

capacity building good governance improvement

Promoting Better Practice Program

REVIEW REPORT

GUYRA SHIRE COUNCIL

JANUARY 2010



Division of Local Government
Department of Premier and Cabinet

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EXECUTIVE SUMMARY

Guyra Shire Council is currently faced with a challenging set of circumstances. These circumstances demand a careful and considered response from both councillors and staff. The new integrated planning and reporting framework for the sector provides a process that will allow Council to identify and prioritise the longer term strategies that the Council wants to pursue. Having done so, Council will need to critically review its structure and resources available to deliver those strategies.

Some of the specific circumstances that Council needs to consider are the limitations of its revenue base coupled with the need to find ongoing funds required for infrastructure maintenance and renewal, the impact of changes in the composition of Council and senior management, the collapse of the New England Strategic Alliance of Councils (NESAC) and the adequacy of Council's current planning framework.

Council sought and was granted a special rate variation in 2008-09 and 2009-10. Council's current financial position is satisfactory but it is faced with inherent limitations such as its dependency on external funding.

A significant amount of Council's attention in recent times has been absorbed by seeking to address the flawed manner in which NESAC had been operating. The attention of all stakeholders, including Guyra Shire Council, needs to shift to the future and how local government can make best use of its limited resources to serve the New England community.

A review of NESAC has been recently completed by this Division. This review recommended that the Minister for Local Government appoint an independent person to facilitate a review of the arrangements for delivery of local government services in the area. The Minister has accepted this recommendation.

It is vitally important that the Council work with the facilitator of the independent review to identify and consider opportunities for local government to better serve its community.

1 ABOUT THE REVIEW

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

The process involves reviewers evaluating the effectiveness and efficiency of the council's operations and giving feedback. This involves checking compliance, examining appropriate practices and ensuring that council has frameworks in place to monitor its performance. There are essentially five steps in a review - preparing, assessing, checking, analysing and reporting.

The review team examines local circumstances in order to understand the pressures on council and how the council has sought to manage that environment. Reviews can focus on one or more aspects of council operations.

The results of reviews are analysed and provided to the Council, the Deputy Director General (Local Government) of the Department of Premier and Cabinet and the Minister for Local Government. The final report is published on the DLG website.

Review Process for Guyra Shire Council

Guyra Shire Council was asked to complete a comprehensive set of checklists about key council practices. The reviewer examined these and a range of other source documents prior to visiting Council, in order to gain a preliminary understanding of the circumstances of Council and how the Council is responding.

The on-site component of the review took place in February 2009. It involved initial interviews with the Mayor and the General Manager, interviews with a cross section of staff, observation of a Council meeting, individual meetings with two councillors, a review of Council policies and other documents and visits to Council's main works depot and a number of localities in the Shire.

The primary focus of the review was consideration of the Council's corporate planning and reporting processes and its governance practices. However, in considering these issues, we did examine other aspects of Council's operations.

The review was conducted in parallel of a review of the New England Strategic Alliance of Councils (NESAC). The NESAC review is the subject of a separate report.

The collapse of NESAC subsequent to the issuing of the draft report has necessitated changes being made to this final version. In particular, we have modified some recommendations that pertained specifically to Council's involvement in NESAC.

A draft report was provided to Council for review and comment. This final version of the report incorporates some minor modifications and also refers to the outcome of the NESAC review. A copy of Council's response to the draft report has been included in this final version of the report. (see Section 6)

It is apparent, from Council's comments in relation to specific recommendations, that it has already addressed some recommendations and is well advanced in addressing others. Notwithstanding this, we have retained these recommendations in this final report. This has been done to facilitate a subsequent review of their implementation by the Council. Council has been advised to undertake such a review early in 2010 as part of its planning process for 2010-2011.

2 ABOUT THE COUNCIL AND THE AREA

Guyra Shire has an area of 4395 square kilometres. It is located on top of the Northern Tablelands in the New England Region of NSW. The town of Guyra is situated on the New England Highway, midway between Sydney and Brisbane, and is 38 km north of Armidale.

The area has an estimated population of 4478. Its population is stable. Just under 50% of the population resides in Guyra. The next biggest population centre is Tingha with a population of 887. There are also a number of smaller villages.

The Shire and Tingha in particular, have a higher percentage of Indigenous persons compared to Australia (10.2% and 27.5%, respectively, compared to 2.3% for Australia).

The Shire is divided into 3 wards, each represented by 2 councillors. Two of the wards were uncontested at the last election.

Three of the six councillors elected in 2008 had not served on the Council previously. One of these new councillors had served on another council. The current General Manager has been in the role since August 2008.

The Council was a member of the New England Strategic Alliance of Councils (NESAC), which was formed in 2004 as an alternative to amalgamation. The Alliance was established to facilitate the provision of shared services, resource sharing and other cooperative arrangements. The Alliance as it was originally contemplated has collapsed. This will necessitate Guyra reviewing its strategies and more generally, its sustainability.

3 COUNCIL'S AMBITIONS, PRIORITIES AND FUTURE FOCUS

The review assessed the clarity of Council's strategic direction, whether its plans reflect a shared and realistic vision and its overall approach to corporate planning.

Prior to commencing the onsite component of the review, we examined the Council's 2007-2008 management plan. While the plan indicates there had been significant work done on identifying strategic priorities for the Council and developing objectives and actions to ensure that the ambitions of Council could be realised, we were unable to verify whether this work had been undertaken.

It was suggested to us that the 2007-2008 management plan was largely prepared by Council's former General Manager and it may be that much of the analysis in the current plan was in fact undertaken by him and/or members of the previous Council.

There are a number of matters that the 2007-2008 management plan has attempted to address, which we consider reflect better practice. These include:

- Covers a 10 year period from 2008 to 2018
- Sets out goals and objectives for the ensuing three to five years
- Claims to have been informed by a comprehensive review of all services and expenditures
- Identifies a short fall in revenue and a strategy that goes some way to addressing it (a special rates variation)
- Includes a “mayoral message” that communicates important information about the plan in a succinct and easy to understand way
- It was apparently made available in draft form on the Council website and at various locations well in advance of it having to be adopted
- The community was invited to make submissions and contact Council if they required more information
- It contains a profile of the Shire, which potentially could provide valuable contextual information to assist councillors and the community assess the plan.

Notwithstanding what appears to be the aforementioned better practices, we did not find evidence of significant ownership by the organisation of the plan or the vision it describes. Nor does it appear to have been used as a management tool to drive and monitor performance. Elements of the plan are lacking in detail.

We discussed the importance of the management plan with the current General Manager and the Mayor and it was apparent they were already well aware that the 2007-2008 management plan had not been fulfilling its intended purpose.

There is a clear need for the Council to review the format and content of its management plan. **(Recommendation 1)** Doing so will afford the Council the opportunity to develop a shared and realistic vision and ensure the clarity of its strategic direction. The recently promulgated integrated planning and reporting framework for the sector will provide the Council with assistance in this process.

During the onsite review (in February 2009) we raised a concern about the need for Council to consider a process and timetable for the development and adoption of its

management plan for 2009-2010. We noted that this had not been a matter which had been formally considered by the Council or listed for consideration in the Council's February business paper. To Council's credit, a Mayoral minute was prepared on this subject and subsequently considered at the February meeting.

The development of a new planning framework for the Council will take some time. Council was advised to use its 2009-2010 Management Plan to scope the work that needs to be done in preparation for the development of more comprehensive longer term strategic and operational plans. The development of these plans should be a key goal for the General Manager and the new Council. **(Recommendation 2)**

Notwithstanding Council's prompt response to our concern about the lack of an agreed process for the development of the 2009-2010 Management Plan, we suggest that the General Manager give consideration to the use of a strategic task checklist/timetable to ensure that Council's key strategic and statutory tasks are commenced and completed in a timely and orderly manner.

One of the most pressing strategic decisions for the Council to consider is its position in relation to working collaboratively with other councils having regard to the failure and collapse of NESAC. There is potential for this to have an adverse impact on Council's sustainability. We have recommended that Council needs to undertake a comprehensive review of its structure and the way it operates. **(Recommendation 3)**

4 DELIVERING AND ACHIEVING

4.1 Governance

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

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

- Council's decision-making processes
- Risk management and internal control
- Code of Conduct, ethics and values
- Pecuniary interest matters
- Monitoring and review processes
- Access to information.

Council's decision-making processes

The main focus of this aspect of our review was on the conduct of council meetings.

The Council meeting we observed on 23 February 2009 was generally conducted in a professional manner appropriate to the size, resources and culture of the Council. The meeting dealt with the business before it efficiently; motions were clearly put; voting was conducted in a proper manner; and a high level of respect and conduct was observed. All councillors were in attendance, as was the General Manager, the two Directors and the Chief Financial Officer (who is based in Armidale).

We reviewed the business papers and minutes of the previous meetings of the current Council and those meetings generally appear to have been conducted in a proper manner.

Council endeavours to have the meeting business paper available one week prior to the meeting. This is good practice.

We did raise a concern about the regular inclusion of "late items" into business papers. The General Manager should be careful to ensure that he complies with section 367 of the Act, which stipulates the minimum notice he must provide of the business to be transacted at a meeting.

Where there is a need to add items to the agenda after the business paper has been issued (but before the expiration of the minimum notice period), the General Manager could minimise the adverse consequences of providing "late notice" by ensuring that notice of late items and copies of any relevant reports are provided on

Council's website as soon as practicable, as well as being emailed and/or hand delivered to Councillors. If Council adopts this practice, it should communicate it to the community, so they may check the website for the inclusion of any late items.

Council must not deal with any matter of which proper notice has not been given unless it is introduced by way of Mayoral minute or the Council has properly considered an urgency motion in relation to the matter.

The *Local Government Act 1993* and the Local Government (General) Regulation 2005 set out the basic procedure that must be followed at council meetings. A council may choose to adopt a Code of Meeting Practice that covers the relevant provisions of the Act, the Regulation and additional provisions that are consistent with the Act or the Regulation (s.360(2) of the Act).

Until recently, Council had a number of separate policies pertaining to the conduct of Council meetings. This was not good practice and arguably, these policies should have been consolidated into a Code of Meeting Practice. It is noted that Council has addressed this issue, albeit by rescinding the disparate policies and deciding to rely on the Regulation.

As Council has decided not to adopt a Code of Meeting Practice, it does need to resolve to adopt an order of business pursuant to clause 239 of the Regulation. It also needs to pass a resolution to stipulate the minimum notice councillors are required to provide for a notice of motion. Council's General Manager indicated these matters were to be the subject of a report to the May meeting of Council. Again, this prompt response is indicative of Council's demonstrated willingness to address any governance concerns that are brought to its attention.

The Division has recently published a revised Meeting Practice Note. Council may wish to review its meeting practices and its decision not to adopt a Code of Meeting Practice having regard to the advice contained in the revised version of the Practice Note.

Review and adoption of policies

It is better practice for councils to review their policies from time to time (and in some limited cases, there is a statutory requirement for them to do so). We note that the

General Manager, soon after his appointment last year, identified that Council had approximately 245 policies. The General Manager has reported to Council that it is intended to review all of these policies within 12 months of the election. While this is ambitious, it should be worthwhile in that the end result should provide Council with a more coherent and up-to-date policy framework to guide its decision making.

While it is commendable that Council has started reviewing its policies, we are concerned about the manner in which Council reviewed, rescinded and adopted a number of Council policies at the ordinary meetings held on 27 October 2008 and 24 November 2008. Our concern is essentially that there were a very large number of policies presented to Council; the business paper for 24 November 2008 does not list the individual policies being put to Council for review; and, in regard to the changes in meeting practices, the report fails to adequately address the need for changes and the merit or otherwise of dispensing with the current policies to rely solely on the Regulation.

We also noted that where Council has adopted policies, it did not promptly update its policy index/directory to indicate that the recently adopted policy effectively rescinded policy/ies adopted previously. This gives rise to an unacceptable situation where it is not readily apparent what the current policy is on a given matter.

At the time of the onsite review, Council's policy directory contained multiple policies essentially dealing with the same matter. For example, Council's Policy Index indicated that Council adopted the Model Code of Conduct on 27 October 2008. However, the Policy Directory still included separate policies on Honesty and Disclosure of Interests, another on Pecuniary Interest Guidelines and a Complaints Handling Policy.

It is good practice for councils to have a policy and procedure for dealing with complaints. In noting this, council should be aware that its Complaints Handling Policy needs make it clear that complaints about the conduct of Council officials are to be dealt with in accordance with the Council's Code of Conduct. In July 2009, the DLG published a revised version of *Practice Note No. 9, Complaints Management in Councils*. Council should make use of this practice note if it has not already done so.

We also noted that some of the policies reviewed and readopted by Council have references to statutory instruments and Council policies that are no longer current.

We would encourage Council to ensure that a number of key considerations are addressed every time a policy is developed or reviewed. Matters Council may wish to consider include (but are not limited to) the ongoing need for the policy, a review of the relevant statutory framework, consistency with other policies and procedures and the identification, assessment and incorporation of better practice. Council should also adopt a consistent approach for recording the review date/version number on each of its policies and procedures.

The General Manager should ensure that the Council is briefed about these matters/considerations when recommending new or revised policies for adoption, ideally in the form of a report recommending a draft policy or deletion of a policy where it is no longer considered necessary.

Given the importance of the policy making process, we recommend that Council standardise its process for reviewing policies and referring them to Council for adoption. **(Recommendation 4)**

Payment of expenses and provision of facilities to councillors

Council adopted a policy on the payment of expenses and provision of facilities to councillors at its meeting on 27 October 2008. Council did not give public notice of its intention to adopt the policy, as it was required to do pursuant to section 253 of the Act. Nor has Council complied with the other requirements in section 253. These are matters that are easily addressed by Council, but they will necessitate the policy being resubmitted to Council for approval.

We suggest that Council review the Division's *Guidelines for the payment of expenses and the provision of facilities for Mayors and Councillors for Local Councils in NSW*, referred to in the adopted policy, prior to Council readopting the section 252 policy. In doing so, Council should note the need to remove the provision that currently allows the General Manager to approve reimbursement of expenses "in special circumstances" that are in "excess" of what is considered reasonable.

Risk management and internal control

Risk management is an important component of corporate governance. Risk management is the responsibility of management with oversight by council and the audit committee.

Internal audit can assist management to identify and evaluate the effectiveness of council's risk management system and contribute to the improvement of risk management and control systems. The annual internal audit plan should be developed after consideration of the council's risk registers and those areas that are high risk to the organisation.

Internal audit can provide advice and assurance as to the adequacy of risk management and internal controls. However, in order to maintain independence, internal audit should not be responsible for the implementation of the frameworks or making decisions on how risks should be treated.

At the time of the review, Council used NESAC for the provision of internal audit and risk management services. NESAC, through Armidale Dumaresq Council, had appointed a Manager of Internal Audit and Risk Management and established an Audit Committee that reports directly to each of the member councils. A five year internal audit work plan had been developed. These are important steps in establishing appropriate risk management and internal control processes. This is a key issue that needs to be addressed as a priority given the collapse of the Alliance.

In the draft report, we suggested that Council review the progress that is being made in implementing the work plan as part of its review of its involvement in the Alliance. The Manager of Internal Audit and Risk Management was effectively the sole internal auditor for five organisations and we suggested that Council needed to review whether the function is adequately resourced. The collapse of the Alliance will necessitate further consideration as to how the internal audit plan will be implemented.

We are concerned that Council has not developed or implemented an adequate framework to manage risk. We did not find evidence that the Council has undertaken a process to systematically identify its risk exposures, assess those risks and take action to manage those risks. It is critical that it do so. **(Recommendation 5)** In

addressing this recommendation, Council needs to have particular regard to risks arising from the collapse of the Alliance.

The Division published Internal Audit Guidelines in October 2008, which should be of assistance to Council in addressing this recommendation and reviewing its approach to internal audit. We remind Council that it is required to take the Guidelines into account pursuant to section 23A of the Act.

Council has responded positively to this issue since the onsite review. We have been advised that the NESAC Internal Audit and Risk Management Unit was briefed to commence a project to identify an appropriate Enterprise Risk Management model and scheduling tool to include internal audit (financial and internal system controls), fraud control, business continuity and a risk management model. As pointed out earlier, the impact on the collapse of the Alliance on this important work warrants the immediate attention of the Council.

We noted in reviewing the development assessment function that Council's Director of Environmental Services undertakes both the assessment and approval processes for some development applications. While we do not in any way suggest that he has not acted properly in doing so, we recommend Council review the adequacy and appropriateness of his delegations and where practical and necessary, seek to separate responsibilities for assessment and approval. **(Recommendation 6)**

This issue is canvassed in the ICAC publication *Taking the Devil Out Of Development: exploring corruption risks in administration of development applications by local councils*. The publication is available free of charge from the ICAC website and should be considered by Council when it addresses this recommendation.

We note that because of Council's relatively small size, there may be other areas of its operations where Council will need to give consideration to whether there is a corruption risk because of a lack of separation in roles.

Code of Conduct, ethics and values

Council promptly adopted the revised *Model Code of Conduct for Local Councils in NSW* following its promulgation. We also note that Council has adopted a policy on

the provision of information to and interaction between councillors and staff. This is better practice.

Council has adopted a Statement of Business Ethics, which was reviewed and readopted by the newly elected Council in November 2008. The Statement is easy to understand. It clearly communicates Council's key business principles and its expectations of staff and its suppliers. The Statement of Business Ethics appropriately references Council's Code of Conduct. It invites concerned persons to make contact with the General Manager.

The challenge for Council, having adopted the Model Code and Statement of Business Ethics, is to ensure that their importance is communicated internally and externally on a regular and systematic basis.

Council needs to update its Protected Disclosures Policy, as the current version does not reflect current statutory reporting requirements.

Pecuniary interest matters

We examined the pecuniary interest returns submitted by councillors and the General Manager. The returns were, with one exception, made in a timely manner and were of a reasonable standard. However, we noted that a couple of the returns contained gaps in the required information and at the time of the onsite review, one councillor had not submitted their return as required. This return has now been lodged.

We also noted a need for additional staff positions to be designated as being required to lodge returns. This matter has been brought to Council's attention and the General Manager indicated that he would recommend to Council that additional positions be designated.

Monitoring and review processes

As part of the review process, we examined Council's quarterly and annual reporting processes, its system for ensuring Council's resolutions are acted upon and the management of the General Manager's contract.

The Act (section 407) stipulates that the *“general manager must report to the council within 2 months of the end of each quarter as to the extent to which the performance targets set by the council’s current management plan have been achieved in that quarter”*.

We reviewed the business papers for Council meetings held between August 2008 and February 2009 and did not find evidence of reporting that demonstrated proper compliance with this important statutory requirement. A quarterly report was included in the March 2009 Business Paper.

Aside from it being a statutory requirement, regular reporting on the implementation of the management plan is a fundamental matter that must be addressed as a high priority. **(Recommendation 7)** It is through such reporting that the Council and community can be assured that the directions of the Council are being addressed. It also can serve to focus the attention on performance and achievement.

When Council considers the draft management plan for 2009/10, it should give consideration to how the implementation of the plan will be monitored, measured and reported upon.

Council is also required to provide the community with an annual report on its activities within five months of the end of the financial year. The Council published its report for 2007/08 within the required timeframe. The report addresses most of the statutory requirements. Council should ensure that future reports are fully compliant by making use of the DLG’s Annual Report Checklist.

Council could improve the readability of the annual report by revising its structure. For example, there are a number of statutory reporting requirements that are addressed in the midst of other sections reporting on the principal activities of Council. Council could consider including these requirements in a separate section. The reformatting of Council’s management plan will necessitate a reformatting of the annual report. Council should ensure that future annual reports clearly communicate what was intended to be achieved (as per the management plan), what was achieved and provide an explanation for any difference.

It is important that councils have a system in place to ensure that the decisions of the elected council are acted upon in a timely fashion. We note that Council was provided with a report at its December 2008 meeting on the status of resolutions passed by Council in 2008. While we commend the General Manager for making this report available to Council, it is not readily apparent from the report that all of the resolutions have been actioned and/or what progress has been made in implementing some of them. We recommend that the General Manager provide Council with a report on a monthly basis on resolutions that have been actioned since the last meeting/report. The report should also include a list of all outstanding action items and comment on their status. **(Recommendation 8)**

We were provided with a copy of the performance agreement between the Council and the General Manager. This agreement is a key document for the communication of the elected Council's expectations. The General Manager and the Council should both be mindful of ensuring that the General Manager's performance is reviewed and evaluated in accordance with the terms of the Standard Contract of Employment for General Managers.

Access to information

Council has adopted a policy on access for information. It is easy to understand and explains the options for seeking access to Council documents. It appropriately refers the reader to the option to seek access to documents using section 12 of the Local Government Act rather than inferring that a Freedom of Information (FOI) application and payment of the associated fee is necessary. This is better practice. We encouraged Council to make this policy and its other policies more available for viewing on its website and it has done so.

Council has not published its Statement of Affairs, as it is required to do pursuant to the FOI Act. As this is a statutory requirement, Council should put a control in place to ensure that its Statement of Affairs is published as required in future.

Council also needs to ensure that the information on its website is current. This issue is dealt with later in this report when we discuss the use of Council's website as part of a broader communication strategy.

What is working well:

The newly elected Council appears to be working well with the newly appointed General Manager. Council has identified the need to review its policies and its meetings are generally conducted in a proper manner.

Areas for further development:

While we have made a number of recommendations in regard to the issues canvassed in this part of the report, priority should be given to strengthening the internal control and risk management practices of Council. Doing so will provide the foundation for addressing other recommendations in this report and will provide an ongoing driver for the maintenance and continuous improvement of Council's governance practices.

4.2 Planning and other regulatory functions

Council exercises regulatory functions in relation to a range of activities within its area. The efficiency and probity of a council's regulatory functions is important for effectively managing council's responsibilities and for preserving public trust in council and its staff. Regulation is important to achieve a wide range of social, economic and environmental goals.

A review was conducted of a range of aspects of Council's regulatory practices, including Council's planning instruments and policies, its process for assessing development applications and its approach to companion animals.

Council's Director of Environmental Services is primarily responsible for this function. He is a long serving employee of Council. As such, Council is well placed in being able to draw upon his extensive experience and knowledge of local matters. Council also employs a trainee building surveyor which is commendable, not only for the opportunity it provides to the individual but also for the contribution it makes to the skills base of the sector.

Council's planning instruments and policies

Council was working cooperatively with the Department of Planning and former members of NESAC to develop a new Local Environmental Plan for the area.

Council indicated that the preparatory work is progressing in accordance with the required timeframes for the making of the plan.

Council currently has five Development Control Plans (DCPs) and a number of other policies that pertain to building matters. The DCPs and policies are available for download from the Council's website.

Some of the building policies listed in Council's Policy Index date back to the 1980s. Council advised us that successive councils have readopted these policies after each election. While this may well be the case, this is not evident from the copies of the policies included in Council's Policy Directory. Attention is drawn to our earlier comments in relation to the need for Council to bring more rigour to its policy review process.

It is conceivable that there have been significant changes to planning legislation and building codes that could render some of the Council's longer standing building policies redundant or, at the very least, potentially inconsistent with current standards. We recommend that Council schedule a comprehensive review of these policies and rescind those that are no longer required or which can be appropriately consolidated into the new LEP or DCP. **(Recommendation 9)**

Development assessment

As part of the review process, we examined some aspects of Council's development assessment process.

Council determined 96 development applications (DAs) in 2007/08. Most of the DAs lodged with Council are determined by the Director of Environmental Services under delegated authority.

There had been no DAs referred to the elected Council in the past six months, so we were not able to review the elected Council's practices in determining applications.

Councillors should be provided with regular and informative reporting about the exercise of Council's planning and regulatory functions, particularly given the direct impact they can have on individuals, businesses and the community generally. The

quality of such reporting is even more important in the case of Guyra Shire, given the very high percentage of planning decisions made under delegated authority.

A report from the Director of Environmental Services is included in the monthly business paper. We reviewed a number of these reports. The reports are generally easy to understand and address matters of importance that we would expect to be brought to Council's attention.

While the monthly reports currently include information on the number and value of applications lodged during a given month and compare this to a previous year, these statistics do not provide an indication as to the efficiency of the function. For example, there is no indication as to the average time to process a DA or a report on the number of DAs determined in a given period.

Reporting on the performance of the development assessment function could be improved by basing the monthly report provided to Council on matters included in the Department of Planning's annual local development performance monitoring report. Of course it remains open to the Council to seek and receive information on additional matters over and above those reported on in the Department of Planning's annual performance monitoring report.

As mentioned earlier in this report, Council's Director of Environmental Services undertakes both assessment and approval processes for many of the DAs lodged with Council, as well as post approval certification work. While there may be some low risk/significance DAs that do not warrant the involvement of a second person, some will. We reiterate our earlier advice as to the need to consider options for achieving an appropriate separation of roles.

We did not conduct an examination of any specific development applications that had been determined by Council or which were under consideration.

Companion animals

The Council (along with the former members of NESAC) had been preparing a NESAC-wide Companion Animals Management Plan since 2007. A draft plan has been finalised and in March, the Council resolved to place the plan on public exhibition. The collapse of NESAC may necessitate a review of this plan.

Assuming the Council subsequently adopts the plan, it will need to ensure it takes it into account when developing Council's annual management plan and budget. The adoption of the plan should provide a foundation for an ongoing greater focus and commitment to dealing with companion animals matters.

Council's annual report includes information on companion animals activities undertaken by Council in 2007/08.

We noted that Council had not submitted to the Division any dog attack reports in the period 1 July 2004 to 30 June 2008, even though its annual report indicates there were 55 dog related "incidents". Unless there have been no dog attacks in the area, this indicates poor reporting performance by Council. Council should note the statutory definition of what constitutes a dog attack (which is not limited to bites), educate the community about the importance of reporting attacks to Council and ensure the relevant Council staff are made aware of the range of incidents that need to be reported to the DLG.

What is working well:

At the time of the onsite component of the review, the Council was working cooperatively with the former members of NESAC to develop its new LEP. It makes extensive use of delegated authority to approve development applications. The Council is demonstrating a commitment to improve its approach to companion animals by adopting a Companion Animals Management Plan.

Areas for further development:

The monthly reports to Council on the development assessment function could be improved. Council needs to achieve a separation of roles in relation to significant developments. Council needs to implement its Companion Animals Management Plan.

4.3 Asset and financial management

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

While we did not undertake a detailed review of Council's asset and financial management practices, there are some matters that we noted that warrant mention.

Council's current financial position appears to be generally sound. However, we note that:

- Council is very dependent on external funding sources such as grants.
- Council has not been immune to adverse impacts of the global financial crisis.
- Council needs to continue to build its reserves to have unrestricted funds to meet operational needs.
- there is a significant shortfall in the level of spending required to properly maintain Council's assets.
- the implementation of NESAC adversely impacted on Council's ability to properly account for its finances.
- the collapse of NESAC may impact on Council's finances.

Financial Management

In 2007/2008, Council recorded a significant operating deficit as a consequence of having to write down the value of its investments. It incurred a loss of \$1.4 million. While the loss has been accounted for in the annual accounts for 2007/08, it is important that Council keeps its long term financial position under review in light of the loss and the shortfall in spending on asset maintenance disclosed in the annual accounts for 2007/08. **(Recommendation 10)**

Council sought and was granted approval for a special rates variation in 2008. The increase allowed Council to raise an additional \$200,222 in 2008/09, with this amount to be increased by the rate peg in future years. When seeking the variation, Council indicated that the funds were to be used in 2008/09 for additional drainage and resealing on rural roads, the heating of the Guyra swimming pool and other infrastructure works. During the course of the onsite review, we noted that there appeared to be significant work being undertaken and that contracts had been let for the work on the swimming pool.

While it is commendable that Council has been proactive in seeking the variation and that it was successful in gaining approval, it is important that it report back to the

community on the use of the funds and the need for further variations to address the significant shortfall in funding for asset maintenance.

Assets Management

The provision and maintenance of key infrastructure assets, including water, sewerage and roads, will be an ongoing challenge for Council given the size of the area it services and its limited resources.

At the time of the review, Council was engaged in the valuation of its roads assets and this understandably was the primary focus of its asset management planning activities. This work should provide the Council with much improved data about the condition of its road network.

When Council reviews its approach to strategic and operational planning (as recommended earlier in this report) we have suggested it do so having regard to the Integrated Planning and Reporting Framework. The development of asset management plans is a key element in the framework.

We understand that the Council had been able to rationalise its plant fleet and increase its plant utilisation rates as a consequence of being a member of NESAC. Council should continue to pursue such benefits by working cooperatively with one or more councils.

Leases and licences

Councils are entitled in certain circumstances to lease council assets for use by others. As the custodian and trustee of public assets, Council must ensure that such leases and other licences granted by it are exercised in the public interest. This, among other things, requires that a register of leases be securely maintained and the terms and conditions of leases be kept under review. We were not satisfied that Council has an adequate system in place to manage this process. Council should address this issue as a priority. **(Recommendation 11)**

Impact of NESAC on Council's finances

Council made use of the NESAC Budget and Finance Shared Service. The decision to make use of the shared service to help manage its finances (and process financial transactions) was informed by a well documented business case.

By using a shared service, the Council has been able to gain access to a number of specialist professional staff that it might not otherwise have been able to employ, in its own right, in a cost effective manner. In using such a shared service, Council has also had the opportunity to potentially realise savings by being able to share fixed costs for software and hardware and by being able to process transactions at a lower unit cost. It is beyond the scope of this review to determine whether these benefits have been achieved.

As mentioned earlier in this report, the DLG has undertaken a review of NESAC in parallel to this review of Council. This review identified that there were significant problems encountered in implementing the Alliance and that it did not realise its potential.

It is evident that the implementation of the Budget and Finance Shared Service gave rise to a set of circumstances where Council was not able to reconcile its accounts or provide accurate financial reports for an extended period. It also had an adverse impact on the collection of rates. While we have been advised that these issues have been largely addressed, we remain concerned about the weaknesses in the governance arrangements for the delivery of this (and other shared services).

It is our understanding the Council will need to continue to outsource financial services. It makes good sense for it to do so, given its small size and its lack of existing staff and systems in this area. Assuming Council continues to outsource, it needs to ensure service level agreements or standard contracts are in place. It then needs to be diligent in ensuring that financial transactions are being processed in accordance with agreed, appropriate and well understood business rules. Council should consider this when it develops its risk management framework, which has been recommended earlier in this report.

Council needs to carefully consider the impact of the collapse of the Alliance on its costs and ensure these impacts are taken into account when revising its budget for 2010/11 and thereafter. **(Recommendation 12)**

What is working well:

We commend Council for having recognised the inadequacy of its revenue base and for discussing the consequences of this with its community.

Council has recognised the potential benefits for its asset and financial management practices that could accrue from working collaboratively with neighbouring councils.

Areas for further development:

Council needs to develop asset management and financial plans to inform and support the achievement of Council's strategic objectives.

Council needs to develop and document a procedure of the granting and managing of leases and the associated review and maintenance of the leases and licences register.

4.4 Community and consultation

A council's charter requires that a council:

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

The review of Council's activities in this area was limited in its scope. However, we did examine:

- the extent of the social and community functions undertaken by Council
- the Social and Community Plan

- the methods Council uses to communicate with, involve and consider the views of its community.

Social and community services functions

Council provides a number of very significant social and community services. Council operates Kolora Homes to ensure that residents need not leave the area in order to access suitable aged care facilities. Council also auspices Home and Community Care Services such as Meals on Wheels, Day Care Respite Services and Community Services, as well as supporting a Youth Centre in Guyra and providing long day care and has recently assumed responsibility for a community kindergarten. Council provides a library service, a heated swimming pool and other sporting facilities. Council recently took the initiative to hold a series of open air movie screenings in a local park that were well attended. Given the relatively small size of the Council, the range of services provided is impressive.

Social and Community Plan

We reviewed the *Guyra Social Plan 2004*. It appears to concisely document needs and planned responses. The plan has a strong practical focus and is referenced in the Access and Equity Statement in Council's annual management plan.

The plan could be strengthened by including performance targets and timeframes for each of the activities and including these in Council's management plan. There should also be clearer mechanisms for monitoring and evaluation, including details of when the plan will be reviewed.

The Plan is working toward better practice, however, it could be improved by referencing other related documents such as the housing strategy, ageing strategy and other State Government agency planning frameworks.

We have not made a formal recommendation about this matter as we expect the aforementioned issues will be addressed when Council reviews its overall approach to strategic and operational planning.

Communication and consultation

In examining Council's approach to communication and consultation with the community, we were mindful that the Council serves a relatively small population, a

relatively large percentage of the community resides in Guyra and there are a number of smaller villages, as well as Tingha, which the Council needs to engage with. We noted further that Council is divided into three wards, each represented by two councillors.

Given the small size of the population, we acknowledge that there are inherently strong linkages between councillors and Council staff and the general community.

The current ward structure has resulted in two councillors from Tingha being elected to Council, thereby providing a conduit for communication with that township.

We also noted that Council has also resolved to hold regular meetings with other smaller communities. We commend Council for taking this action.

A local newspaper published in Guyra includes a regular column authored by the Mayor, which Council uses to make the community aware of topical issues. This column is also published on the Council's website.

The Council's website, while providing useful information, also has links to incomplete and out of date content. For example, under the performance management heading there is a link to a page headed Guyra Shire Corporate Dashboard, which was last modified in 2004. It states *"the corporate dashboard (which is still under construction) is designed to provide an overview of the health of the organisation by reporting on 16 key indicators. This report will be refined over the coming months as reporting and collection systems are improved"*. The Council needs to take action to ensure that the website content is regularly reviewed and maintained to ensure it is relevant and current. **(Recommendation 13)**

As mentioned previously, Council sought a special rate variation in 2008 and is seeking a further variation this year. It is important that Council report to the community on the use of the funds generated from the 2008 variation approval.

We commend Council for conducting a series of public forums as part of its process to develop the draft management plan this year, but note that attendance numbers were low, with the exception of the Ben Lomond forum. The notes on this year's forums suggest there is concern that information in relation to Council activities is not circulated widely or readily enough.

In 2007, the DLG published a resource kit to assist councils engage with Aboriginal communities in their areas more effectively, and encourage Aboriginal communities to participate in council decision-making and service provision. As noted earlier in this report, the Shire and Tingha in particular have a higher percentage of Indigenous persons compared to Australia. Given this, we encourage Council to make use of the resource kit. It is available for download from the Division's website.

Overall, we observed commitment to communication and consultation with the community, albeit that Council has not adopted a communication and consultation strategy.

Notwithstanding Council's commitment, there is an ongoing need for Council to explore a range of strategies to achieve a higher level of engagement. We believe there is merit in Council documenting and regularly reviewing the effectiveness of its various approaches to communication and consultation. The development of a communication and consultation strategy would facilitate this. **(Recommendation 14)**

What is working well:

While the scope of our review of this aspect of Council's operations was limited, we note that Council is a key provider of community services.

Areas for further development:

The development of a long term strategic plan will provide the opportunity for Council to consider the strategic implications of its continuing to provide its current range of community services. It should also assist Council identify strategic imperatives that may place demands on it to provide new or different community services. It is important that it undertake this strategic planning. Given its limited resources, it may need to make some difficult decisions as to what services will be provided on an ongoing basis.

We encourage Council to document its approach to communication and consultation, to continue to explore more effective means of community engagement and update its website.

4.5 Workforce relations

Councils have a number of legislative responsibilities in relation to their role as an employer. Section 8 of the *Local Government Act 1993* stipulates that councils are required to conduct themselves as responsible employers.

We did not examine Council's workplace relations practices in any detail. However, we did note some matters that require attention. These matters were identified during the course of our examination of other aspects of Council's operations and from our review of the self assessment checklist completed by Council.

NESAC

There are a number of significant workforce relations issues that must be addressed by the Council in relation to possible changes to its structure and staffing as a consequence of the collapse of NESAC. Council has an obligation to consult with its employees (and the relevant unions) about these changes.

It is important that Council give due and ongoing consideration to the workforce relations issues arising from the collapse to NESAC and consult with its workforce and the relevant unions to develop appropriate responses. **(Recommendation 15)**

Succession planning

Council's Director of Environmental Services performs a broad range of duties for Council in addition to his management responsibilities. This is a natural consequence of Council's relatively small size. While this is commendable, Council needs to give consideration to succession planning for this role. It may be that such planning will identify that Council would have difficulty in replacing the current Director with a suitably qualified and experienced person. If this is the case, Council will need to take this into account when developing its medium and long term strategies for its planning, community services and regulatory functions.

Council should review the profile of its workforce to identify whether there are other long serving and/or specialist staff who may be difficult to replace. If any such staff are identified, Council should factor strategies to address their replacement into its operational planning.

Equal Employment Opportunity (EEO) Policy and Plan

We were provided with copies of the NESAC EEO Policy and EEO Management Plan, which have been adopted by Guyra Shire Council. The documents indicated they were reviewed in 2008. The documents address the range of matters we would expect to see in such documents and as such Council appears to have generally complied with its obligations pursuant to section 345 of the Act (which pertains to the preparation and implementation of EEO management plans).

Given the Guyra LGA has a relatively higher percentage of Indigenous persons compared to the other NESAC member councils, Council could consider whether it needs to address any consequences of this in its EEO management plan. We also note that only 2% of Council's workforce has identified as being of Aboriginal or Torres Strait Islander origin. This is very low compared to the representation of this group in the general community. As such, we urge Council to review its employment practices to identify how it might address this low representation.

We encourage Council to consider whether the generic NESAC plan adopted by it needs to be customised or supplemented to address EEO issues specific to Guyra.

Staff access to policies and procedures

Ensuring proper access to policies and procedures is a governance and workforce relations issue that needs to be addressed by all councils. Council was asked in the self assessment checklist about how staff and, in particular, managers and team leaders can access policies and procedures that apply to them. Council responded that staff can access a "shared NESAC folder online". While this is not disputed, it is our understanding that not all policies and procedures can be accessed this way and we are not aware of any internal business rules that require or support this practice. This is an area that will require attention as Council transitions to operating in a post-NESAC environment.

Employment of Trainees and Apprentices

Council advised that it employs 6 trainees/apprentices out of its total of 67 staff. We commend Council for recognising the importance of providing these training opportunities.

Job Descriptions

In the self assessment checklist, Council responded that some positions do not have current job descriptions. Council needs to address this issue.

5 RECOMMENDATIONS

- 1 Council should review the format and content of its management plan. It should engage all stakeholders in this process. The Council should take into account the proposed Integrated Planning and Reporting Framework when addressing this recommendation.
- 2 Council should use its 2009-2010 Management Plan to scope the work that needs to be done in preparation for the development of more comprehensive longer term strategic and operational plans. The development of the plans should be a key goal for the General Manager and the new Council.
- 3 Council should undertake a comprehensive review of its structure and the way it operates. In doing so it needs to have regard to the failure and collapse of NESAC, it needs to consider its position in relation to working collaboratively with other councils and it needs to review the implications of this for its sustainability.
- 4 Council should standardise its policy review process.
- 5 Council should develop and implement a comprehensive enterprise risk management system and in doing so, take into account the DLG's Internal Audit Guidelines.
- 6 Council should review the adequacy and appropriateness of delegations pertaining to the approval of planning matters and, where practical and necessary, separate the assessment and approval responsibilities.
- 7 Regular reporting on the implementation of the management plan is a fundamental matter that must be addressed as a high priority.
- 8 The General Manager should provide Council with a monthly report on resolutions that have been actioned since the last meeting/report. The report should list all outstanding action items and comment on their current status.

- 9 Council should schedule a comprehensive review of its building policies and rescind those that are no longer required or which can be appropriately consolidated into the new LEP or DCP.
- 10 Council should keep its long term financial position under close review having regard to the ongoing impact of the investment losses and shortfall in spending on asset maintenance disclosed in the annual accounts for 2007/08.
- 11 Council should develop and document a procedure of the granting and managing of leases. This procedure should provide for the regular review and maintenance of the leases and licences register.
- 12 Council needs to carefully consider the impact of the collapse of NESAC on its costs and ensure these impacts are taken into account when revising its budget for 2010/10 and thereafter.
- 13 Council needs to take action to ensure that the website content is regularly reviewed and maintained to ensure it is relevant and current.
- 14 Council should adopt a communication and consultation strategy that incorporates its current approaches and facilitates the ongoing review, evaluation and improvement of their effectiveness.
- 15 It is important that Council give due and ongoing consideration to the workforce relations issues arising from the collapse to NESAC and consult with its workforce and the relevant unions to develop appropriate responses.

6 COUNCIL'S RESPONSE



6 July, 2009

Mr Ross Woodward
Department of Local Government
Locked Bag 3015
NOWRA NSW 2541

Ross
Dear Mr Woodward,

RE: DLG PROMOTING BETTER PRACTICE REVIEW



I am writing in response to the draft "Promoting Better Practice" review provided by the Department. On behalf of Guyra Shire I thank you for the opportunity to comment on this report.

Prior to making formal comment on the report I would like to take the opportunity to thank your Investigation and Review team led by Mr Richard Murphy for their professionalism and candour in undertaking this review. While the term 'best practice' is thrown around at whim and is difficult to evaluate, or justify, the philosophy of achieving better practice is a goal that each Council can move toward, albeit incrementally.

Guyra Shire is an organisation continually striving to improve its efficiency, accountability and effectiveness in bringing services to all of its 4389 residents and those who chose to visit our dynamic and expanding small community. Guyra welcomed the review as one means of assessing and reassessing our governance, operations and compliance practices.

The report did provide a balanced and objective assessment of our Council. Senior Management and Councillors have examined your draft report in details and have identified opportunities for improvement. It could be said that small Councils have the ability to readily adapt to a changing environment. To that end, Guyra Shire has been able to address many of the recommendations (many of which were raised in our debrief) in a relatively short period of time.

Guyra Shire Councillors and managers had an opportunity to examine the report and respond to its recommendations in a workshop held on the 2 July, 2009.

I will summarise Councils response to each of the recommendations and outline the actions or strategies planned to address each issue:

Management Plan (recommendation/s 1, 2 & 7)

In preparing the 2009-2010 Management Plan Council developed a management plan methodology founded in community engagement, accountability and transparency. Councillors and Senior Management actively engaged with the community to identify both the services and service levels sought by community members and rate payers.

The Management Plan was workshopped extensively with Councillors and Senior Management to develop a plan for 2009 and beyond. Reporting templates were also integrated into the Plan so that each strategic task could be evaluated and tested throughout the year. The methodology for development of the plan was published, together with all submissions to the plan in our current document.

In keeping with the objectives of the proposed Integrated Planning and Reporting Framework Guyra Shire is moving to an integrated plan where social, environmental, political, financial, regulatory and operational demands are linked into a well developed ten year plan and incorporating strong accountability and reporting protocols.

Reporting against the management plan now incorporates specific task reporting for all functional areas. This includes quantifiable and qualitative measures directly linked to each management plan strategic objective.

In learning from its Management Planning experience (09/10) Council has developed a Community Engagement Policy to enhance information sharing and consultation so that the community is integral to setting the strategic platform for Guyra Shire now and into the future. (Policy currently out on display for community comment).

In discussions with your Investigator and in subsequent workshops I note that, within the Integrated Planning and Reporting Framework, there is no intention to provide guidelines or templates to assist Councils. While Guyra appreciates the rationale behind the desire to stimulate autonomous thought and community engagement, it does make it particularly problematic when attempting to identify 'better' practice benchmarks or comparators. In order to gain greater efficiency and engagement, and discouraging the use of external consultants, Council would be best served developing plans locally using templates or user guides.

New England Strategic Alliance of Councils (NESAC) (Recommendation 3 & 12)

The Departmental Review of NESAC is yet to be published or provided to Guyra Shire. Guyra Shire's General Manager, Mayor and Deputy Mayor have been strong lobbyists to neighbouring NESAC Councils for structural reform of the Alliance. Many of the obstacles and challenges identified in the debrief of NESAC have been reported through to the NESAC Advisory Committee. Guyra will strongly advocate on behalf of reform to address recommendations on receipt of the published findings of the Department.

As part of the structural reform process, Guyra Shire's General Manager has requested that NESAC's external auditor review the financial modelling for each member Council and provide a report as to the long term financial sustainability for each structural reform option. As part of this review process an imperative was to ensure that service levels required by each Council matched the needs and financial capacity of each member Council.

Policy Review (Recommendation 4)

In order to update, consolidate and review Council's policies Council did embark on a 12 month comprehensive policy review program. While 245 individual policies were listed, many of these policies were single issue statements and many were now redundant. Council identified that up to 20 individual policies could be incorporated into a single policy instrument.

Guyra Shire Council, in its meeting of the 25 May 2009 adopted its Policy Development Policy to standardize the development, approval and review processes surrounding governance, strategic and operational decisions of Council. This will provide an efficient mechanism for ensuring Council's policies remain relevant and compliant with legislation.

Council is reviewing the compliance and implications of its Section 252 policy.

Enterprise Risk Management / Internal Audit (Recommendation 5)

As a result of the Departmental review of Guyra and NESAC the NESAC Audit Committee recommended that member Councils review audit practices to incorporate a comprehensive Enterprise Risk Management Framework to evaluate all risks (insurable and non-insurable risks) facing each Council. A tender for a consultant to conduct an independent evaluation of Councils and provide an ERM framework has been prepared and is progressing through the tender process.

Planning approvals and delegations (Recommendation 6)

Council has reviewed its development assessment processes. The assessment and approval of development applications are now dealt with independent of each other. This practice has been reviewed in light of the ICAC document cited in your report.

Resolutions Report (Recommendation 8)

Council's business paper now includes a 'Resolutions Report' detailing the result and timeliness in implementing the resolutions of Council (See Business Paper – June 2009). This report is updated monthly.

Review of Building Policies (Recommendation 9)

Councils Building Policies are currently under review with a view to rescind those policies that are no longer relevant in the context of the impending LEP or DCP.

Council's long term financial viability (Recommendation 10)

Council has held several workshops to address financial sustainability issues. Council has taken prudent steps to recover available funds from vulnerable CDO linked investments. Council has amended its Investment Policy in keeping with the Minister's guidelines. Council is endeavouring to supplement rate revenue through a review of its non-rate funding opportunities.

Council is currently reviewing its contracts and leases with a view to enhancing revenue and protecting Council's financial interests through ensuring mutual compliance with contractual agreements.

Council is continuing to develop a comprehensive asset management plan and has incorporated ten year financial projections into its application for its 2009/10 Special Rate Variation.

Granting and Managing of Leases (Recommendation 11)

Council is currently reviewing policy and recording practices regarding the structure, approval and management of leases. This includes a schedule for the review and legal maintenance of leases currently held by Council.

Website Content (Recommendation 13)

The issue of Website management was addressed at NESAC ICT meeting (June 2009). NESAC is reviewing its website management practice and assessing the need for a shared web manager. This position will see improvements in the updating and deletion of material on the Website.

Guyra is currently serviced by local-e, a service provided by the Local Government and Shires Association. Guyra Shire has committed to local-e subject to significant enhancements in functionality, useability and aesthetics. Should the necessary enhancements not be forthcoming then NESAC will tender for a stand-alone service.

Communication and Consultation (Recommendation 14)

Council has resolved (Council meeting 25 May 2009) to place a draft Community Engagement Policy on display for comment. The intention of the policy is to enhance information sharing and consultation so that the community is integral to setting the strategic platform for Guyra Shire, reviewing its performance, and engaging on community issues now and into the future. (Policy currently out on display for community comment).

Workforce relations and consultation (Recommendation 15)

Council takes a proactive approach to workforce relations. Council's General Manager meets with all staff on a monthly basis to share information regarding initiatives of Council

Succession planning, particularly in relation to regulatory and environmental services, is being addressed through an evaluation of the current NESAC structure and future skills sharing opportunities. Council is also professionally developing local staff to accommodate potential skills shortfalls in the future.

Council is proud of its proactive recruitment and training practices for indigenous members of our community. Council has outsourced many of its operations to local indigenous service providers who develop skills in indigenous disadvantaged communities. Further to this Council is working with the local Aboriginal Land Councils to share resources and also provide employment and training opportunities through nationally funded indigenous training programs.

Across NESAC there are in excess of 300 individual job titles and descriptions. Guyra's General Manager has embarked on a program to reduce the job classifications and descriptions (<20) so that greater efficiency can be derived from improved flexible work practices.

Again, Councillors and staff acknowledge the professionalism of your staff and thank you for the opportunity to review the report.

7 ADDENDUM

The finalisation of this review has been delayed because of the need to give consideration to matters arising from the collapse of NESAC. The Division's report on the review of NESAC has been finalised. The NESAC report makes findings about the reasons why NESAC failed and highlights the need for councils to enter into alliances for the right reasons.

The attention of all stakeholders, including Guyra Shire Council, now needs to shift to the future and how local government can make best use of its limited resources to serve the New England community.

Council, along with the other former members of NESAC, was given the opportunity to make submissions to the Division on their current intentions and capacity to better serve their communities. While all of the Councils made a submission, there is no consensus among the Councils as to the extent that reform is required and/or the means of achieving reform.

It is clear that Guyra Shire Council and its former partners require assistance to be successful in achieving the potential benefits of reforming the way local government services are delivered.

The NESAC PBP Review report recommended that an independent person be appointed to facilitate a review of the arrangements for delivery of local government services in the area. The Minister for Local Government has accepted this recommendation and appointed Mrs Gabrielle Kibble AO to conduct the review.

Mrs Kibble's appointment will provide the community, the Councils, individual councillors and other stakeholders (such as unions) with the opportunity to make submissions. It is vitally important that the Council work with Mrs Kibble to identify and consider opportunities for Council and local government generally to better serve the community.