



RYLSTONE SHIRE COUNCIL

PUBLIC INQUIRY

MARCH 2004



Rylstone Shire Council Public Inquiry

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12th March 2004

The Hon Tony Kelly MLC
Level 34, Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Minister

RYLSTONE SHIRE COUNCIL PUBLIC INQUIRY

I refer to the Instrument of Appointment dated 16th January 2004 appointing me to conduct a Public Inquiry in terms of section 740 of the Local Government Act 1993 into Rylstone Shire Council.

I have now completed the Inquiry and the report is attached for your consideration.

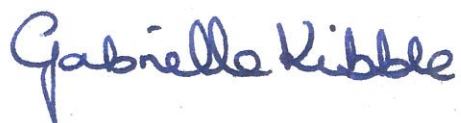
The report contains findings and recommendations. I believe that the situation at Rylstone Shire Council is unsatisfactory and this has been clearly demonstrated to be so. This situation has existed for some time and has been the subject of a report from the Department of Local Government.

The Inquiry has received a quantity of written material and oral evidence over four hearing days. Having reviewed all of the available evidence, I am of the opinion that the issues as identified in the attached report cannot be resolved with the existing Council in place. I see little chance of these issues being properly addressed without a period of administration and rebuilding.

During such a period, I feel that the Administrator should pay particular regard to the financial matters and other issues of concern as identified with the attached report.

I would like to acknowledge the assistance provided by Rylstone Shire Council to the Inquiry. I would also like to acknowledge the assistance provided by Kirsty Hall, Sonja Hammond and Keith Coates of the Department of Local Government who assisted in all stages of the Inquiry.

Yours sincerely

A handwritten signature in blue ink that reads "Gabrielle Kibble". The signature is written in a cursive, flowing style.

Gabrielle Kibble AO
Commissioner

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TERMS OF REFERENCE

On 16 January 2004 the Minister for Local Government approved the appointment of a Commissioner and the terms of reference for a Public Inquiry under section 740 of the Local Government Act 1993 into Rylstone Shire Council. The Instrument of Appointment reads:

In accordance with the provisions of section 740 of the *Local Government Act 1993*, I Hon Tony Kelly, MLC have the honour to recommend for the approval of Her Excellency the Governor and the Executive Council the appointment of Mrs Gabrielle Kibble AO as Commissioner to hold a Public Inquiry with the attached terms of reference:-

“To inquire, report and provide recommendations to the Minister for Local Government on the efficiency and effectiveness of the governance of Rylstone Shire Council.

The Inquiry will have particular regard to:

1. Whether the elected representatives command the community’s confidence and support as to their capability, and whether the elected representatives have been and will continue to be in a position to direct and control the affairs of council in accordance with the Local Government Act 1993, so that council may fulfil the Charter, provisions and intent of the Local Government Act 1993 otherwise fulfil its statutory functions.
2. Whether the council has exercised prudent financial management.
3. Council’s process of appointment and management of staff and particularly the 2003 organisation restructure.
4. Any other matter that warrants mention, particularly where it may impact on the effective administration of the area and/or the working relationships between the Council, Councillors and its administration.

The Commissioner may make other recommendations as they see fit, including whether all civic offices in relation to the Council should be declared vacant so as to ensure that an appropriate structure can be put in place to provide optimum community leadership.”

PROCEDURAL MATTERS

NOTICES TO PUBLIC, COUNCILLORS AND STAFF

Public Notice of the Inquiry was published in the Bathurst Advocate, Lithgow Mercury, Orange Central Western Daily, Singleton Argus, Mudgee Guardian, Hunter Valley News and the Muswellbrook Chronicle. Advertisements advising the location and scheduled times for the hearings were also published in these regional newspapers.

Letters were issued to all Councillors and senior Council staff advising of the timetable for Public Submissions and the intention to hold hearings. They also provided information on the procedures and other details of the Inquiry. Mr South Young who was Council's Acting General Manager between 19 February 2003 and 26 June 2003 was approached by the Commissioner and was requested to attend and address the Inquiry. Mr Young declined to attend and give evidence. Further, Councillor Aleco Vrisakis declined to attend the hearings as he was overseas during the month of February 2004.

In carrying out the Inquiry I received written submissions from some Councillors, some Council staff and members of the community. In addition I have received and reviewed copies of Council documents that I requested including Annual Financial Statements, Minutes of Council meetings and related business reports.

Public Hearings were held in Rylstone on 16, 17, 23 and 24 February 2004 at which Councillors, Council staff and representatives of the Rylstone community gave evidence.

ASSISTANCE TO THE COMMISSIONER

Mrs Sonja Hammond, Mr Keith Coates and Miss Kirsty Hall were authorised by me to assist in the conduct of the Inquiry under the provisions of Section 12 of the Royal Commissions Act 1923 and were involved in all phases of the Inquiry process.

PROCEDURE AT HEARINGS

Sections 740 (2)-(4) of the Local Government Act 1993 set out the powers of the Commissioner in the following terms:

“(2) For the purposes of any inquiry under this section, any person appointed to hold the inquiry has the powers, authorities, protections and immunities conferred on a commissioner, and:

- (a) if the person is the only person appointed to hold the inquiry – on a sole commissioner, or
- (b) if the person is one of two more persons appointed to hold the inquiry and has been appointed as chairman of the inquiry – or a chairman of a commission,

by Division 1 of Part 2 of the Royal Commissions Act 1923.

(3) The provisions of section 152 (Contempt of court) of the Justices Act 1902 apply to any witness or person summoned by or appearing before the person so appointed in the same way as they apply to witnesses and persons in proceedings under that Act.

(4) The provisions of the Royal Commissions Act 1923 (section 13 and Division 2 of Part 2 excepted) apply, with any necessary adaptations, to and in respect of any inquiry under this section and to and in respect of any witness or person summoned by or appearing before the person or persons holding the inquiry.”

The procedures adopted in an Inquiry of this nature are not fixed and the Commissioner is given a wide discretion. At the outset I indicated my preference for the Inquiry to proceed on an informal basis as far as possible.

All evidence was given on oath or affirmation.

THE PERIOD CONSIDERED

The Inquiry gave emphasis to the term of the current elected body, that is, since the last Local Government election of 1999 and in particular the period since the by-election of 1 February 2003.

It is clear that the Terms of Reference require findings to be made in relation to the current elected body. However, in some circumstances the Inquiry did not feel constrained to limit its inquiries solely to events occurring within this period.

Accordingly, the Inquiry, whilst not emphasising the period prior to 1 February 2003, has given consideration, where appropriate, to matters arising in this period.

RIGHT OF REPLY

The Terms of Reference call upon the Commissioner to inquire and provide recommendations to the Minister on the efficiency and effectiveness of the governance of the Council.

Given the breadth of matters that the Inquiry could explore, adverse comments or recommendations concerning Councillors and Council staff might arise. While the Inquiry would only be making findings or recommendations to the Minister, they might be acted upon. As such, the Inquiry sought to conduct its proceedings in a manner which afforded natural justice to those who may be adversely affected, including Councillors and Council staff, both current and former.

Time was set-aside on the last day of the public hearings for people to reply to matters which had been raised during the hearings.

POST HEARING PROCEDURES

The Inquiry has adopted the view that where issues required further clarification following the conclusion of the Public hearings it should seek appropriate evidence.

SUMMARY OF FINDINGS

WHETHER THE COUNCIL HAS EXERCISED PRUDENT FINANCIAL MANAGEMENT

- In my opinion Council and its management have not been prudent financial managers and custodians of the public assets held by Council.
- Council was made aware that the financial position had deteriorated in August 2002. However, there was a reluctance by Council to face major decisions in order to address the problems of Council's financial position.
- The decisions that Council eventually made led to a further deterioration of the financial position of Council and in particular the cash position.
- The Council has no cash reserves, and depends largely on Government Grants and Contributions to finance its operations. Service levels can not be sustained without filling current vacant positions and adding extra pressure to the financial position of Council.

COUNCIL'S PROCESS OF APPOINTMENT AND MANAGEMENT OF STAFF AND PARTICULARLY THE 2003 ORGANISATION RESTRUCTURE

- Council did not demonstrate due diligence nor did it have regard to its charter obligation as custodian and trustee of public assets when it considered a major organisation restructure at its meeting of 19 March 2003.
- Council did not exercise due diligence in regard to the processes of appointment during the March 2003 restructure. Council in its governance role failed to detect the anomalies and breaches of the Local Government (State) Award that occurred during this process.

COMMUNITY CONFIDENCE IN COUNCIL

- It is my view that a substantial number of people within the Rylstone community may not have confidence in the elected representatives directing and controlling the affairs of Council in accordance with the Local Government Act 1993.

WHETHER THE ELECTED REPRESENTATIVES HAVE DIRECTED AND CONTROLLED THE AFFAIRS OF COUNCIL IN ACCORDANCE WITH THE LOCAL GOVERNMENT ACT, SO THAT COUNCIL HAS FULFILLED ITS CHARTER AND STATUTORY FUNCTIONS

- Council has not met its charter obligation as a responsible employer.
- Council has not met its charter obligations to have regard to the long-term and cumulative effects of its decisions.
- Council's amendment of its Recruitment and Selection Policy on March 2003 (in relation to internal advertising) is not consistent with section 349 of the Local Government Act 1993.
- Council's resolution (on the 19 March 2003) to determine that two director positions within its structure were "senior staff" is not consistent with the statutory definition provided in section 332 (2) (b) of the Local Government Act 1993.

RECOMMENDATIONS

RECOMMENDATION 1

On the basis on the evidence available to the Inquiry it is recommended that the Minister recommend to the Governor that all civic offices of Rylstone Shire Council be declared vacant.

RECOMMENDATION 2

It is recommended that an independent Administrator be appointed for a twelve month period from the date that all civic offices of Rylstone Shire Council are declared vacant.

RECOMMENDATION 3

It is recommended that the Minister consult with the Electoral Commissioner and determine a date for a fresh election in the first quarter of 2005 in order that a new council is elected and in place prior to the end of the twelve month period as stipulated in Recommendation 2.

RECOMMENDATION 4

It is recommended that the Administrator have regard to the issues raised in this report, particularly working to establish a sound financial position for the Council.

ANALYSIS

Rylstone Shire Council is located about 200km North West of Sydney and is reported to be home for about 3,900 residents. The area covers 3826 square kilometres and provides support to pastoral pursuits, local businesses and some industry. The shire has two small towns or villages. These are Rylstone and Kandos. The Council offices are located in Rylstone.

Rylstone Shire Council has six Councillors, with two appointed by the residents of each of three wards.

The last full Council election was held in September 1999. At the election Mr Huggett, Mr Clapham, Mr McQuiggan, Mrs Broinowski, Mr Roach and Mr Hall were elected. After the resignation of Mayor Huggett and Cllr Broinowski in late 2002 a by-election was held on 1 February 2003. Mr Jamieson and Mr Vrisakis were elected to Council.

EVIDENCE

It should be noted that in relation to a number of issues examined during the hearings, the more definitive evidence was not adduced from Council's elected body. This is because many of these issues required clarification from Council's corporate leader, the Acting General Manager, who was better equipped to address these particular matters.

COUNCIL'S PROCESS OF APPOINTMENT AND MANAGEMENT OF STAFF AND PARTICULARLY THE 2003 ORGANISATION RESTRUCTURE

Section 332 (1) of the Local Government Act 1993 states that a Council must determine an organisation structure and the resources to be allocated towards the employment of staff.

At the Council meeting of 19 March 2003, Council approved an organisation restructure which was proposed by the then Acting General Manager, Mr South Young.

Prior to this meeting Council's Consultative Committee (at its meeting of 13 March 2003) **(E1)** resolved to adopt the proposed restructure. This proposal was also presented by Mr South Young. The Committee recommended that Council resolve to adopt the proposed restructure. The Committee did not provide a report to Council in relation to its recommendation.

The present Acting General Manager, Mr Kerry Morrissey, had been a member of the Consultative Committee at that time. Mr Morrissey during the hearing, stated that an oral presentation had been received by Mr Young and that no supporting business paper or report was ever presented to the Committee.

The evidence provided to the Inquiry during the hearings suggests that the proposal for the restructure was presented orally at the Council meeting of 19 March 2003 with the basic outline of the restructure being set out on butcher's paper. This oral presentation was by Mr South Young. The evidence suggests that there was no business paper detailing the restructure provided to Councillors prior to the meeting or during the meeting. Further, there is no evidence suggesting that a business paper was ever tabled at the Council meeting of 19 March 2003. It is also clear that there was no evaluation made in relation to this structural option or the financial consequences of the restructure.

A business paper dated 19 March 2003 **(E2)** was provided to the Inquiry by Council's current Acting General Manager. This particular report was not, however, presented to Councillors for consideration at the meeting of 19 March 2003.

There are differing views as to the actual status of this document. Council's Mayor has suggested that this paper may have been shown to himself and Councillor Vrisakis at a briefing session given by Mr South Young approximately five minutes prior to the commencement of the 19 March 2003 meeting.

The Mayor during the course of the hearings stated that this report was never circulated to Councillors at the meeting in question as the Acting General Manager expressed concerns that the information contained within the report may have produced repercussions in relation to a line manager employed by Council at that time and another ex-employee.

Evidence given by the current Acting General Manager, who was in attendance at the meeting of 19 March 2003 in his capacity as Manager Corporate Services, indicates that he first saw the report in question when it was located with some paperwork in Mr Young's desk after he had resigned from his employment with Council.

Councillor Clapham stated during the hearings that he first became aware of this report in April 2003 when he was advised that an industrial officer of the Local Government Engineers Association had a copy of the report in question. Councillor Clapham further stated that he received a facsimile copy of the report from the union officer in May 2003.

Despite the fact that the evidence given indicates that the report in question may have been initially viewed at different times by different people, the evidence presented to this Inquiry indicates that this report was not provided to Councillors for consideration at the meeting of 19 March 2003 when the decision was made.

It is also noted that a search of Council's computers has failed to find any evidence as to when the report was prepared. In fact, there is no evidence to indicate that the report was prepared on any computer owned by Rylstone Shire Council.

In any event, what is clear is that the presentation given by Mr South Young in relation to the restructure at the meeting of 19 March 2003 was primarily oral with only a basic outline of the proposed structure sketched on butchers or lecture paper.

The Mayor, Councillors and the present Acting General Manager, Mr Morrissey, were questioned in regards to the actual content of the information given by Mr Young concerning the proposed restructure and what Council hoped to achieve from the

March 2003 restructure. The evidence indicates that Council hoped to achieve significant savings from the implementation of the new structure. These savings were presented as being achieved by utilising employees to undertake tasks that were at that time being undertaken by consultants.

There is no evidence before the inquiry that indicates that any specific details were ever provided to Councillors in relation to what tasks would be taken over by specific staff members, nor was information provided as to the number of consultants that could be reduced to achieve the proposed savings.

In fact the current Acting General Manager stated that from his recollection there was not a lot of time spent on the presentation. The Mayor indicated during the hearings that the proposed savings were only given as “bulk savings” as opposed to any specific details.

There is general consensus that Mr South Young stated that the saving to be expected from the restructure would be in the vicinity of \$600,000 gross. However, it is doubtful that this was ever a real estimate as \$150,000 was to be used to compensate the higher skilled base positions contained within the restructure. It is evident that no proper consideration has been made by Council in relation to the actual wages bill associated with the restructure or whether the estimated savings were in fact achievable.

It is noted that prior to Mr South Young’s appointment as Acting General Manager and his proposal to restructure in March 2003, the previous General Manager, Mr John Summers, had proposed an organisation restructure at the extraordinary Council meeting of 11 December 2002 (**E3**). This proposal was considered by Council at that meeting and rejected.

This proposal had a detailed business report outlining the nature and details of the restructure which was circulated to Councillors prior to the relevant meeting. It is noted that this business report was also tabled at the meeting. A number of Councillors also indicated that at around the time of the 19 March meeting it had

been normal practice to receive a business paper outlining the details of matters that required consideration by Council.

Evidence presented during the hearings indicates that only one Councillor actually questioned the time given to consider the restructure and the lack of information provided to Council on which to base a decision. In any event, no additional information was forthcoming and Council resolved to implement the proposed organisation restructure.

I am quite perplexed as to why Council accepted a proposal for a major restructure from an Acting General Manager (who had only been in that particular role for approximately four weeks) without receiving any type of business paper or report that gave specific details as to what the proposal actually entailed.

It is also noted that the Mayor during day one of the hearings stated that the oral presentation included details of the restructure containing 22 Unit Manager positions. At that time Council's total equivalent full-time staff was approximately 73. This being the case, Council was approving a restructure that provided approximately one Unit Manager in every four staff members.

I am further perplexed as to why alarm bells did not ring amongst the elected body over this particular issue. It seems difficult to comprehend that a restructure designed to save money by utilising Council staff as opposed to consultants, was in fact creating management positions within the organisation that would logically attract higher remuneration. As such, this issue should have raised concerns as to whether any expected savings would be cancelled out by the potential of an increased wage bill. This fact alone should have led to the elected body requesting specific details as to how the savings would be achieved, the actual costs of the new structure and how the work being carried out by consultants would be absorbed by the proposed workforce.

The Cost of the March 2003 Restructure

Following Council's approval of the new organisation structure the then Acting General Manager, Mr South Young, advertised all the new positions internally at Council and the incumbent staff applied for, and were appointed to the new positions in early April 2003 (it should be noted that some external appointments were subsequently made to a number of positions including the Director of Finance. These appointments were made after the process of appointing staff in accordance with the March 2003 restructure had concluded).

As previously stated 22 Unit Managers were initially created within the new structure. One of the Unit Manager positions was then upgraded to the Director of Finance. Thus leaving 21 Unit Managers within the structure. A number of other higher grade positions were also created. In fact from the evidence provided (**E4**) 58 incumbent staff were appointed positions within the new structure. Of this number, 30 staff received pay rises of which 22 were significant increases of more than \$250 per fortnight.

The present Acting General Manager stated that in the majority of cases the actual duties of the new positions did not change despite the fact that there were wage increases and a movement in some cases of approximately 10 to 14 grades within the Council salary structure. In one particular case a trainee Cashier was promoted to the role of Public Relations and First Impressions Unit Manager. Despite the fact that her duties within Council did not change dramatically, her wage increased from \$986.60 per fortnight to \$2,011.00 per fortnight.

The present Acting General Manager has estimated that the March 2003 restructure would cost Council approximately \$400,000 per annum in wage costs above that of the structure that existed prior to 19 March 2003 if all positions are filled. This equates to approximately \$7,500 per week in additional costs to Rylstone Shire Council. It should be noted that Council is currently operating with 50 permanent staff and casuals that equate to two full-time equivalent positions.

At present a number of positions within the March 2003 structure remain vacant. These include:

- General Manager (Currently filled in acting capacity by the DCS Mr Kerry Morrissey)
- Director of Operations
- Director of Technical Services (currently filled in acting capacity by the Assets & Contracts Unit Manager Mr Thambiah Sivarasa)
- 2 Executive assistants
- 1 Unit Manager
- Approximately 9 officers

As such, these vacancies have meant that Council has avoided paying the full \$400,000 during the past twelve months. However, the current Acting General Manager has indicated in a briefing note to the Inquiry that these positions will have to be filled within the next financial year. **(E5)**

It must also be noted that three employees became redundant as a result of the March 2003 restructure. The current Acting General Manager stated that these staff members held positions that no longer existed under the March 2003 restructure. Council paid approximately \$90,000 in settlement payments to these staff members.

Mr South Young's services at Council resigned on 26 June 2003 and Mr Kerry Morrissey was subsequently appointed as Acting General Manager on 27 June 2003.

Mr Morrissey stated that he soon became aware that the new structure was not financially sustainable in the long-term. To this end he has produced a briefing note **(E5)** which indicates that in his view the present structure could only be sustained if current vacancies in senior staff positions are not replaced (which Mr Morrissey has stated is not viable) and by lowering expenditure which would result in a drop in service standards.

In July 2003 a meeting was arranged between the Acting General Manager, several Councillors, the Shires Association, Union representatives and members of Council's Consultative Committee. This meeting discussed the problems associated with the present structure.

At Council's extra ordinary meeting of 3 December 2003 Council resolved to prepare a completely new restructure. **(E6)** At this meeting Council considered other options such as maintaining the status quo and the implementation of a "compromise organisational structure". The option to prepare a complete new structure was endorsed by Council based on the recommendation by management that this was the preferred option for the long-term viability of Council. This proposed restructure is expected is to produce salary levels similar to those that existed prior to the March 2003 restructure.

Council's current Acting General Manager has estimated that based on employee entitlements contained within the Local Government (State) Award and advice provided from the Shire's Association **(E7)** that Council may have to pay an estimated \$1.2m in redundancy and leave entitlements if all affected staff do not accept lower paid positions within the proposed new organisation structure. Mayor Hall indicated on the first day of the hearings that the amount of \$1.2m had been put forward as the "*maximum amount*" to be paid to affected staff.

The current Acting General Manager has indicated that this figure is based on the number of staff members who received higher remuneration levels as a result of the March 2003 restructure and are still employed by Council. **(E8)**

As stated above, the figure of \$1.2m in redundancy and leave entitlements is a worst case scenario. In this regard Councillor Roach on the second day of the hearings stated "*that no one can say with any precision that it is a very likely scenario but it's a possibility*". Councillor Jamieson stated that "*it could but I don't believe it can happen*". However, when questioned if this was the worst case scenario his response was "yes".

As there is no indication from the affected staff as to whether they will in fact request redundancy payments, this issue and the related payout to staff must be considered as a possible scenario to be faced by Council.

If this scenario is realised Council would not only have to find the funds to cover the relevant payout but would also have to expend money on a recruitment campaign to attract replacement staff. Council being situated in a rural area may also face the prospect of finding difficulty in recruiting suitably experienced staff to fill any vacant positions.

Further, it must also be noted that under clause 31 (IX) of the Local Government (State) Award the effected Council staff who do not request redundancy packages but accept redeployment into a lower paid position, are entitled to their existing salary and conditions (as provided in the March 2003 restructure) for a period equivalent to the amount of notice and redundancy pay that the employee would be entitled to under the Award.

Thus, no matter if the affected staff choose a redundancy package or accept a lower paid position Council will still be required to make a significant payment to these staff members as required under the Award.

If the worst case scenario is realised and Council is forced to expend a further \$1.2m dollars to revert back to a sustainable structure then the real cost of the restructure of March 2003 would be \$400,000 in additional wages (if all vacant positions are filled), \$90,000 in redundancy payments (applicable to the March 2003 restructure) making the total expenditure approximately \$1.7m.

Having regard to all of the circumstances concerning the restructure of March 2003, it is my view that at the meeting of 19 March 2003, Council did not demonstrate due diligence nor did it have regard to its charter obligation as custodian and trustee of public assets to effectively account for and manage the assets for which it is responsible. I reach these conclusions based on the fact that Council accepted a proposal in relation to a major organisation restructure that continues to cost Council dearly, without receiving adequate details and information so as Council could make

an informed decision. Further, for the same reasons canvassed above, the individual Councillors, as members of the governing body of Council, have not fulfilled their obligations under section 232 of the Local Government Act 1993 to participate in the optimum allocation of the Council's resources.

Use of Consultants and Overtime

It has been suggested by the current Director of Finance that the organisation restructure of March 2003 has directly produced savings by reducing the cost of external consultants. He has also suggested that this restructure has also resulted in significant savings in relation to overtime payments and as such the effects of the March 2003 restructure have been "somewhat overstated".

These issues have been clarified with the current Acting General Manager who has provided a briefing note **(E5)** in relation to the reduction of consultants and addressed the issue of over-time savings during his second appearance at the hearings. In relation to the issue of consultants, the current Acting General Manager has indicated that the termination of certain consultants took place on or after 1 July 2003, not as a result of the March 2003 restructure but as a direct result of a management decision made by the current Acting General Manager. In relation to savings in over-time costs, the current Acting General Manager stated that the restructure of March 2003 did not directly reduce overtime payments. In his view the reduction of overtime was again a result of a management decision to "cut back" on over-time where it wasn't necessary.

The Acting General Manager (within the briefing note) reinforces the statements he made during the hearings; that the current structure is not financially sustainable without first reducing expenditure, which would reduce services and by secondly, not replacing vacant senior staff positions which he believes "can not be continued into another financial year". He also restates that the present structure is in fact costing approximately \$400,000 in wage costs above the structure that existed prior to March 2003 and that "it is imperative for Council's long-term financial viability to have in place a structure that is commensurate with industry standards of pay". It is obvious

from the information provided to the Inquiry that this definition does not apply to the present organisation structure.

The Processes of Appointment During The March 2003 Restructure

As stated above, all of the new positions created by the March 2003 organisation restructure were advertised internally at Council and the incumbent staff applied for, and were appointed to the new positions in early April 2003.

The internal advertisement (**E9**) only specified three criteria to be addressed in the application process for each of the new positions. Two common selection criteria for most of the positions included “having good communications skills” and “being a team player”. Some positions also included a requirement of having worked for Council for a specified minimum time frame.

Council’s own Recruitment and Selection Policy required the following essential selection criteria:

- Formal education
- Professional vocational qualifications
- Demonstrated relevant experience
- Specialist knowledge and skills
- Judgement and problem solving skills
- Management, supervisory and leadership skills
- Interpersonal and communication skills
- Special requirements for the position.

Clearly the advertising process was grossly inadequate and breaches Council’s Recruitment and Selection Policy. It is also clear from the material available to the Inquiry that the new positions had not been properly evaluated against the appropriate skills, accountabilities and functions as required by Clause 7 of the Local Government (State) Award.

The current Acting General Manager provided the inquiry with the job descriptions for a number of the Unit Manager Positions. **(E10)** It is noted that the criteria listed in the job descriptions include in some cases as many as 73 requirements. The Acting General Manager has confirmed that to his knowledge the only criteria used in the selection process were the three criteria stated within the internal advertisement.

Role of Consultative Committee

It is also apparent from the information available to the Inquiry, that the Consultative Committee may have been unlawfully constituted. The Committee had an over representation of Municipal Employees Union (now United Services Union members). This would constitute a breach of clause 25B of the Local Government (State) Award.

The information provided to the Inquiry also indicates that Mr South Young, (who at the time was Acting General Manager,) was a member of the Consultative Committee in the capacity as a member of the Local Government Engineers Association. In this regard he appears to have had a conflict of interest in purporting to be the Association's representative. His representation is disputed by the Association in evidence provided to the section 430 investigation into this matter. With this in mind it is arguable that he in fact disenfranchised the Association from participation in the Committee and its decisions.

The responsibility for the appointment of staff lies with Council's General Manager pursuant to section 335 of the Local Government Act 1993. It is therefore arguable that the processes of recruitment and appointment of staff are not in any way the responsibility of Council's elected body. However, the fact remains that Councillors are charged with controlling and directing the affairs of Council. Further, the elected body cannot abrogate its responsibility to be a responsible employer as required under Council's charter obligations. For these reasons I find that Council has not exercised sufficient diligence to detect these anomalies and preventing these breaches of an industrial award from taking place. In any event, Council had an obligation to appoint an Acting General Manager who was competent, and capable of delivering a lawful and effective organisation restructure.

It is my further view that Council did not seek adequate information in relation to what the restructure actually entailed and how it would be implemented.

COMMUNITY CONFIDENCE IN THE COUNCIL

The terms of reference require the Inquiry to have particular regard to whether the conduct of the elected Representatives command the community's confidence and support as to their capability. A determination has to be made on how community confidence can be evaluated. In this regard the strongest information available to the Inquiry comes from the written and oral submissions. The Inquiry received a total of 35 written submissions. Of the 35 submissions received 16 suggested a lack of confidence in the elected representatives, 13 supported the present Council, 4 did not give an opinion as to whether they supported the elected representatives, 2 submissions did not address any of the Terms of Reference and were regarded as irrelevant in relation to the issues concerning the Inquiry. Seven members of the community appeared at the hearings.

Given the fact that the number of submissions that stated confidence in the elected body and the number of submissions that indicated a lack of confidence are so evenly balanced it is very difficult to determine if the community actually has confidence in the present elected body.

This is further exacerbated by the fact that only a small number of written submissions were received by the Inquiry. This being the case, many people within the Rylstone community have not expressed a viewpoint in relation to Council in any shape or form. The reasons for this may be interpreted as mere apathy or factors such as;

- It may be difficult for members of a small rural community to come forward as people are easily identified and may fear reprisals for their stance by both Council or other members of the community

-
- As expressed by a number of community members, business owners within the community may be reluctant to come forward and openly criticise Council as there may direct repercussions from Council which could ultimately have an adverse effect on their business interests.

The current climate of amalgamations and reform within Local Government may have also impacted on the community's willingness to criticise Council. This is demonstrated by the fact that while certain members of the a Rylstone Community may not support the current elected body, they may support Rylstone elected body as a buttress against amalgamation. The recent public meeting to address local government reform appears to support this theory. This is evidenced by the fact that the vast majority of people in attendance at this meeting supported a motion which stated support for Council's stance on rejecting amalgamation.

Given the low number of submissions and appearances it is my view that any evaluation of confidence and support must also rely on qualitative information. The seriousness of the issues contained within a submission is also a barometer for assessing community confidence. In the present case, a number of the submissions canvassed the same issues of concern, these included Council's financial management and Council's management of the restructure of March 2003. The fact that these particular issues were raised in a number of submissions would appear to indicate that the community of Rylstone views these matters as particularly serious.

Having considered all of the factors which may have produced such a low number of submissions being received from the community and the concerns raised in relation to specific issues by a number of submissions, it is my view that there may be a substantial number of people within the Rylstone community that do not have confidence in the elected representatives of Council to direct and control the affairs of Council in accordance with the Local Government Act.

WHETHER THE ELECTED REPRESENTATIVES HAVE DIRECTED AND CONTROLLED THE AFFAIRS OF COUNCIL IN ACCORDANCE WITH THE LOCAL GOVERNMENT ACT, SO THAT COUNCIL HAS FULFILLED ITS CHARTER AND ITS STATUTORY FUNCTIONS

The council's charter is set out in section 8 of Chapter 3 of the Local Government Act 1993.

“8 The council's charter

(1) A council has the following charter:

- to provide directly or on behalf of other levels of government, after due consultation, adequate, equitable and appropriate services and facilities for the community and to ensure that those services and facilities are managed efficiently and effectively
- to exercise community leadership
- to exercise its functions with due regard for the cultural and linguistic diversity of its community
- to properly manage, develop, protect, restore, enhance and conserve the environment of the area for which it is responsible
- to have regard to the long term and cumulative effects of its decisions
- to bear in mind that it is the custodian and trustee of public assets and to effectively account for and manage the assets for which it is responsible

-
- to facilitate the involvement of Councillors, members of the public, users of facilities and services and council staff in the development, improvement and co-ordination of local government
 - to raise funds for local purposes by the fair imposition of rates, charges and fees, by income earned from investments and, when appropriate, by borrowings and grants
 - to keep local community and the State Government (and through it, the wider community) informed about its activities
 - to ensure that, in the exercise of its regulatory functions, it acts consistently and without bias, particularly where an activity of the council is effected
 - to be a responsible employer.”

Further, pursuant to section 223 of the Local Government Act 1993, the role of the governing body is to direct and control the affairs of the council in accordance with the Act.

As discussed in detail above, Council approved an organisation restructure at its meeting of 19 March 2003.

Council's present Acting General Manager has since determined that the present structure is not financially sustainable and Council has since resolved to prepare a new structure. This new structure is expected to reflect wages similar to those that existed prior to the March 2003 restructure.

This being the case, many of the employees who received a substantial pay rise approximately twelve months ago, and who may now be reliant on receiving a higher income, now face the prospect of having that salary dramatically reduced through no

fault of their own. With this in mind, I believe that Council has not met its charter obligation as a responsible employer.

Council also appears to have breached a further obligation under its charter; to have regard to the long term and cumulative effects of its decisions. This is evidenced by the fact that on 19 March 2003 Council resolved to implement the present organisation structure based solely as an oral presentation without a detailed business report. For the reasons canvassed above, this decision will impact negatively on a large number of its work force. It is my view that Council received no material to justify a decision that will effect so many of its staff and in turn may impact on the worker's families and the Rylstone community generally. As such, it is my view that Council did not have sufficient regard to the long-term effect of its decision to restructure the organisation in March 2003.

COMMUNITY CONFIDENCE IN THE ABILITY OF THE ELECTED REPRESENTATIVES TO CONTINUE TO BE IN A POSITION TO DIRECT AND CONTROL THE AFFAIRS OF COUNCIL IN ACCORDANCE WITH THE LOCAL GOVERNMENT ACT

It is impossible to state with absolute precision as to whether the elected body will be in a position to direct and control the affairs of Council in the future. However, as stated above, a conclusion must be made in relation to this issue.

Having regard to the serious repercussions caused by the breaches of Council's charter obligations in relation to the restructure of March 2003 and the long term effect the restructure will have on Council employees, it is likely that many in the community would no longer have confidence in the elected body directing the affairs of Council. Further, if the proposed restructure results in a number of redundancies and a significant payout to employees from Council funds, I believe that community confidence in the elected body will be further eroded.

EVIDENCE OF FURTHER BREACHES OF THE LOCAL GOVERNMENT ACT

The examination of the following two issues further demonstrates that the elected body is not directing Council in accordance with the Local Government Act.

1. *The Amendment of Council Recruitment and Selection Policy:*

At the Council meeting of 19 March 2003, Council resolved to amend its Recruitment and Selection Policy (**E11 & E12**). Prior to this meeting Council's Consultative Committee (at its meeting of 13 March 2003 (**E1**)) resolved to amend Council's Recruitment and Selection Policy. The Committee recommended that Council resolve to adopt the relevant amendment. The Committee did not provide a report to Council in relation to this recommendation. This amendment called for an additional clause that reads: "All positions to be advertised internally first until all options are exhausted and then advertised externally, if required. Internal advertising shall be done by placing as approved advertisement on Council notice boards". This amendment is not consistent with the requirements of section 349 of the Local Government Act, which states that the applicant with the greatest merit must be selected from the applicants eligible for appointment.

On the first day of the hearings Mayor Hall was asked "*Do you believe this form of advertising allowed Council to advertise in a manner sufficient to enable suitably qualified persons to apply for the position?*" Mayor Hall replied "*I expect that this would be the case.*" Mayor Hall was then asked "*Do you think that the amendment may have limited the number of applicants available to Council and in turn lowered the number of applicants eligible for appointment from which the applicant with the greatest merit is to be selected?*" Mayor Hall replied "*It may have. It may have limited a wider selection*".

It is my view that the amendment in question has the net effect of preventing other suitably qualified persons from applying for the position if there is a candidate within Council who could fulfil the role. In turn, this limits Council's choices in relation to employing the most suitable applicant for the position in question by placing a high threshold on the advertising of positions to the broader

market of potential applicant. As such, it is difficult to see how the appointments in relation to the positions created by the March 2003 restructure were actually merit based.

This amendment also appears to be contrary to section 348 (1) of the Local Government Act which requires the advertisement of a position to be carried out in a manner sufficient to enable suitably qualified persons to apply for the position. This is particularly so for more senior positions where the requirement would more likely be to advertise externally.

In the present case, Council's internal advertisement policy limited other suitably qualified persons from applying.

Despite the fact that Council has now resolved to delete the internal advertisement clause from its Recruitment and Selection Policy (**E6**) the fact remains that the elected body did not act in a way that is consistent with the provisions of the Local Government Act by amending its own policy in relation to the advertising of positions and the appointment of Council staff. It also compromised its capacity to attract the most suitable candidates. It is not clear from the evidence provided as to whether Council actually received advice as to whether the amendment in question was consistent with the provisions of the Local Government Act 1993.

2. Defining the Director Corporate Services and Director Technical Services as Senior Staff:

At the Council meeting of 19 March 2003 (**E13**) Council resolved to determine that the positions of General Manager and the two directors be "Senior Staff" as defined by the Local Government Act 1993.

Pursuant to section 332 (1) of the Act Council is required to determine those positions within the organisation structure that are senior staff positions. However, section 332 (2) of the Act sets forth a strict statutory definition as to what constitutes a senior staff position. This section also states that a Council

may not determine a position to be a senior staff position unless it fits the statutory definition.

I am advised by the present Acting General Manager that the positions of Director Corporate Services and Director Technical Services have never met the remuneration requirement contained within section 332 (2) (b) of the Act. In fact both of these positions at the time of the 19 March 2003 meeting had salaries of approximately \$90,000 per annum. The minimum remuneration level as required under section 332 of the Act is within a range of \$112,500 and \$122,500 per annum. As such, Council has breached section 332 of the Act by determining that these two positions are "Senior Staff".

It should be noted that this matter was identified after the conclusion of the hearings. It is not considered a crucial matter, however, it nonetheless further identifies the fact that the Elected Body is not directing the Council in accordance with the Act.

WHETHER THE COUNCIL HAS EXERCISED PRUDENT FINANCIAL MANAGEMENT

Council, under its charter obligations contained within section 8 of the Local Government Act 1993, is the custodian of public assets. Further, individual Councillors as members of the governing body of Council have the responsibility to review the performance of Council and Council's revenue policies (section 232 (1) Local Government Act 1993).

Financial Position as at 30 June 1999

The financial position of Rylstone Shire Council was considered to be sound at the time the majority of Councillors commenced their terms of office.

From Council's audited financial reports, the result for the financial year ended 30 June 1999 was a deficit from all activities of \$330,000. The total assets of Council were \$77.246m of which \$73.517m consisted of Property, Plant and Equipment. At

this time Council had total liabilities of \$1.142m. Council's current ratio was 5.23:1, that is, Council was able to cover its current liabilities more than five times with its current assets. When taking into account restrictions placed on the current assets and liabilities, the unrestricted current ratio was 3.12:1. The amount of Rates and Annual Charges Outstanding was satisfactory, representing 5% of the total amount collectible. Council's Debt Service Ratio was 0.7% and the Rates and Annual Charges Coverage Ratio was 29%. These ratios indicate that Council was in a good financial position.

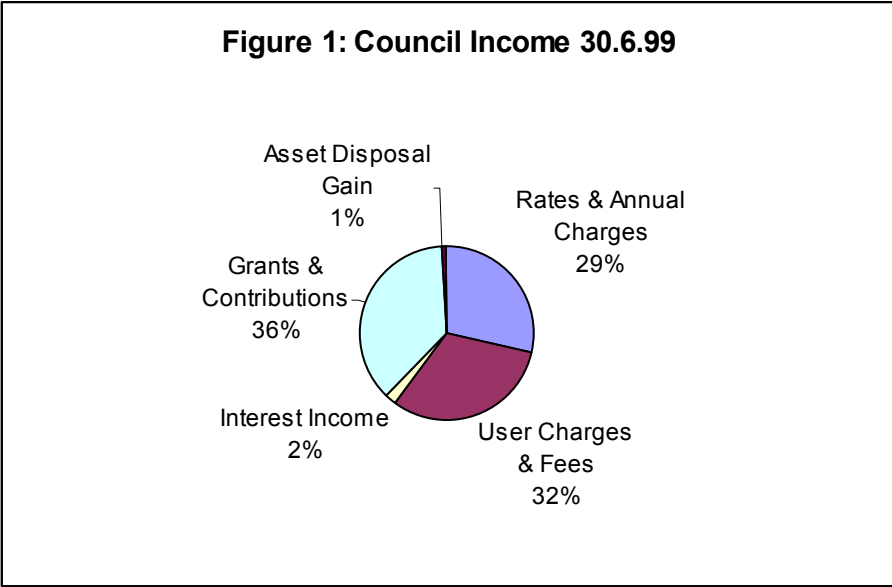
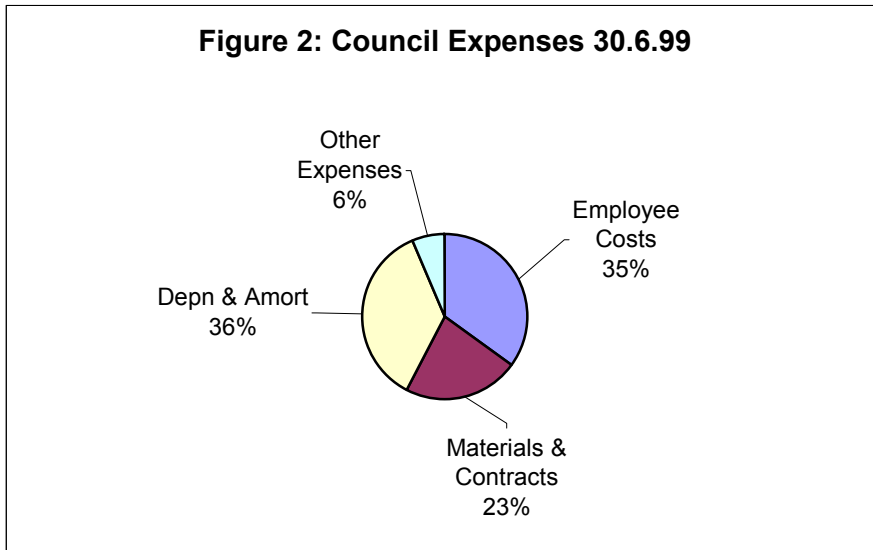


Figure 1 demonstrates that the main source of income of Council at this point was Government Grants and Contributions. User Charges and Fees contributed 32% of Council's total income and Rates and Annual Charges contributed 29%.



As can be seen in figure 2 the major expenses of Council at this time were Depreciation 36%, and Employee Costs 35%.

Council had \$3.111m in cash and investments. Cash and investments held by councils can have external restrictions (funds that are provided by external bodies for specific purposes), internal restrictions (council funds that council resolves to use for particular purposes) or be unrestricted (funds that can be used for any purpose). As at 30 June 1999 the amount of \$1.823m was held as external restrictions, \$1.261m was held as internally restricted assets and \$27,000 was unrestricted cash.

The internal restrictions held by Council included:

- An indoor stadium \$200,000
- Replacement Plant and Vehicles \$300,000
- Carry over works \$319,000
- Kandos Town improvement \$144,000
- Employee leave entitlements \$249,000

The provisions held by Council for Employee Leave Entitlements (ELE) totalled \$699,000. The internal restriction of \$249,000 for ELE equates to 36% of the total provision.

Auditor's Comments

Council's auditor, Spencer Steer, stated in the audit report for year ended 30 June 1999:

"Council's overall financial position after taking into consideration the amounts held in external and internal restrictions is, in our opinion, quite sound. These restrictions held to fund future works, services and liabilities amounted to \$3.084 million."

Financial Position to 30 June 2002

By 30 June 2002 the financial position of the council had declined dramatically. The deficit from all activities was \$850,000 despite a budgeted result for a surplus of \$286,000. For the 1999/2000 financial year the result had been a deficit of \$709,000 and was a deficit \$547,000 at 30 June 2001.

Table 1: Council Revenue

	1998/99	1999/00	2000/01	2001/02
	\$'000	\$'000	\$'000	\$'000
Rates and Annual Charges	2,310	2,262	2,322	2,446
User Charges and Fees	2,557	2,114	1,669	1,461
Interest Income	157	213	240	161
Other Revenues from Ord Activities	18	16	11	29
Grants and Contributions	2,998	2,468	2,538	3,280
Gain from Asset Disposal	73	43	72	57
Total Revenues	8,113	7,116	6,852	7,434

During the period from 30 June 1999 to 30 June 2002 Council's revenue fell by \$679,000, from \$8.113m to \$7.434m. This represents 8% of Council's revenue in 1998/99. The most notable reduction in revenue is for User Charges and Fees of \$1.096m (or 43%) over the three year period. The reduction in User Charges and Fees is largely attributable to a decrease in funds from the Roads and Traffic

Authority (RTA). The Rates and Annual Charges have increased since 1998/99 but only by 6%.

Table 2: Council Expenditure

	1998/99	1999/00	2000/01	2001/02
	\$'000	\$'000	\$'000	\$'000
Employee Costs	2,941	2,739	3,017	3,124
Borrowing Costs	9	5	4	0
Materials & Contracts	1,910	1,583	1,105	1,252
Depreciation & Amortisation	3,052	2,925	2,341	2,207
Other Expenses from Ord Activities	531	573	932	1,701
Total Expenses	8,443	7,825	7,399	8,284

While Council's revenue fell by approximately 8% for the period 1998/99 to 2001/02, the expenses only fell by 2%. Notable fluctuations in expenses during this period were:

- Increase in Other Expenses from Ordinary Activities of \$1.170m
- Decrease in Depreciation & Amortisation of \$845,000
- Decrease in Materials & Contracts of \$658,000

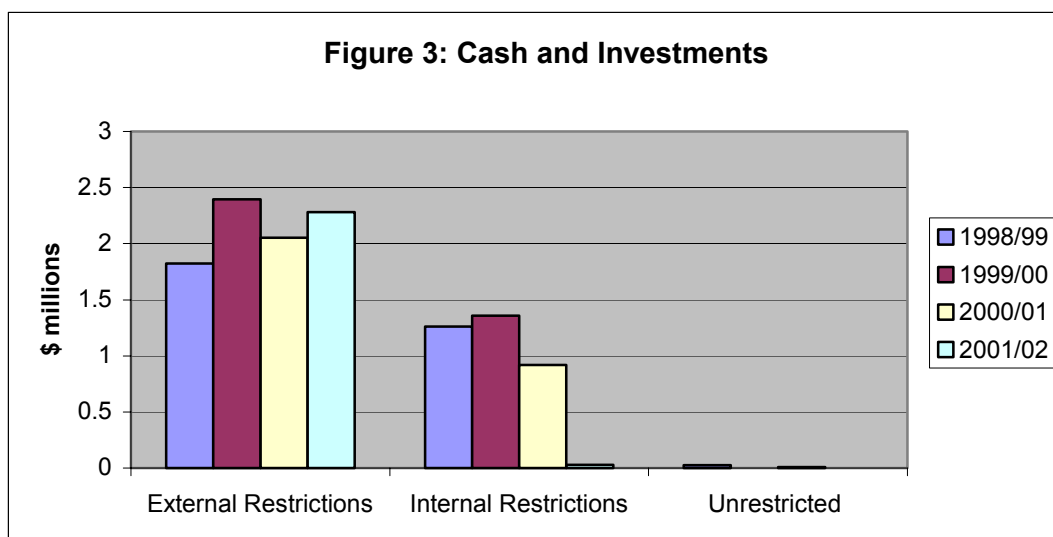
Since 1998/99 there has been a significant change in the proportion of expense items. In 2001/02 Employee Costs represented 38% of Council's expenses (1998/99 – 35%), Depreciation accounted for 27% (1998/99 – 36%) and Other Expenses from Ordinary Activities now accounted for 21% (1998/99 – 6%) of Council's expenses.

Included in Council's Other Expenses from Ordinary Activities are the costs for consultants and Legal Expenses. Consultancy expenses for 2001/02 were \$598,000 compared to \$42,000 in 1998/99. In a briefing note (**E14**) to the Inquiry Mr Morrissey stated that at this time the consultants to Council were:

- Tourism Officer
- Heritage Adviser
- Economic Development Officer
- Health & Building Adviser
- Water & Sewerage Engineer
- Writer
- Graphic Designer

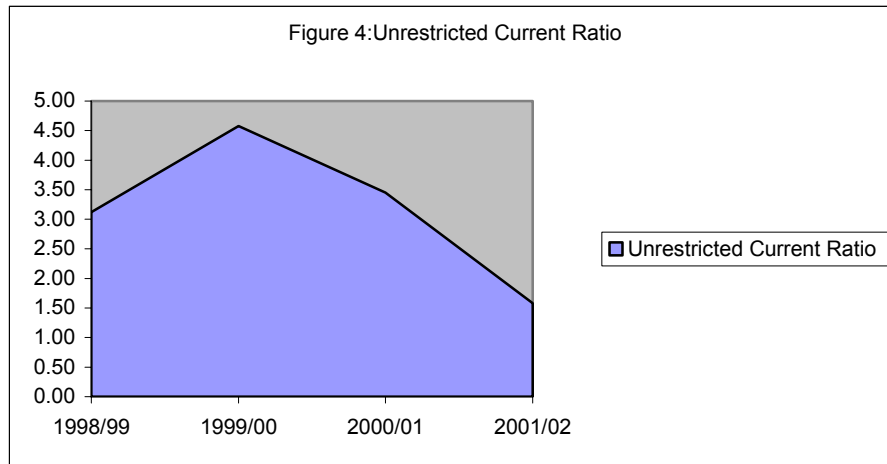
Legal Expenses other than those for Planning and Development for the 2001/02 financial year were \$226,000. In 1998/99 there was no division of the Legal Expenses for Planning and Development. The total Legal Expenses for 1998/99 were only \$9,000.

The deterioration in the Council’s financial position is further evidenced by examining the levels of restricted, unrestricted and internally restricted cash and investments that Council held.



Council had only \$29,000 held as internally restricted funds for the 2001/02 financial year, compared with \$1.359m held in 1999/00. Council did not have any unrestricted funds at 30 June 2002. This level of funding is unsatisfactory for Council to cope with any unexpected expenses.

By 30 June 2002 the ELE for Council had increased to \$875,000. The internal restriction of \$29,000 represented 3% of the entitlement, compared to 36% in 1998/99.



As can be seen above Council's Unrestricted Current Ratio has been in decline since 1999/00.

Auditor's Comments

The financial position of Council was considered to be "sound" by Council's auditor, Spencer Steer, in their audit of the financial reports for year end 30/06/00.

The following year the auditor commented that Council was in a "healthy" financial position.

Council's auditor states in the audit report for 2001/02 that:

"Councils overall financial position when taking into account the above financial indicators is in our opinion, unsatisfactory. The restoration of its Available Working capital position and cash reserves requires some immediate attention in the form of revising the current budget and a consolidation on its financial position and remedial actions by the 2003/2004 budget"

Analysis of Decline

During the hearings Mr Morrissey stated that he believed the deterioration to Council's financial position as at 30 June 2002 was a result of the increase in the cost to Council of consultants, legal expenses and road works.

Mayor Hall also stated that he believed the financial position had declined due to over expenditure in the works programs, legal problems associated with work staff and costs associated with consultants.

Mr Summers indicated that the decline in the financial position was a result of expenses incurred in the works area that had not been budgeted for. Mr Summers stated that:

“the amount money that we had available in funding to put to our outside operation was many hundreds of thousands of dollars – perhaps in the range of a half a million dollars – less than what we actually needed.”

In the present case, it is difficult to see how Council can abrogate its governance responsibilities and point the blame for Council's financial decline solely on consultant costs and added legal costs over the period to June 2002. In any event, this Inquiry is not empowered to review management decisions and make judgement calls on the merits of those decisions. This Inquiry, under the terms of reference, is to examine Council as a prudent financial manager and custodian of public assets. In this regard it is my view that based on the evidence before the Inquiry that Council has not fulfilled its governance responsibilities.

Council's Actions Regarding Financial Position to 30 June 2002

At the Council meeting held on 21 August 2002 it was resolved that Council formulate a strategy regarding the unrestricted cash position at 30 June 2002 by amending the budget. It was also resolved that Councillors be involved in the process to evaluate past and future movements in the budget. Council also ensured

that it resolve at this meeting to review the 2002/03 Management Plan to ensure that it would be able to be implemented in the current financial position. **(E15)**

At an extraordinary meeting of Council on 11 December 2002 the General Manager, Mr John Summers, put forward a financial restructuring plan **(E3)**. This plan included a:

- Revised Management Plan and Budget
- Restructure Plan
- Redundant Resources
- Summary – long term advantages

Council did not adopt this plan. During the hearings it was stated that the Council rejected each report that Mr Summers put up that involved a reduction in staff.

Council held an ordinary meeting on 18 December 2002 which continued on to 19 December 2002.

John Summers had appointed South Young as the Acting General Manager from 19 December 2002 to 3 January 2003 and then 13 Jan 03 to 3 Feb 03. Mr Young was to oversee the procedural matters of the Council and matters concerning restructuring financial reporting, legal processes, appointments and major disciplinary matters all staff were to remain the responsibility of Mr Summers **(E16)**.

At this meeting Council resolved to delete or delay a number of items from Council's budget **(E17)**. These included:

- Charbon sewerage design \$ 17,500
- Water fund \$ 57,000
- Waste disposal exp. \$120,000
- Water pressure upgrade Clandulla \$ 50,000
- Rylstone Pressure upgrade \$154,000
- Voluntary redundancy allowance \$150,000

• Technical services budget	\$ 66,000
• Recruitment ops manager & finance manager	\$ 8,000
• Contract interim op manager be reduced to	\$150,000
• Ops dept budget	<u>\$ 22,500</u>
	\$795,000

Council minutes for this meeting indicate the General Manager – John Summers advised the Council that he did not think that the budget cuts would allow Council to deliver a suitable level of services to rate payers and he was doubtful that this amount of money could actually be saved. **(E17)**

Council also resolved at this meeting to utilise internal restrictions \$1.176m for recurrent expenditures for 2002/03. These included the restrictions of \$330,000 held for the Indoor Sports Stadium **(E17)**.

Council went on to resolve at the 19 March 2003 Council meeting to implement a new organisation structure which had serious financial implications (See page 14).

Financial Position as at 30 June 2003

Despite the fact that Council appears to have attempted to implement options to improve its financial position, it is quite clear when examining the results for the year ended 30 June 2003 that it has not achieved these goals.

Council's audited financial reports state that Council had a deficit from all activities of \$1.197m. This represents further deterioration of \$347,000 on the previous year's result. The original budget for the 2002/03 financial year was a surplus of \$1.208m.

Grants and Contributions was again the main source at Council's income at 44%. Rates and Annual Charges contributed \$2.532m (36% of total) to Council's income.

The Employee Costs of Council were 40% of the total expenses. This equates to \$3.276m. The Other Expenses from Ordinary Activities was \$1.615m or 20% of the total expenses.

Whilst the cash and investment held by Council at 30 June 2003 was \$88,000 more than the previous year, external restrictions applied to all the cash and investments held. In actual fact Council's external restrictions totalled \$2.400m, representing a shortfall and a breach of section 409 of the Local Government Act. Section 409 (3) (c) of the Local Government Act states that

“money that has been received from the government or from a public authority by way of a specific purpose advance or grant may not, except with the consent of the Government or public authority, be used otherwise than for that specific purpose.”

Council did not have any internally restricted or unrestricted cash at this time. In order to fund any projects or for any unforeseen circumstances that may have arisen at that time.

It is noted that the cost to Council for Consultants during the 2002/03 financial year was \$328,000 and the other Legal Expenses were \$151,000. However, the reduction in these two expense items has not had a direct improvement on the financial position at Council.

Council's Employee Leave Entitlements increased to \$988,000, for which there was no funding, other than a restriction placed on sundry receivables which would become restricted cash once received.

The current ratio had decreased 1.81:1 and the Unrestricted Current Ratio further declined from 1.58:1 to 1.07:1.

Auditors Comments

“Council’s overall financial position when taking into account the above financial indicators is, in our opinion, unsatisfactory. The restoration of both the Working Capital position and the establishment of Reserves to fund future works and liabilities are required by the adoption of appropriate financial strategies.”

Current Financial Position

During the hearings Mr Andrew Drummond, Director of Finance, stated that Council would end up with a surplus result of \$200,000 before depreciation. Council’s original budget for 2003/04 was for a surplus of \$8,000 before depreciation. Mr Drummond indicated that Council has been able to achieve this result by continuing with grant funded road works only, and by carrying a number of vacant positions within the Council staff structure. It has been noted earlier that the Council cannot continue to maintain its existing level of services with the current number of vacant positions.

Having regard to the costs that Council may incur in relation to the additional restructuring costs, it is noted that this has not been included in Council’s 2003/04 budget. It was stated by the Acting General Manager and Finance Manager during the hearings that Council would have to borrow the money in order to undertake this task. The money may be borrowed externally through a financial institution or internally with the permission of the Minister through the water or sewerage funds held by Council. Mr Morrissey however stated that borrowing the money from water and sewerage could impact adversely on any capital works that may come up in the future.

Despite the indication from Mr Drummond that Council’s financial position is improving it is noted that the result thus far has only been achieved due to a reduction in road works, a number of positions being vacant and the exclusion of any additional restructuring costs.

It is my belief that when these costs are factored in to the equation Council's financial position will not be as strong as has been suggested.

Other Financial Matters

Grants

There has been some conjecture regarding the treatment of grant funds by Council. As stated above Council cannot use funds received by way of specific purpose grants for any other purpose.

However, evidence received by the Inquiry indicates that in relation to Department of State and Regional Development grants of up to \$50,000 Council has in fact utilised the relevant grant funds in a manner not in accordance with the terms of the grant. As a consequence Council has had to pay \$15,975 back to the Department of State and Regional Development, no further grants will be given to Council unless the Department of State and Regional Development is satisfied that Council will agree to the initiatives and provide budget information. Clearly Council has breached section 409 (3) of the Act. **(E18)**

Council Service Levels

During the hearings several Councillors and staff were questioned regarding the service level of Council. A number of Councillors stated that even though the financial position had deteriorated there had been no effect to the service level of Council. It is evident that this is not the case.

Council was involved in a project to build a multipurpose sports centre at Kandos in conjunction with the Department of Education. Council had taken on the role of Project Manager. Due to financial constraints Council resolved to use the money held for this purpose (\$330,000) to fund the day to day running of the Council. It is noted the Department of Commerce undertook a Quantity Survey. This survey indicated that the costs of the project would now be in the vicinity of \$2.4m. Council

resolved to no longer be involved in the Kandos Multi Purpose Sports Centre at its 3 December 2003 Meeting. **(E19)**

During the hearings Kerry Morrissey stated that the Council is endeavouring to save money by only doing grant funded road works. Additional road works to be funded by Council are not being undertaken as quickly as the Council would have done under normal circumstances had the cash been in a better position.

During the course of the hearings and in his written submission Councillor Clapham, gave evidence that Council's financial situations has impacted on projects and services within the community. He gave the example of the review of the Local Environment Plan It has been stated that the amount of \$1,200 included in the Management Plan for Plan First (which includes LEP, DLP and section 94 review) is insufficient for a review of the LEP to proceed. **(E20)**

Kandos Multi Purpose Centre

Council in conjunction with the Department of Education and Training (DET) and the then known Department of Public Works and Services (DPWS) undertook a project to build a multi purpose sports centre on crown land at Kandos.

The project was to be equally funded by Council, DET and DPWS to the value of \$938,000. In due course Council became the project manager for the project Mr John Summers the then General Manager, acting on behalf of the Council.

To date the costs of the project has been approximately \$130,000. These costs were covered by the grants given to Department of Education and Training for the project. However, the Department of Education and Training has agreed that only approximately \$42,500 will fall within the terms of their grant funding **(E21)**. This has meant that Council has had to pay back over \$80,000, bearing in mind that Council no longer had any funds put aside (internally restricted) for this project. The Department of Commerce was asked to conduct a Quantity Survey in August 2003. The indicative cost plan was over \$2m. During December 2003 it was resolved by Council to no longer be involved with this project. **(E19)**

In giving oral evidence the Mayor stated that the Department of Education and Training thought that it may be best for them to proceed without the Council and build something that was less costly.

Councillor McQuiggan, Councillor Clapham and the Acting General Manager, Mr Morrissey stated that they believed that Council was not proceeding as a partner in the Kandos MPSC due to the financial position at Council, the expected cost of the project at more than \$2m and the fact that Council would be responsible for any cost overruns.

Council as a custodian of public assets has expended considerable funds on a project in which it can no longer be involved because of its serious financial position.

EVIDENCE

See attached – ***E1*** to ***E21***



CONSULTATIVE COMMITTEE MEETING**Held 13th March 2003, Council Chambers, Rylstone**

Present: Sharon Webster MEU Outdoor Representative, Kevin Rose (Chair) MEU Outdoor Rep. , Kerry Morrissey, Management Representative, Stephen Mulholland, MEU Outdoor Rep. South Young, LGEA (NSW) Rep. Fiona Hemmy, MEU Office Rep. & (minutes secretary)

Commenced: Meeting commenced at 2.15pm

Apologies: Nil

Previous Minutes: Nil

General Business:

Moved S Mulholland, 2nd K Morrissey that the committee move into 'confidential meeting'

Recommendation**Recruitment & Selection Policy – Amendments**

S Mulholland moved to replace the internal advertisement (page 9) by the following:-

'All positions to be advertised internally first until all options exhausted and then advertise externally, if required.'

Internal advertising shall be done by placing approved advertisements on Council's notice boards.'
2nd S McDonald-Webster. Carried

Content of Advertisement

'Addition: Should contain at least the following:

- or at the General Manager's and/or any other appropriate officer's discretion.*

Moved S Mulholland, 2nd F Hemmy. Carried

Remove the sentence (page 6) *'It is mandatory for the Convenor of a selection panel to have received the necessary training and to have selection experience.'*

Late Applications – remove extension of time as late applications will not be accepted.

Moved K Rose, 2nd S Mulholland Carried



The Consultative Committee agreed to re-activate the A7.14 Application file at front Counter. Re-vamp the form and leave at counter. Public to be informed of the application process via Community Capers.

Moved S. Mulholland, 2nd K Rose

Carried

Proposed New Organisational Structure: *Confidential*

Recommendation to Council – Consultative Committee agreed unanimously to adopt the proposed new organisational structure as attached *confidential* and implement immediately.

At the discretion of the General Manager of the day or the appointed Officer, form a relevant Job Description and/or Selection Criteria.

Moved S Mulholland, 2nd S McDonald-Webster

Carried

Moved K Rose, 2nd S Mulholland that committee move out of closed committee into open session, 4.14pm.

Carried

Consultative Committee resolved to adopt the new Organisational Structure as per the following:

1. Recruitment & Selection Policy amended, confidentially attached
2. Proposed New Organisational Structure, confidentially attached

Moved S Mulholland, 2nd K Rose

Carried

Recommendation that:-

1. Council resolve to adopt the amended Recruitment & Selection Policy.
2. Council resolve to adopt the new Organisational Structure and to implement the structure immediately.

Moved S Mulholland, 2nd K Rose

Carried

Meeting closed at 4.19pm



ORGANISATION ISSUES (\$5.5)

This report contains matters which are considered confidential in accordance with Section 10A, Local Government Act 1993.

Report:

The current work redesigning and restructuring processes within Council have been going on for more than 12 months. With the recent departure of the General Manager due to problems of grossly deteriorated financial position and non-harmonious work environment among staff members across the organisation, it is extremely important to take appropriate and immediate measures to improve the organisation's financial sustainability and staff harmony. From staff open forum discussions, there is a very strong consensus to have a swift change (rather than lengthy dragging along approach).

Following a number of open forum staff discussions, informal taskforce options analyses, and Consultative Committee meetings, the following recommendations were resolved by the Consultative Committee on 13 March 2003:

1. That Council resolve to adopt the amended Recruitment & Selection Policy
2. That Council resolve to adopt the new Organisational Structure and to implement the structure immediately.

The proposed Recruitment & Selection Policy (amended version) allows all positions to be advertised internally first until all options exhausted and then advertise externally, if required.

The new organisational structure costs some \$600,000 p.a. LESS than the existing organisational structure. Being a small council with less than 100 employees (and a high ratio of consultants verses employees organisation), there is inequity and/or disparity in income levels between staff members across the departments, for example: some staff in Layer 3 (of a 6 to 7 Layers organisational structure) are paid \$75,000 p.a. to \$110,000 p.a. in the Technical Services Department and other staff in Layer 3 of the Operations Department are merely paid \$38,000 p.a., etc. Under the new structure (a flatter organisational structure that reduces to 4 Layers from a 6/7 Layers structure), there is consistency in pay levels across the departments. In respect of a flatter organisation, for example, the GM's salary is reduced from \$167,000 p.a. (plus other allowances) to \$105,000 p.a. under the new structure. Also, specialist consultants are only engaged if absolutely necessary, otherwise, employees are employed to undertake tasks that can be carried out in-house.

To date, Job Evaluations have been carried out via "Wyatt Model" of the NSW Local Government Job Evaluation Systems. PA and Unit Manager positions are evaluated at Band 3 Level 3, and EA and below Unit Manager level's positions are evaluated within Band 3 Level 2 and Band 1 Level 1.

Under the new organisational structure, \$150,000 p.a. (provisions) out of the \$600,000 p.a. savings made will be used to compensate the "higher skilled based" positions, as those positions are given greater authority & accountability, greater autonomy in their decision making processes especially in the areas of judgement and problem solving, greater specialist knowledge and skills, greater management skills, greater interpersonal skills and so on. I anticipate some \$110,000 p.a. out of the \$150,000 p.a. provisions may actually be required during the implementation of the new organisational structure. This gives a \$450,000 p.a. to \$490,000 p.a. nett savings to the organisation.

Under the new structure, two newly created outdoor positions viz. Quick Response Unit Manager and Works Quality Improvement Unit Manager, are targeted to provide career paths for those who have worked for many years in Rylstone Shire and who have earned their respect from among the outdoor staff members. This is especially needed as there has been a long history of divisive factions within the outdoor staff, and potential incumbents within those positions must have earned their respect (from their peers) to ensure staff harmony among the outdoor staff members. There are also two revamped engineering unit manager positions (viz. Traffic, Design & Stormwater Unit Manager; and Assets & Contracts Unit Manager) been formulated from a single engineering manager position previously. They provide an alternative career path for younger engineers within the organisation who aspire for a managerial position. These two engineering unit management positions must be filled by qualified engineers. I also recommend the Director Operations' position (under the new organisational structure) not to be formally or permanently filled at this stage so as to ensure a further avenue of cost savings in the near future, if deemed necessary (i.e. via a 2-departmental structure instead of a 3-departmental structure), etc.

From Council legal documents and staff confidential records to date, there are currently two director level employees employed on a formally signed Contract of Employment basis. Under the new organisational structure, the terms of their existing contracts will be honoured. In fact, there is also a line manager employee who is currently on the payroll, but, has yet to demonstrate the existence of a formally signed Contract of Employment. If the original document can be presented for sighting, his contract of employment will also be honoured.

Due to a few new positions and a number of substantially changed positions from their original positions, those positions will need to be advertised internally, in accordance with the proposed amended Recruitment & Selection Policy. Internal advertisements encourage appointments to be made from the existing employees within the organisation. All internal appointments are given assistance with development and training to better equip incumbents in performing their new and/or revamped roles.

All employees, and particularly those affected employees, are encouraged to apply for the internally advertised positions. Under the new organisational structure implementation, there will be no forced redundancies and no employment losses. However, there will be opportunities for improved career paths and/or promotions. From my assessment of staff impact from this new structure implementation, I do not anticipate any employees (union or non-union) to be significantly affected. Because most of our employees are either MEU or LGEA or APESMA union members I express the following comments. I do not anticipate any MEU, LGEA or APESMA members will be significantly affected. However in any event if it is proved otherwise, lateral transfers will be promptly offered and carried out to the new &/or revamped positions or to backfill vacancies created by appointments to the new &/or revamped positions.

Recommendation that:

Part A:

1. Council accepts the Consultative Committee's recommendations (dated 13th March 2003) on the New Organisational Structure.
2. Council adopts the New Organisation Structure.
3. Council requests the Acting General Manager to promptly implement the New Organisational Structure.

4. Council authorises the General Manager and the Directors as "Senior Staff" defined by the NSW Local Government Act.
5. Council approves and confirms the position holders of Manager Corporate Services and Manager Technical Services as the position holders of Director Corporate Services and Director Technical Services, respectively.
6. Council acknowledges all staff within the New Organisational Structure qualify and subject to Local Government (State) Awards provisions.
7. Council also acknowledges staff (other than those defined as "Senior Staff" under the NSW Local Government Act), at P.A. and Unit Manager's level (classified within Band 3 Level 3), and at Executive Assistant and below Unit Manager's level (classified between Band 3 Level 2 and Band 1 Level 1), respectively, within the Local Government (State) Award.
8. Council acknowledges the adopted New Organisational Structure may be adjusted during the finalisation of future years Budgets.

Part B:

1. Council accepts the Consultative Committee's recommendation (dated 13th March 2003) on the Recruitment & Selection Policy's amendments.
2. Council adopts the Amended Recruitment & Selection Policy.
3. Council requests the Acting General Manager to promptly implement the Amended Recruitment & Selection Policy.

**MINUTES OF EXTRA-ORDINARY MEETING OF COUNCIL
WEDNESDAY, 11 DECEMBER 2002**

PRESENT: Councillors P Hall, Mayor (Chairman), M Clapham (Deputy Mayor), D Roach, P McQuiggin, Mr J Summers (General Manager), Mr K Morrissey (Manager Corporate Services), Mr S Young (Manager Technical Services) Mr A Hodge (Finance Manager).

COMMENCEMENT: The meeting commenced at 4.45pm.

APOLOGIES: Nil.

ITEM 1 FINANCIAL RESTRUCTURING PLAN (E6.41)

RESOLUTION 1026: Moved Councillor M Clapham seconded Councillor P McQuiggin.

RESOLVED that:

1. That Council dispose of the:
 - Dozer,
 - Excavator
 - Jetpatcher
 - One roller
2. That voluntary redundancies be invited.
3. That the following items be removed from the GM list of removed budget items as follows (that is, items to be deducted from the budget):

1. Ledger No.	129066	\$8,000.00	removed
2. Ledger No.	128900	\$15,000.00	removed
3. Ledger No.	504010	\$42,000.00	removed
4. Ledger No.	191084	\$5,000.00	removed
5. Ledger No.	191085	\$5,000.00	removed
6. Ledger No.	191020	\$7,450.00	removed
7. Ledger No.	100208/9	\$21,741.00	removed
8. Ledger No.	128648	\$20,000.00	removed.
4. That the following properties be sold:
 1. Saleyards land
 2. Pool house if possible.

Handwritten signature

There being no further business, the meeting closed at 9.45pm.

I certify this to be a true copy of the Minutes of the Extra-Ordinary Meeting of Council held in the Council Chambers, Rylstone on Wednesday, 11 December 2002 and confirmed as such by Council at its Meeting on Wednesday, 18 December 2002.

Peter Hall

Councillor Peter Hall
Chairman

John A Summers

John A Summers
General Manager



RYLSTONE SHIRE COUNCIL

AGENDA & BUSINESS PAPER

**EXTRA-ORDINARY COUNCIL MEETING
DECEMBER 2002**

To be held at:

Council Chambers, Rylstone

At:

4.45 pm. Wednesday, 11 December 2002

AGENDA

PRESENT:

APOLOGIES:

GENERAL BUSINESS:

Item 1

FINANCIAL RESTRUCTURING PLAN.

Recommending that:

Council resolves to:

1. Adopt the proposed eighteen month program to restore its financial position to satisfactory levels.
2. Adopt the restructure plan.
3. Adopt the 9th December 2002 revised management plan and budget inclusive of the \$328,691.00 additional items and the aforementioned redundancies/restructure which are all engrossed into a new budget document dated 11/12/02 as tabled.

BUSINESS PAPER

ITEM 1 FINANCIAL RESTRUCTURING PLAN (E6.41)

Background:

Recent reports to Council arising from the 30th June 2002 audited accounts and subsequent internal investigation reveal an unsatisfactory financial situation requiring remedial action.

The extent of the action required can be ascertained from the understanding that now exists of the amount to which the external and internally restricted provisions could be funded in cash terms at the end of the last financial year.

The total extent of the provisions as at 1st July 2002 was \$3,482,708.00. Available cash backing was \$2,310,000.00 leaving a shortfall of \$1,172,708.00.

The effect of this situation is that funding that had been provided for by Council for certain project provisions did not actually exist.

If the above shortfall did not exist, then the concern of Council's auditors concerning available working capital and unrestricted current ratio would have been satisfied.

Alternatively, a sale of \$450,000.00 of fixed assets would also have satisfied the auditor's criteria. In particular, the proceeds of say, \$450,000.00 of property assets, could have been retained as a financial investment instrument (i.e. not spent) and still satisfied the auditors. This is notwithstanding the fact that Council would still have suffered a shortfall of the balance of the \$1,172,708.00 left after the property sales amounting to \$722,708.00.

The further problem that exists relates to the extremely tight fiscal prospects that existed for the 2002/2003 year. It was well recognised by Council during the Management Plan preparation earlier in the year and related predominantly to cutbacks in state and federal road funding grants as compared to previous years.

The combination of these two sets of circumstances requires Council to immediately restructure its financial planning over the next eighteen months.

If Council adopts an appropriate plan, the financial circumstances of Rylstone Shire Council can be re-established into a strong position by June 2004 and its future independence as a strongly developing community assured.

Discussion:

This report includes the following components:

- Revised Management Plan & Budget,
- Restructure Plan,
- Redundant Resources,
- Summary

1. Revised Management Plan & Budget;

In recent weeks, Council staff has prepared a revised draft management plan and budget dated 7th November 2002 and has work-shopped this with Councillors. Comments arising from the workshop have given rise to a new budget dated 9th December 2002.

The projected financial year outcome at June 2003 if Council adopts the 9th December 2002 budget is to have a shortfall of provisions funding of approximately \$2.0m by June 2003 (i.e. almost twice what it started the year at - \$1,172,708.00).

By comparison, if Council adopted a restructuring plan based on the same budget it would reduce its shortfall if provisions funding to approximately \$600,000.00 by June 2003 or almost half what it started the year with. This same plan carried into the next financial year would totally eradicate the provision-funding shortfall by June 2004.

The attached spreadsheet titled "BUDGET SCENARIO X 2 dated 11th December 2002 outlines how these figures are derived.

The restructuring plan involves removal of redundant human and plant resources not required to achieve the 9th December 2002 management plan and budget revision.

It is most evident that a much-reduced workforce can deliver the works program that can be funded by the available funding stream for the year. Plant utilisation of heavy equipment for the year to date of only 27% reinforces the extent of redundant resources currently being held by Council.

Finally, an attached list of items to the value of \$328,691.00 is critically important to be retained in this year's management plan and budget and it is recommended that they be added back into the 9/12/2002 management plan and budget. These are depicted on an attached schedule dated 11th December 2002.

They include:

1. Funding for continuance of Council's present Tourism Development Officer, Economic development and associated program to the value of \$18,000.00.
2. Weeds funding of \$15,000.00 for the development of a Weeds Management Plan,
3. Continuation of the Shire wide Solid Waste Management System based upon the approved loan funded arrangement. This facility to incorporate the Pound facility.
4. Water and Sewerage projects including the Clandulla water pressure system, urgently needed Rylstone water pressure upgrade, Charbon sewerage system design, Sewer pump station upgrading and small sewerage recycling plant installation. All projects are funded from available Water and Sewer funds.
5. The Cudgegong Waters Park upgrading including ablutions, new sites, shop and residence on the basis of a full cost recovery loan funded arrangement.
6. Clandulla community basketball court upgrading at \$5,000.00.
7. Critically important office and workshop upgrading on a loan funded basis,
8. Filling of critically important vacant staff positions.

2. Restructure Plan;

Whilst the predominant excess of resources exists within the road construction team, the attached revised organisation structure depicts the extent of restructure proposed across the whole organisation.

The principle changes to each department involve:

General Manager's department;

- Resigning from CENTROC and Capital – North Coast Tablelands Route secretariats.
- Removing the Marketing & Development Officer position and incorporating that function into the Economic Development Officer's role.

Corporate Services department;

- Removal of the IT Technician,
- Transferring Purchasing Officer to Finance Department where greater effectiveness can be obtained,
- Human resource management staff removed and taken up by Departmental Managers and outsourced when required.
- Personnel Officer transferred to Finance Department as Payroll where staff details can be also dealt with.
- Industrial relations transferred to General Manager and each departmental manager held responsible for OH&S within their own department.

Finance department;

- Addition of Purchasing officer from Corporate Services,
- Payroll acquired from Corporate Services personnel officer,
- Rates/debtors function undertaken by a shared officer with Technical Services department.
- A relief cashier officer shared with Corporate Services department.
- The vacant funds officer to be urgently filled in order to maintain the very much improved Grant Funding achieved over the last two years since the position has been added to the organisation structure.

Operations department;

- Removal of Works Planning Co-ordinator position,
- A full-time Administrative Assistant position to become a permanent part-time officer working three days per week.
- Two Construction Supervisor positions to be removed.
- Construction teams 3, 4, 5, 6, and 7 to be removed.
- Construction teams 1 and 2 to comprise a road maintenance grading and compaction team and a quick response, drainage/road maintenance and patching team.
- All other construction work to be contracted out as and when funding is available.

Technical Services department;

- Integration of the Property Officer with Assets and Records function and this position staffed by an officer shared with Finance Department (Rates/debtors).
- Removal of Design Draught-person position (currently vacant). This function to be contracted out as required.
- Removal of Clerical Assistant position.
- Field Assistant to be casually filled by a Ganger from Operations Department.

- Project Manager position to be filled from time by contractor when required.
- Specialist Contractor under the Senior Planner to be removed.
- Cemetery Clerk to be removed and function filled by Administrative Assistant (Planning).
- Community Development Officer position removed (currently vacant).

3. Redundant Resources;

The plant and associated human resources that are proposed to become surplus include:

- D7 dozer,
- Excavator,
- Jetpatcher,
- Two of the three heavy rollers,
- The older of the two Cat graders approaching optimal sale age (Komatsu grader already voted to be sold).
- All trucks, prime-movers, pig and semi-tipper trailers,
- Backhoe
- Volvo loader.

An estimated 15 personnel are proposed to be redundant if this proposal is adopted. It should be noted that some of the staff involved have volunteered for redundancy.

The plant usage of the above units is currently of such a low utilisation rate (currently averaging 27% for the year to date), that it cannot be cost effectively maintained and is therefore not sustainable.

Available road construction project funding over and above funding of maintenance grading and repair works cannot sustain further resources. Recent REPAIR regional road project works at Dog-trap and Waterdale have cost approximately three times the average cost that a number of other Council's have expended on similar types of REPAIR projects on regional roads.

4. Summary;

The development of Quarry product sales by local corporations enables Council to contract out quarry product delivery to its road construction sites on a dollar per tonnes delivered basis whether from a private or Council owned quarry.

The disposal of the Jetpatcher is required even though it is an effective machine. Unfortunately, the limited funding available for work that it is capable of doing makes it not viable to keep.

The backhoe has been predominantly utilised for drainage, culvert, footpath and kerb/gutter work and with the restricted funding available for this type of work, it cannot be viably maintained. Recent savings in contracting out footpath construction reinforce the fact that Council cannot competitively sustain this type of equipment at low levels of usage.

The dozer and excavator were acquired on the basis of projected yearly production that has not eventuated and therefore cannot be sustained.

The two road construction and maintenance teams proposed to be retained will be multi skilled and over seen by two gangers.

The two teams are proposed to comprise:

- Cat 140H grader, roller and contract water truck,
- Bobcat complete with all attachments, tar-patching trailer and small roller.
- Ten personnel.

The advantage of a smaller road construction team is that can satisfactorily provide a base level of maintenance during a year of low budget funding and then provide an ongoing core of road maintenance capability when high budget programs supported by contract resources occur.

An attractive further advantage is that it reduces Council's exposure to an ever-increasing level of risk to unbudgeted costs arising from a variety of causes.

The two-team structure is designed to enable Council to support its RTA single invitation contract.

Larger RTA and road construction projects can be contracted by Council and resourced by contractor trade packages under Council project management teams.

The existing Workshop and Parks & Gardens teams are proposed to continue unchanged.

Long Term Advantages:

The adoption of the following recommendations related to this proposal will have most significant long-term advantages for the entire community of Rylstone Shire.

They include:

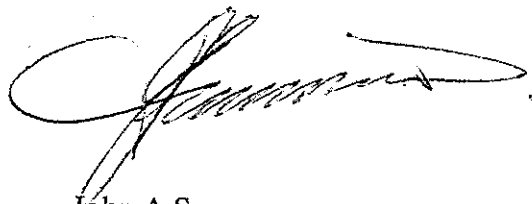
1. Financial viability in the long term,
2. Continued growth in a critically important wide range of services and economic development to the advantage of the entire community.
3. Autonomy and protection against amalgamation,
4. A high level of financial credit-worthiness to underpin future long-term infrastructure funding partnerships.
5. Enable Council to focus on developing its internal resources into a highly skilled technical capability so that it can cost effectively and efficiently procure the benefits that the entire community requires.

Recommendation:

That Council resolve to:

1. Adopt the proposed eighteen month program to restore its financial position to satisfactory levels.
2. Adopt the restructure plan.
3. Adopt the 9th December 2002 revised management plan and budget inclusive of the \$328,691.00 additional items and the aforementioned redundancies/restructure which are all engrossed into a new budget document dated 11/12/02 as tabled.

Signed:



John A Summers
General Manager

ATTACHMENTS

GENERAL BUSINESS:

- Item 1 FINANCIAL RESTRUCTURING PLAN.**
- Budget Scenarios x 2 dated 11 December 2002
 - Change Schedule dated 11 December 2002
 - Proposed Scaled down Organisation Structure

BUDGET SCENARIOS X 2

C:\data\seff\Budget Scenarios x 2 101202.xls\Budget Scenarios

After meeting with John Summers between 2.45pm and 3.30pm 10/12/2002, I have been asked to prepare the following schedules.

Total Restricted Provisions as reconciled 17/10/02
 Add FF&E items for new Kandos Sports Centre
 Total Current Restricted Provisions
 Available Cash as at 30/6/2002

SHORTFALL IN FUNDS TO CASH BACK ALL RESTRICTED PROVISIONS AS AT 1ST JULY 2002

Trading Cash Surplus (Anticipated) per 9/12/02 Revised Budget

Less: Capital items sold (R/E \$405k + Plant \$180k)
 Less: Redundancy & accumulated entitlement costs
 Add: Savings per Ops & Gen Man (\$3,120,000 - \$1,663,000)

Less: REPAIR works and funding

Trading Cash Surplus/(Shortfall)

Cash at 30/6/2002
 Cash from Sale of Plant and Real Estate

Total Available Cash Surplus/(Shortfall)

Estimated Provisions as at 30/6/2003 (per 9/12/02 budget)
 Add: Allowance for FFE's Sports Project
 Add: Capital Provision created from Sale of Fixed Assets (Property & Plant)

Total Expected Provisions at 30/6/2003

Total Cash Surplus/(Shortfall) in relation to provisions
 Less: Items added back per MANCOM meeting 9/12/02 (per J Summers)

Final Cash Surplus/(Shortfall) in relation to provisions

	Scenario # 1 (No Redundancies)	Scenario # 2 (Redundancies)	
	(3,422,708.00)	(3,422,708.00)	Cash starting point for the 2002/2003 year
	(60,000.00)	(60,000.00)	
	(3,482,708.00)	(3,482,708.00)	
	2,310,000.00	2,310,001.00	
	(1,172,708.00)	(1,172,707.00)	
	174,374.00	174,374.00	
	(585,000.00)	(585,000.00)	Estimate by GM
	0.00	(525,000.00)	
	0.00	1,457,000.00	
	(684,985.00)	0.00	REPAIR funding paid to contractors + extra work to be found for employees.
	(1,095,611.00)	521,374.00	
	2,310,000.00	2,310,000.00	Confirmed by auditors @ 30/6/02
	585,000.00	1,400,000.00	Estimates by GM
	1,799,389.00	4,231,374.00	
	2,858,838	2,858,838	
	3,476,988.00	3,476,988.00	
	60,000.00	60,000.00	Kandos Multi Purpose Sports & Community Centre
	585,000.00	1,400,000.00	Estimates by GM
	3,503,838	4,318,838	
	3,715,288.00	4,530,288.00	
	(1,704,449)	(87,464)	
	(4915,999.00)	(298,917.00)	
	(938,691.00)	(238,691.00)	
	(297,691)	(297,691)	
	(2,244,590.00)	(627,605.00)	Estimated Finishing Point for 2002/2003 year
	(2,002,140)	(385,155)	

John Summers

Handwritten notes and dates: 1/1, 1/2, 1/3, 1/4, 1/5, 1/6, 1/7, 1/8. Includes a signature and the number 29.

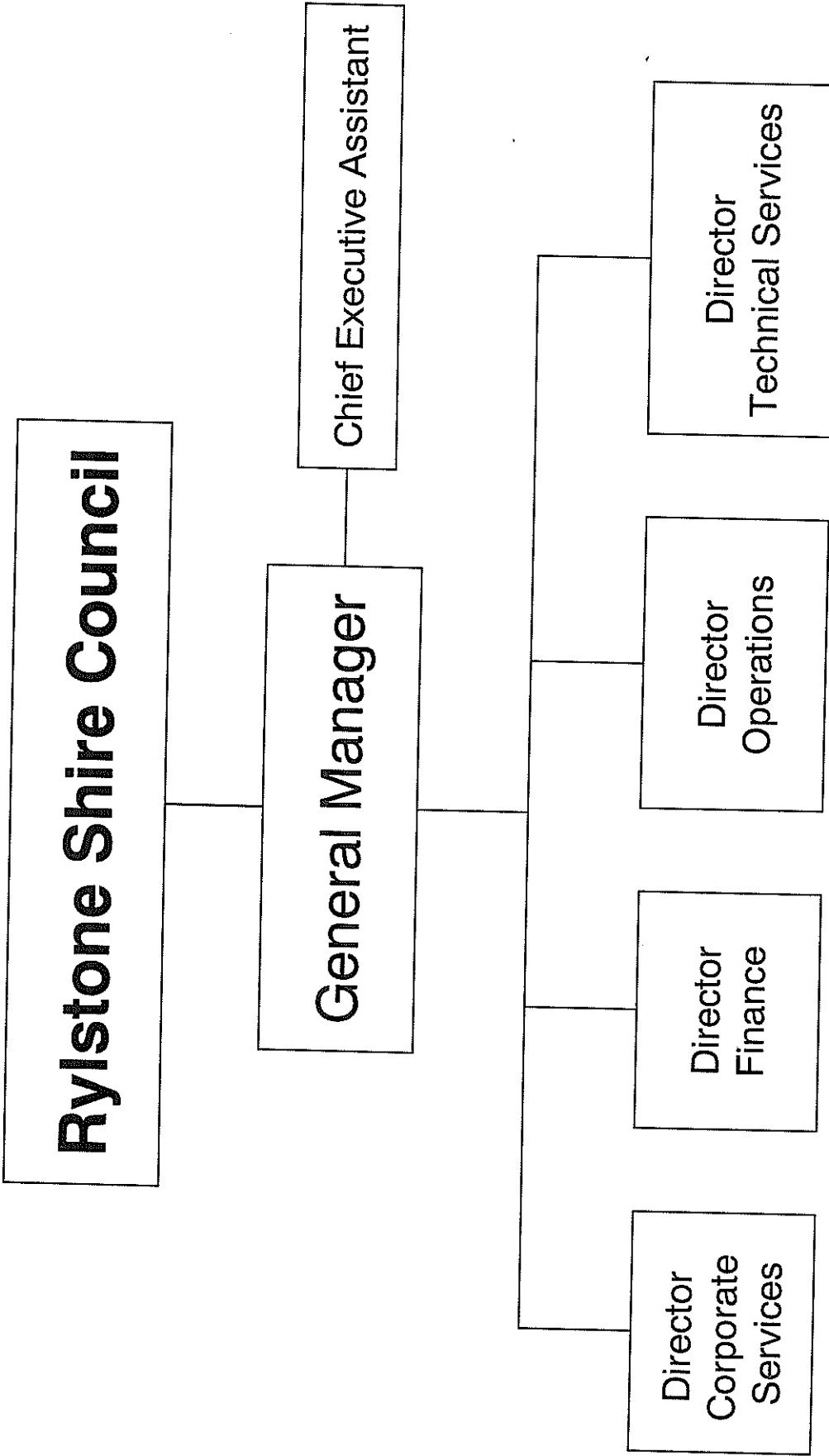
loan intention?

The following items of the proposed changes to budget as per report summary 26th/27th November 2002 are commented on.			
Page No	Ledger no.	Item description	Value adjustment
B14	129066	Reduction in tourism committee vote - no	\$8,000.00
	129070	Reduction in tourism development officer remuneration vote - no	\$5,000.00
	129080	Economic & social development - jeopardise Escape to Rylstone phase 2	\$5,000.00
B16	128900	Weeds Management Plan development	\$15,000.00
B37	191056	Drainage either in or out - remove it all together	(9000)
B42	192025	Pound building to be part of new waste transfer depot	\$0.00
B47	504011	Charbon sewer design - have funds for this	\$35,000.00
	504010	Pump station upgrade - have funds for & is urgent	42,000
	504007	Recycled water plant - urgent and could miss opportunity for funds	\$94,666.66
B50	107535	New leased garbage/waste recycling truck	\$57,000.00
	194053	Waste Management loan	\$5,000.00
	194052	Sale of old garbage truck	(\$250,000.00)
	191100	Land for waste management transfer station	(\$15,000.00)
	19101	Satellite transfer station land	\$6,000.00
	191102	Dev cost of central waste transfer station	\$0.00
	191103	Dev cost of satellite waste transfer station	\$120,000.00
	191104	Bins	\$0.00
B55	404055	Clandulla water pressure upgrade - have funds	\$0.00
	404057	Rylstone water pressure upgrade - fire safety issue and have funds	\$50,000.00
B58	173797	Sale of seed from race course	\$154,000.00
		Needs upgrading for new operators	\$0.00
B59	171106	Cudgong Waters Park loan for ablutions etc - full cost recovery	\$10,000.00
	191063	Work on upgrading ablutions, new sites and building	(\$300,000.00)
B60	191066	Clandulla community hold this very important	\$300,000.00
B66	128648	Tech Services Manager exec assistant - very important for optimal effectiveness of mana	\$5,000.00
B76	100800	HR services urgency required	\$20,000.00
	100801	Salary system either in or out completely - out	\$0.00
	100802	Policies needed. Either in or out completely - out	(\$5,000.00)
B77	100208/9	Funds officer - most critically important to grants funds raising & trained financial resource	(\$5,000.00)
B79	102590	Community satisfaction survey - most important	\$21,741.00
B85	191084	Guides Hall renovation - must have to free up space in main office	\$3,500.00
B87	191020	Workshop building upgrade	\$5,000.00
B88	191085	Offices chambers upgrade - most urgent	\$7,450.00
	191088	security upgrade - very important	\$5,000.00
		Total	\$226,691.00

297,691



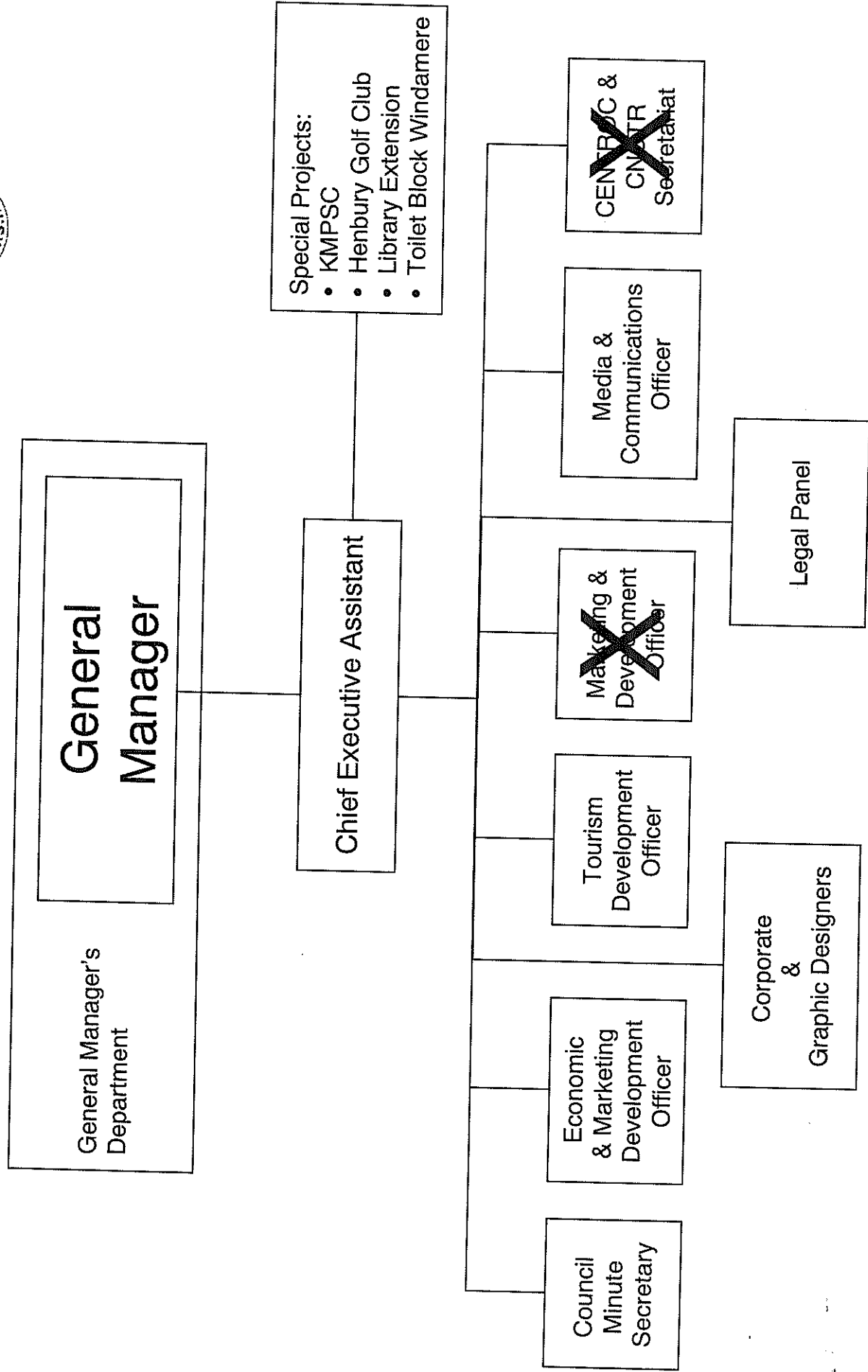
Proposed scaled down organisation structure



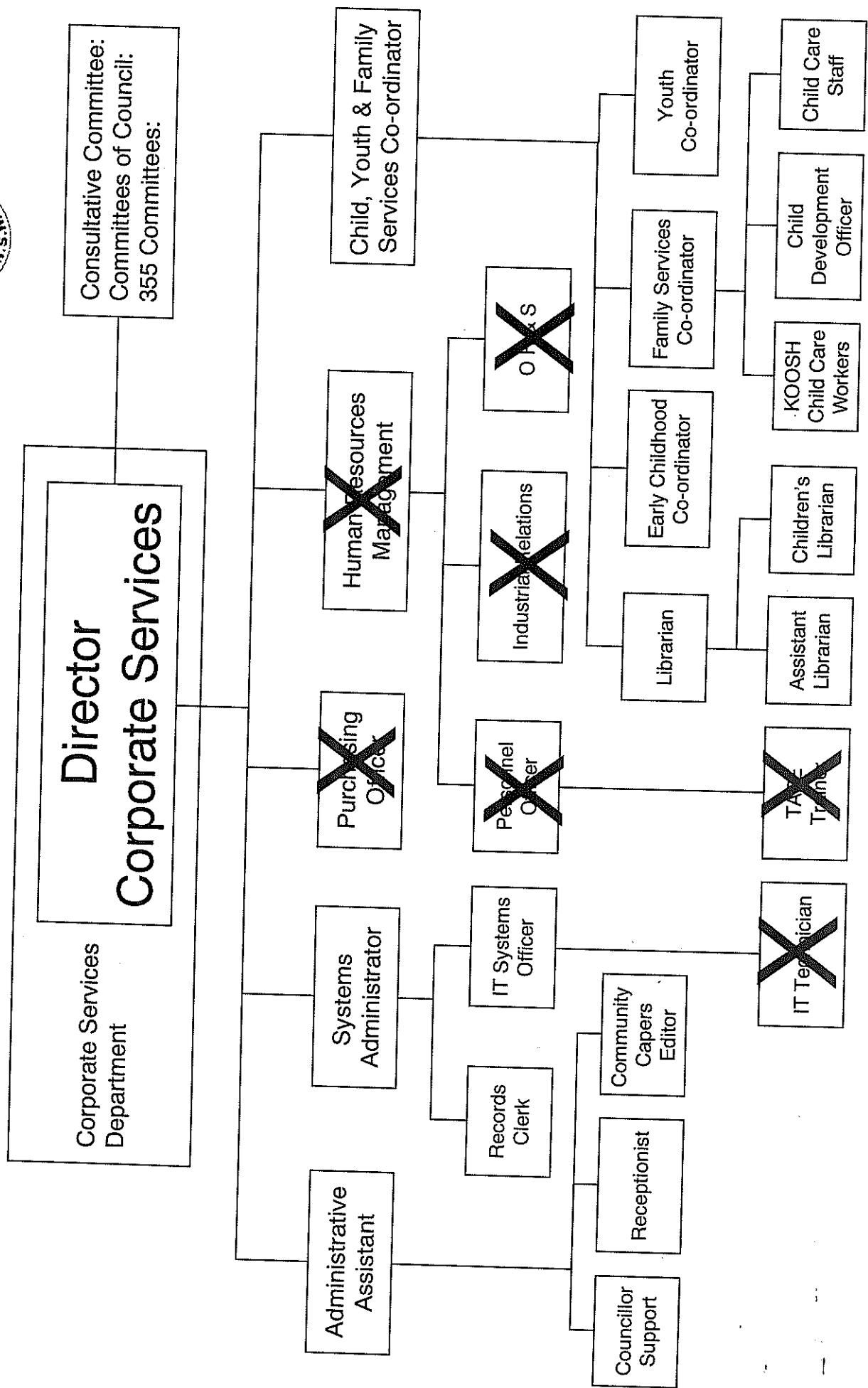
X

- denotes proposed removal from the org. structure
Lines and letter in red indicates proposed changes.

Proposed scaled down organisation structure

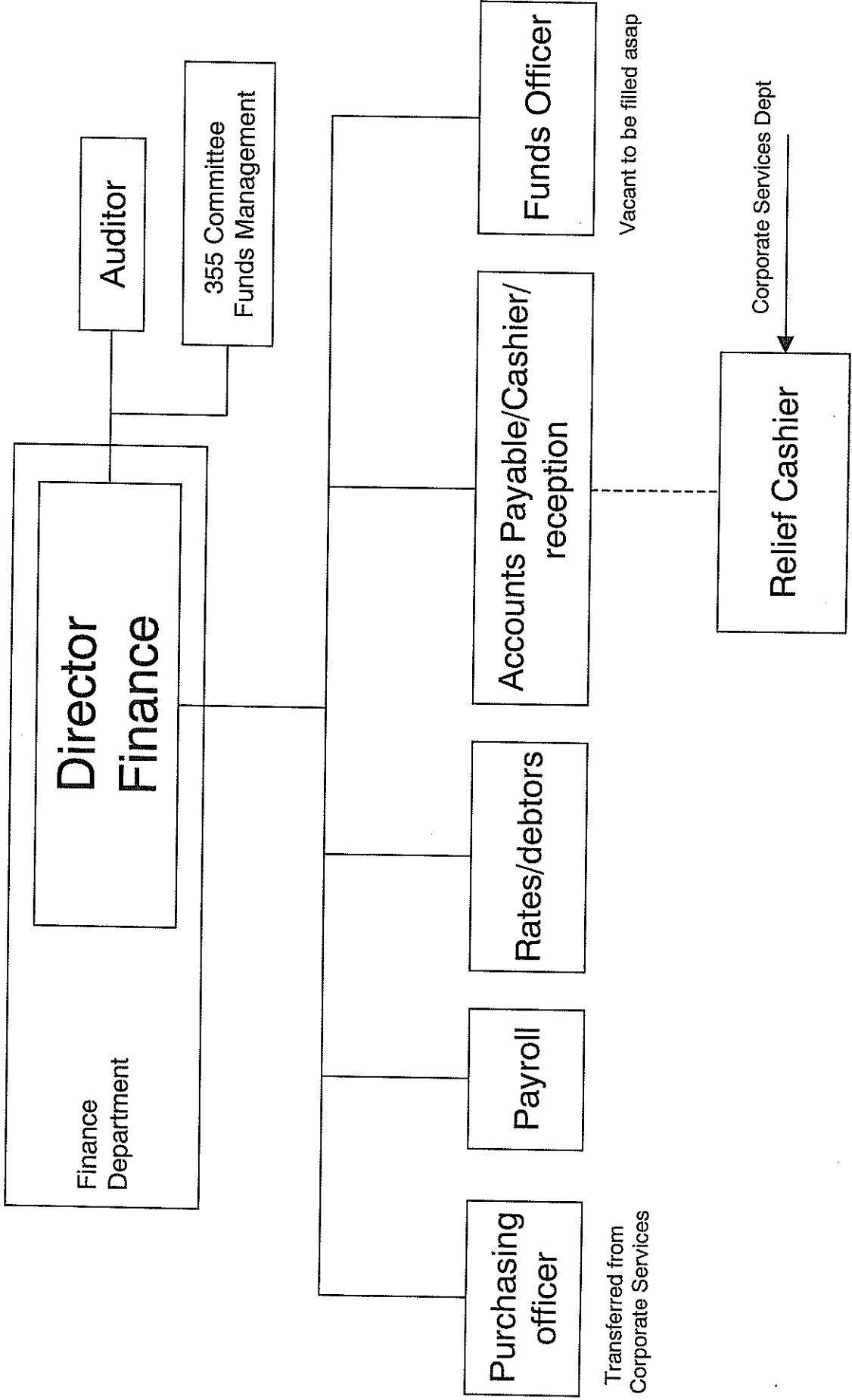


Proposed scaled down organisation structure

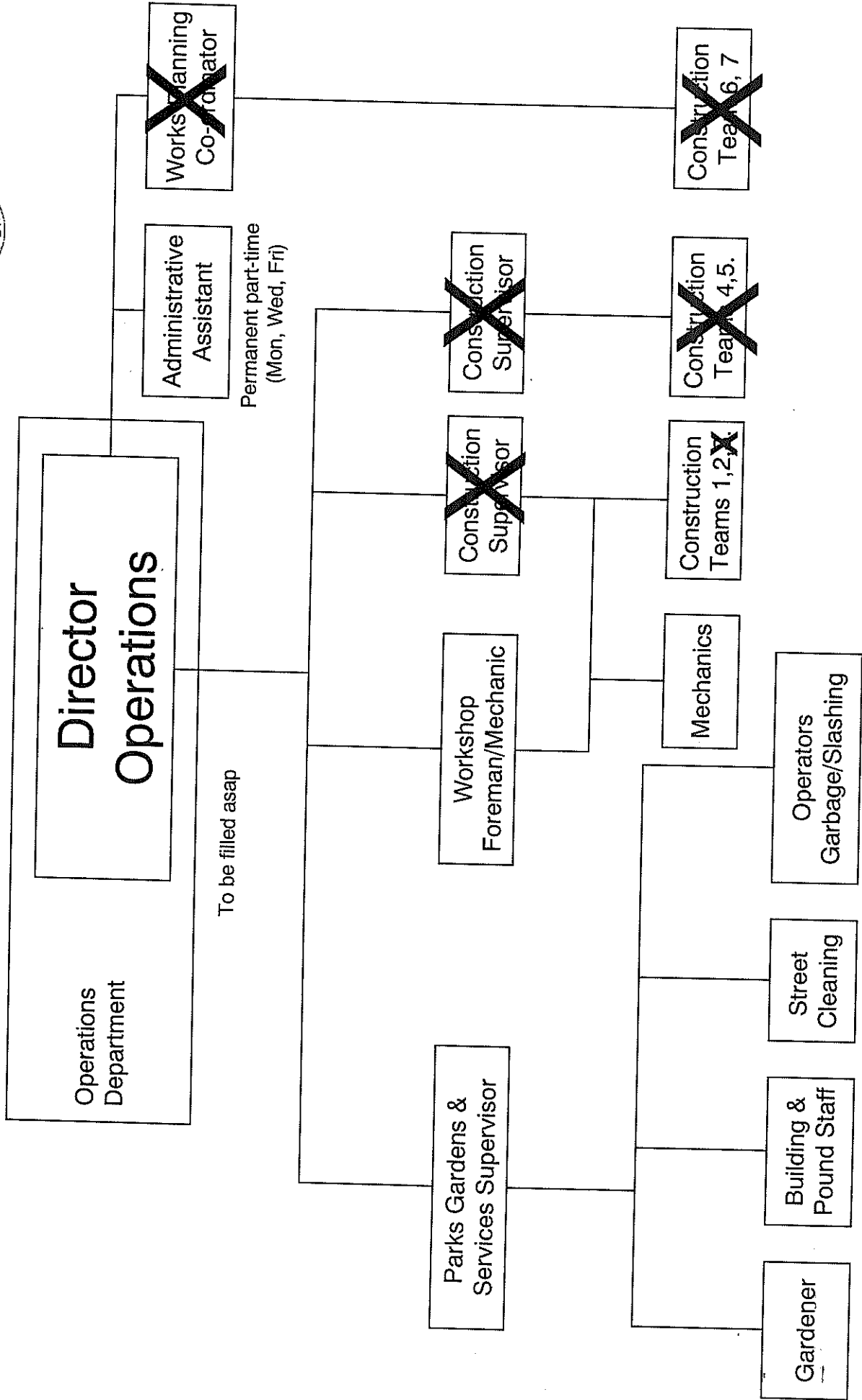


Consultative Committee:
Committees of Council:
355 Committees:

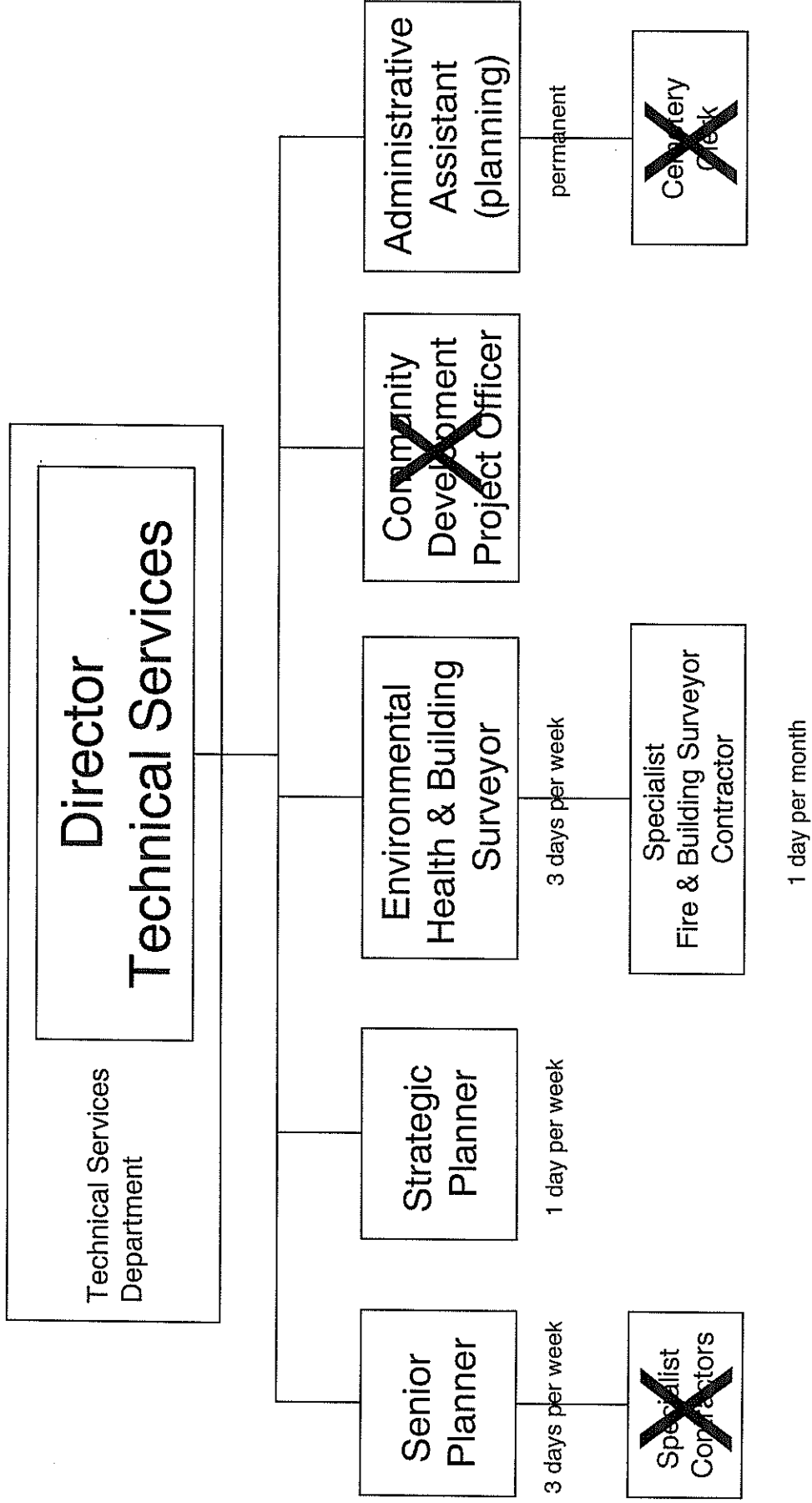
Proposed scaled down organisation structure



Proposed scaled down organisation structure



Proposed scaled down organisation structure



EMP. NO.	NAME	JOB DESCRIPTION	OLD GRADE & STEP	\$	JOB DESCRIPTION	NEW GRADE & STEP	\$
1100	MORRISSEY, KERRY	MANAGER OF CORP. SERVICES	CONTRACT	3162.39	DIRECTOR CORPORATE SERVICES	CONTRACT	3162.39
1150	DRUMMOND, ANDREW	N/A	CONTRACT		DIRECTOR FINANCIAL SERVICES	CONTRACT	3077.32
1200	CLAYTON, IAN	PROPERTY OFFICER/ASSETS CLERK	GRADE 17 ENTRY	1744.60	REVENUE UNIT MANAGER	GRADE 20 ENTRY	2011.00
1250	BENNETT, SUSAN	COMPUTER OPERATOR/ASSETS CLERK	GRADE 10 STEP 5	1470.20	INFORMATION TECHNOLOGY UNIT MANAGER	GRADE 20 ENTRY	2011.00
1260	CALL, MARCO	IT DATA SYSTEMS OPERATOR	GRADE 15 STEP 5	1710.00	GIS & MAPPING UNIT MANAGER	GRADE 20 ENTRY	2011.00
1490	FARRAR, GAI	SYSTEM ADMINISTRATOR	GRADE 13 STEP 5	1625.60	RECORDS UNIT MANAGER	GRADE 20 ENTRY	2011.00
1500	MURRAY, JULIE	ADMINISTRATION ASSISTANT	GRADE 13 STEP 5	1625.60	EXECUTIVE ASSISTANT CORPORATE SERVICES	GRADE 17 ENTRY	1744.60
1520	HOWE, JANELLE	PERSONNEL CLERK	GRADE 10 STEP 5	1470.20	PAYROLL & HR UNIT MANAGER	GRADE 20 ENTRY	2011.00
1600	PRYOR, STEPHEN	MANAGER OF FINANCE	CONTRACT	2979.80	N/A		0.00
	O'LEARY, GRANT	FINANCE OFFICER	GRADE 16 STEP 2	1676.00	N/A		0.00
1605	WALLIS, ANTHONY	N/A	GRADE 7 STEP 5	1343.60	PERSONAL ASSISTANT	GRADE 20 ENTRY	2011.00
1630	HEMMY, FIONA	CASHIER/TYPIST	GRADE 17 STEP 2	617.48	FAMILY AFFAIRS UNIT MANAGER	GRADE 20 ENTRY	689.49
1631	LONERAGAN, JULIE	CHILDREN SERVICES CO-ORD.	GRADE 17 ENTRY	598.14	EARLY CHILDHOOD CO-ORD.	GRADE 20 ENTRY	689.49
1647	RICHARDS, SUSAN	EARLY CHILDHOOD CO-ORD.	GRADE 12 CASUAL	350.25	CHILD DEVELOPMENT OFFICER	GRADE 12 ENTRY	350.25
1648	WOODS, PRUDENCE	CHILD DEVELOPMENT OFFICER	GRADE 12 CASUAL	350.25	CHILD DEVELOPMENT OFFICER	GRADE 20 ENTRY	350.25
1650	ROBERTS, CATHERINE (NEW)	TRAINEE/CASHIER	GRADE 5	893.60	PUBLIC RELATIONS & FIRST IMPRESSIONS UNIT M	GRADE 20 ENTRY	2011.00
1706	SPRINGETT, DOROTHY	ENVIRONMENT HEALTH & BUILDING	HEALTH & BUILDING	2197.43	HEALTH & BUILDING UNIT MANAGER	GRADE 22 STEP 3	2366.60
1709	STONE, JULIA	EXECUTIVE ASSISTANT TECHNICAL SERVICES	GRADE 10 ENTRY	1308.40	EXECUTIVE ASSISTANT TECHNICAL SERVICES	GRADE 17 ENTRY	1744.60
1711	GRANGER, JILL	OPERATIONS ADMINISTRATION ASSISTANT	GRADE 7 STEP 3	1272.80	EXECUTIVE ASSISTANT - OPERATIONS	GRADE 17 ENTRY	1744.60
2000	ADLINGTON, DIANNE	LIBRARIAN	LIBRARY ASSIST	899.63	LIBRARY UNIT MANAGER	GRADE 20 ENTRY	1321.51
2080	MILLER, ROBERT	GANGER	GRADE 8 STEP 6	1392.80	WORKS UNIT MANAGER	GRADE 20 ENTRY	2011.00
2100	BARTLEY, KEVIN	FILT. PLANT OPERATOR	GRADE 9 STEP 5	1427.60	FILTRATION PLANT OPERATOR	GRADE 9 STEP 5	1427.60
2111	MORRISSEY, KEVIN	SEWER PLANT OPERATOR	GRADE 9 STEP 5	1427.60	SEWER PLANT OPERATOR	GRADE 9 STEP 5	1427.60
2120	MULHOLLAND, STEPHEN (NEW)	TRUCK DRIVER	GRADE 8 STEP 5	1392.80	WORKS QUALITY IMPROVEMENT UNIT MANAGER	GRADE 20 ENTRY	2011.00
2160	BABBAGE, TERRY	PLANT OPERATOR	GRADE 4 STEP 5	1238.60	PLANT OPERATOR	GRADE 4 STEP 5	1238.60
2180	BELL, BRUCE	ENGINEERING CO-ORDINATOR	GRADE 17 ENTRY	1744.60	ENGINEERING CO-ORDINATOR	GRADE 17 ENTRY	1744.60
2230	CARTER, GEOFFREY	TRUCK DRIVER	GRADE 5 STEP 5	1309.20	TRUCK DRIVER	GRADE 5 STEP 5	1309.20
2231	OLDFIELD, ROBIN	PLANT OPERATOR	GRADE 7 STEP 5	1343.60	PLANT OPERATOR	GRADE 7 STEP 5	1343.60
2241	MARTIN, DARYL	WORKSHOP SUPERVISOR	GRADE 15 ENTRY	1521.20	WORKSHOP & FLEET UNIT MANAGER	GRADE 20 ENTRY	2011.00
2250	FULLWOOD, KANE	MECHANIC	GRADE 8 STEP 4	1351.40	PLANT FOREMAN & MECHANIC	GRADE 12 ENTRY	1401.00
2380	DIXON, NORMAN	PLANT OPERATOR	GRADE 8 STEP 5	1392.80	PLANT OPERATOR	GRADE 8 STEP 5	1392.80
2420	RAWLINSON, ROSS	PLANT OPERATOR	GRADE 8 STEP 5	1392.80	PLANT OPERATOR	GRADE 8 STEP 5	1392.80
2461	ROSE, KEVIN (NEW)	TRUCK DRIVER	GRADE 8 STEP 5	1392.80	QUICK RESPONSE UNIT MANAGER	GRADE 20 ENTRY	2011.00
2480	FARRAR, COLIN	TRUCK DRIVER	GRADE 8 STEP 5	1392.80	TRUCK DRIVER	GRADE 8 STEP 5	1392.80
2509	SIVARASA, THAMBIAH	ASSET RISK PRODUCTION MANAGER	CONTRACT	1953.02	ASSETS & CONTRACTS UNIT MANAGER	GRADE 8 STEP 5	1392.80
2511	WELBOURN, LESLIE	PURCHASING OFFICER	GRADE 9 STEP 3	1340.00	SUPPLY & PURCHASING UNIT MANAGER	GRADE 20 ENTRY	2011.00
2512	KEARNS, ANDREW	DESIGN ENGINEER	CONTRACT	1821.60	TRAFFIC, DESIGN & STORMWATER UNIT MANAGER	GRADE 20 ENTRY	2011.00
2630	HOWARTH, JOHN	PLANT OPERATOR	GRADE 12 STEP 5	1392.80	SENIOR OPERATOR - WORKS UNIT	GRADE 12 ENTRY	1392.80
3335	STOKES, MALCOLM (NEW)	SUPERVISOR-PARKS & GARDENS	GRADE 12 STEP 5	1392.80	SENIOR OPERATOR - WORKS UNIT	GRADE 20 ENTRY	2011.00
3340	DUNN, PETER	GENERAL HAND BUILDING	GRADE 7 STEP 5	1343.60	PLUMBER	GRADE 7 STEP 5	1343.60
3900	LARGE, NORMAN	TRUCK DRIVER - REFUSE	GRADE 4 STEP 5	1238.60	TRUCK DRIVER - REFUSE	GRADE 4 STEP 5	1238.60
4006	WILLMOTT, JOHN	TRUCK DRIVER	GRADE 8 STEP 5	1392.80	TRUCK DRIVER	GRADE 8 STEP 5	1392.80
4007	MCKAY, BRETT	PLANT OPERATOR	GRADE 6 STEP 5	1309.20	PLANT OPERATOR	GRADE 6 STEP 5	1309.20
4010	KIRKWOOD, JOSEPH	LABOURER	GRADE 2 STEP 4	1115.80	LABOURER	GRADE 2 STEP 4	1115.80
4011	DIXON, WALTER	PLANT OPERATOR	GRADE 6 STEP 5	1309.20	SENIOR OPERATOR - WORKS UNIT	GRADE 6 STEP 5	1309.20
4910	DODDS, JOHN	GANGER	GRADE 8 STEP 4	1351.40	SENIOR OPERATOR - WORKS UNIT	GRADE 12 ENTRY	1351.40
4914	MALONE, KEN	SEWER PLANT OPERATOR	GRADE 8 STEP 5	1392.80	WATER & WASTEWATER UNIT MANAGER	GRADE 20 ENTRY	2011.00
4920	BOYLAND, MICHAEL	PLANT OPERATOR	GRADE 4 STEP 5	1204.00	PLANT OPERATOR	GRADE 4 STEP 4	1204.00
4927	LITTLE, PHILLIP	TRUCK DRIVER	GRADE 6 STEP 4	1351.38	TRUCK DRIVER	GRADE 6 STEP 5	1392.80
4928	MAGDONALD-WEBSTER SHARON	PLANT OPERATOR	GRADE 4 STEP 4	1204.00	PLANT OPERATOR	GRADE 4 STEP 4	1204.00
4929	WILLIAMS, JOHN	JETPATCHER OPERATOR	GRADE 8 STEP 2	1276.00	JETPATCHER OPERATOR	GRADE 20 ENTRY	2011.00
4930	WATTS, PETER	ENGINEERING ASSISTANT & DESIGN SURVEY	GRADE 9 STEP 5	1427.60	SENIOR ASSETS & CONTRACTS OFFICER	GRADE 18 STEP 3	1928.00
4931	AGNEW, ROGER	GANGER	GRADE 8 STEP 5	1392.80	SENIOR ASSETS & CONTRACTS OFFICER	GRADE 18 STEP 3	1928.00
4935	SLAPP, IAN	PLUMBER	GRADE 6 STEP 5	1427.60	SEWER PLANT OPERATOR	GRADE 9 STEP 5	1427.60
4937	FISH, PETER	LABOURER	GRADE 2 STEP 5	1143.40	LABOURER	GRADE 2 STEP 5	1143.40
4939	JONES, IAN	STREET CLEANER	GRADE 2 STEP 5	1143.40	STREET CLEANER	GRADE 2 STEP 5	1143.40
4943	LARGE, MARK	JETPATCHER ASSISTANT RELIEF OPERATOR	GRADE 4 ENTRY	1106.00	PARKS CLEANSING & WASTE UNIT	GRADE 12 ENTRY	1407.00
4951	LARGE, EDWARD	TRUCK DRIVER	GRADE 6 STEP 2	1201.40	TRUCK DRIVER	GRADE 6 STEP 2	1201.40
4955	MUNNS, JIM	LABOURER	GRADE 6 STEP 2	1201.40	TRUCK DRIVER	GRADE 12 ENTRY	1407.00
4956	MISKLE, PETER	LABOURER	GRADE 2 STEP 5	1143.40	SENIOR OPERATOR - WORKS UNIT	GRADE 12 ENTRY	1143.40
4959	MEURER, PETER	JETPATCHER ASSISTANT RELIEF OPERATOR	GRADE 4 ENTRY	1106.00	JETPATCHER ASSISTANT RELIEF OPERATOR	GRADE 4 STEP 3	1106.00
4961	VOYSEY, WAYNE	POOL MANAGER	GRADE 10 STEP 5	1470.20	FACILITIES UNIT MANAGER	GRADE 20 ENTRY	2011.00
	GENERAL MANAGER		CONTRACT	4038.50		CONTRACT	4038.50
	TECHNICAL SERVICES DIRECTOR		CONTRACT	3416.60		CONTRACT	3416.60
	DIRECTOR OPERATIONS		CONTRACT	3416.60		CONTRACT	3416.60
	PLANNER		GRADE 20 ENTRY	2011.00		GRADE 20 ENTRY	2011.00
	HAYES, NICK	ENGINEERING MANAGER					
	HAYES, BARBARA	YOUTH & FAMILY LIFE MANAGER					
	RAMSEY, CECILY	GENERAL MANAGERS ASSISTANT					
	ALLEN, JOHN						
				96882.22			110079.35

13,197 x 26 = 343,162
 343,162 x 2.6 = 892,221.2
 892,221.2 x 1.2 = 1,070,665.44
 1,070,665.44 x 1.1 = 1,177,731.984
 1,177,731.984 x 1.05 = 1,236,618.5832

Mr Keith Coates

Briefing notes as requested

1. Sustainability of Current Structure

As indicated by the spread sheet provided it is estimated the current structure (19th March 2003) is costing some \$400,000 over the previous structure as a result of the higher gradings paid to Unit Managers, Executive Assistants and other staff.

To sustain this structure it would be necessary to not replace the current vacant senior positions and reduce expenditures in service areas when preparing the 2004/2005 budget. Not replacing senior staff positions can not be continued into another financial year and lowering expenditure will result in a drop in service standards.

It is imperative for Council's long term financial viability to have in place a structure that is commensurate with industry standard rates of pay.

2. Reduction in Consultants

The new 19th March restructure resulted in all existing staff (with the exception of 3) retaining a job following an internal only advertising process.

The following consultants are no longer engaged but could have been even allowing for the 19th March restructure.

It was considered that this work could now be undertaken in house by salaried staff. This was a management decision as part of our Financial recovery process.

The discontinuing of work by the consultants since 1st July 2003 has resulted in an estimated saving of \$379,346 (payments made from 1/1/2000).

Regards

Kerry

This is page number 1 of Minutes, consisting of 10 pages, of the Extra Ordinary Meeting of the Rylstone Shire Council, held on 3rd December 2003 and do not become the confirmed Minutes of the meeting until adopted by the next ordinary meeting of Council on 17th December 2003

**MINUTES OF EXTRA-ORDINARY MEETING OF COUNCIL
3rd DECEMBER 2003**

PRESENT: Councillors P Hall, Mayor (Chairman), M Clapham, P McQuiggin, J Jamieson, A Vrisakis,

STAFF: Mr Kerry Morrissey (Acting General Manager), Dorothy Springett, Siva, Andrew Drummond, F Hemmy (Personal Assistant, Minute Secretary)

APOLOGIES: David Roach

VISITORS: Don Mahoney, Greg Moore, N Row, N Smith, L Baker, L Berrell, B J Berrell, S MacDonald-Webster, R London, G Marr, C Brooks, K Hemmy, S Mulholland, K Rose.

COMMENCEMENT: The meeting commenced at: 4.05pm

RESOLUTION NO: 1441 Moved Councillor P McQuiggin seconded Councillor J Jamieson

Resolved that: the supplementary items be dealt with, if time permits.

RESOLUTION NO: 1442 Moved Councillor A Vrisakis seconded Councillor P McQuiggin

Resolved that: Item 1 be deferred until 5.00pm

ITEM 1: REVIEW OF ORGANISATION STRUCTURE (S5.1)

Background:

Council at its Extra Ordinary Meeting held on 10th September 2003 resolved (Res. No. 1333) that a peak Unions Industrial Panel comprising Management, DEPA, USU, LGSA, APESMA and a representative of non-union members be set up to further consult with all employees who wish to do so and a further report then be presented to Council recommending a new structure for adoption.

The Peak Industrial Panel comprising Management, USU, LGSA and a non-union representative met with employees over two days (13th & 14th October 2003) taking into account all issues raised.

Resulting from the discussions and in accordance with Shires Association advice it is now necessary for Management to confirm a format for a final structure, identifying all positions within each department, so that such structure can be referred to Council for endorsement. The final structure proposal options were referred to the Union for their information, and confirmation of all previous discussions, and also the Consultative Committee on Thursday 13th November 2003.

Discussion:

This is page number 2 of Minutes, consisting of 10 pages, of the Extra Ordinary Meeting of the Rylstone Shire Council, held on 3rd December 2003 and do not become the confirmed Minutes of the meeting until adopted by the next ordinary meeting of Council on 17th December 2003

Council has the following three Options with respect to the Organisation Structure:-

1. Maintain the Status Quo
2. Implement a Compromise Structure as presented
3. Prepare a complete new Structure

The Shires Association comments on the three options are contained in the attached letter dated 19th November 2003.

Management's comments on the three options are as follows:-

(Comments on Options 1, 2 & 3 based on advice from Shires Association of NSW, relevant Unions & consultation with staff)

OPTION 1. MAINTAIN STATUS QUO

- No dealing with redundancies, disputes etc, from staff who are already in those positions.
- High levels of salary would remain as is for some 28 staff.
- Would not address the inequities i.e., the balance of staff who received no benefit from this current structure.
- This current structure is some \$400,000p/a over and above the structure that existed prior to 19th March 2003.
- This would maintain a better staff moral for the majority of staff.
- Staff perceive they will be better off if an amalgamation does occur.
- No proper job descriptions exist for the Unit Managers positions within the structure.
- Many current position holders do not possess the correct qualifications and/or experience to satisfactorily carry out the job.
- Some senior management positions have been difficult to fill resulting in senior staff members acting in multiple positions with the result of additional workloads. Filling these positions will further impact on the cash position.

OPTION 2. IMPLEMENT COMPROMISE ORGANISATIONAL STRUCTURE (as attached)

- Possibility of legal challenges.
- Possible high cost of redundancies.
- Reverting from a flawed structure to another flawed structure.
- Reduction in staff moral for the majority.
- Re-evaluations may not have the result that staff expect.
- Re-evaluations will be time consuming and expensive.
- Possible saving of \$400,000.
- Less staff are now favouring this option due to possible amalgamation.
- All staff will remain employed at their pre 19th March salary, min, subject to re-evaluation.
- Nine (9) new positions had to be created within this structure, due to the lateral transfers and deletion of positions that currently exist. Note: this by-passes all the normal selection and advertising criteria. This does not guarantee the right person for the job!
- Reasonably accurate job descriptions exist for most positions.

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- Some job evaluations are disproportionate. (this creates conflict)
- The lapse in time and the hours spent on the re-structure by Senior Staff now make this option more difficult.
- Unions agree that some form of new structure is required to bring the salary gradings to a more industry based level.

OPTION 3. PREPARE A COMPLETE NEW STRUCTURE

- This would have the least implications from the point of view of Council.
- This would mean the most suitable person for the job would be appointed, assuming applications are forthcoming, given the current climate.
- All positions would have correct job descriptions.
- All positions would be correctly advertised.
- The correct selection process would be followed.
- High redundancy payments.
- Time consuming in that all jobs would require new job evaluations and assessment criteria.
- Disruptions to services whilst positions are filled.
- Uncertainty for current staff during the process creating morale problems.
- Difficulty finding suitable applicants given the current climate.
- Independent Consultant would need to be engaged to assist in this process.

Management Summary on the 3 Options

In regard to Option 2 the estimated total salary savings of \$400,000p/a will not take effect immediately (up to 34 weeks) for those staff who are entitled to the redundancy provision. This number is unknown due to the uncertain legal position. Any cost savings will be offset by the redundancy payments. Any savings may not materialise within the next 2 to 3 years.

Maximum redundancy and leave entitlement pay-outs estimated at \$1.2 million would most likely apply in Option 3 and depending on legal challenges could well apply also in Option 2. No redundancies are applicable if we remain with Option 1.

Due to the current State Government structural reform process, Option 1 may be the one of least resistance. This would also have the least impact on our current cash position as redundancies are unaffordable. Both Options 2 & 3 will result in redundancies of a possible significant nature.

Under the current structural reform process the replacement of senior staff would be a difficult task in terms of time and money. This would apply to any of the 3 Options.

Option 3, a new re-structure, will take considerable time and resources to implement and in the interim the current structure will remain. This, of course, will still leave staff in an uncertain climate. Due to the time this Option may take, this could well become the responsibility of a new Council.

For the long-term viability of Council, Option 3 is the preferred option of Management. For the short-term viability of Council, Option 1 is preferred. Option 2, although being initially the preferred Option

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of both Management and Unions, now has so many perceived problems, even after taking into account the Shires Association analysis, it is now considered unworkable.

Whilst Option 3 is the preferred long-term Option, the concern remains as to where the replacement staff will come from and where Council will obtain the estimated \$1.2 million required for redundancy and leave entitlement payments, therefore making Option 1 the easiest.

To properly conform with Staff Recruitment in the areas of advertising and selection it is necessary for Council to reverse the Resolution No. 1135 of the 19th March 2003 which allowed for internal advertising only first before then advertising externally and removed the need for a trained Convenor on the selection panel.

The policy will then revert back to its correct purpose by requiring advertising to be both Internal and External at the same time and reinstating the mandatory requirement to have a trained Convenor on the selection panel.

RESOLUTION NO: 1443 Moved Councillor M Clapham seconded Councillor J Jamieson

a) that Council resolve, taking into consideration both the Shires Association and Management's comments, to adopt one of the following Options:

1. Maintain the Status Quo
2. Implement Compromise Organisational Structure
3. Prepare Complete New Structure

Council adopted Option 3 – Prepare a complete New Structure

b) that Council resolve to: reverse Resolution No. 1135 of the 19th March 2003 and revert the Recruitment and Selection Policy back to its pre 19th March status.

carried

ITEM 2: STRUCTURAL REFORM (L6.11)

Background:

In response to a facsimile dated 17th September 2003 from the Hon. Tony Kelly MLC, Minister for Local Government, Council resolved at its meeting held on the 17th September (Res. No. 1360) to receive as information and further, gather information to form a submission to put to the Minister.

Discussion:

To date the following information has been collated and is attached.

Recommendation:

That Council resolved to: finalise all details relevant to preparing a submission/proposal for lodgement with the Minister as requested.

Shires Association NSW

Our Ref: I90/0196
Contact: Rod Marshall

Monday, 21 July 2003

The Acting General Manager
Rylstone Shire Council
PO Box 42
RYLSTONE NSW 2849

ATTENTION: Kerry Morrissey

Dear Mr Morrissey,

RE: NEW ORGANISATIONAL STRUCTURE

Council is seeking advice pertaining to their proposed organisational restructure, further to the meeting held at Council on 17 July 2003 involving the Acting General Manager, Councillors, Council's Consultative Committee, United Services Union ("USU") organiser Ted Ellery, and the Association's officer, Rod Marshall. Council needs to take action to rectify anomalies in a number of positions arising from an organisational structure implemented in April 2003, and discussions between the parties thus far have been progressive as there is a general acknowledgment that the organisational structure is unlikely to be sustainable in its current form. Council has already taken initial steps to address the problem, and should be aware of certain conditions of clause 31 "Workplace Change and Redundancy" of the *Local Government (State) Award 2001*.

Council has already identified positions within the existing structure that will be subject to significant change under the proposed structure, thus having significant effects on the employees currently occupying those positions. As discussed on 17 July 2003, the employees likely to be affected by the restructure are the 22 Unit Managers and 3 Executive Assistant positions under Council's current structure. The Award provides a set procedure for notification and discussions regarding significant change within the workplace before the restructure can be implemented, and these procedures should be considered with regard to any potential outcomes at Council that may occur as a result.

Initially, Council has a duty to notify and discuss any proposed workplace change with both the affected staff and their representative union:

“(i) Council's Duty to Notify

a) Where a council has made a definite decision to introduce major changes in production, program, organisation structure or technology that are likely to have significant effects on employees, the council shall notify the employees who may be affected by the proposed changes and the unions to which they belong.

...

“(ii) Council's Duty to Discuss Change

a) Council shall discuss with the employee(s) affected and the union to which they belong, inter alia, the introduction of the changes referred to in sub-clauses (i)(a) and (b) of this clause, what affects the changes are likely to have on the employee(s) and measures to avert or mitigate the adverse changes on the employee(s) and shall give prompt consideration to matters raised by the employee(s) and / or their union in relation to the changes and may reconsider its original decision.”

Given that Council has already consulted with the relevant unions and has sought the unions' involvement in meetings and discussions held thus far concerning the proposal, it would be reasonable to assume at this stage that Council has complied with its obligations to notify and discuss the changes with the unions, as per clause 31(i)(a) and (ii)(a) of the Award. However, Council's obligation to notify and discuss change with affected staff remains.

Therefore, once management has agreed on a new proposed structure and the proposal has been adopted by Council, then it would be appropriate to discuss the need for change and the implementation of the new structure with affected staff, in accordance with clause 31(i)(a) and (ii)(a) above, and clause 31(ii)(b) and (c) as follows:

“(b) The discussion shall commence as early as practicable after a definite decision has been made by the council to make the changes referred to in sub-clause (i)(a) and (b) of this clause.

(c) For the purposes of the discussion, the council shall provide to the employee(s) concerned and the union to which they belong, all relevant information about the changes including the nature of the changes proposed, the expected effects of the changes on the employee(s) and any other matters likely to affect the employee(s).”

As discussed at the meeting on 17 July 2003, initial notification to the employees may occur in the context of a general address to all staff which should be the prerogative of the General Manager. It is essential, however, that discussions also take place with employees on an individual basis, so that the employees can provide feedback and ask questions about their particular circumstances, so Council can assist employees with ascertaining the expected effects of the restructure on each individual, consistent with clause 31(ii)(c) above.

Council's intention with all positions subject to change in the restructure is that the job descriptions, accountabilities and skill descriptors remain the same, but essentially the positions be placed at the

appropriate grade within Council's salary system, which will be lower than the rate of pay that the positions currently attract (currently Band 3 Level 3 or Grade 20 of Council's salary system). Council is, therefore, transferring these staff to lower paid positions, if employees agree to the transfer. As such, Council should be aware of clause 31(ix):

"(ix) If the employee agrees to be redeployed by council into a lower paid position, the employee's existing salary and conditions shall be maintained for a period equivalent to the amount of notice and redundancy pay that the employee would be entitled to under this Award. Provided that should the employee resign during the period of salary maintenance, as provided for by this subclause, the balance of any notice and redundancy pay that the employee would have been entitled to for the remainder of the period of salary maintenance shall be paid on termination."

If, however, any employee is not willing to accept a transfer to a lower paid position, and there are no available positions into which the employee can be transferred laterally (ie. another position at Council with at least the same rate of pay and similar skills and accountabilities as the redundant position) then any such employee would be entitled to redundancy. Any calculation of accrued entitlements, severance pay, or payment in lieu of notice would be made at the rate of pay relevant to the position at the time that their services are terminated on account of redundancy.

It is understood that there are currently no positions at Council that will "terminate" or be removed from the new structure on implementation, however if this is the case, then Council should be aware of the provisions of clause 31(iii).

As stated above, Council has already instigated the process of workplace change in discussions held to date and has complied with its obligations to notify and discuss the proposal with the affected unions. Once Council has made a formal decision on the specifications of the new structure, then affected employees need to be notified of the consequences pertaining to their existing positions, bearing in mind in particular the Award provisions noted above. It is further recommended that all Council management staff who are involved in the process familiarise themselves with all the provisions and application of clause 31 of the Award.

Should Council have any further inquiries in this regard, please do not hesitate to contact Rod Marshall at the Association's Industrial Relations Unit.

Yours sincerely



David Gibson
Director
Workplace Solutions Division



INTERNAL ADVERTISEMENTS (as at 20 March 2003)

APPLICATIONS ARE CALLED FOR THE FOLLOWING LISTED POSITIONS
&
ALL APPLICANTS MUST ADDRESS THE SELECTION CRITERIA FOR EACH POSITION

Applications MUST be addressed to the Acting General Manager and MUST be placed in Council's

TENDER BOX located at the front counter (please ask Cashier for direction if uncertain), at 77 Louee Street, RYLSTONE, NSW 2849

(Applications close at 12.00 noon, Friday 28 March 2003)

Position Number	Salary Level	Permanent Position	Key Responsibilities and Selection Criteria
P006/03	Band 3 Level 2 (Grade 16 to 18)	Executive Assistant Operations	<ul style="list-style-type: none"> Assist Director Operations and Unit Managers with day to day functions Good Communication & Interpersonal Skills, and a team player Intermediate Computing Skills
P014/03	Band 3 Level 2 (Grade 16 to 18)	Executive Assistant Corporate Services	<ul style="list-style-type: none"> Assist Director Corporate Services & Unit Managers with day to day and strategic functions Good Communication & Interpersonal Skills, and a team player Advanced Computing Skills
P023/03	Band 3 Level 2 (Grade 16 to 18)	Executive Assistant Technical Services	<ul style="list-style-type: none"> Assist Director Technical Services with day to day and strategic functions Good Communication & Interpersonal Skills, and a team player Possess working knowledge with environmental, planning and engineering legislation
P007/03	Band 3 Level 3 (Grade 19 to 21)	Workshop & Fleet Unit Manager	<ul style="list-style-type: none"> Ensure the day-to-day and strategic management of Council's fleet, facilities and workshop functions in a holistic and sustainable manner Relevant qualifications / tickets, and a team player Basic Computing Skills
P008/03	Band 3 Level 3 (Grade 19 to 21)	Parks, Waste & Cleansing Unit Manager	<ul style="list-style-type: none"> Adequately manage all aspects of the Parks, Waste Depot, and ensure satisfactory cleansing of council facilities Good Communication & Interpersonal Skills, and a team player Basic Computing Skills
P009/03	Band 3 Level 3 (Grade 19 to 21)	Works Unit Manager	<ul style="list-style-type: none"> Adequately manage day to day running of works operations Experience in interpreting technical plans, and a team player Good Communication & Interpersonal Skills
P010/03	Band 3 Level 3 (Grade 19 to 21)	Supply & Purchasing Unit Manager	<ul style="list-style-type: none"> Adequately manage councils supply and purchasing functions in accordance with existing purchasing and procurement policies Good Communication & Interpersonal Skills, and a team player Intermediate Computing Skills
P011/03	Band 3 Level 3 (Grade 19 to 21)	Facilities Unit Manager	<ul style="list-style-type: none"> Adequately manage day to day facilities operations and/or works as directed by the Director Operations Relevant qualifications or willingness to seek appropriate training and/or development Good Communication & Interpersonal Skills, and a team player
P012/03	Band 3 Level 3 (Grade 19 to 21)	Works Quality Improvement Unit Manager	<ul style="list-style-type: none"> Ensure operational works implementation comply with quality and continuous improvement requirements Good Communication & Interpersonal Skills, and a team player Minimum 10 years operations experience within Rylstone Council

P013/03	Band 3 Level 3 (Grade 19 to 21)	Quick Response Unit Manager	<ul style="list-style-type: none"> Ensure the quick response operations are managed efficiently and effectively, and a team player Minimum 10 years operations experience within Rylstone Council, and possess knowledge, experience and/or tickets of a suite of equipment relevant to the council's operations environment Good Communication & Interpersonal Skills, and a team player
P015/03	Band 3 Level 3 (Grade 19 to 21)	Finance Unit Manager	<ul style="list-style-type: none"> Adequately manage all aspects of council's finances, and hold relevant qualifications CPA, CA Good Communication & Interpersonal Skills, and a team player "Hands-on" accounting and finance experience
P016/03	Band 3 Level 3 (Grade 19 to 21)	Records Unit Manager	<ul style="list-style-type: none"> Adequately manage all aspects of council's records, with minimum 10 years "hands" on experience Good Communication & Interpersonal Skills, and a team player
P017/03	Band 3 Level 3 (Grade 19 to 21)	Early Childhood & Youth Unit Manager	<ul style="list-style-type: none"> Advanced records management within Aus-Info Records Management Systems Exposure and/or aspirations to effectively and efficiently deliver childhood and youth services Good Communication & Interpersonal Skills, and a team player Basic Computing Skills
P018/03	Band 3 Level 3 (Grade 19 to 21)	Family Affairs Unit Manager	<ul style="list-style-type: none"> Exposure and/or aspirations to effectively and efficiently deliver family affairs services Good Communication & Interpersonal Skills, and a team player Basic Computing Skills
P019/03	Band 3 Level 3 (Grade 19 to 21)	Payroll & HR Unit Manager	<ul style="list-style-type: none"> Adequately manage the payroll and HR functions Good Communication & Interpersonal Skills, and a team player Intermediate Computing Skills
P020/03	Band 3 Level 3 (Grade 19 to 21)	Information Technology Unit Manager	<ul style="list-style-type: none"> Advanced knowledge of hardware, software, desktop and network systems including repairs, maintenance and administration Proven ability to train staff, and minimum 5 years advanced computing skills High level interpersonal and communication skills, and a team player
P021/03	Band 3 Level 3 (Grade 19 to 21)	Public Relations & First Impression Unit Manager	<ul style="list-style-type: none"> Adequately manage all aspects of council's Public Relations and customer service interactions in a friendly, courteous and cheerful manner Good Communication & Interpersonal Skills Intermediate Computing Skills, and a team player
P022/03	Band 3 Level 3 (Grade 19 to 21)	Library Unit Manager	<ul style="list-style-type: none"> Adequately manage all aspects of council's Library services Good Communication & Interpersonal Skills, and a team player Intermediate Computing Skills
P024/03	Band 3 Level 3 (Grade 19 to 21)	Water & Wastewater Unit Manager	<ul style="list-style-type: none"> Adequately manage all aspects of council's Water & Wastewater functions Good Communication & Interpersonal Skills, and a team player
P025/03	Band 3 Level 3 (Grade 19 to 21)	Assets & Contracts Unit Manager	<ul style="list-style-type: none"> Possess and/or aspiration in stakeholders and working committee involvement Good Communication & Interpersonal Skills, and a team player Experience in life cycle asset management in a sustainable fashion, and asset database management experience
P026/03	Band 3 Level 3 (Grade 19 to 21)	Traffic, Design & Stormwater Unit Manager	<ul style="list-style-type: none"> Project & contract administration experience and/or exposure Ensure an integrated traffic, design and stormwater focus, and execution of these functions Good communication and interpersonal skills, and a team player Exposure and/or experience in committee forums
P027/03	Band 3 Level 3 (Grade 19 to 21)	GIS & Mapping Unit Manager	<ul style="list-style-type: none"> Adequately manage all aspects of council's GIS and mapping functions Good Communication & Interpersonal Skills, and a team player Advanced Computing Skills
P030/03	Band 3 Level 3 (Grade 19 to 21)	Health & Building Unit Manager	<ul style="list-style-type: none"> Ensure a sustainable management of the health and building functions in compliance with relevant legislation Good communication and interpersonal skills and a team player
P029/03	Band 3 Level 3 (Grade 19 to 21)	Environment Unit Manager	<ul style="list-style-type: none"> Ensure a friendly, flexible and professional approach to customer and stakeholder interactions Friendly and approachable personality, and a team player Good Communication & Interpersonal Skills Aspirations and/or exposure to an ecologically sustainable development approach to environment management instead of the "greenie approach", plus social and economic aspects if applicable
P002/03	Band 3 Level 3 (Grade 19 to 21)	P.A.	<ul style="list-style-type: none"> Provide flexibility and innovations to best practices in the executive environment, minimum 5 years executive and/or administrative experience with Rylstone Council Excellent communication & interpersonal skills, and a team player Advanced computing skills and demonstrated multi-skilling experience

Job Description

(GRADE 20): 585.02 POINTS **E10**
Page 1 of 4
11/3/3

Position Code P008/03 Parks, Waste & Cleansing Unit Manager

Evaluation Model 19

Case ID Band/Level 3/3

Position Summary

To manage the waste, cleansing and parks functions, within an efficient and effective service delivery manner, in accordance with the unit objectives

Key Responsibilities

1. Manage parks, reserves and gardens
2. Manage waste collection, waste depot and waste recycling, and manage animal control
3. Manage street sweeping and cleansing
4. Other management duties

Authority and Accountability

Guidance is only available in the form of broad policy direction or legislative requirements. The job holder normally resolves issues without reference to the supervisor.

Decisions made by the job holder affect the work and activities of all Divisions of the Council.

Significant planning is required to co-ordinate with various organisational units or multiple resources.

The job holder develops a complete budget for a department, including personnel requirements.

This job controls expenditure which includes salary and non-salary costs of between \$100,000 and \$1m pa.

The job holder has prime responsibility for raising non-standard revenue.

Judgement and Problem Solving

Problems are solved by using research, analysis, and evaluation of information which is often not readily available. Judgement is important as there is often no right or wrong solution.

The job holder must make judgements or recommendations based on advanced analytical or creative thought.

Specialist Knowledge and Skills

The job holder requires the following level of technical skills.

Expert Knowledge areas:

- Property Maintenance Assessment
- Corporate / Business Planning
- Public Relations
- Contract Administration
- Project Management
- Risk Management
- Cemetery Management Control
- Gardening Labouring
- Garbage & Sanitary Labouring
- Cleaning
- Street Sweeping
- Grave Digging
- Activity Programming

- Parkes Management
- Equal Employment Opportunity
- Salary Administration
- Employee Relations
- Training & Development
- Recruiting / Employment
- Rehabilitation
- Leasing
- Waste Management
- Tree Preservation
- Landfill Operations
- Environmental Assessment
- Environmental Audit
- Environmental / Heritage Education
- Pollution Control (air, water, noise)
- Bushland Management
- Dog Control
- Community Health

Solid Working Knowledge areas:

- Capital Project Accounting

Basic Working Knowledge areas:

- Computer Operations Control
- Tendering Procedures
- Tender Evaluations
- Purchasing & Procurement
- Contract Law

In addition, the operational knowledge required by the job holder includes knowledge of the structure, functions and processes of several departments.

Management Skill

The job holder is responsible for the direction and co-ordination of operations of a branch function within the council.

The person initiates action in the following work areas:

- Evaluating performance
- Coaching and advising
- Authorising timesheets
- Approving overtime
- Approving leave
- Appointing employees
- Handling employee complaints
- Disciplinary actions
- Terminating employment

The job holder approves and makes final decisions in the following work areas:

- Assigning work activities
- Identifying training needs

The job holder supervises 4 to 6 personnel directly.

The job holder supervises 6 to 10 personnel indirectly.

This job involves the supervision of 1 to 5 contractors.

The annual value of contracts directly managed by the job holder is between \$101,000 to \$1m.

The total number of volunteers managed by this job on a regular basis is 1 to 5.

Interpersonal Skills

This job requires written communication skills which enable the job holder to write correspondence, reports and submissions that require original sentence and paragraph construction and wording.

Responsible for monitoring or evaluating effectiveness of customer service provided by the Council, and recommending modifications to service.

Requires extensive, on-going cooperation, coordination and communications between Divisions and Branches for work production or service quality.

This job requires communication skills which enable the job holder to perform the following activities:

- Exchange/explain information
- Explain situations
- Advise, recommend or counsel
- Train one-to-one
- Sell, persuade, influence
- Negotiate agreements

The job holder is required to interact with the following groups or individuals within the council on a regular basis and for the purpose shown below:

Advise or recommend:

- Council Meeting
- Councillors
- Committee Meetings of Council
- General Manager
- Department/Division Heads
- Section Managers/Line Managers

Negotiate or persuade:

- Other Council Employees

The job holder is required to interact with the following groups or individuals outside the council and for the purpose listed below:

Provide and obtain information:

- Members of courts or tribunals
- Members of Parliament
- Media

Advise or recommend:

- Commercial/industrial/development representatives (eg vendors, builders)

- Community organisations - service clubs etc
- Professional/industry associations including unions
- Government officers (eg Roads & Traffic Authority, Dept of Local Government)
- Employees of other councils
- Applicants for employment
- Local Business

Negotiate or persuade:

- Members of the public/residents
- Consultants, solicitors and other professionals

Qualification and Experience

The preferred qualifications for this job is a TAFE Certificate of Trade or equivalent

It would be expected that the person would have 4 years and up to 8 years relevant work experience.

In addition to the qualifications and experience, the job holder must possess the following licences or certificates:

Driving Licence Class 1A (Standard Driver's Licence)

This is page number 7 of draft Minutes, consisting of 8 pages, of the Ordinary Meeting of the Rylstone Shire Council, held at 4.00 pm 19 March 2003 and do not become the confirmed Minutes of the meeting until adopted by the next Ordinary Meeting of the Council.

- Solicitor’s correspondence – re vacating Baldy Mountain – Acting General Manager will look into this

ADJOURN FOR DINNER 7.15

RE-ADJOURN FOR 7.45

CONFIDENTIAL ITEMS

The following reports contain matters which are considered to be confidential in accordance with the Local government Act, 1993, Section 10a.

RESOLUTION 1133: Moved Councillor A Vrisakis seconded Councillor J Jamieson RESOLVED that

Council move into Committee at 7.45 pm

ITEM 3. ORGANISATIONAL ISSUES (S5.5)

RESOLUTION 1134: Moved Councillor P McQuiggin seconded Councillor D Roach Resolved that:-

1. Council accepts the Consultative Committee’s recommendations (dated 13th March 2003) on the New Organisational Structure.
2. Council adopts the New Organisation Structure.
3. Council requests the Acting General Manager to promptly implement the New Organisational Structure.
4. Council authorises the General Manager and the Directors as “Senior Staff” defined by the NSW Local Government Act.
5. Council approves and confirms the position holders of Managers Corporate Services and Manager Technical Services as the position holders of Director Corporate Services and Director Technical Services, respectively.
6. Council acknowledges all staff within the New Organisational Structure qualify and subject to Local Government (State) Awards provisions.
7. Council also acknowledges staff (other than those defined as “Senior Staff” under the NSW Local Government Act), at P.A. and Unit Manager’s level (classified within Band 3 Level 3), and at Executive Assistant and below Unit Manager’s level (classified between Band 3 Level 2 and Band 1 Level 1), respectively, within the Local Government (State) Award.
8. Council acknowledges the adopted New Organisational Structure may be adjusted during the finalisation of future years Budgets.

Handwritten signatures: [unclear] and [unclear]

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RESOLUTION 1135: Moved Councillor J Jamieson seconded Councillor P McQuiggin
Resolved that:-

1. Council accepts the Consultative Committee's recommendation (Dated 13TH March 2003) on the Recruitment & Selection Policy's amendments.
2. Council adopts the Amended Recruitment & Selection Policy
3. Council requests the Acting General Manager to promptly implement the Amended Recruitment & Selection Policy.

ITEM 4 PROPOSED MULTI PURPOSE SPORTS CENTRE – DEVELOPMENT ASSESSMENT (K2.2)

RESOLUTION 1136: Moved Councillor A Vrisakis seconded Councillor D Roach

RESOLVED that:

Council authorise the Acting General Manager to request a meeting with Mr Doble to deal with matters arising from the Council Meeting as he sees fit.

ITEM 5 SALE OF LAND FOR UNPAID RATES

RESOLUTION 1137: Moved Councillor J Jamieson seconded Councillor D Roach

RESOLVED that:

Council adopt the recommendation submitted by the Acting General Manager

RESOLUTION 1138: Moved Councillor D Roach seconded Councillor P McQuiggin

RESOLVED that

Council move out of Committee at 9.38pm

There being no further business, the meeting closed at 9.39 pm.

I certify this to be a true copy of the Minutes of the Ordinary Meeting of Council held in the Council Chambers, Rylstone on Wednesday, 19 March, 2003 and confirmed as such by Council at its Meeting on Wednesday, 16 April, 2003.

Peter C Hall

Councillor Peter Hall
Chairman

South Young

South Young
Acting General Manager



Part 6 - Advertising Vacancies

Positions must be advertised in a manner sufficient to enable suitably qualified persons to apply for the position.

Positions that require highly developed skills or specialist qualifications may need to be advertised more widely in order to comply with the above requirement.

Council officers must ensure that job advertisements do not constitute or result in unlawful discrimination based on any of the grounds listed on page 3 of this policy.

Method of advertising

The General Manager (or other appropriate officer) will determine how each type of vacancy will be advertised so that suitably qualified people will apply.

There are four types of external advertising:

- Advertisements in the appropriate sections of a community, regional or metropolitan daily newspaper.
- Advertisements in specialist publications such as professional journals and industry newsletters.
- Advertisements in other media such as regional radio. This will usually be regarded as additional to and not a substitute for hard-copy advertising.
- Advertising through the Internet.

Internal Advertising

All positions to be advertised internally first until all options are exhausted and then advertised externally, if required. Internal advertising shall be done by placing an approved advertisement on Council Notice board's.

Content of Advertisements

The advertisement should contain at least the following:

- The title of the position.
- A brief outline of the duties or key result areas.
- Language which does not stereotype and which does promote equal employment opportunity.
- The essential selection criteria (at least).
- Advice to applicants that their applications must address the essential criteria.
- Advice to applicants on any special selection techniques that will be used.
- A person or position to contact to gain further information.
- The realistic closing date for applications.
- An affirmation of the organisation's commitment to EEO.
- A statement to encourage both men and women to apply.
- Or content as per the General Manager's and/or any other appropriate officer's discretion.



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Peter C Hall

Councillor Peter Hall
Chairman

South Young

South Young
Acting General Manager

(L6.12)**CONSULTANTS**

John Medcalf – Tourism Officer: Tourism currently under First Impressions/Public Relations Unit Manager

Christo Aitken – Heritage Adviser: Now through Councils 355 Heritage Committee

Bill Chapman –
Economic Development Officer: Now handled by Finance Officer

Colin Wood –
Health & Building Adviser: Now handled by Health & Building Unit Manager

David McRae –
Water & Sewerage Engineer: Now handled by Water & Sewerage Unit Manager

Rob Betts – Writer: Any such work done by each Manager

Jenny More – Graphic Designer: Any such work done by in-house staff

CONSULTATIVE COMMITTEE MEMBERS 2003

Stephen Mulholland, USU Outdoor Representative

Kevin Rose, USU Outdoor Rep.

Sharon McDonald-Webster, Outdoor staff rep.

Fiona Hemmy, USU Indoor rep.

South Young, Acting General Manager (at the time)

Kerry Morrissey, Management rep.

This is page number 2 of the Minutes, consisting of 11 pages, of the Ordinary Meeting of the Rylstone Shire Council, held on 21 August, 2002 and confirmed as a correct record at Council's Ordinary Meeting held on 18 September, 2002

**ITEM 1 SUMMARY OF ACTION TAKEN WITH RESPECT TO
RESOLUTIONS PASSED BY COUNCIL – 17 JULY 2002 (I5.29)**

RESOLUTION 917: Moved Councillor P Hall seconded Councillor D Roach
RESOLVED that:
Council receive the report as information.

ITEM 2 GRANT SUBMISSIONS – CURRENT STATUS (G4.7)

RESOLUTION 918: Moved Councillor P McQuiggin seconded Councillor P Hall
RESOLVED that:
Council receive the report as information, and that the successful grants in process be included with the summary in future reports.

ITEM 4 UNRESTRICTED CASH POSITION AS AT 30 JUNE 2002

RESOLUTION 919: Moved Councillor P Hall seconded Councillor D Roach
RESOLVED that
Council formulate an appropriate strategy to be put in place to address the growing negative trend both for the short term and for the long term, and that Councillors be involved in the process to evaluate past and future budget movements and a full report from the Auditors be made available to all Councillors at this time.

**ITEM 5 FINANCIAL REPORTS FOR FINANCIAL YEAR ENDED 30 JUNE
2002 (A5.29)**

RESOLUTION 920: Moved Councillor D Roach seconded Councillor M Clapham
RESOLVED that
Council adopt the following:
That in the opinion of the Councillors and the General Manager of the Rylstone Shire Council:

(a) The accompanying general and special purpose financial reports of the Council for the period 30 June 2002, is properly drawn up in accordance with the provision of the Local Government Act, 1993 and the Regulations thereunder and so as to give a true and fair view of:

- i) The State of Affairs of the Council as at 30 June 2002 and the operating result and cash flows of the financial year ended on that date of the Council and all controlled entities; and
- ii) The other matters required to be disclosed.

(b) The general and special purpose financial report is in accordance with the accounting and other records of the Council.

(c) The general and special purpose financial reports are drawn up in accordance with the Statements of Accounting Concepts, applicable Australian Accounting Standards and the Local Government Code of Accounting Practice and Financial Reporting.

(d) No circumstance has arisen which would render the report false or misleading in any way.



That the Mayor, Deputy Mayor as well as the General Manager and the responsible Accounting Officer sign the abovementioned formal declaration as attached to the financial report.

ITEM 6 BUDGET REVIEW STATEMENT (E6.42)

RESOLUTION 921: Moved Councillor M Clapham seconded Councillor D Roach
RESOLVED that Council:

1. Adopt Budget Review as at 30 June 2002.
2. Review 2002/03 Management Plan to accommodate brought forward over-expenditure.

ITEM 7 TELEVISION BLACKSPOT FUNDING (T6.1)

RESOLUTION 922: Moved Councillor P Hall seconded Councillor P McQuiggin
RESOLVED that Council:

1. Apply to extend the deadline for the return of the Application for New Services for the Glen Alice/Bogee region to allow time to more fully consider this issue.
2. No longer pursue funding for the installation of the service for Sofala unless Evans Shire Council makes on going financial contributions to fund the service.
3. Contact the Department of Local Government to investigate the proposal for a Special Rate Variation and it's likelihood of being approved by the Minister, to fund the estimated annual cost of providing the services.
4. Staff to enquire to see if the DCITA grant can be obtained to allow individuals to be recompensed to install their own Television systems, and be compensated for the installation of their own improved satellite systems

ITEM 8 THREATENED SPECIES, POPULATIONS AND ECOLOGICAL COMMUNITIES IN RYLSTONE SHIRE (D1.24/N2.1)

RESOLUTION 923: Moved Councillor P Hall seconded Councillor M Clapham
RESOLVED that
Council note the information.

ITEM 9 planFIRST – NSW AGRICULTURE (D1.24)

RESOLUTION 924: Moved Councillor P Hall seconded Councillor M Clapham
RESOLVED that

1. Council confirm that agriculture should play a significant role in the future of the shire.
2. Instruct the Planning sub-committee to investigate opportunities for increasing agricultural production within the shire and report back to Council as to how it can actively plan to support such opportunities.
3. That the following to be included in the Minutes of the planFIRST Meeting - that adjoining Agricultural pursuits to National Parks need protection from feral animals that at times congregate in these National Parks/Crown Lands etc. and then leave them to affect the agricultural pursuits of adjoining owners and others eg wild dogs, pigs, weeds etc.



MEMORANDUM

To: Mayor and Councillors - Rylstone Shire Council
From: General Manager
Date: 18th December 2002
SUBJECT: LEAVE OVER CHRISTMAS/NEW YEAR BREAK

Dear Councillors,

Further to my memo dated 13th December 2002, I wish to confirm the leave taken in lieu over the holiday period.

The following leave dates will apply:

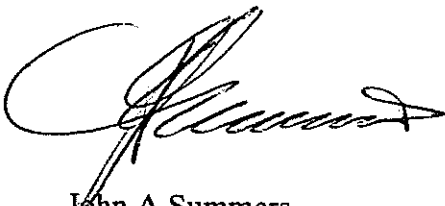
- From Thursday 19th December 2002 to Friday 3rd January 2003 inclusive (includes three public holidays)
- From Monday 13th January 2003 to Monday 3rd February 2003 inclusive (includes one public holiday).

I propose to be at work for the first working week period in the new year to ensure that project work and financial matters are in hand and to have the former Finance Manager (Adrian Hodge) hand over financial matters to Neville Thorley who will undertake to bring the second quarter and December financial reports to account.

The procedural matters of the organisation will be overseen by the Technical Services Manager who will be acting General Manager.

Substantial matters involving restructuring, financial reporting, legal processes, appointments and major disciplinary matters of staff will remain my responsibility.

Kind regards,



John A Summers
General Manager

MEMORANDUM

To: Manager Technical Services
From: General Manager
Date: 18th December 2002
SUBJECT: ACTING GENERAL MANAGER POSITION WHILST GM ON LEAVE

Dear South,


Please note this confirmation that I am appointing you to act as ^{A/}General Manager on the days that I am on leave over the Christmas – New Year break.

The details of my leave are as per my attached memo dated this day.

Please note the last paragraph of the memo referring to substantial matters that remain my responsibility despite my being on leave. These are all matters that I have placed in the hands of Council's solicitors (refer Richard Taylor of ABL lawyers). In the instance that Richard may require Council's involvement whilst I am on leave, he will contact me directly.

Thank you for your support in taking on this responsibility and if you have any question as to matters that do arise, I can be contacted on my mobile phone or email address.

Kind regards,



John A Summers
General Manager

This is page number 6 of the Minutes, consisting of 13 page, of the Ordinary Meeting of the Rylstone Shire Council, held on 18th December, 2002 and confirmed as a correct record at Council's Ordinary Meeting held on 19 February 2003

2. Include an expense item in Council's Management Plan for 2003/2004 and proceeding years to cover licensing and maintenance costs and provision for the eventual replacement of the broadcast equipment.
3. Reaffirm Council's previous decision not to proceed with the new service application for the Sofala area.

ITEM 11 RURAL FIRE SERVICES 2003/04 ESTIMATES (B3.14)

RESOLUTION 1039: Moved Councillor M Clapham seconded Councillor D Roach
RESOLVED that
Council accept the 2003/2004 Rural Fire Service estimates as tabled covering the Rylstone District, subject to funding becoming available from the Brigades

ITEM 13 REPORT ON TRIAL OF NEW CHEMICALS AT COUNCIL'S WATER FILTRATION PLANT (W2.3)

RESOLUTION 1040: Moved Councillor M Clapham seconded Councillor P McQuiggin
RESOLVED that Council:

1. Endorse the implementation of the new treatment system (PAC-AC system) at Rylstone Water Filtration Plant.
2. Approve the General Manager to execute an initial outlay of \$10,000 to set up a permanent installation of the PAC-AC system.

ITEM 14 REPORT ON PROGRESS OF WORKS TO IMPROVE SAFETY OF RYLSTONE DAM (W2.23)

RESOLUTION 1041: Moved Councillor M Clapham seconded Councillor P McQuiggin
RESOLVED that
Council note progress on improving the safety of Rylstone Dam in accordance with the requirements of the Dam Safety Committee.

ITEM 17 REPORT ON OPENING HOURS AT THE RYLSTONE AND KANDOS TIP (G1.5)

RESOLUTION 1042: Moved Councillor P McQuiggin seconded Councillor D Roach
RESOLVED that Council:

1. Receive the report as information.
2. Authorise the General Manager to change the opening and closing times at the Rylstone Kandos tip to: Open 7.30am and close 5.00pm, ie 7.30am-5.00pm) seven days a week.
3. Put a public notice on the new opening times for the tip, and in local newspapers.

ITEM 18 BUDGET REVIEW STATEMENT - 30 SEPTEMBER 2002 (E6.42)

RESOLUTION 1043: Moved Councillor D Roach seconded Councillor P McQuiggin
RESOLVED that

[Handwritten signature]

The \$685, 000 as per the 11/12/02 Extra-ordinary Meeting noted as repair works and funding be dealt with in the budget with our day labour force doing the work

Councillor M Clapham voted against the motion, please note the absolute necessity to come in on or below budget.

RESOLUTION 1044: Moved Councillor D Roach seconded Councillor P McQuiggin
RESOLVED that

Council delay the Charbon Sewerage Design to the value of \$17,500 Ledger No 504011 for six months.

RESOLUTION 1045: Moved Councillor P McQuiggin seconded Councillor D Roach
That the \$57,000 in the Water Fund - Ledger No. 504007 be deleted.

RESOLUTION 1046: Moved Councillor D Roach seconded Councillor P McQuiggin
That Council adjourn the Meeting at 6.40 pm and move into Open Forum. at 6.45 pm.

PRESENT – K Hemmy, B Smiljanic, M Cafe, R Agnew, K Rose, B Elkins, J Large, J Howe, J Howarth, G Bucan, H Malone, R Etherton, N Meissner, B Hundy, G Hundy, A Vrisakis, G McDonald, M Boyland, P Miskle, J Jamieson.

M Butler – concerns General Manager's remuneration, low productivity, suspended employees, legal expenses and amalgamation

R J O'Neill – Kandos – was his letter tabled at last meeting - yes

Betty Elkins – concerned about the rubbish in the river – should be cleaned, more garbage bins please

S Mulholland – September budget review – guide posts and sucker clearing – where did \$50,000 come from. Costings to send items back that were leased, no resealing program

J Large – staff wages, legal expenses

A Vrisakis – investigators from Auditor General will report to ICAC – ratepayers would like to know results of investigation.

A Wills - problem with management, suspended employees

RESOLUTION 1047: Moved Councillor P McQuiggin seconded Councillor D Roach
RESOLVED that

Open forum be extended to 7.30

A Wills – underfunding, number of staff,

B Smiljanic – gave Councillors a copy of a letter from his Solicitor.

A Mulholland – letter from MEU to the Mayor and General Manager, has this be acknowledged, hourly rate of Operations Manager.

N Gorrell – correspondence – how is it documented.

J Jamieson – what has ICAC been called for,

End Open Forum 7.35 pm

ADJOURN FOR DINNER 7.35 pm

^{Commented}
~~RE-ADJOURN~~ MEETING 8.05 pm

ITEM 18 Con't

Ref. Jamieson

RESOLUTION 1048: Moved Councillor P McQuiggin Seconded Councillor D Roach
RESOLVED that
Council defer the Waste Disposal expenditure of \$120,000 Ledger No. 191102 of 11/12/02
Extra-Ordinary Meeting,

Councillor M Clapham wished his vote against this motion recorded.

RESOLUTION 1049: Moved Councillor D Roach seconded Councillor P McQuiggin
RESOLVED that
Council defer a decision on the Water Pressure Upgrade at Clandulla until the next Budget
review - \$50,000 Ledger No 404055 – 11/12/02 Extra-Ordinary Meeting

RESOLUTION 1050: Moved Councillor P McQuiggin seconded Councillor D Roach
RESOLVED that
Council defer the Rylstone Pressure Upgrade for 6 months \$154,000 Ledger No 404057
11/12/02 Extra-Ordinary Meeting

Councillor M Clapham wished his vote against this motion recorded due to safety reasons.

RESOLUTION 1051: Moved Councillor D Roach Seconded Councillor P McQuiggin
RESOLVED that Council:

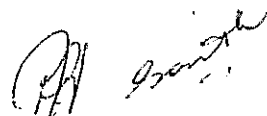
1. Remove \$154,000 Ledger 404057 in 2002/3 expenditure budget
2. Make temporary savings of \$154,000 as improvement to this financial year cash backing of provisions (that is to maintain no change in cash reserves of \$2.31 million from this motion)
3. That Council defer this project financial commitment to be funded from future financial years funding provisions

RESOLUTION 1052: Moved Councillor D Roach seconded Councillor P McQuiggin
RESOLVED that Council:

1. Remove \$57,000 Ledger No.504007 in 2002/3 expenditure budget
2. Make temporary savings of \$57,000 as improvement to this financial year cash backing of provisions (that is to maintain no change in cash reserves of \$2.31 million from this motion)
3. That Council defer this project financial commitment to be funded from future financial years funding provisions

RESOLUTION 1053: Moved Councillor D Roach seconded Councillor P McQuiggin
RESOLVED that Council:

1. Remove \$50,000 Ledger No.404055 in 2002/3 expenditure budget
2. Make temporary savings of \$50,000 as improvement to this financial year cash backing of provisions (that is to maintain no change in cash reserves of \$2.31 million from this motion)
3. That Council defer this project financial commitment to be funded from future financial years funding provisions



RESOLUTION 1054: Moved Councillor D Roach seconded Councillor P McQuiggin
RESOLVED that Council:

1. Remove \$17,500 Ledger No 504011 in 2002/3 expenditure budget
2. Make temporary savings of \$17,500 as improvement to this financial year cash backing of provisions (that is to maintain no change in cash reserves of \$2.31 million from this motion)
3. That Council defer this project financial commitment to be funded from future financial years funding provisions

RESOLUTION 1055: Moved Councillor P McQuiggin seconded Councillor D Roach
RESOLVED that
\$10,000 be removed from Organisation Re-structure, and that it be reviewed at the next quarterly review.

RESOLUTION 1056: Moved Councillor P McQuiggin seconded Councillor D Roach
RESOLVED that
the voluntary redundancies allowance of \$150,000 be removed.

RESOLUTION 1057: Moved Councillor P McQuiggin seconded Councillor D Roach
RESOLVED that
the budget figure for recruitment of Operations Manager and Finance Manager be \$8,000

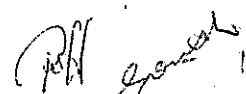
RESOLUTION 1058: Moved Councillor D Roach seconded Councillor P McQuiggin
RESOLVED that
the budget figure for the contract interim Operations Manager be reduced to \$15,000

It was noted the need to investigate any savings in the Youth and Family Services to ascertain budget savings.

RESOLUTION 1059: Moved Councillor D Roach seconded Councillor P McQuiggin
RESOLVED that
\$66,000 be removed from the Technical Services Budget -Ledger No 128640, Operations Department Budget remove \$22,500 – Ledger No 128609/17

RESOLUTION 1060: Moved Councillor D Roach seconded Councillor P McQuiggin
RESOLVED that
Council recalculate the cash position as a result of the above budget changes, and to update tonight's resolutions of Council in respect of Scenario 1 previously tabled at the Extra-ordinary meeting of Council 11/12/02, and that Council meet 19/12/02 at 5.30 pm.

The General Manager advised that he did not think that the above budget cuts would allow Council to deliver a suitable level of service to ratepayers and that the cuts identified are not able to be realised.



ADJOURN MEETING AT 10.35 pm

MEETING RE-COMMENCED AT 5.40 pm, THURSDAY 19 DECEMBER, 2002.

Mr John A Summers (General Manager) – apology as he is on leave.

ITEM 18 Con't

South Young tabled the revised budget prepared by the Finance Manager with the above resolutions taken into the calculation.

RESOLUTION 1061: Moved Councillor D Roach seconded Councillor P McQuiggin
RESOLVED that Council

1. Remove \$330,000 (Indoor Sports Stadium) from Internal Restrictions and utilise these savings for recurrent expenditures in 2002/03 financial year.
(Council reaffirms its commitment to the Sports Centre which will commence in the New Year, and that the DET funding will be used first.),
2. Defer the funding determination of Council's component of this project to 2003/04 financial year budget preparations.
3. Remove the following items from Internal Restrictions and utilise these savings for recurrent expenditures in 2002/03
 - \$110,000 (Road & Improvements)
 - \$180,000 (Sale of Plant Jetpatcher)
 - \$225,000 (Sale of real estate)
 - \$60,000 (F F & E's Kandos Sports Centre)
 - \$271,048 (Plant & Vehicle Replacement)

MEETING ADJOURNED AT 6.40 pm.

MEETING RE-ADJOURNED AT 6.50 pm.

RESOLUTION 1062: Moved Councillor D Roach seconded Councillor M Clapham
RESOLVED that:

Council send a copy of the updated Budget of the Extra-ordinary Meeting of Council 11/12/02 (inclusive of Resolutions made at the Meeting 18/19 December, 2002) immediately to the Department of Local Government.

RESOLUTION 1063: Moved Councillor P McQuiggin seconded Councillor D Roach
RESOLVED that:

1. Request the General Manager to report and seek Council's approval on any proposed expenditure item that is not budgeted before spending can occur.
2. Request the General Manager to report and seek Council's approval on all proposed actions that potentially impact Council's integrity as a public organisation before those actions can pursue.
3. Request the General Manager to ensure that any proposed expenditure item need to accompany a proposed saving within the budget as far as reasonable.

4. Authorise staff to find up to 5% savings across all budget items within this financial year (2002/03) as far as practicable and maintain the basic core business service level of Council

Councillor M Clapham wished his vote against this motion recorded.

**ITEM 19 DEPARTMENT OF LOCAL GOVERNMENT INVOLVEMENT –
30 SEPTEMBER 2002 BUDGET REVIEW**

RESOLUTION 1064: Moved Councillor D Roach seconded Councillor P McQuiggin
RESOLVED that

Council receive the report, and a review took place

**ITEM 20 NSW RURAL FIRE SERVICE RYLSTONE – SERVICE LEVEL
AGREEMENT LIAISON COMMITTEE (A4.9)**

RESOLUTION 1065: Moved Councillor D Roach seconded Councillor P McQuiggin
RESOLVED that Council:

1. Appoint Councillor M Clapham & Councillor P Hall representatives to the SLA Liaison Committee.
2. Appoint the General Manager or his delegate to the SLA Liaison Committee.

REQUEST FOR DONATIONS (A8.1)

Author	Subject	Recommendation
Sydney Children's Hospital (A8.1)	Seeking donation.	.That Council donate \$100

RESOLUTION 1066: Moved Councillor P McQuiggin seconded Councillor D Roach
RESOLVED that

Council adopt the recommendation in accordance with the preceding table.

CORRESPONDENCE

Councillor P Hall tabled the following letters:

- Brian Harris, General Secretary, MEU – 12/12/02
- Brian Harris, General Secretary, MEU – 13/12/02
- Kim Currie – Support for John Summers - 25/11/02
- Jolieske Lips & John Medcalf – Support for John Summers – 25/11/02
- Jennifer More & Bret Nutting – Support for John Summers – 25/11/02

ITEM 7: ECONOMIC DEVELOPMENT (C4.10)

Background:

On the 24th March 2003, council accepted a \$50,000 Grant for Economic Development, from the Department of State and Regional Development (DSRD). The first payment of \$25,000 was received in April 2003. An acquittal for the funds was requested in late June 2003.

As anticipated, the expenditure of the \$25,000 did not meet the DSRD requirements.

Council is not in a position to financially progress the projects that would satisfy the DSRD requirements.

Please refer to attached letter from the DSRD.

Recommendation:

That Council resolved to: repay the sum of \$15,975 to the DSRD.

Signed:



Kerry Morrissey
Acting General Manager



First for Business

New South Wales
Department of State and
Regional Development

Level 14, Government Plaza
125 George Street, Sydney
PO Box 1604 (Government Plaza)
NSW 1520 Australia
Telephone 61 2 9505 6866
TTY 61 2 950 6866
Facsimile 61 2 950 6866
http://www.dsrn.nsw.gov.au

Mr Kerry Morrissey
Acting General Manager
Rylstone Shire Council
PO Box 42
RYLSTONE NSW 2849

Dear Mr Morrissey

Re: Acquittal of \$25,000 and funding for economic development activities in Rylstone

Thank you for your letter dated 14 July.

As you may be aware an offer of up to \$50,000 was made to Rylstone Shire Council on 24 March 2003 to support a range of economic development activities during 2003. The offer was made on the basis of an application from Council dated 12 November 2002 and subsequently revised on 12 December 2002. The first payment of \$25,000 was processed in April 2003. A further payment of \$12,500 was to be made six months after commencement (due 27 September), subject to satisfactory reports, and the final \$12,500 on receipt of a satisfactory final report and when the Department is satisfied that all conditions have been met including evidence of expenditure and financial accounts for the project.

According to documents provided to the Department by Council, the total costs incurred by Council since 1 July 2002 for economic development were \$35,335.05 (not including GST). Most of this expenditure predates the offer from the Department. The expenditure includes \$28,308.56 paid as salary components to _____, employed by Council for a period _____ as the Economic Development Officer (EDO), and to _____ who replaced _____ as the EDO in December 2002. The offer to Council stipulates that: "Funding is to be used for direct costs for component projects, as indicated in the revised proposal, or in part as a contribution to co-ordination costs, depending on final budgets for individual projects." Clearly most of the costs claimed by Council (75%) are co-ordination related costs.

Council also provided a report on the proposed activities for the period 1 July 2002 to 30 June 2003. Examination of the report reveals that a number of the proposed activities have either been suspended or not proceeded with by Council. There is no explanation or evidence of direct costs relating to the projects as per the 12 December proposal.

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-2-

Overall, the information provided by Council is not sufficient to enable acquittal of the \$25,000 payment or to enable payment of the next instalment. However given that the revised proposal was sent in December 2002, DSRD is prepared to allow Council to claim costs from 1 January 2003. On this basis, expenditure by Council amounts to \$9,025.

No further monies will be paid until the Department is satisfied that Council intends to continue with the initiatives as agreed and that a revised budget is provided for each activity including how DSRD funds will be spent. If Council does not respond to this request by 24 October 2003, DSRD will seek to recover from Council funds already paid less expenditure since 1 January 2003 which amounts to \$15,975.

I look forward to hearing from you on this matter.

Yours sincerely

S. Lean 24/10/2003

Shirley Lean
Senior Manager Regional Programs
Regional Development Division

Cc Greg Beileiter, Regional Manager Western, DSRD Orange

This is page number 9 of Minutes, consisting of 10 pages, of the Extra Ordinary Meeting of the Rylstone Shire Council, held on 3rd December 2003 and do not become the confirmed Minutes of the meeting until adopted by the next ordinary meeting of Council on 17th December 2003

RESOLUTION NO: 1449 Moved Councillor A Vrisakis seconded Councillor J Jamieson

That Councils comments of 28th October 2003, on the Draft Local Government Report and a copy of Councillor A Vrisakis letters to the investigators be copied (at his expense) and made available to members of the public who request them with a copy of the final report.

The Acting General Manager when he sought information from the Department of Local Government was to release Council information.

Councillor M Clapham recorded his vote against the motion.

RESOLUTION NO: 1450 Moved Councillor M Clapham seconded Councillor J Jamieson

Resolved that: the immediate actions be held over until the ordinary meeting of 17 December 2003.
carried

SUPPLEMENTARY ITEM: MULTI PURPOSE SPORTS CENTRE, KANDOS (K2.2)

Background:

As discussed at previous Council meetings, Council wishes to extract itself from the contract regarding the construction of the Kandos MPSC.

Funding of \$130K has been received for this project, and allocated costs against this project amount to more than \$130K.

Discussion:

A meeting was held on 28th November involving Kerry Morrissey, Andrew Drummond, the Principals of both the Kandos Primary and High Schools, and representatives from the Department of Education and the Department of Commerce.

Whilst this meeting concluded with an outcome that all parties were in agreement with, there is still the requirement to obtain legal advice as to whether or not Rylstone Shire Council can still be held to the original construction contract.

The end result is that all parties agree that only \$48,485 was spent on works that directly related to the project or were approved by all parties.

RESOLUTION NO: 1451 Moved Councillor A Vrisakis seconded Councillor J Jamieson

That Council resolves to: repay \$80,417 to the Education Department as full and final payment and seek their endorsement that we be allowed to terminate the construction contract.
That councillors are supplied with the details of the \$48,485.

carried

2002-3 Original Budget	JOB NO.	DESCRIPTION	ESTIMATES		
			2003-4	2004-5	2005-6
		PLANNING			
		Operating Income			
3,000	172705	Grant Heritage advisor	3,000	3,090	3,183
100,000	172707	Grant EPA - Plan First	0		
2,500	172715	Grant Heritage local fund	2,500	2,575	2,652
38,000	172668	DA Fees	25,000	30,000	35,000
	110552	Development Control Advertising	1,200	1,236	1,273
0	172677	Subdivision Fees	5,000	5,150	5,305
12,000	172686	149 Certificates	12,100	12,463	12,837
3,000	172695	Sundry Income	3,000	3,090	3,183
2,000	172700	Neighbour notification	1,200	1,236	1,273
160,500		Total Operating Income	53,000	58,840	64,705
		Capital Income			
4,000	172975-80	Section 94 contributions	6,000	6,500	7,000
4,000		Total Capital Income	6,000	6,500	7,000
		Operating Expenditure			
		Salaries and Oncosts	60,000	61,800	63,654
		Relief Costs	1,000	1,030	1,061
22,740	110561	Technical officer t/f in	0		
9,000	110520	Mgmt Exp Tech			
1,500	110521	Vehicle expenses	650	670	690
3,500	110522	Office & field supplies	1,250	1,288	1,326
1,000	110515	Legal expenses	500	515	530
5,000	110517	Publications & subscriptions	1,000	1,030	1,061
0	110552	Development Control Advertising	1,200	1,236	1,273
500	110553	Design Inspections	400	412	424
13,279	110557	Computer charges	13,279	13,677	14,088
5,000	110512	Local Heritage fund	5,000	5,150	5,305
0	110513	Heritage & tourism develop studies	960	989	1,018
9,000	110514	Heritage advisory consultant	9,000	9,270	9,548
30,000	110519	Consultancy - Salinity Mapping	0		
25,000	110525	Consultancy - Natural Heritage Sites	0		
15,000	110526	Consultancy - Aboriginal and Arch Sites	0		
0	110533	Main Street Beautification	3,000	3,090	3,183
5,000	110534	Plan First (LEP, DCP, S94 review)	1,200	1,236	1,273
0	110536	Contribution to Guides Seat	0		
145,519		Total Operating Expenditure	98,439	101,392	104,434
160,500		Less Operating Income	53,000	58,840	64,705
4,000		Less Capital Income	6,000	6,500	7,000
0		Less Depreciation not funded	0	0	0
26,740		Plus transfers to Provisions	6,000	6,500	7,000
		Less transfer from Provisions	0	0	0
7,759		Result Planning unit	45,439	42,552	39,729

Note: Budgets 2003/04; (and Preliminary Estimates Only 2004/05 and 2005/06)



Early Childhood and Primary Education
 Secondary Education
 Technical and Further Education
 Vocational Education and Training
 Higher Education
 Adult and Community Education

Kerry Morrissey
 Acting General Manager
 Rylstone Shire Council
 PO Box 42
 RYLSTONE NSW 2849

Rylstone Shire Council
 File No K22
 Reg No
 12 NOV 2003
 Action by Kerry (A)
 File / ... / ...

Dear Kerry

RE: KANDOS MULTI PURPOSE SPORTS CENTRE

I refer to your correspondence dated 27 October 2003 concerning resolutions adopted by Rylstone Shire Council as a result of the extra-ordinary meeting held in reference to the Multi Sports Centre at Kandos.

I make particular mention to resolution number two indicating that Rylstone Shire Council will: "refund any surplus monies to the Department" with respect to those funds already paid to Council by the school.

It was my understanding from our previous meeting that Council would reimburse the Department any monies not deemed to have been legitimately spent, as opposed to returning any existing surplus. It is anticipated this process will involve Council furnishing the Department with details of monies expended to date, thus enabling a determination to be reached on the relevance of the expenditure to the project.

As a result, it would be appreciated if Council could provide clarification on this point before the Department accepts the proposal to dissolve the partnership agreement.

Yours sincerely

Peter Dixon
 Leader Properties Service Unit

10 November 2003

Multi Purpose Sports Centre

16/1/02	Adbuilt Constructions		264.00	264.00	No	
6/2/2003	Barnson Design	Structural design	1,320.00			
23/4/03	Barnson Design		4,554.00	5,874.00	No	
2/11/2001	Colin Wood	Health & Building Surveying	330.00			
16/4/02	Colin Wood		330.00	660.00	Yes	660.00
6/3/2003	Comer Plant Hire		596.50	596.50	Yes	596.50
12/11/2002	Cudgegong Newspapers	Advertising	691.00	691.00	Half	345.50
31/1/03	Doble Engineering		3,564.00			
4/2/2003	Doble Engineering		6,732.00			
1/8/2/03	Doble Engineering		7,084.00			
30/6/03	Doble Engineering		14,168.00	31,548.00	No	
2/5/2001	Gisell Denley Drafting	Drafting	825.00			
16/5/01	Gisell Denley Drafting	Drafting	990.00			
4/6/2001	Gisell Denley Drafting	Drafting	440.00			
13/7/01	Gisell Denley Drafting	Drafting	880.00			
25/7/01	Gisell Denley Drafting	Drafting	1,320.00			
19/9/01	Gisell Denley Drafting	Drafting	55.00			
3/10/2001	Gisell Denley Drafting	Drafting	220.00			
5/10/2001	Gisell Denley Drafting	Drafting	330.00			
18/10/01	Gisell Denley Drafting	Drafting	440.00			
31/10/01	Gisell Denley Drafting	Drafting	330.00			
13/12/01	Gisell Denley Drafting	Drafting	440.00			
13/12/01	Gisell Denley Drafting	Drafting	1,017.00			
9/1/2002	Gisell Denley Drafting	Drafting	55.00			
13/3/02	Gisell Denley Drafting	Drafting	55.00			
14/5/03	Gisell Denley Drafting	Drafting	3,773.00	11,170.00	No	
26/3/02	John Summers	Consultant	25,000.00			
17/6/02	John Summers	Accom & wages	279.00	25,279.00	No	
9/10/2002	Kensam Services	Fencing	3,779.00	3,779.00	Yes	3,779.00
12/11/2002	Lithgow Mercury	Advertising	532.00			
11/12/2002	Lithgow Mercury	Advertising	532.00	1,064.00	Half	532.00
13/11/02	MacQuarie Geotech	Surveying	2,304.00	2,304.00	Yes	2,304.00
3/6/2003	PKA Acoustics	Engineer consultant	385.00	385.00	Half	192.50
24/2/03	R J Crooks & Assoc	Site set out	1,342.00			
16/5/01	R J Crooks & Associates	Surveying	1,540.00	2,882.00	Yes	2,882.00
21/2/03	Rylstone Hardware	Pine - profile	183.00	183.00	Yes	183.00
4/6/2001	Rylstone Shire Council	Camera	2,634.00			
21/11/01	Rylstone Shire Council	Accom & wages	900.00			
30/6/02	Rylstone Shire Council	Accom & wages	71.00			
12/11/2002	Rylstone Shire Council	Wages	252.00	3,857.00	No	
31/3/03	Site Signs	Signs	413.00	413.00	No	
6/2/2003	Sox Electrical	Power	791.00	791.00	Yes	791.00
6/2/2003	St Johns Ambulance	1st Aid kit	123.00	123.00	No	
30/6/03	The Hire Company	Porta loos	6,451.00	6,451.00	No	
30/6/99	Thompson Tregar	Feasibility study	24,000.00	24,000.00	Yes	24,000.00
10/4/2003	W Chapman	Financial planning	200.00	200.00	Half	100.00
12/11/2002	Western Advocate	Advertising	1,117.00	1,117.00	Half	558.50
2/11/2001	Wiltshire Webb	Legal	3,963.00			
8/1/2002	Wiltshire Webb	Legal	1,317.00			
28/2/02	Wiltshire Webb	Legal	401.00			
27/6/02	Wiltshire Webb	Legal	2,610.00			
29/8/02	Wiltshire Webb	Legal	906.00			
16/9/02	Wiltshire Webb	Legal	1,169.00			
26/9/02	Wiltshire Webb	Legal	197.00			
9/10/2002	Wiltshire Webb	Legal	279.00			
29/10/02	Wiltshire Webb	Legal	282.00	11,124.00	Half	5,562.00
TOTAL EXPENDITURE			134,755.50	134,755.50		42,486.00
			Amounts received			90,000.00
						39,801.90
						<u>129,801.90</u>
Amount to be returned						<u>87,315.90</u>