** In addressing this recommendation, Council will of course need to be mindful of the impact of proposed planning reforms.

State of environment (SoE) reporting and management of environmental issues

The 2007/2008 Management Plan includes action in the following areas:

- drinking water quality

- ground water levels

- waste management

- recycling

- odour management

- septic tank management

- energy conservation

- heritage management.

There appears to be no explicit actions relating to land, biodiversity or noise.

Young Shire is part of the Australia Capital Region (ACR) construct for SoE reporting. The last comprehensive report for the ACR and Young was published in 2004. This report is quite comprehensive in terms of sectors addressed and approach taken. However, in a number of categories such as air quality and catchments, it notes that there is either no routine monitoring in place or that insufficient data was available on which to adequately assess changes and or impacts. The ACR report has little to say on how this will be redressed. This puts the value of any reporting in some doubt as trends and new impacts will not be evident, thereby making any evaluation of Council responses more ad-hoc than scientifically based. Further, the impact of Council's own activities does not receive much attention in the 2004 report.

Council's stated position on the SoE report is that the *"regional document is so comprehensive that it is beyond the scope of Council staff to amend or report on work as advanced as this report".*

While there is value in a shared regional approach, it is critical that it yield information that is meaningful and usable by Council and capable of being monitored over time, so that the effectiveness of strategies can be assessed and emerging issues identified.

Since the publication of the ACR 2004 report, Young does not appear to have prepared any supplementary SoE reports. In this regard Council has not been complying with its statutory obligations. Council should prepare a supplementary SoE report that incorporates an assessment of the impact of its own activities and which addresses the need for ongoing monitoring. **(Recommendation 25)**

Improved SoE reporting should allow Council to set more significant goals and put in place measures to determine progress towards their achievement.

It should be noted that there is other contrary evidence that indicates an awareness and commitment to appropriate management of environmental issues. For example, Council has an environmental initiatives committee and has been pursuing the rehabilitation of the creek that runs through Young. At the time of the review, Council had recently completed an audit on stormwater pollution threats and was taking appropriate follow up action.

It is also clear that Council has put in significant effort in relation to waste management and recycling. It is a member of the south west regional waste management group. Council's reporting on waste management in the 2005/2006 annual report is comprehensive.

Enforcement

Council's annual report refers to enforcement activities in relation to companion animals, littering and parking, in addition to its role in ensuring compliance with planning controls. Council has an in-house work orders/complaints system and advised us that it has issued 10 orders in each of the past two years.

Given Council's significant role in enforcement, we recommend that Council develop an enforcement policy to guide the action of staff. **(Recommendation 26**) Such a policy can facilitate consistency and transparency. The policy should clearly communicate the circumstances when Council will take enforcement action and what discretion staff have in relation to such matters.

We note that Council has an ongoing arrangement for the exchange of rangers with Temora Shire Council. While there are no doubt some additional costs associated with this practice, it is an excellent practice from a human resource sharing and probity perspective.

We noted that Council regularly publishes a newsletter *"Planning and Environment Tool Box Notes",* which raises issues that could be the subject of enforcement action if not addressed. It is positive to note that Council is pursuing education in conjunction with exercising its enforcement functions.

Companion animals

The primary aim of the *Companion Animals Act 1998* is to provide for the effective and responsible care and management of companion animals. The adoption of a local companion animal management plan can assist a council in achieving a balanced relationship between companion animals, humans and the environment.

While Council has been providing the Department with data on the operation of its pound, we note that no reports of nuisance dogs or dog attacks have been reported. Council provided data on its euthanasia rates for 2001/2002 and 2005/2006 and we noted that the percentage of impounded animals that were euthanased increased from 63.9% to 76.9%.

We noted that during 2005 there was a severe spate of dogs attacking sheep. This prompted Council to decide to conduct a "Dog Surrender Amnesty" program. The program allowed members of the public to surrender unwanted dogs at no cost. During the month long amnesty period, 22 dogs were surrendered and according to Council, many of the dogs were from within the town limits. A report prepared by Council's ranger indicates that the strategy has been successful in curtailing the attacks. While it is commendable that Council was proactive in addressing this issue, we encourage Council to consider adopting a more systematic approach to its responsibilities.

Council does not have a companion animals management plan. **(Recommendation 27)** While we noted Council's comment that it is not required to have such a plan, the development of such a plan would provide Council with an opportunity to review its role and approach in relation to the management of companion animals.

The companion animals management plan should identify strategies that Council will pursue in meeting its obligations under the Companion Animals Act. This includes, but is not limited to, community education, enforcement, environmental and community amenity strategies. Council also has an obligation under section 64 of that Act to seek alternatives to that of euthanasia and if practicable, adopt any such alternatives. Strategies should be linked to, and monitored through, the Council's management plan.

6.3   Asset and financial management

We examined a range of Council's practices in the areas of financial management, asset management and management of its businesses.

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.

Financial management

The current General Manager was recruited in 2000 when the Council was in a dire financial position. There has been a steady improvement in the financial position since then. While we commend Council for this, we caution that significant work remains to be done.

Council has incurred operating surpluses before capital items for at least the past 3 years. The amount of the surplus before capital items improved from $1.6m in 2003/04 to $2.3m in 2004/05 and $2m last year. Results after capital items ranged from a surplus of $3.1m in 2003/04, to $3.5 in 2004/05 to $3.7m in 2005/06. Grants for operating purposes were relatively stable, however, grants for capital purposes fluctuated substantially between 2005 and 2006.

The written down value (WDV) of Council's assets for the 2005/06 period are:

roads, bridges & footpaths	68%
stormwater drainage	89%
water supply network	78%
sewerage network	73%.

The Department considers that a WDV below 50% may be cause for concern. This is because once an asset has been depreciated substantially there may be deterioration that requires major reconstruction. While none of the above asset classes meet that criteria, concerns exist, especially in relation to the sewerage network. We were advised replacement costs for the sewage works are estimated to be approximately seven times book values.

For the year 2005/06, the estimated cost to bring assets to a satisfactory condition was $8,706,000 and the shortfall in estimated maintenance to actual maintenance funded was $1,055,000. As stated above, the amount required to bring assets to a satisfactory standard is unclear without an asset management plan that includes up-to-date valuations and systematic condition assessments.

The drought and the timing of a number of transactions has impacted spending plans and patterns. Adequate explanations were given for a number of significant variations between budget and actual expenditure.

Council has previously sought and received a 3% special variation to rates. An extension to the period of variation was approved this year.

The Council's strategy in relation to section 94 contributions needs to be revised. We were advised that funds currently held total $14,000. It is appreciated that this can be a sensitive issue for country councils, as they have a conflict between the need to attract new "residents" versus the need to supply adequate infrastructure. The cost to develop the infrastructure must nonetheless be recognised. We made a recommendation in relation to this earlier in the report.

Liquidity and Cash Position

A good unrestricted current ratio (UCR) is considered to be greater than 2. 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. Council's UCR for 2005/06 was 4.75. For the periods 2004/05 and 2003/04 it was 4.81 and 4.67 respectively.

Council's unrestricted cash for the periods 2005/06 and 2004/05 were $445,000 and $753,000 respectively. This is considered to be adequate.

The rates & annual charges outstanding percentage (RACO%) in 2005/06 was 5.40%, an increase from 4.84% in 2004/05 and 4.02% in 2003/04. The RACO% assesses the impact of uncollected rates and charges on liquidity and the efficiency of debt recovery. A benchmark for rural councils such as Young is less than 10%. While the trend is not favourable, Council's performance in collecting monies owed to it is commendable. Council is clearly aware of the importance of this issue.

The debt service ratio (DSR) in 2005/06 was 4.30%, an increase from 4.23% in 2004/05 but down on 4.79% in 2003/04. This indicator assesses the degree to which revenues from ordinary activities are committed to the repayment of debt. A DSR of less than 10% is good.

Council's employee leave entitlements (ELE) is cash funded to 53% by internally restricted reserves. This can be considered high as a percentage of 20% is considered adequate. However Council has determined a need for a reserve higher than 20% to cover the expected costs associated with the departure of employees with long periods of service.

Long-term financial planning

Currently financial plans are being prepared on a three year rolling basis. It is considered that this vision does not reflect the need to have longer term plans for the replacement of assets and significant infrastructure. The replacement of the sewerage treatment plant, swimming pool, town hall as an administrative centre and the desire to construct a heated pool are examples of significant expenditure that needs longer range planning. It is considered that extending the planning horizon to ten years would provide assurance to financial management plans. Council should prepare a long-term financial plan**. (Recommendation 28)**

The plan should be based on detailed financial figures for the next 7-10 years and be informed and inform the corporate strategic plan and have regard to the asset management plan. It should include a capital works program and cash flow forecasts. The plan should also be linked to Council's rating strategy, borrowing needs and investment strategies. On a yearly basis, the long-term plan should be updated to reflect current policies and obligations.

Business activities

Council has two business activities, namely Young Shire Water (Category 1) and Young Shire Sewerage (Category 2). Both achieved a surplus result in 2005/06, indicating that pricing policies are geared towards achieving a better than breakeven position. The sewerage surplus of $1,015,000 is geared to accumulating a reserve for the planned replacement of the plant.

Assets management and infrastructure maintenance

Council does not have a long-term asset management plan or strategy and currently lacks the data necessary to properly prepare such a plan. The plan is considered essential if the scarce financial resources available to Council are to be spent on the prioritised replacement and/or programmed maintenance of assets. Information necessary for such a plan is usually contained in an asset register with each asset discretely listed with details of its cost, replacement value, usable life, current condition and maintenance requirements to minimise its whole of life costs and maximise its utility. Work undertaken and associated expenditure is recorded on a daily basis while other data is updated periodically.

Council's assets have not been revalued for a number of years and Council does not have current/accurate information on the value of its assets. We were advised that a consultant is being used to determine the value of assets.

In reviewing the property, plant and equipment list for the 2006 financial statements, a number of issues came to notice. The list is voluminous and contains many low or nil cost items that are fully depreciated. It does not accurately reflect the value of the items needed to conduct business operations and distorts the cost/depreciation/carrying amount formula.

An item that was discussed during our visit was the need to replace the sewerage treatment plant at a cost of approximately $8,000,000. The cost of the various items listed under treatment plant in the notes total $1,808,788. It is patently clear that the values contained in the notes have limited usefulness in determining asset acquisition and replacement plans. While Council has plans to meet the cost, a shortfall exists. Other items that were discussed were the deteriorating condition of the town hall (and its doubtful future as an administration centre), the possible failure of the cold-water swimming pool and the desire to build a heated pool. Council needs to be mindful that the lack of current up-to-date valuations of its assets may mean that Council's financial position may be significantly worse than it appears. It is important that Council undertake condition assessments and obtain accurate information on the value of its assets to enable plans to be effectively developed.

A project plan for updating the asset register, undertaking condition assessments, determining useful lives and updating valuations should be prepared and presented to the elected Council for its information. Implementation of this project is a priority, and should be monitored by the General Manager and reported to Council on at least a quarterly basis. **(Recommendation 29)**

Council should use the updated information on its assets to prepare a total asset management policy, a long-term asset management strategy and an asset management plan. **(Recommendation 30)** These documents should incorporate information on the expected useful life of each asset, optimum replacement dates and a plant replacement program and infrastructure maintenance program.

This will ensure Council's investment in infrastructure is secured and will facilitate proper medium to long-term decisions about Council assets. It will be important for Council to weigh the costs of investing in infrastructure renewal over the medium term against the potential costs of failing to do so over the long term.

Council may find the following publication useful in developing a new asset management strategy: *'Asset Management Policy, Strategy and Plan: Guidelines for Developing an Asset Management Policy, Strategy and Plan, Department for Victorian Communities, August 2004'.*

It is important that councils, particularly those responsible for extensive road networks, adopt a road hierarchy. A comprehensive roads hierarchy can provide the Council with a practical basis for making decisions about the frequency and extent of maintenance.

Sections of roads are not necessarily identified as an individual asset with costs assigned. For example assets were listed as: roads – urban streets – local – value $7.013m; roads – rural – unsealed – value $7.897m. Multiple assets were listed for shoulder, table drains, line marking, guideposts, guardrails and signs. It is understood that Council has a basic road hierarchy. As road assets and maintenance costs represent a very significant percentage of Council's asset value and overall expenditure, it is recommended that Council develop and adopt a more comprehensive roads asset policy and hierarchy to guide the allocation of resources

and to provide a benchmark against which Council can measure its performance in maintaining roads. **(Recommendations 31)**

The development of such a roads hierarchy will also provide a good opportunity to consult with the community about the state of the road network. These consultations will afford Council the opportunity to address community expectations as to the level of maintenance to be undertaken on specific roads.

Information Technology

Civic View is used as the Council's IT platform. Systems include HR, payroll, finance, assets, land and customer service. A streets register has been developed that can record all relevant features including condition, with a link to work orders to record work undertaken. Similarly, it is intended to use the system to electronically capture details of the condition audit on buildings and fittings. Work is also being done on the further development of the Council's intranet and it is considered commendable that the Council's policy register was loaded during our visit.

We commend Council for recognising the need for back up plan and disaster recovery IT procedures. These processes should enable the Council to resume 'normal' IT operations virtually immediately after an incident.

6.4   Community and consultation

A council's charter requires that a council:

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

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

- social and community functions of council
- council's role in economic development

- community consultation/communication.

Social and community planning

Clause 200(2) of the Local Government (General) Regulation 2005 requires all councils to develop a social/community plan.

Council's Social and Community Plan was prepared by the Young Healthy Shire Committee (YHSC), a section 355 committee of Council, and adopted in 2005.

The YHSC's community membership included other government departments and key target group representatives. This is better practice.

The plan provides a comprehensive demographic profile and detailed analysis of the needs of required target groups. Based on this, the plan identifies important strategic issues for each of the target groups. However, the plan did not articulate clear strategies and actions to progress each of the identified strategic directions. Council has now addressed this.

The plan provides an excellent framework to guide Council in its leadership, lobbying, advocacy, coordination and facilitation roles. It also provides a valuable source of information for Council's work as a service provider.

The plan notes that census data is out of date and that the data appears contrary to changing local trends. The plan suggests the need for review when 2006 census data is available.

Council's role in economic development

Council has placed significant importance on undertaking activities to facilitate economic development. Council provided us with a comprehensive package of information on its economic development activities. We discussed this package with Council's Economic Development Officer when we conducted the on-site component of the review.

Council's General Manger fulfils the role of Economic Development Manager in that he oversees the function. Council also employs an Economic Development Officer

for 28 hours per week. This is a significant investment given the relative size of Council's workforce and budget.

Council has an Economic Development Committee that meets bimonthly. It is made up of Councillors and members of the local business community. The Council also convenes a group known as the Young Marketing Group – as the name suggests, its focus is on the delivery of marketing activities such as the television commercials that promote Young. Council also has another Committee, the Young Trade Fair Committee that is comprised of the Economic Development Officer and members of the business community. While we initially had some concern about the need for three separate groups, it is apparent that the groups are complementary and fulfil different roles.

The economic development activities of the Council are multifaceted and permeate across the organisation. For example, Council sees the focus in its works program on the maintenance and beautification of the CBD as a component of its economic development strategy. Another example is that Council's planning staff are clearly aware of the importance of being available to meet with existing and intending business owners. It was apparent to us from discussions with both Councillors and staff that there is a culture at the Council that values and supports economic development.

At the time of the onsite review, Council indicated it was in the process of developing a Shire-wide economic development plan. This is appropriate given the importance Council places on economic development and the resources it allocates to it. This plan, once in place, should facilitate Council being able to formally endorse the approach being adopted and evaluate its effectiveness over time. **(Recommendation 32)**

Marketing

A market research company was engaged by Council to identify the reasons why people from neighbouring centres chose to shop and do business in Young and thus give indicators on how to market the town and increase market share and attract new people/business from these neighbouring centres. The results of this research have been used to inform the subsequent marketing activities, including the high

profile television advertisements. It is significant to note that the local business community has provided sustained financial support for the marketing on a dollar for dollar basis for a number of years. This indicates they consider to it to be a valuable and effective strategy.

Of particular note is one aspect of the manner in which the Young Marketing Group operates. Essentially, it appears to operate in such a way as to allow contributors from the business community to easily vary their level of commitment over time, having regard to their other commitments and the needs of the Group. This appears to provide the Group with the flexibility it needs to be responsive and maintain high levels of support.

In commenting on Council's approach to economic development and marketing, we are conscious we have not covered the full ambit of this aspect of Council's operations. However, the work Council is doing appears to have the support of its local business community and the elected Council; it has been able to attract grant funding for its efforts and it has been able to sustain its efforts over a significant period. These factors suggest there may be merit in other regional centres examining the approach being taken by Young.

Community consultation/communication

Councils have clear statutory obligations to communicate and consult with their communities. The means by which they do so is a key strategic issue for councils.

In reviewing this aspect of Council's operations, we note and acknowledge the commendable work Council has undertaken in consulting with various stakeholder groups in relation to the LEP process, the use of a regular column in the local newspaper to keep the community informed and the involvement with the business community in relation to economic development. Council also advised us it uses newsletters, direct mail outs and community forums to engage with its community.

While we found evidence that Council consults and communicates with its community in a variety of ways, we believe it would benefit from the development of a more systematic approach to its corporate communication and consultation with the community.

Accordingly we recommend that Council develop a communication strategy. **(Recommendation 33)** As a minimum, the strategy should consider and document Council's approach to:

- informing the community on the services Council provides
- consultation during the development of the draft management plan
- communication of the proposed content of the management plan
- eliciting formal and informal feedback on the proposed management plan
- communication of Council's values, priorities, progress and performance
- communication with residents throughout the LGA
- communicating and consulting on key issues and policies
- access to business papers and meeting minutes
- informing the community of complaint and review mechanisms
- ensuring the quality of the information available on Council's website.

A communication strategy that addresses the aforementioned matters will assist the community to understand how Council works and how to best work with Council. Over time, such a strategy will allow Council to evaluate the effectiveness of its approaches.

Website

The increasing importance of the Internet as a primary source of information has been widely reported. Council's website will inevitably become an increasingly important means of communication with the community.

While some valuable information is available on the website, there a number of notable omissions which should be addressed by Council.

We believe Council should be making its meeting agendas, business papers and minutes available on the website. While Council does not have an explicit statutory obligation to do so, it is a statutory function of Council's Public Officer to assist people gain access to the public documents held by Council.

Similarly there are a number of other public documents of Council listed in section 12 of the Act that Council should and could be making available. Examples include

Council's code of meeting practice, its code of conduct, its current adopted management plan and its most recent annual report.

We noted that there is no information about Council's recreation and leisure group on the website.

When Council addresses recommendation 33 (develop, implement and evaluate a communication strategy), it should determine the role of its website, the information that is to be provided on the website and ensure action is taken to improve the amount of information provided.

Library service

Young Shire auspices the South West Regional Library Service, which serves the Shires of Boorowa, Harden and Young. It services a population in excess of 18,000.

A regional library committee comprising two (2) elected representatives and the General Managers from each of the constituent shires administers the library service. Young Shire is the executive council for administrative purposes and the Young Library is the central library for the region. It is an exemplar of what can be achieved though agreement by councils to provide a shared service; the sum of the whole is clearly more that than what could be provided by the councils involved trying to provide the service independently.

With an average annual circulation exceeding 73,447 items, the South West Regional Library Service has in excess of 5,860 registered borrowers. Stock levels comprise 32,168 books, 883 talking books, 647 periodicals, 289 videos, 118 DVDs, 85 CD-ROMs, 23 multi-media kits, 722 CDs and 396 audiocassettes. We noted that the Council continues to provide funding for increasing the size of the collection even though it indicated that it is facing funding pressures due to reductions in external funding for libraries.

Public access to the Internet is available at all branches and a housebound reader service is in place for borrowers with special needs.[3]

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[3] Source: http://www.young.nsw.gov.au/library.htm, 6 December 2007

We reviewed the loan statistics for the Young library for the first three months of the year and compared them to the same period in 2006. There was a 16% increase in the level of borrowings. The Council attributes this to large increases in borrowings of junior fiction and video/DVDs. We noted there was over a 50% increase in bookings to use the Internet.

In relation to the provision of Internet access and video/DVD, it is commendable to note that the Council is responding to community demand for access to these services.

During the on-site review we visited the Young Library and discussed its operation with the regional librarian and the staff of the library. At the time of the visit, the library was very busy. The building that houses the library is old and while it has inherent limitations, we noted the innovative use of the space that was available.

We also noted that the library served as a pick up point for the community transport service, providing an amenable location for clients of that service to wait for the bus, which is particularly important given the cold temperatures in Young during the winter.

The staff of the library highlighted the impact of the influx of itinerant workers to the town, indicating during the fruit picking season the library experiences a significant increase in demand, especially in relation to Internet access.

The library had undertaken a customer survey. It is good practice for councils to undertake such surveys, assuming they give due consideration to the results and seek to further evaluate the service on an ongoing basis.

While we commend the Council for the apparent quality and commitment to its library service, as mentioned previously, there are some inherent limitations of the current building that houses the library. These limitations are well known to Council, as they are detailed in a building assessment report that was provided to it in 2003[4]. We recommend that Council review this report and consider the needs of the library service when reviewing its infrastructure priorities. **(Recommendation 34)** In making this recommendation we acknowledge that Council has limited resources and

[4] Young Library Building assessment, Dr David Jones, Building and Planning Advisory Service, State Library of NSW

ultimately it is a matter for Council and the local community to determine what priority to give to the provision of a new or extended library building.

6.5   Workforce relations

Councils have a number of legislative responsibilities in relation to their role as an employer. Council's statutory charter requires it to be a responsible employer. We reviewed a range of aspects of Council's workforce relations practices.

Overview of the organisation

Council employs the equivalent of 98 full-time staff. This compares to the group[5] average of 144.81. Young employs the fewest employees of the 19 councils in its group. Both Cowra and Parkes are in the same group as Young and they employ 160 and 147 staff respectively. While there are many variables that impact on the number of staff a council employs (such as the type of services they provide), these figures serve to highlight a very conservative approach to the use of Council resources for the employment of staff.

Council's salary budget for 2005/2006 was $4,506,990. Its actual expenditure did not vary significantly from the budget. This is commendable; it suggests Council has been diligent in planning its salary expenditure and in controlling it during the course of the year.

Council's organisational structure has remained unchanged for some time.

According to data provided by Council, 15% of its workforce is aged 55 or older; it employs no one under the age of 20 and only 1 person under the age of 25.

The employment of council employees other than the general manager is currently subject to the provisions of a Notional Agreement Preserving a State Award (NAPSA). The last NAPSA general increase due to employees was payable from 1 November 2006. From now on, only certain groups of Council employees may be entitled to pay increases awarded by the Australian Fair Pay Commission. The payment of these increases will alter internal relativities.

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[5] See the DLG annual publication, *NSW Local Government Councils Comparative Information*, for more information on the grouping of councils for comparative purposes. Data for the group average and other councils was obtained from this source.

Human resources strategies and workforce planning

Council, like all councils, is exposed to external and internal pressures that have the potential to impact on its workforce. Examples of some issues are:

- the shortage of specialised skills in certain areas, such as in the area of environmental planning
- changing staffing requirements driven by changing Council and government priorities and requirements
- an ageing workforce
- career and pay opportunities outside council and the local government area (such as those being driven by the resources boom).

The significance of these and other issues will vary depending on the council.

There is evidence that Council has recognised the importance of workforce relations' strategies. It has a full-time human resources officer, it has active and effective OH&S and consultative committees and it is reviewing and developing its human resources policies and procedures. Council is also making increasing use of a computerised human resources information system and embarking on a very significant project to review and revise job descriptions. It demonstrates an awareness of the implications of the changed industrial relations regime. Council's annual management plan and annual report both contain good information on human resources activities.

While noting Council's obvious recent commitment to human resources (which is commendable) there is scope for Council to potentially gain a better return for its efforts, by ensuring that they are informed by a systematic workforce planning process. **(Recommendation 35)** The process should identify the issues that are particularly significant to Young Shire Council and its capacity to ensure it has sufficient, appropriately qualified and experienced staff to carry out the Council's charter and vision.

While there are various means by which such a workforce planning process can be documented, we suggest the General Manager consider providing Council with a report on the relevant issues and suggested responses, which could then be

considered by Council when developing its strategic plan and its annual management plan. At an operational level, we suggest that the human resources officer be asked to prepare a prioritised work plan detailing proposed human resources activities for the next three years.

Employment of trainees/apprentices

Council only employs 1 person under the age of 25. Council doesn't employ any apprentices or trainees. While acknowledging the limited resources of Council, we suggest Council give consideration as to whether it is has an obligation, as a responsible employer, to employ young people and/or offer paid traineeships/apprentices. Council is a significant employer in Young and as such, it is in a position to set an example to other employers.

We recommend the General Manager provide Council with a report on the costs and benefits of providing some traineeship/apprenticeship opportunities having due regard to funding assistance and incentives that may be available to Council. **(Recommendation 36)**

We note that Council recently hosted some students from a local high school so that they could gain awareness of the careers that local government has to offer. While this is commendable, these students may experience difficulty in gaining a foothold in the industry if councils do not offer trainee positions.

Employee consultation/communication

Council has established a consultative committee in accordance with the Local Government (State) Award 2004. The aim of the consultative committee is to provide a forum for consultation between Council and its employees.

Council reviewed and amended its consultative committee's constitution in November 2006. Periodic review of the operation of the committee and its composition is better practice.

Council's Human Resources Officer and the Chairperson of the Committee both indicated that there had been a shift in the focus of the Committee over the last 18 months. They indicated that it is being asked to provide genuine input on a broad

range of significant issues and that employees are now using the Committee to raise ideas.

The Committee meets on a regular basis. We found evidence that Council is supporting the operation of the Committee.

Council is using the Committee to assist in the development of human resources policies and procedures. This is better practice. The most recent example of this was its extensive involvement in the development of a drugs and alcohol policy.

We also identified evidence that the consultative committee communicates with the broader workforce by way of a brochure attached to payslips. Council and the Committee are mindful of not overusing this channel of communication to ensure that, when it is used, the brochure is seen as something important and worth reading.

We commend Council for recognising the importance of employee consultation.

Council's self-assessment indicated that it undertakes periodic employee attitude surveys, with the most recent survey having been undertaken in June 2005. It appears that the focus of that survey was limited to a single issue (service recognition). We consider it better practice for councils to undertake such surveys. We suggest that Council consider undertaking a more comprehensive survey within the next twelve months. Doing so will provide Council with valuable information that can be used to inform its workforce planning process and will also provide benchmark data that can be used as a foundation for evaluating the effectiveness of its human resources activities.

Council makes use of "tool box meetings", to convey information to employees. Such meetings, where supervisors/team leaders convey information to their employees, can be highly effective.

Council has conducted a few exit surveys with former staff. The most recent interview was conducted in July 2006. Exit surveys and interviews can be a valuable source of information, even though Council does not have large numbers of staff leaving in a given year. It is important for Council to know why an employee has chosen to resign and for Council to give due consideration to whether that

resignation could have been prevented. Resigning and retiring employees may also be more willing to give honest feedback about their experience as an employee; it is important that their perspectives be captured. We suggest Council consider why so few employees have completed the exit survey, with a view to getting all departing employees to participate.

Recruitment and selection processes

Recruitment and selection of staff is a critically important process for all organisations. There are potentially significant risks that arise from poorly conducted recruitment and selection.

Council has recently developed a comprehensive policy/procedure for the recruitment and selection of staff. We reviewed the document. It provides a sound foundation for compliance with the relevant legislative requirements and if complied with, it should facilitate the appointment of staff that meets the needs of Council. Over time, as staff become familiar with the new processes, there may be scope to simplify the document.

Young is a small council and as such, many of its managers and supervisors will be involved in recruitment and selection processes relatively infrequently. Because of this, they will have limited opportunity to practice the skills they need to use in the process. This makes access to clear policies and procedures even more important. Council has also taken an extra step to address this issue by endeavouring to have the Human Resources Officer participate in and/or review most of Council's recruitment processes. While it is better practice for line managers to be involved with and accountable for the appointment of their staff, it is good that Council has recognised the need to support them in this process.

While we commend Council for identifying and responding to the need to improve its recruitment processes, we recommend that Council conduct an annual audit of the process to assess the level of compliance with the new procedures and to help ensure adequate records of the selection process are being made and kept. **(Recommendation 37)**

Induction of new employees

Councils have a duty of care to ensure that new employees are not only made aware of council requirements and practices, but are also given guidance and assistance to ensure that their entry into the work environment is smooth and safe.[6] While this duty of care is not unique to councils, the complexity and unique nature of council operations makes it particularly important that due attention is given to this matter.

Council has clearly recognised this. It has developed a comprehensive set of induction guidelines, which is supported by an induction manual provided to new employees. The manual contains copies of key policies and protocols and other useful information.

While there are significant elements of good practice in Council's approach to staff induction, Council should be mindful that its induction program may need to be modified to address the needs of employees with low literacy levels. Council may also wish to consider the merit of streamlining the contents of the manual by removing the hard copies of the policies and focusing on providing an overview on what policies the employee needs to be aware of and how they can be accessed on the corporate intranet.

Human Resources Policies & Procedures

Council has recognised the need for policies and practices to guide the conduct of its workforce relations' practices. Council has a human resources policy and procedure manual and during the course of the onsite review, this was made available to staff via a link on the corporate intranet.

The maximum return from having good policies and procedures will only be achieved if they are readily accessible to staff. While a link to the policies on the intranet is a good first step, there is scope for further improvement, such as an intranet page that has direct links to specific policies/procedures. Council's Human Resources Officer should review and address the accessibility of the policies and procedures when developing the operational plan referred to previously.

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[6] LGSA, Human Resources Policy Manual

Performance management

The Local Government Act requires councils to employ their general managers on fixed term performance based contracts. Section 339 of the *Local Government Act 1993* requires a council's general manager to report to council on the contractual conditions of senior staff (including the general manager).

Council is required to set performance objectives/standards for the General Manager and to formally assess his performance at least annually. While it is apparent that the Council is satisfied with the current General Manager's performance (it reappointed him for a further 5 years on 1 November 2006), it is important that Council and the General Manager ensure that the performance management requirements of the General Manager's contract are complied with and relevant information is reported to Council annually. **(Recommendation 38)**

All employees need to know and have confirmed the role, accountabilities and performance standards that are expected of them. Role clarity, acceptance of goals and regular feedback are essential to effective performance. A key aim should be to provide a means of recognising and rewarding high performance and to provide an early assessment and response to substandard performance. A review system also provides a basis for identifying development needs for individuals and can be used as an important input to promotion decisions.

It appears that the Council has been reasonably diligent in ensuring that award staff (i.e. staff other than the General Manager) are assessed annually, as provided for in Council's salary system. We suggest Council make use of its CivicView system to keep track of the review process of these employees.

However, we should point out that Council's five Group Managers have not been formally assessed or received structured and documented feedback on their performance. This is a matter that should be addressed as a high priority.

The Local Government (State) Award 2007 recognises that all employees should have on-going feedback about performance. It 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 followed by decisions and outcomes.

Council should not be solely relying on informal/adhoc provision of feedback as a means of reviewing and managing the performance of its Group Managers, who, by virtue of their positions, are key employees. The General Manager should ensure that a performance management system is developed and implemented for these key staff. **(Recommendation 39)**

Equal employment opportunity (EEO)

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

Council adopted an EEO policy/plan in 1994. While we did not observe any evidence of discriminatory employment practices, we found no evidence to suggest that the EEO plan has been reviewed with any rigor since it was adopted. Council should review and revise its EEO policy and prepare a new EEO plan having regard to section 345 of the Act. **(Recommendation 40)**

Occupational health and safety

We observed a significant commitment to occupational health and safety. It is clear that that the OH&S requirements of the RTA single invitation contracts have been a catalyst for the development of a comprehensive occupational health and safety system. The key challenge in this area of Council operations is to ensure that the OH&S system it has adopted is implemented and maintained.

Council adopted an occupational health and safety manual in June 2005. Council has identified a need for the manual to be updated/maintained and has allocated responsibility for this.

During the review, we met with the Chairperson of the Occupational Health and Safety Committee. He demonstrated a good understanding of the role of the Committee and was able to demonstrate the Committee was actively pursuing its role. Minutes of committee meetings demonstrate that the Committee deals with a

range of appropriate matters including reviews of incident reports, workplace inspections and policy matters. The Committee generally meets each month.

Council reported in its self assessment that there had been 29 incidents reported in the last year, which was an increase over the previous year. However, it also reported a decrease in the time lost as a result of workplace injuries. The increase in the number of incidents being reported is not necessarily a negative indicator of a deteriorating OH&S performance; on the contrary, when accompanied by a reduction in the severity of injuries, it can be an indicator that staff are being encouraged to report incidents.

Staff training

Councils need to ensure their employees have the required qualifications/training to be able to serve their communities effectively. Councils are expected to develop a training plan and budget. 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 uses its CivicView system to record training undertaken by staff. During the course of the onsite review we sought and were able to be provided with the training records we requested.

We were also provided with a copy of Council's training plan and budget for 2007/2008. It appropriately distinguishes between compulsory requirements and developmental training (which is important when seeking the allocation of funds for training). It also clearly outlines the training needs that have been identified, prioritises those needs and lists preferred locations and providers. As such, it is in a form that would allow Council to consult with its consultative committee (as it is required to do) and just as importantly, it provides a sound basis for planning the training for the coming year.

7. COUNCIL'S RESPONSE

Young Shire Council

General Enquiries,
Finance & Administration: (02) 6382 1688
Environmental & Planning: (02) 6382 1466
Engineering & Utilities: (02) 6382 5088

FAX: (02) 6382 4443

Email: mail@young.nsw.gov.au
Web: http://www.young.nsw.gov.au

Locked Bag 5

Town Hall
Boorowa Street
YOUNG NSW 2594

Your Ref:

Our Ref:

Contact: AGH:LH

ALL COMMUNICATIONS
TO BE ADDRESSED TO THE
GENERAL MANAGER

MR ADRIAN HANRAHAN

3rd March, 2008

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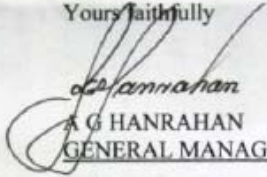Locked Bag 3015
NOWRA NSW 2541

Dear Sir

RE: PROMOTING BETTER PRACTICE

I refer to the draft report emanating from the above Review and advise that Council considers the report to be generally positive while at the same time highlighting a number of areas which we were aware needed attention.

The report refers to Councils improved financial position and low staff numbers and states "we identified a strong focus on doing and delivering but with slightly less focus on documenting process and continuous improvement". While we acknowledge the importance of documentation we regard financial sustainability and "doing and delivering" of higher importance, should improved documentation require a shift of resources from achieving these two objectives than the status quo will be retained.

Council considers the review to be a positive exercise and thanks the Department for the manner in which the review was undertaken. Council looks forward to responding to the reports recommendations in due course.

Yours faithfully

A G HANRAHAN
GENERAL MANAGER

RECEIVED

6 MAR 2008

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8. SUMMARY - WHAT'S WORKING WELL & CHALLENGES

COUNCIL'S PRIORITIES AND FOCUS

What is working well

- awareness of strategic issues facing Council
- has identified the need for current strategic planning process
- focus on ensuring the timely making of the LEP
- much improved financial position and stable, experienced senior staff.

Challenges to improve

- need to bring current work on strategic plan to fruition
- need to prioritise the addressing of the strategic issues that have been identified
- need to development a financial plan that addresses the future funding requirements of Council
- need to review approach to developer contributions.

GOVERNANCE

What is working well

- explicit set of values
- risk management plan/risk aware culture
- overall conduct of council meetings
- information provided in management plan.

Challenges to improve

- internal audit/fraud controls
- review of policies
- committee of the whole/closed meetings
- SoE Reporting
- frequency and timeliness of General Manager and senior staff performance reviews
- development of a records management program.

REGULATORY

What is working well

- awareness of contemporary planning issues and the strategic land use issues it needs to address
- progress towards the making of a new Local Environment Plan (LEP) for the area
- processing of DAs
- community based heritage study
- staffing of the planning function.

Challenges to improve

- approach to developer contributions
- lack of an enforcement policy
- development of a companion animals management plan.

ASSET AND FINANCIAL MANAGEMENT

What is working well

- improvement in financial position
- pricing policies for business activities.

Challenges to improve

- lack of a long term financial plan
- ensure a consistent approach to asset management across the organisation.

COMMUNITY, COMMUNICATION AND CONSULTATION

What is working well

- social and community plan
- economic development/marketing strategy
- regional library service.

Challenges to improve

- provision on information of the website
- accommodation for the Young library.

WORKPLACE RELATIONS

What is working well

- recognition of importance of workforce relation practices
- review and adoption of revised recruitment practices
- consultative process.

Challenges to improve

- workforce planning
- EEO planning
- employment of trainees and apprentices.