

COMPLETE



Kyogle Council Organisational Review

Review of the Technical Services Department, and Organisational Structure

Complete Urban Pty Ltd
Suite 3/10 Regent Street
Chippendale NSW 2008

: 14/8/12 FINAL



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1 EXECUTIVE SUMMARY

In late 2011, Kyogle Council commissioned COMPLETE Urban to conduct a review into the Technical Services Department. The project brief prepared by Kyogle Council specified that the review of the organisation was to be conducted with the aim of identifying possible improvements to the structure and work practices as well as a review of the role of outsourcing.

TECHNICAL SERVICES REVIEW

The project originally focused on the Technical Services Department including the indoor design section and the outdoor operations section. The relationship of this section was studied in the overall context of Kyogle Council.

The scope of the study was to encompass the operations, procedures, effectiveness and resourcing in the following areas:

- Roads
- Parks
- Water and Sewer
- Waste Services
- Fleet

REVIEW OF CORPORATE ORGANISATION STRUCTURE AT DIRECTORS LEVEL.

COMPLETE Urban were also requested in February 2012 to review the Council at Director Level. This was to investigate the current senior level management structure.

Any organisation whether public or private can always improve in some ways. The full set of recommendations is designed to assist Council to fine tune its operations and improve in certain key areas. No criticism is intended of staff or Council's operations as some fine and conciseness work is being carried out by Council.

The recommendations will assist Council to focus on areas that matter the most and will be of benefit to the Kyogle Community as a whole.

The following is a summary of the main recommendations provided to Council in the context of these reviews. The full list of Recommendations is shown in Section 8.

The study recognised 65 recommendations for application in the Technical Services area and a further 7 recommendations in the Corporate review.

Main Recommendations:

Technical Services

Recommendation 1. That Council establish a revised organisation structure to ensure that strategic planning is carried out for both Asset Management and Maintenance.

Recommendation 4. That Council split the future strategic planning role for Parks and Gardens as well as for Community Buildings. The delivery of such services should be delivered by one department.

Recommendation 6. That an advance funding process be developed to permit projects to be progressed over successive years. Design should be done in the previous year to the proposed construction.

Recommendation 8. That Council allocate more resources to assess assets. This should first focus on transport, and then other asset groups. This data will then inform the Councils Long Term Financial Plan.

Recommendation 12. Establish a structured regime to applying load and speed limits to bridges and ensure this is supported by Executive Management and Councillors.

Recommendation 27. Conduct a strategic review of bridge design & construction procurement and implement measures to reduce the cost of bridge construction (it is suggested with advice from an external bridge design specialist).

Recommendation 28. Implement a strategy to introduce high levels of capital to fund bridge replacement (through attracting grants, advocacy, PPP's).

Recommendation 29. Analyse to determine if it would be worthwhile establishing permanent staff in lieu of casual employees on at least an annual basis.

Recommendation 32. Review the annual composition of plant hire and consider if it would be worthwhile establishing permanent staff and Council owned plant in lieu of hiring some operators/plant consistently (annually).

Recommendation 36. Review the comparative cost of undertaking timber bridge rehabilitation works using in-house and external contract resources.

Recommendation 41. Ensure a strategy is in place to address the skewed age profile and ensure a program is introduced to ensure expertise is passed onto less experience staff members.

Recommendation 46. Change arrangements for staff professional development to be a structured program. The Department leader should be assigned a training budget and manage this expenditure with HR Manager's support.

Recommendation 49. Prepare an Accountability Chart for the Department/s so it is clear for all where responsibilities lie.

Recommendation 51. Ensure a staff resource is dedicated to addressing the extreme risk associated with bridge network.

Recommendation 56. That Council fully support the Northern Rivers Technical Directors Group and provide appropriate resources to contribute to and benefit from the Northern Rivers Resource Sharing Initiative.

Recommendation 62. Increase the level and frequency of dialogue between senior management and service delivery staff to provide feedback on Council programs, plans and objectives, as well as the opportunity to offer comments on issues affecting the workforce.

Corporate Organisation Review at Directors level

The Review recommends the establishment of a separate unit to manage the development of the asset strategy and the management of its implementation, with the service delivery to be undertaken by a separate unit of Council and isolated from the asset management function.

This proposed structure enables a strong focus on the key issue of infrastructure management to maximise the available funding level and access to recurrent income sources.

This Review recommends Option 4 described as an Aligned Services option that realigns the business strategy into five (5) units with the managers of each of these units reporting directly to the General Manager.

Other recommendations include:

Recommendation 66. Conduct MANEX meetings on at least a fortnightly basis.

Recommendation 70. That a new position titled "Regulations Inspector" be allocated under the Planning, Health and Building function

Recommendation 71. Council develop a strategy to accommodate HR support deficiencies and provide additional staff capacity to expand the HR capability with matched resourcing

Recommendation 72. The Finance manager work with project managers to develop appropriate financial reporting tools to enable the provision of timely information to assist management decision-making

The aim of Option 4 that creates five units reporting to the General Manager is to be seen in the context of a Matrix Structure with open and flexible team interaction between each Manager and their staff. This structure should not be seen as five separate "Silos" each acting independently.

1.1 REVIEW METHODOLOGY

The COMPLETE Urban team individually and jointly investigated the field and administration operations of the Kyogle Council Technical Services Division. The team interviewed senior staff, administrative and operational staff in the offices as well as extensively in the field. This approach gave us the opportunity to observe the Council operations, systems and staff during actual works and to enable us to compare with like operations elsewhere.

The COMPLETE Team also interviewed a number of Council staff outside of the Technical Services Division including planning and finance. We also had the opportunity on a number of occasions to discuss operational and management issues with the General Manager.

Of particular interest was the open opportunity to travel to the extremities of the LGA. We used these trips to not only discuss issues with field staff and see first-hand their mode of operation but also to experience at first hand the condition of roads (rural, village and urban) and other related Council facilities in these outlying areas.

Detailed notes were taken of discussions and observations with our assessment of those areas and related issues of note being transposed into this report.

In conjunction with the above and separately we were able to discuss the main Corporate Operation with Council Officers as well as the General Manager and Directors. These discussions informed the recommendations on the preferred and recommended Corporate Structure at the second level of Management in Council. We also drew on our experience with other Councils to determine the best Governance model to suit Kyogle's circumstances.

The review team would also like to thank the Mayor and Councillors and all of the Council staff we came in contact with and who were forthcoming with their time and input. Finally we would like to thank the General Manager and Directors for their input and comments on the draft documentation provided to Council.

2 INTRODUCTION

2.1 SCOPE OF INITIAL COMMISSION

In late 2011, Kyogle Council commissioned COMPLETE Urban to conduct a review into the Technical Services Department. The project brief prepared by Kyogle Council specified that the review of the organisation was to be conducted with the aim of identifying possible improvements to the structure and work practices as well as a review of the role of outsourcing.

The project is focused on the Technical Services Department including the indoor design section and the outdoor operations section. The relationship of this section was studied in the overall context of Kyogle Council.

The scope of the study was to encompass the operations, procedures, effectiveness and resourcing in the following areas:

- Roads
- Parks
- Water and Sewer
- Waste Services
- Fleet

The consultant was asked to provide comment on:

- The efficiency and effectiveness of Councils operations and structure.
- Work practices and techniques in regard to industry best practice.
- The appropriateness of the level of management and supervision, current staffing and plant resources to undertake services.
- The current levels of outsourcing and work recommendations for improvements.
- Identify resource sharing activities with neighbouring Councils.
- Maintenance and Construction practices
- Plant and Equipment composition relative to works undertaken and the workshop procedures and effectiveness.
- The role of outsourcing of both services and plant.
- Application of modern technology and modern work practices.

2.2 SCOPE OF SUBSEQUENT COMMISSION

COMPLETE Urban were also requested in February 2012 to review the Council at Director Level. This was to investigate the current senior level management structure.

A summary of the various review items follows.

3 TERMS OF REFERENCE

3.1 TECHNICAL SERVICES

Kyogle Council sought an independent review of its Technical Services organisation with the aim of identifying possible improvements to the structure and work practices in late 2011.

Purpose

Council requested the examination of issues related to but not limited to:

- The Organisation Structure
- Work Practices
- The Role of Outsourcing

The main purpose of the review was to ensure that in the current tight financial environment, residents receive value for money and that any opportunities for efficiencies/savings are identified and explored by Council.

Objectives

The objectives of the review were:

- Review the efficiency and effectiveness of Councils operations and structure
- Comment on work practices and techniques in regard to industry best practice
- Comment on the appropriateness of current staff and plant resources to undertake services
- Comment on the current levels of out sourcing and make recommendations for improvements
- Comment on and identify resource sharing activities with neighbouring Councils.

Effectiveness of Activities

A review is required of the split between Operating and Capital expenses to ensure budgets are being allocated in the most cost effective manner. Comment was also sought on the distribution of funds to various activities to ensure the most effective level of services is being provided for the available funds.

Field observations of recent Council works were required to achieve this objective.

Work Practices

An observation was required to observe work practices and make comment in relation to industry best practice and make recommendations on any improvements. Discussions are to be held with Engineers, Supervisors, Gangers, plant operators and other staff as required.

Staff Resources

The existing organisation structure was made available and comment was required on the level of management and supervision associated with the various operations. Comment was sought on the structure and hierarchy currently used to manage and undertake operations.

Plant and Equipment

A review is required of the plant fleet and comment was requested on the appropriateness of the plant to undertake the various operations. A review was also to be made of the Plant Replacement Processes.

Outsourcing

Council currently outsources several activities including but not limited to traffic control, some labour hire, bitumen sealing, asphalt laying, some plant hire, fencing, drilling and blasting, some aggregate production and cement stabilisation.

Comment was sought on Councils current outsourcing practices and any recommendations

3.2 CORPORATE

In conjunction with the Technical Services Review, Council subsequently requested COMPLETE Urban to carry out an assessment of the current structure of Councils services at the Director level. The General Manager wanted to be provided with an analysis of the current structure, a review of the effectiveness of such a structure and recommendations of any improved structure that achieved Councils objectives while at the same time being cost effective. The review involved an analysis at a high level to ascertain if an improved and contemporary structure would better serve the Councils aspirations and that would better provide appropriate management and supervision of the various services provided by Council to the community.

This added study was not envisaged to involve the activities of each section of Council, merely the constituent parts of each section at a senior management level.

4 COUNCIL CONTEXT

Kyogle Council services in the area of 3,589 km² and the joins the Scenic Rim Shire in Queensland, the Northern Rivers Shires of Tweed, Lismore, Richmond Valley, Clarence Valley and Tenterfield in New South Wales.

Kyogle Council comprises a large and diverse region with spectacular natural (including the renowned Border Ranges National Park and other world heritage listed areas) and cultural attributes, within two hours drive from Brisbane and one hour from the Gold Coast and NSW coastal communities of Byron Bay, Ballina and Tweed Heads. This, combined with a superb climate and a close proximity to all services, education and recreation, makes the Kyogle area an ideal place to live and work. The district boasts a wide range of natural assets, including the World Heritage listed Border Ranges, Toonumbar National Park and no fewer than 12 state forests, all within easy reach of the towns and villages.

The Council has 60 staff in the Technical Services Department consisting of 9 administrative staff and 51 works staff. Kyogle Council has in the order of 112 staff in the current three Departments.



Figure 1. *Kyogle Council and its relationship to the surrounding area*

Council has jurisdiction of the following resources:

- 127km of Regional Roads and 1082km of Local Roads
- 388 bridges of which 230 are timber, plus 107 causeways
- 3 water treatment plants
- 3 sewer treatment plants
- 3 Council operated community swimming pools.

4.1 COUNCIL'S COMMUNITY STRATEGIC PLAN 2007 – 2017

Council has an established Community Strategic Plan where the aspirations and longer term planning is defined. Council has defined its forward planning and values as follows:

Community Vision

Working together to balance Environment, Lifestyle, and Opportunity.

Our Mission

To meet the challenges of our unique and diverse region

Our Values

- Respect and respond to community needs
- Improve the quality of our services
- Be open and accessible
- Act with honesty and integrity
- Value people's contribution
- Support the culture of teamwork, cooperation and safety

The Community Strategic Plan outlines the strategic initiatives for roads and infrastructure:

- There is a high concentration of heavy vehicles servicing the timber and agricultural industries; the nature of the topography results in a high proportion of no through roads that are vital corridors for residents in cases of emergency.
- Inadequate funding.
- Maximise the most economical use of available funds to meet community expectations.
- The need to pursue contribution to roads funding from forest plantation industry.

The success measures within the Plan include:

- The length of footpaths and cycleways constructed.
- Asset management - the number and frequency of inspections.
- Highway bypass - traffic reduction in Kyogle Township.

4.2 ACHIEVEMENTS

From observations during inspections and from discussions with Council staff, the review team identified a sense of pride by service delivery managers and staff for Council's achievements which include the:

- Tidy Town Award 2012, Young Legends Category
- 2011 Innovation In Water Supply and Wastewater Award (NSW IPWEA)
- 2011 Waste Management and Litter Reduction Award
- 2011 Wildlife Corridors and Habitats Conservation Award
- Unique \$2.2 million wetland project, and
- Kyogle Main Street upgrade.

5 METHODOLOGY

5.1 TECHNICAL SERVICES

5.1.1 GENERAL

Council sought an independent review of the organisation with the aim of identifying possible improvements to the structure and work practices as well as a review of the role of outsourcing. To service this objective a number of meetings with delivery staff were held as well as field observations, to assist the interpretation of outcomes of meetings and documentation analysis.

A significant weighting of resource time in the analysis and review of field operations was allowed, their management and supporting use of Councils assets. The development of our assessments included all associated pre-delivery functions and activities, including design, the rationale for resource allocation and works undertaken by external resources. The project focused on the Technical Services Department including indoor design sections and the outdoor works operations section. The relationship of these sections was studied in the overall context of Kyogle Council.

5.1.2 APPROACH

This methodology covered the operations, procedures, effectiveness and resourcing in the following areas:

- Roads
- Fleet and Workshop
- Quarry and Asphalt
- Parks
- Water and Wastewater.

A number of meetings were held with key Council staff in the various areas and draft and final reports include suggestions for improvements as well as an assessment and advice based on our experience.

The following stages have been carried out to ensure the project scope is covered and that Council's objectives are satisfied:

Stage 1. Meeting with Council Director and Senior Staff.

Prior to our initial meeting with Council, we conducted a preliminary desk top review of presented documentation. As an outcome of this, we prepared a list of additional documentation and reports for our analysis at the early stages of this review. This list was presented prior to the inception meeting at Council Offices.

Meeting at Council Offices.

- A confirmation of the review project scope, program, milestones and deliverables.
- Initial discussion with the Acting Director of Technical Services, the General Manager and the Director Corporate & Community Services and Director Planning & Environmental Services.
- Initial overview of Councils operations and processes.
- Break out session with those involved in Management, Design and Operations in the following sections of council:
 - Roads
 - Fleet and Workshop
 - Quarry and Asphalt
 - Parks
 - Water and Wastewater
 - Initial visit to the depot, local field operations and Council's design sections
 - Wrap up discussion with Management
 - Collect documentation.
 - Consolidate findings and outcomes

During this stage we interviewed staff to determine the overall operational parameters of the Technical Services Directorate and commenced the assessment of the various issues that were raised and observed.

This included initial gathering of information on the efficiency and effectiveness of the service delivery sections of the Directorate. We were able to build a picture of the Council practices to be able to compare with other Councils.

Stage 2. Review of documentation and interview findings

- We compared the findings of the meetings with Council Staff.
- We reviewed Council documentation.
- We prepared a series of schedules for meetings and further on-site inspections in areas requiring further investigation.

During this Stage we explored the existing policies, organisation and procedures as adopted by the Technical Services Directorate. We also reviewed and documented the discussions with the Council staff. We built up an initial organisation model that allocates the existing resources into the overall Council organisational context.

We reviewed the Budget Information, Asset Plans and Levels of Service as well as the Council Asset Management Policy, Asset Management Strategy as important inputs to the operational context of the Technical Services Department. This included the planning for Roads, Parks, Water and Waste Water, Fleet and Quarry Operations.

We also looked closely at the activity based budgets and the response times as well as the Capital Works priority system to test against risk minimisation, triple bottom line and community benefit parameters.

We also investigated the overall production costs data for the business units within the Directorate.

Stage 3. On Site Inspections and interviews

- Over the course of the various visits we observed Water and Sewer operations, Roads Works, Bridge rehabilitation and the bridge deck fabrication yard. We also visited a number of outlying towns and travelled along many of the Council Roads. We inspected Council facilities and Council pools to better understand Council's service delivery processes.
- We documented our findings and compared these with the Council objectives.
- We commenced documenting areas for improvement and any anomalies found.

In this stage we also inspected Council depots and other individual work sites as nominated by Council. We also identified other sites and activities that would lead to a better informed outcome and commentary on Council practices.

We noted our observations as related to best practice, effectiveness, OH&S and Environmental Compliance. This included both Capital Works projects as well as maintenance in the Roads, Fleet and Workshop, Quarry Operation, Parks and Water and Wastewater sections.

We assessed the systems and procedures in place and compared with such systems as used by many Councils such as the IPWEA AUS-SPEC maintenance system.

We also assessed the use of technology such as the use of spatial systems to assist in organising work precincts and recording works spatially.

Stage 4. Compile report

- We prepared a draft report and clarified a number of issues with Council staff.
- We have documented our comparisons, findings and benchmarks.

We compiled a report to advise Council as to how the Technical Services Directorate is performing relative to various criteria based on Industry standards and make a series of recommendations to assist Council to improve operations and realise economies of scale as well as improve effectiveness and efficiency.

The report addresses performance across the Roads, Parks, Water and Sewer, Quarry, Waste Services and Fleet.

The draft report addressed the following:

1. An assessment of the efficiency and effectiveness of selected operations within Council's Technical Services Directorate.
It includes an assessment as to the relative health of the Technical Services Directorate across the chosen sections. It addresses cost effectiveness as well as responsiveness, use of technology and areas of improvement.
2. Comment is provided on selected work practices and techniques in regard to industry best practice;
We looked at the day to day operation of the Directorate and assessed the practices and techniques in comparison with the current best practice as used in Local Government and like industries.
3. Comment is provided on the appropriateness of current staff and plant resources to undertake services.
We addressed staff numbers, qualifications and aptitude for the tasks before Council. We also assessed the type and number of plant across the various Councils sections and advised any anomalies and recommended improvements in the report as necessary.
4. Comment is provided on current practice regarding outsourcing and we make recommendation for improvements;
We addressed core resources and compared these to the current situation. This defined core workforce numbers and indicates the areas for outsourcing.

Stage 5. Compile Report

Finally the report was completed and referred to Council to enable the improvement in the operations as well as prioritising actions.

We will discuss with the Mayor, Councillors and Senior Staff the findings and recommendations.

5.2 CORPORATE

COMPLETE Urban were also requested to review the current Council structure at the Director level to assess if the current structure was appropriate and would serve to facilitate service provision in to the future and achieve efficiency and effectiveness.

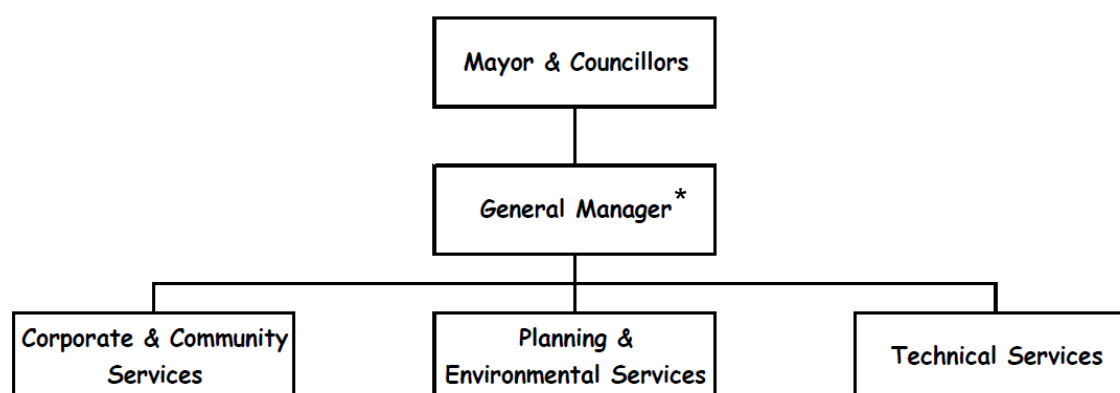
This task was added to the previously commissioned review of the Technical Services Department.

The COMPLETE review team took the opportunity to discuss the overall Council senior management structure in conjunction with and in parallel to the Technical Services review.

The methodology utilised involved a series of discussions with the General Manager as well as the Directors being the Director Corporate & Community Services, Director Planning & Environmental Services and the current Acting Director Technical Services. We discussed the general Council operation as well as seeking their input to any existing issues and any ideas they had on the future operations of Council. We also sought information on their own aspirations and areas they felt they could contribute in a positive way to the Community of Kyogle.

The COMPLETE Team have also called on their own experiences with many Councils as well as recent commissions in Local Government Management structures. It must be emphasised however that each Council has basically the same obligations while operating in its unique circumstances. As a result it is inappropriate to just replicate another Council structure on Kyogle. The COMPLETE Team therefore investigated the “Uniqueness” of Kyogle in devising the recommended structure to Council.

Figure 2. Existing Corporate Organisation Structure



* The General Manager also has several other direct reports being:

- OH&S Training Officer
- Personal Assistant
- Tourism and Economic Officer

6 TECHNICAL SERVICES REVIEW

6.1 PERCEPTIONS

During the course of the work undertaken to prepare this report, the following perceptions by Council staff were expressed on multiple occasions and were generally consistent in their message to the review team:

"Council has a staffing upper limit of 100 which cannot be increased under any circumstance."

"With inadequate road asset infrastructure funding, the formal scheduling of major capital works does not achieve anything, since funding can only prop up short term emergency repairs."

"Council has a strong intention to continue engaging temporary and casual staff, but disrupt the continuity of service by disengaging over a short period of time, avoiding the issue of temporary staff being considered permanent after a twelve month period."

"Council's senior management did not appear to have a keen interest in operational activities as demonstrated by the sporadic, if any, trips to maintenance and/or construction activities and meeting with service delivery staff."

"What we have is what we have, and it is pointless to try to change it."

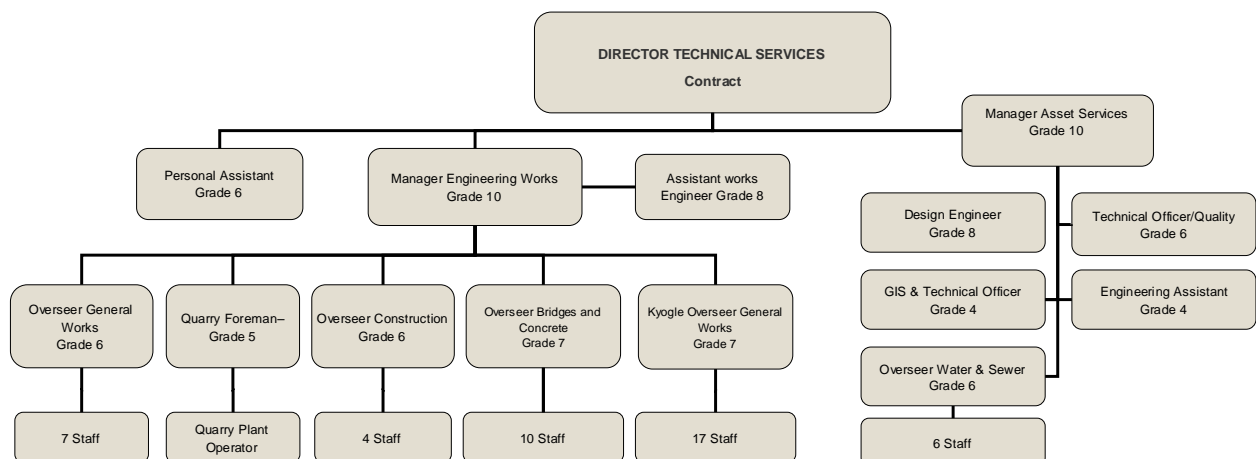
"Things don't lead to changes around here - the outcomes of the review will not lead to any changes that are needed across Council."

The nature of the comments would indicate to the culture appears to be resigned to an acceptance that nothing significant and will change, and that everything about Council is undertaken to work within an unreasonable budget when there are additional minor items that can be undertaken at additional marginal cost but with significant benefit to the asset or community.

6.2 THE DEPARTMENT STRUCTURE (EXISTING)

The Kyogle Technical Services Department is organised as follows:

Figure 3. The Technical Services Department Current Structure



Currently the Directors Position is vacant and the Manager Asset Services is Acting Director. This has left a deficiency in the organisation however the Manager Asset Services is performing both roles adequately, with the normally expected inability to cover both roles completely.

Reporting to the Director Position are two functional groups (Works and Asset Services), both lead by Managers, as well as a personal assistant.

Within the Asset Services section the structure has one Design Engineer, a Technical Officer, an Engineering Assistant as well as a Geographical Information System (GIS). The Asset Services Manager's position also supervises the seven Water and Sewer Operators (with two of these positions being vacant at January 2012).

The other main section in the Technical Services Department is the Works section under the Manager Works. This consists of:

- two staff in the Quarries section (One position vacant as at January 2012).
- four people in the Construction Works section. (One position vacant as at January 2012),
- eleven team members Concrete and Bridge section (One position vacant as at January 2012), and
- eighteen staff in the East General Works section (One position under review).
- eight team members in the West General Works section, (The General Works Overseers position is vacant as at January 2012).

Table 1. Summary Of Staff Numbers by Section

Section	Number
Indoor Staff	
Director, Managers and support	5
Design and GIS	4
Water and sewer operators	7

Section	Number
Sub Total	16
Outdoor Staff	
West General Works	8
Quarries	2
Construction	5
Bridge and Concrete	11
East General Works	18
Sub Total	44
Total	60

Due to the current configuration it must be noted that the Water and Sewer staff are included in "Indoor Staff" which provides a skewed result in relation to the design function in Council.

The design function is being services by less than one person (excluding the GIS function) with the remainder of the Asset Services Team functions including RMS field works management, auditing, survey, and water and sewer

The number of vacancies varies with time. The number shown above is an indication as to the situation in the Technical Services Department. It is recognised that there is an ongoing staff shortage in these areas. Such vacancies cause disruption in service to the Community.

It is recognised that the current staff shortage particularly in the Professional and Technical Engineering sphere makes it difficult to acquire additional staff (see vacancies above). There is a need to augment the Engineering role in Council. This is particularly evident in the forward or strategic planning area as related to Councils existing infrastructure assets. Works and maintenance are tending to be reactionary as opposed to the more cost effective pro active approach based on sound whole of life asset management principles.

Staff are using Engineering judgement to good effect as well as reacting to Community requests. It has been proven that this is not the best basis to renew and maintain the large Community investment in infrastructure. The interests of the Community are not served well over the long term with this approach. The current staff are however limited in their ability to provide future planning as they are engaged in short term responses to issues. It is now well established that a more strategic process should be put in place to ensure the Community is obtaining a more professional solutions to what is an enormous asset problem over the long term. Council is also now obliged under the Local Government Act to develop a Long Term Financial Plan as is required under the Integrated Planning and Reporting (IPR) requirements. These requirements take full account of the Communities Asset Management obligations. The asset management issues as such will also be addressed in subsequent sections.

Recommendation 1. That Council establish a revised organisation structure to ensure that strategic planning is carried out for both Asset Management and Maintenance

Recommendation 2. The annual Capital Works Program reflects a Whole of Life approach to responsible asset management.

6.2.1 ANALYSIS OF EXISTING OPERATIONS

The success measures within the Community Strategic Plan which apply specifically to the Technical Services Department include:

- The length of footpaths and cycleways constructed.
- Asset management - the number and frequency of inspections.
- Highway bypass - traffic reduction in Kyogle Township.

Whilst conducting the review the team found that these success measures are not an ideal reflection of the Departments success. It is noted that that a new plan is now being prepared and this is an ideal opportunity to introduce some other measures which better suit the Department.

Recommendation 3. Consider new success measures that reflect the Departments performance appropriately. Measures that align with the high risk aspects of the department & asset management practices are ideal.

Kyogle Council Technical Services Department has responsibility for an expansive asset base covering a multitude of asset types including an extensive length of roads and a large numbers of bridges. Along with other community facilities such as water and sewer infrastructure and Community pools the breadth and diversity of Community Assets is substantial.

Alongside this is the relative age and associated deterioration of some assets and the Communities ever increasing aspirations for a higher standard of facilities and services, the Council is faced with an on-going dilemma.

To balance the conflicting obligations of more facilities and increasing costs, a Council must carefully look after the resources it has at its disposal.

Following our site and field visits as well as extensive discussions with Professional, Technical, Administrative and works staff a number of anomalies were observed, however alongside this we also observed committed staff and those who genuinely worked hard to provide facilities and quality service to Council and the community.

Of particular note is the new integrated planning and reporting framework (IPR) introduced by the State Government early in 2010 that requires the development of a (minimum 10 year) Community Strategic Plan to be backed up by a resourcing strategy consisting of three components:

- Long term financial planning
- Workforce management planning
- Asset management planning.

6.2.1.1 Workforce Management

Councils must develop a Workforce Management Strategy to “address the human resourcing requirements of a Council’s Delivery Program¹”.

While the Division of Local Government is still to release guidelines for the development of Workforce Management Strategies, we would strongly suggest that Council gets ahead in workforce planning, to ensure it can attract and retain its workforce in this time of skill shortages in key local government professions and trades.

Across all works staff areas observed there was an imbalance in the age profile with a preponderance of older staff. Council needs to actively confront this problem as the older experienced staff will leave with few younger staff to take over. A succession plan is necessary

¹Planning a Sustainable Future – Planning and Reporting Guidelines for Local Government in NSW, The Division of Local Government, Department of Premier and Cabinet, 2010

to commence to address this problem. Council must put in place contingency plans in the short term to come to terms with this problem.

The Water and Sewer operations were observed to perform admirably with modern technology being implemented across key areas. Sophisticated telemetry monitoring systems have been implemented to reduce field supervision and to better monitor and manage the Water and sewer function for improved public health and overall reduced costs in the long term. Substantial investment has been made in this area under the State Government funding scheme.

6.2.1.2 Community Buildings and Facilities

An issue that was raised a number of times was the lack of clarity within the current structure concerning the ownership and responsibility for ongoing maintenance and operation of Community Buildings (including Community swimming pools) and overall the Council parks and reserves.

Work was being carried out however this was being done despite the Organisation structure. It was observed that certain functions for the management and operations of Community Buildings and Parks and Reserves were shared without a clear delineation as to who was ultimately responsible. A clear determination is required within the existing structure as to who is responsible for the maintenance and renewal of these assets and facilities and who is responsible for the operation, bookings and cleaning of these facilities. This may be under a common jurisdiction. To assist in this regard a specific cost centre should be established under the sole jurisdiction of one officer.

It was observed that the experienced works staff were able to carry out fairly major works on road and bridge works in a capable manner. There was some concern however that insufficient technical designs were available to them as well as site supervision. This again tends to suggest a lack of Professional and or Sub professional staff are available to be involved in design and construction supervision.

Concern was expressed by staff about progression through the wages system. The structure is fairly flat with few levels. This is problematic, but also common in Local Government.

6.2.1.3 Parks and Gardens

Outcomes from the review team's discussions with senior management indicated that there was a need to rationalise the Parks and Gardens functions as well as the associated resourcing. The consensus appeared to promote consolidation into one department.

The review team was advised that Parks and Gardens had undertaken an extensive range of mowing works by contract (under the Department of Planning and Environmental Services). However it appears that the contractors had been abusing the system. Council subsequently closed the contract and reverted to the use of day labour resources to undertake mowing activities.

Parks and maintenance responsibilities also extend to the facilities in both Benalbo and Wiangaree villages. They also extend to the maintenance of the cemeteries throughout the Kyogle Council area. The works are somewhat seasonal and staff in this area are perceived to be underutilised out of season.

6.2.2 RECOGNITION OF DEFICIENCIES

Council separates the Civil works involving construction, renewal and maintenance from both Parks and Gardens and the Buildings operations. There is also some confusion as to jurisdiction in this regard. A major deficiency in the structure is this lack of clarity over jurisdiction and the disparate control mechanisms. Council should consider the splitting of the future strategic planning role for Parks and Gardens as well as Community Buildings from the doing role that involves the responsibility for the construction, renewal and maintenance. This would be better handled within the Technical Services Department. Strategic Planning would include the research of Community needs for new Parks and Gardens as well as new Community Buildings. This could also involve the strategic planning for the removal or reduction of such facilities where they may no longer be required.

Recommendation 4. That Council split the future strategic planning role for Parks and Gardens as well as for Community Buildings. The delivery of such services should be delivered by one department.

6.3 WORK PRACTICES

The current Technical Services Department is divided into two function groups, being Asset Management and Works. In the analysis of work practices we have reviewed each separately.

6.3.1 DESIGN AND STRATEGIC ASSET MANAGEMENT FUNCTION

The design function within the Kyogle Council Technical Services Department is managed by the Manager Asset Services (currently the Acting Director, Technical Services). Four staff report to the Manager being a Design Engineer, Technical Officer/Quality and an Engineering assistant, assisted by the Geographical Information System Operators/Technical Officer. These staff have to provide all design and asset management functions for Roads, Footpaths, Bridges, Stormwater, Water and Sewer, Buildings, Swimming Pools, Parks and Gardens as well as other miscellaneous projects that arise from time to time.

It is the review team's opinion that insufficient resources are available for the sound and responsible design of renewal, replacement and the major maintenance of Council assets. It was observed that capable day labour staff were carrying out important work on roads, bridges as well as water and sewer works without reasonable technical investigation, analysis (including soil testing, drainage design and pavement design) to ensure that technically sound projects were provided that were both cost effective and structurally sound to ensure the work done provided the optimum service to the community at the lowest unit costs.

Localised flooding is also an issue during heavy rains. Again more rigour is required to prioritise these works in a systematic way. There is absolutely no criticism intended as related to the technical competence of the Councils staff. Those involved are providing optimum service however they need additional professional assistance in the area of pro active investigation and analysis of such items as geotechnical testing, stormwater design, geometrical design and pavement design.

It is also suggested that certain supervisory staff be provided with both technical and front line management training and that this be incorporated in a staff training plan to maximize the investment in staff by continually adding skills. It is noted that some staff are acting as supervisors but that this is not recognized.

The annual works program has historically been developed by the Director with little involvement from the department staff. Projects proposed in the annual works program are not

planned out strategically. During the review it was observed that a five year rolling program had been developed as a new initiative and commended. Such a program should align with requirements identified in Council's new Asset Management Plans. With an advance program known, it is recommended that Council undertake advance staging of works to ensure all analysis and design is undertaken preferably in the year prior to when the works are proposed to proceed.

Recommendation 5. That Council invest more resource into investigation, analysis and design before projects are commenced.

Recommendation 6. That an advance funding process be developed to permit projects to be progressed over successive years. Design should be completed by the previous year to the proposed construction.

Recommendation 7. That Council ensure staff have training in front line management skills

It is understood that Council configures its annual works and renewal program based on field observation and the input from various internal and external sources. Planning work had been done in the past however this approach is used less and less.

Under the IPR Councils must carry out an asset management process to prioritise assets in most need of renewal or replacement. This must then form the main basis of a long term financial plan. Previous generations invested many years worth of rate revenue to creating the Communities assets. These assets however decay and age over time and eventually become less serviceable.

To develop a well thought out and funded renewal, replacement and maintenance plan is now an obligation of every Council in NSW. Due the current age of some of the Councils infrastructure, Council has now slipped back to a point where renewal, replacement and maintenance are lower than the annual rate of asset decay. By responding to reactionary issues the carefully planned approach has almost been abandoned and Council is possibly faced with leaving a costly liability for future generations. Council should re balance this "Intergenerational equity" by investing in planned renewal, replacement and maintenance programs on an annual basis.

Structured Asset Management following the guidelines in the "International Infrastructure Management Manual" (IIMM) is now accepted as the way to comply with the IPR asset management component of the Community Strategic Plan. The Council has commissioned an asset management plan (AMP) of the major asset classes however it is a "first cut" AMP and still needs a lot of work to give Council the answers it needs to responsibly manage the communities assets. The major concern includes the road assets however of the bridge component of the road infrastructure is the one requiring the most amount of analysis.

Council manages a total road length of 1,200 km of local and regional roads, which include a total of 230 timber bridges out of a total of 388 bridges and 107 causeways. The older timber bridges are generally in poor condition which is a large liability for Council. Council operates the "Bridge Assist" system. Bridges inspections are undertaken however these provide limited assurance of the condition of bridges. On a number of occasions Council has sought State and Government assistance and some assistance programs have been forthcoming. This has however only assisted on the margin and the bulk of the problem still remains.

Council now needs to apply more rigour to this asset task and additional resources are needed.

Recommendation 8. That Council allocate more resources to assess assets. This should first focus on transport, and then other asset groups. This data will then inform the Councils Long Term Financial Plan.

Office based staff require the right tools to ensure works are effectively delivered. There is no AutoCAD software or current 3D design software such as 12D within the design office. These should be purchased and training provided to staff.

Recommendation 9. Review software needs for the design office, purchase and provide associated training.

There is a lack of standard drawings available to reference. These should be developed to ensure consistency and to reduce design time required. It would be ideal if this was done in coordination with the ROC. These standard drawings still do require regular checking to ensure they meet latest standards.

Recommendation 10. Develop more standard drawings. Look to coordinate such a project with the ROC, and ensure a regular review for compliance is instigated.

It was observed by the Review Team that bridge designs are based on a modular system designed by an external structural consultant some years ago. Whilst the approach to the bridge design seems sound and appropriate, Australian Standards have since changed.

Recommendation 11. Ensure structural drawings for bridges are checked on a regular basis for compliance with current standards.

Council officers assessing the condition of bridges have had great difficulty determining whether a bridge is fit for purpose. Non destructive testing is expensive to conduct. Little can be qualified as to the integrity of members which are not accessible (including foundations). External consultants have not been willing to clearly determine this also. Where a certain level of doubt or risk remains regarding the bridges integrity, the most basic and low cost way of managing the risk is to lower the bridge load limit and/or speed. Again though there is no clear science to validate the appropriateness of such decisions. It is recommended that Council develop in partnership with external experts a bridge risk management regime which sets out a structured approach to applying load and speed limits based on risk identified. This regime will need the support of Councils executive team and Councillors to ensure public pressure does not force limits to be repealed (as has previously occurred).

Recommendation 12. Establish a structured regime to applying load and speed limits to bridges and ensure this is supported by Executive Management and Councillors.

The Asset Services Team operates the MapInfo software for GIS mapping. The base for this is understood to be of a high quality. Such information would be helpful if accessible by other staff members. For example the Community Services Officers should be able to make enquires using this. Some Councils now offer a web based viewer for the public to view certain GIS layers, particularly where such information can assist with developments.

Recommendation 13. That better access be provided to Councils GIS software.

The requirement for an appointed Local Emergency Management Officer (LEMO) is a critical role to be provided by an individual within Council. The demands of this role necessitate that

the person responsible assign around 20% of their working time to fulfilling LEMO duties. It seems such time is not being presently afforded for the role.

Recommendation 14. Ensure the individual responsible for the LEMO role is afforded 20% of their time to fulfil associated responsibilities.

6.3.2 OPERATIONAL FUNCTION

Council operational staff numbers some 44. Many are involved in plant operation. Overseers and Foremen supervise these staff into 6 groups one of which has some 17 plant operators and labourers. This spread of supervision is considered too broad and there is a need to recognize some team leader type positions to reduce the large spread of supervision. It is recognized that generally a Certificate 4 in Civil construction is an optimum qualification for such team leaders. This form of training should be included in the existing Council Training Plan.

Recommendation 15. That Council rationalize the current staffing mix to provide an improved ratio of supervisors to operational staff

Recommendation 16. Training of staff for Supervisor/Overseer positions should be provided. A certificate 4 in Civil Construction is recommended.

Council maintenance is distributed in a mainly reactive manner. No levels of service are determined across the many elements particularly in roads and bridges. Intervention levels can assist in determining the quantified level of service that the current budget can afford. i.e. the current \$ allocation for potholes is 500mm or the current \$ intervention level for edge break is 150mm etc. By calibrating this to the current budget and applying a systems approach to maintenance the community can know how much their rates can cover. Such a system exists for example in the IPWEA AUS-SPEC specification series.

Once the intervention levels are set, they can be rolled out on many road maintenance and bridge elements. The system should be linked to the current practice as well as linking it to the current budget to inform the actual level of service and then use this to ascertain how much funding is required to achieve the desired level of funding. An inspector role needs to be created from reallocating existing staff. The existing inspector needs to be allowed to complete all inspections and work independently of the work gangs.

Recommendation 17. That Council work towards developing a set of intervention levels that quantify at what level a defect must have met before maintenance is required.

Council has tended to limit permanent staff (Equivalent Full Time Employees EFT). It is now evident that a number of contract staff are supplementing the permanent work staff to complete the Capital Works Program. This situation is however complicated by the Government Storm and Emergency grants that have supplemented Council revenue funded work force.

Council should assess this situation and ensure that the current mix of day labour versus contract labour is directly proportional to the funding from Council versus the government funded grants.

A number of Councils are relying on machines such as the "Flowcon" and "Jetpatcher" for filling every type of pothole and other pavement defects. These machines can capably fill

certain forms of pavement defects but not all and not to a satisfactory standard for each type of pavement. The Flowcon should be used for potholes in the town centres and only after the defect is properly cut with square sides and compacted when at the right temperature. The Jetpatcher should only be used on dry pavements and again with a certain amount of prior treatment. Further training is required for team leaders involved in road works as well as from the IPWEA and the manufacturers. Such training should be then documented into “Standard Operating Procedures” in the form of simple checklists. The supply of bitumen and aggregate should also be rationalized.

Recommendation 18. That training be provided for road maintenance staff on the correct operation of the pavement machines and that “Standard Operating Procedures” be prepared for each.

A large number of older sealed pavements were observed during the field inspections. These pavements were sometimes distressed and the surface was oxidizing and cracking. The overall pavement was still performing its task but water penetration into cracks was prematurely allowing the pavement to deteriorate. Crack sealing was being carried out however a much larger, cost effective program is strongly recommended to extend the life of certain pavements.

Recommendation 19. That Council allow funds in the annual Capital Works program to facilitate a cost effective crack sealing program.

Council has invested significant resources into training and personal protective equipment to ensure staff work safely. The review team witnessed a culture which appears to still not follow expectations set in all aspects. We understand Council presently has 13 skin cancer cases to manage at present, and the level of exposure to Council in this area is high. Safe work practices should have a higher level of enforcement.

6.4 ROLE OF OUTSOURCING

Council seeks external delivery of services required on the following basis:

1. A regular service. Such services are generally deemed to be a period supply arrangement
2. To fulfil the needs of a specific task on a needs basis. In the case of the Technical Services Department this is typically a project specific need.
3. To supplement staff. Where current staff do not have the skill sets or capacity/availability to fulfil the task

It is considered that the current level of outsourcing is not excessive.

6.4.1 PERIOD SUPPLY CONTRACTS

Council has in place period supply contracts for various services. The number of contracts in place is relatively small. The Technical Services Department has a strong history of delivering services without outsourcing. There are a number of period supply contracts in place at present and these contracts are prepared by the Plant and Depot Coordinator.

- Bituminous Surfacing. This is outsourced as Council does not have the resources, skill sets and plant to fulfil the service. The service is also high risk and seasonal. Local Government do not typically provide this service and there is good marketplace. The service is largely in place to fulfil budget commitments to RMS roads, and to a lesser Councils local and collector roads. The Contract is based on the technical requirements of RMS QA Specifications which is good. The services required include the provision of asphalt where needed which is excellent. The Contract document appears to be in-house developed and does not appear to be comprehensive in terms

of addressing legal and technical risks. Insurance requirements for Public Liability are set at \$10M per claim. The Contract is Schedule of Rates based, and by comparison is low in risk to the Contractor.

- Stabilising. This service is outsourced for the same reasons as bitumen surfacing and the same comments apply. Stabilising is an efficient process for road pavement construction/reconstruction.
- Plant Hire. This service is outsourced for additional plant to compliment Councils own plant fleet. The service is necessary as Council have the need to hire certain plant sporadically and it is often inefficient to own such plant. This contract also provides the basis for determining the rates applied for Councils own plant.
- Truck & Tipper Hire. This service has been separately procured from other plant hire firms which is appropriate as the service is often provided by individual truck owners. Again it is appropriate that such services be outsourced to compliment Councils own truck and tipper fleet.
- Gabions. For the procurement of gabion basket supply.

Recommendation 20. Period Supply contracts for Bituminous Surfacing and Stabilisation should be prepared by the line manager responsible for the delivery of the service

Recommendation 21. Use industry recognised Period Supply contracts which address current legal and technical requirements (such as AUS-SPEC and/or Australian Standards)

The current structure of contracts provided as samples to the review team are very typical of local government contracts. There are opportunities for Council to look towards imparting different levels of risk to the Contractor and to capitalise on the marketplace using innovative approaches to achieving Councils objectives. For example, it may be beneficial for Council to let bridge contracts once the design is fully done. The current process of outsourcing bridge works as a Design and Construct may be proving expensive as it limits the number of Contractors willing to provide such services.

Recommendation 22. Review risk assignment to the Contractor for period supply and project specific contracts. There may be a saving in changing the risk assignment.

The services outsourced as listed above are very typical for a Council to seek. There are though a number of services absent from this list which would be expected. These services are still sought by Council but the method of procurement is less structured. This includes:

- Day Labour
- Traffic Control
- Trades
- Concrete
- Precast concrete

Currently Council officers procure the above services by seeking quotes on an as needs basis however it is considered this is inefficient and is likely to not yield best market rates. The value of procured items is in some cases amounting to over twelve months to greater than \$150k and therefore the principles of calling a period tender are appropriate.

Recommendation 23. Review the services sought as period supply and introduce additional services where considered appropriate

Recommendation 24. Review the possible services that may be procured under a period supply contract, and dedicate a resource aligned with the service to arrange for such contracts to be formalised and managed.

Subject to annual reviews associated with this reports' recommendations, it is considered that the current level of outsourcing is not excessive.

6.4.2 PROJECT NEEDS

Council procures external services and goods for projects and maintenance on an as needs basis. These services are procured typically by the officer requiring the service. Council's "Authority" software provides a consistent platform under which orders are raised and assigned to a project or cost centre. There is no organisational reference set of contracts to use as the basis to procure such goods. Requests for quotes and tenders are prepared based on previous contract documents the Council have used and are adjusted accordingly.

Recommendation 25. Establish a reference library of quote and contract documentation which address current legal and technical requirements (such as AUS-SPEC and/or Australian Standards) as well as Council needs.

Procurement of goods and services is required to be undertaken to a procurement policy and to set levels of delegation of authority. Whilst this is structured, the values set appear so low that in cases it proves inefficient to procure goods. For goods under \$1000, only one quote is required to purchase goods or services, however for engineering related services this is a very low threshold to apply and for certain positions of authority it would be appropriate to change the procurement thresholds. Small items such as hardware purchases are limited to a maximum transaction limit of \$50, and again for certain levels of authority these limits should be raised.

Recommendation 26. Review procurement limitations applied to Council officers. For certain roles, authorisation levels of endorsement of a single quote and for small purchase transactions should be increased.

One of the most significant and high risk project related expenditures the Council has is for the procurement of bridge construction services. The Council has the skill sets and resources to maintain bridges and also build small scale bridge crossings, but must otherwise outsource the construction of larger bridges. Past experience suggests the cost of constructing such bridges using contractors is more expensive than utilising internal staff. Understandably this reflects both the level of risk imparted to the contractor, the location of the works, and how much such resources are in demand in the marketplace at the time of tender.

Recent experience suggests contractors cost the Council in the order of 10-50% more to use to deliver the same works Council's own team can deliver. Given the current condition of bridges within the Council, and the limited capacity the Council has to upgrade them, it will be important for Council to be well positioned to replace or upgrade bridges utilising external resources should such funding be attracted. Understanding that significant expenditure is required to address the state of these bridges it is worth Council investing in an exercise of considering options on how outsourcing bridge work can be delivered for reduced costs.

Recommendation 27. Conduct a strategic review of bridge design & construction procurement and implement measures to reduce the cost of bridge construction (it is suggested with advice from an external bridge design specialist).

Procurement of bridge design and construction is typically undertaken in a conventional approach. Council will either undertake the design in house or contract this service, and then construction is either undertaken by Council crews or otherwise a construction contractor. Council officers have confirmed that the structural integrity of bridges in Kyogle Council is uncertain.

Many of the bridges of concern are 50-70 years old, are of timber construction, and there is a low level of confidence that a significant proportion of these bridges are suited to sustain the loads they were originally designed to support. Given the gravity of this issue and the high level expenditure required to address the concern (understood to be \$50-80M), Council need to reconsider the procurement approach to address it. Options such as the following should be considered:

- Dedicate an internal resource to seek and obtain large grant funding
- The same resource should lead advocacy at a regional, state and federal level to raise awareness
- Exploration of public private partnership or sponsorship opportunities

Recommendation 28. Implement a strategy to introduce high levels of capital to fund bridge replacement (through attracting grants, advocacy, PPP's)

6.4.3 ADDITIONAL STAFF

Council is presently outsourcing for project staff on a needs basis. The projects requiring staff are typically capital works and maintenance of roads and bridges. The roles filled by these outsourced staff members include:

- Traffic Control
- Manual Labour
- Operation of Plant

The quantity of project staff outsourced is averaging at 8 people a day for the first half of 2012. Based on the past five month Year to Date expenditure on outsourced staff, the annualised expenditure would be in the order of \$400,000. The reliance on outsourced personnel appears to have grown based on a number of factors including:

- Existing staff positions remaining vacant for extended periods
- Increasing requirements for safe work practices (traffic controllers)

We understand some of the roles being filled by outsourced staff have been in place for over 3 years. The natural motivation would be to consider converting such roles into permanent positions, and this is an appropriate consideration to make. Such considerations thought should be made on the basis on projected works going forward and should take account of grant funds attracted in the past series of years that may not be the available in forthcoming years.

The conversion of outsourced staff roles to permanent roles can benefit in the following ways:

- Training of staff will not be required each time a new outsourced staff member fills a role.
- There is a positive team culture cultivated through the new staff member being considered part of the team.
- Supervisors are not otherwise distracted monitoring whether an individual is adequately filling the role.
- Managers and supervisors have better control and reliability of resources.
- Improved quality outcomes. The ongoing experienced staff member can deliver far greater levels of quality and performance when compared to a new or temporary staff member.

Outsourced contract staff are equally expected to meet Councils policies including the policy for drug and alcohol. It is understood that new testing of staff is presently being introduced to ensure no employee is under the influence of alcohol or drugs. To ensure consistency it is critical that outsourced staff also follow such policies, and Council will need to ensure that such provision applies in any recruitment contract.

Recommendation 29. Analyse to determine if it would be worthwhile establishing permanent staff in lieu of casual employees on at least an annual basis.

Recommendation 30. Escalate the importance of having permanent staff positions filled and ensure roles are not left for extended periods

Recommendation 31. Ensure outsourced staff are tested in the same way as permanent staff in terms of meeting policies such as a Drug & Alcohol Policy.

Further to the above there is another group of personnel which are outsourced, and these are the plant operators. It is understood that Council engages the services of typically around five plant operators each day when the weather is fine. The vast majority of plant is hired with an operator. The plant hired is reasonably consistent (trucks, excavators, rollers).

Recommendation 32. Review the annual composition of plant hire and consider if it would be worthwhile establishing permanent staff and Council owned plant in lieu of hiring some operators/plant consistently (annually)

There are often some positive benefits to a mix of workforce being permanent staff complimented by casual staff, however in this circumstance, the ongoing reliance on outsourced staff was observed to be having a negative impact due to:

- Poor Cultural Alignment. The casual staff are reportedly poorly motivated. Episodes have occurred when such staff are advised that they will be performing labour duties and they subsequently refuse to come to work. Supervisors are understood to have had great difficulty in retaining good casual staff and end up heavily distracted.
- Accountability. The casual staff typically take no accountability for ensuring works are a success outside the immediate task they are set to do. Such staff are therefore high maintenance to supervise.

Presently the Technical Services Department directly engage staff on a contract basis. It would seem appropriate to consider that there may be matters the Human Resources Manager should in some capacity address for new contract personnel.

Recommendation 33. Consider the requirement for the Human Resources Manager to be involved in the engagement of contract personnel.

6.5 EFFICIENCY AND EFFECTIVENESS

The overall efficiency and effectiveness of Council's service delivery functions is reasonable. However, there are several elements where minor improvements can lead to cost savings as well as the reduction of the potential for injuries to staff by improving work practices.

6.5.1 UNSEALED ROAD MAINTENANCE

Council has under its care and control Rural Unsealed Local roads totalling 840 km, and a further 15 km of Regional Rural Unsealed Roads. Unfortunately, many of these roads are in a poor state of repair through a lack of available funding.

The Road Network Management Plan, dated February 21, 2005, outlines a detailed inspection regime but does not address in detail the intervention level matched by the appropriate response associated with the primary failure mechanisms for the unsealed road network. We assume that these issues will be addressed in the development of the detailed Asset Management Plan for the unsealed road network.

We were advised that quite often the annual budget for unsealed roads was exhausted by March, the end of the third quarter of the financial year. When this situation is reached, Overseers moved staff on to more labour-intensive functions, reducing the demand on plant and materials consumables.

In simple terms, the broad approach to the prioritisation of works on unsealed roads is based on the bus-routes as a first priority (with annual inspections), and other unsealed roads allocated for maintenance either at every second or third year depending on the demand for traffic volumes using each road. The applied frequency of grading works on unsealed roads appears to be:

- a) School bus routes - one grade per annum;
- b) roads leading off school bus routes - one grade every two years;
- c) other local roads - one grade every three years.

It was interesting to observe during field inspections that each member of some cruise were aware of not only the applied hourly rate per plant and vehicle item, but also the cost of imported gravel and the available funds associated with each minor grading and/or gravel spot loads on the unsealed local road network. Team members could indicate the maximum number of truck-and-dog loads that each minor project could afford.

The average length of unsealed road grading completed per working day approximates 1.5 to 2.0 km per day which is reasonable for the type of work within the environment about Kyogle.

6.5.2 SEALED ROAD MAINTENANCE

Council does not have sufficient funds to undertake major rehabilitation works or smaller large-scale patching to hold the sealed road network to its current level of service. There are two primary methods used by Council for pavement and edge patching on sealed roads:

- a) the use of cold mix, unloaded by shovel from the back of a truck and loaded into the cleaned potholes, or
- b) the use of the Jetpatcher to undertake these repairs.

The Jetpatcher is commissioned to work on both RMS roads as well as Council's sealed road network. There is a strong demand for the use of the Jetpatcher on the RMS road network, and this demand reduces the capacity for the Jetpatcher to be used on the Council road network.

Where there is considerable demand for patching activities on the local road network concurrent with strong demand for patching on the RMS funded roads, the local patching works are undertaken by hand using cold mix from the back of small trucks. Be shovelling of cold mix from the back of trucks has the inherent problem or potential fall back and shoulder

injuries because of the nature of the task. We also recognise that Council has an ageing workforce and continually examines opportunities to reduce the risk exposure to start injury during work activities.

Because of the road network spread from the East to the West of ranges, there is strong demand for road pavement and edge patching maintenance activities. To reduce the potential for staff injuries, we would suggest that Council consider the purchase of a second Jetpatcher or equivalent to supplement the capacity of the Council to service maintenance demands.

A maintenance gang undertaking cold mix patching by hand involves the use of a crew consisting of the driver, two (2) staff undertaking the patching work, and generally an additional two (2) traffic controllers to assist with the works.

The Jetpatcher in many instances can use advance signposting to minimise the requirement for on-site traffic controllers as well as the crew numbers associated with the patching activity. The Jetpatcher is operated by one (1) driver-operator. In many instances the equivalent resourcing associated with maintenance patching by hand can be replaced with one driver operator on the Jetpatcher. It should be noted that the Jetpatcher still requires traffic control on many of the projects.

An additional new Jetpatcher would cost the Council approximately \$400,000 excluding GST. We understand that the provision of an additional Jetpatcher is an active consideration by Council's senior management, and is strongly supported by this review. It may be the case that Council cannot fully use a full time additional Jetpatcher. It is suggested that enquires be made with a neighbouring Council and consideration be given to possibly sharing this resource. Such an initiative will provide Council greater redundancy, minimise cost and ensure full plant utilisation.

Recommendation 34. Purchase an additional Jetpatcher and provide a dedicated driver-operator for ongoing use through the sealed road network. Consideration to a shared purchase with a neighbouring Council should be made.

6.5.3 OPEN SPACE MAINTENANCE

The effectiveness and efficiency of parks and gardens management is compromised through the varying responsibilities for asset management and facilities management. These are distributed across the two primary services departments: Planning and Operational Services, and Technical Services. The net efficiency for council is reduced particularly for parks, gardens and buildings.

Day to day functions appear to be managed by service delivery staff, rather than a co-ordinated approach that reflects council policies and asset management outcomes.

Field inspections indicated a proud ownership and strong satisfaction from the maintenance mowing of the verges and adjacent areas within the nominal road reserve width. This was particularly evident at Wiangaree on the Summerland Way. We recognise that Council wins awards for the level of maintenance about the streetscape or villages. But this outcome arises from major mowing effort on the verges and adjacent open spaces at significant cost to Council. This compares to other strategies by Council to minimise the level of slashing on road shoulders and beyond table drains.

The RMS funded roads are provided with 2-cuts each at 7 feet width when agreed intervention levels are reached, compared to Council maintained roads where it can only generally afford 1-cut each at 7 feet width, for a frequency of two times per year.

Council has adopted an approach that presents a pleasant visual appearance through villages. We are unaware of the level of program expenses associated with the level of service afforded the township verges and road corridor widths, and suggest that these are costed in detail to understand the cost for this level of service and also to initiate consideration of whether the levels of service are sustainable, or whether there are other opportunities for the mowing activities to be undertaken by others.

There is no strong alignment between the parks and gardens maintenance functions and the open space maintenance functions of Council. The integration of these two functions should be examined in more detail the potential for both functions to be amalgamated under the one management structure.

6.5.4 BRIDGE WORKS

Maintenance and the associated budgetary demand for the timber bridge network is a major cost burden to Council. All bridge works are generally overseen by the Assistant Works in Engineer through the assistance of the Overseer Bridges and Concrete. Having been advised that there are a significant number of bridges subject to deterioration and with a reduced capacity to carry preferred load limits, we see that this element of Council operations requires additional investigative and problem-solving analysis to maximise the effectiveness of the relatively small allocated annual budget.

To assist this process, Council has been constructing pre-cast concrete decks at the Woodenbong depot rather than the procurement of precast units from external sources.

Timber bridge maintenance activities are the specialist area of the bridge carpenter. We understand that Council no longer has any qualified bridge carpenters within the workforce. The experience base of the Overseer and the bridge and concrete teams is quite extensive, given that the show has responsibility for 380 bridges. However, Council should pursue the objective of having at least one bridge carpenter engaged full-time particularly on timber bridge construction and maintenance activities.

Recommendation 35. Engage a full-time bridge carpenter to be allocated particularly to the timber bridge network.

The precast concrete decks, manufactured at the Woodenbong depot, are each at a store price of \$2,226. We estimate that the materials component for each of these precast units is approximately \$1,215 per unit. Further examination of the input costs suggests that the store price reflects the direct costs to Council and excludes any real component of management, testing, risk or organisational (excluding governance) overheads.

One of the reasons suggested by Council the preference of the Woodenbong precast units is that there is no need to provide any additional wearing surface over the top of the laid units. The Woodenbong precast units are 5.0 m in width and 2.5 m in length (along the bridge centreline). We are aware that other than affected products are also on the market. As an example, the Humes factory at Tamworth provides similar bridge deck units of 5.0 m in width and 600 mm in length (along the centreline). These proprietary products are prestressed, and accordingly are thinner on their profile.

The mass for the Woodenbong precast units is approximately 7.9 tonnes, compared to the Humes products that are each 2.1 tonnes.

Councils' precast units from the Woodenbong depot are replaced on-site using the Franna 14T Crane that is walked from the Kyogle depot. Smaller precast units similar to the Humes product would be easier to handle on the bridge sites, presenting opportunities for Council to consider the constructability elements for plank and other bridge member options.

Other factors need to be considered in the assessment of the more appropriate and efficient designs and procedures for the replacement of bridge decks and other superstructure members of timber bridges. The issue of quality control at the Woodenbong depot would not be to the same standard as the major market players, for example Humes.

We have been advised that Council has undertaken bridge works by contract, but has assessed that Council resources offer a cheaper solution. The nature of bridge rehabilitation works introduces considerable risks. If these risks are passed to the contractor, the assessed cost of these risks will be passed on to Council through the nominated contract price. Council should consider the reduction of the risks being passed to the contractor and thereby reducing the potential cost of bridge rehabilitation works. This may mean that there is a differentiation of works packages, where some works are undertaken by the bridge contractor, and other works undertaken by Council.

Our analysis indicates that the efficiency and effectiveness of bridge works could be improved through a reconsideration of the bridge component procurement (either in-house or external), and a reassessment of the construction and contract components and packages for each bridge.

Recommendation 36. Review the comparative cost of undertaking timber bridge rehabilitation works using in-house and external contract resources.

6.5.5 LARGE PROJECTS

We have observed some elements of the Kyogle Main Street project. The project design component indicated a lack of continuity in the overall themes for the streetscape outcomes and introduced new footpath concrete jointing approaches that could have been avoided, reducing the overall cost of the project. The Main Street project was funded on a 50:50 basis with the Federal government.

Discussions with the construction team members suggested that the detailed construction plans were not available, nor survey benchmarks and offsets provided prior to the day of their required use. However, this commentary led to suggestions that there was insufficient training of team leaders and team members to transfer levels and to establish offsets for use in construction activities. The advised 'waiting for survey' impacts on efficiency by reducing the capacity of the team to continue with productive work, reducing the effectiveness of the team to accomplish the day to day tasks.

Recommendation 37. Provide training programs, particularly for construction teams, for site set out as well as reading and interpretation of construction plans.

We also observed that the footpath concreting team had a daily target of 3.6 cubic metres of concrete; however, the team size including concreters varied from 5 to 7. However, in terms of efficiency, industry would normally expect a nominal 1.2 m³ per person per day for concreting

works. In one of the factors mitigating against an increased level of productivity was the high proportion of temporary staff, as well as the high turnover of casual labour.

Recommendation 38. Establish and provide clear productivity levels for key elements of construction activities and advise team members of the output expectations.

A move by Council to ensure full time workers associated with tasks where productivity is a key element would assist in ensuring an increase in productivity, efficiency and effectiveness.

Recommendation 39. Where productivity is a key component of construction activities, ensure those tasks are undertaken (where practicable) by trained council employees.

6.5.6 POOLS

Council maintained and operates three swimming pools located at Kyogle, Bonalbo, and Woodenbong. The Draft Buildings AMP indicates a current replacement cost for the swimming pools in the amount of \$5,469,847 and a depreciated replacement cost in the amount of \$2,966,698.

The total current replacement cost for all "Buildings" (including administration, community buildings, Crown reserves, preschools, public cemeteries, public libraries, quarries, and swimming pools) is \$22.66 million, with a depreciated replacement cost totalling \$12.32 million. The total maintenance funds allocated in the budget is \$0.6 million, representing 2.65% of the current replacement cost, or 4.87% of the depreciated replacement cost.

However, during the summer months when the pools are used, there is a high cost of dosing, chemicals and energy costs to maintain the pools and achieve the test targets set for public amenities. In addition, Council provides pool attendants to oversee pool use.

These are public facilities provided by Council for the community and would attract particularly high usage during the hotter periods of the year. The review team was advised that the "Learn to Swim" program at the Woodenbong pool had only three (3) people attending the program last summer. This raises the issue of the functional efficiency of the pools and whether there are other means by which to provide the facility to the community.

The provision of community pools is generally an outcome of community consultation and accordingly the desire by the community for the retention of the pools. We suggest that if there is a low usage of Council's pools then the issues of patronage and continuity of provision of the pools be presented to the community along with a costing of the pools, and the cost of consumables per season as well as the cost of resourcing people attendant functions. The cost of grounds and associated buildings maintenance are other factors that would need to be considered in a package of information to be presented to the community for their consideration and feedback.

6.5.7 CEMETERIES

Council's functions include the maintenance and operation of public cemeteries located at Kyogle, Woodenbong, Old Bonalbo, Bonalbo, Tabulam and Mallanganee. Each of these requires ongoing maintenance including be maintenance oh access and parking areas, the gravesites and the open areas within and surrounding the cemeteries.

The other functions include the excavation of plots for burials which is generally carried out by machine. However, during the review, the team was advised that there are several instances where the graves have had to be dug by hand, because of restricted access to plant and equipment. In an ageing workforce, particularly for grounds and facility maintenance staff, these activities could initiate workforce compensation claims.

For those public cemeteries where access is poor, we suggest that Council considers market testing to assess the availability of other local resources to undertake the excavation for some plots. The opportunity also arises to test the market's capacity to undertake the maintenance of smaller cemeteries.

These proposed approaches will assist in the improvement to efficiency and effectiveness in the maintenance of the public cemeteries throughout the shire.

6.5.8 PLANT AND RESOURCE SHARING

The review team was advised that there is a significant level of absenteeism that affects the day to day management and organisation of works. Resource sharing, including staff, casuals and fleet items, is a key factor to ensure efficiency and effectiveness for organised and pre-planned works. The Technical Services department includes an experienced team of overseers that undertake the resource sharing on a daily basis.

One of the concerns raised during the review was that of the management of council's float used to transport plant, vehicles and major stores about the shire. The concerns were focused more on the coordination of the float to maximise its use, including back loading and other functions that affect efficiency of its operation and the net effectiveness on council's project work.

The float is based at the Kyogle depot and under the control of the Overseer managing the network east of the range. It may be more prudent to pass the coordination function of the float to the Plant and Depot Coordinator to ensure adequacy of access and to maximise its functional effectiveness throughout the shire.

Recommendation 40. Consider reallocation of the control of Council's float to the Coordinator, Plant and Depot.

6.6 APPROPRIATENESS OF STAFFING AND PLANT RESOURCES

6.6.1 STAFFING

The Technical Services Department presently has 60 staff according to the organisation structure provided to the review team. During the team review we have found that 8 of these existing positions are vacant and this has been the case since January 2012. Therefore 52 staff are currently attempting to perform the required Council functions. Further to this, as is reporting earlier in the report there is approximately 14 contract staff consistently working for the Department as operators of hired plant equipment or as traffic controllers and labourers. Therefore at the time of the review effectively 66 people were endeavouring to provide the functions required by the Department.

6.6.1.1 General

The demographic profile of the Technical Services department is heavily skewed towards older men. This is very typical of local government technical departments.

Table 2. *Age Profile of all Council Staff*

Age	18-25	26-35	36-45	46-55	56-65	66-75
Number of Staff	5	12	25	44	23	5

Only 3% of the Technical Services Department are female, and 21% are reportedly Casual employees with the remainder being full time.

This skew suggests a high level of experience within the Departments ranks, however there are also aspects to be managed such as:

- Experienced individuals with particular expertise which would be a significant loss to Council should they leave.
- Young staff members may be more suited to certain tasks and may come experienced in new areas of technology which can introduce greater efficiencies to process.

Recommendation 41. Ensure a strategy is in place to address the skewed age profile and ensure a program is introduced to ensure expertise is passed onto less experience staff members.

Some multi-skilling is occurring in the office, partly due to positions being vacant. It is considered that a structured program of training and multi-skilling staff be established with the support of the HR Manager to ensure staff development and better redundancy of staff.

Recommendation 42. Introduce a structured program to multi-skill staff.

Council is required to have staff on-call to address matters out of hours. Typically the roles on call for any one time span several Departments and include:

- Senior Environmental Health and Building Surveyor
- Facilities Overseer
- Civic Precinct/ Memorial Hall Caretaker
- Animal Control Officer / Ranger
- A Planning & Environment Department Officer
- West General Works Overseer
- East General Works Overseer
- Bridge Overseer
- Woodenbong Water/Sewerage Operator
- Benalbo Water/Sewerage Operator
- Kyogle Water/Sewerage Operator

Therefore it is not unusual to have 11 people on call in any one week. This is considered too many. Certain individuals could fulfil on-call responsibilities across departments and roles. Subject to a level of service being acceptable for an on-call person to travel say from Kyogle to Woodenbong, then also it seems appropriate to consider that one on-call person can travel across the Council area to address issues also.

There are situations where the same individual remains on call continuously and is then paid the on-call rate when they are on leave. This does not seem appropriate.

Recommendation 43. Review the number of staff on-call and consider training individuals to be positioned to cover multiple services of Council where required.

The review team checked the amount of sick leave being taken by the Department. Sick Leave can be an indicator in some respects to the culture of staff. In the first 4 months of

2012 a total of 59 sick days were taken by staff. Extrapolating this over a twelve month period then suggests the average annual sick days for staff would be between 3 and 4 a year. This is a good result and suggests the culture of the organisation is one where staff are motivated to come to work.

Accruals for annual leave and time off in lieu (TOIL) are very high for certain staff members. Some staff report that they are too busy to afford to take annual leave or TOIL. Whilst expectations regarding limits to annual leave accruals and TOIL exist, they are not enforced. The Council consequently has a significant leave 'debt'. The Human Resources Manager could be further empowered to enforce such requirements.

Recommendation 44. Review the Employee Benefits Policy with respect to TOIL and annual leave. Ensure there are clear limitations on any such accruals and it explains how a matter is addressed when limitations are reached.

Performance Reviews are held and feedback suggests to primary focus of such reviews is salary based discussions. We understand there is minimal analysis of performance reviews at an organisational level to monitor staff trends and common issues, and there is limited follow up made in terms of professional development. The manager conducting the review should be trained by the Human Resource Manager in how such reviews are to be conducted.

Recommendation 45. Review the Performance Review system undertaken by Council. Introduce regular reviews based around professional development and use these reviews to monitor staff trends.

Staff interviewed consistently reported that the structure surrounding Training was not effective. Training provided by Council seemed to be in most part related to Workplace Health and Safety. To ensure the professional development of staff occurs, Council should provide a structured professional development program. This program should be comprised of a mix of on the job training, internal training and external training with a view to advancing each staff member's development. It should be linked to performance reviews. A training budget in keeping with industry standards (3% of payroll is appropriate) should be assigned to the Department leader and the Human Resources Manager should assist in ensuring proposed training is then undertaken. The training budget for the Technical Services Department this current year is understood to be \$88,000 which seems too low.

Recommendation 46. Change arrangements for staff professional development to be a structured program. The Department leader should be assigned a training budget and manage this expenditure with HR Manager support.

The systems used to record staff working times and for managing payroll appear to have not greatly developed over time. There are many highly efficient systems which utilise current technology which should be considered. These can automatically analyse which rate is applicable under established award conditions, and better track such matters as TOIL. Councils "Authority" software may be better utilised for this task, subject to staff being sufficiently trained in its use.

Recommendation 47. Look to introduce a payroll system to improve the efficiency of managing staff payroll. Ensure adequate training is also provided.

On numerous instances the review team asked staff questions regarding the financial management of the area the staff member was responsible for. Almost consistently the staff explained that since the introduction of the “Authority” software, they no longer had awareness of certain financial and performance aspects of the aspect we were asking to learn about. The staff are not confident in using the software and nor do they know how to create or run reports they require. We understand training in the use of the software has been very limited. There is also no organisation or department “champion” accessible to staff for them to ask questions regarding the use of the software. The Authority software system must be a reliable resource the staff can refer to in order to effectively manage their area of responsibility. When staff requires a new project to be established, the individuals who can fulfil this task are very limited.

Recommendation 48. Arrange for training for all levels of staff that use Authority. Ensure key power users have enough training to be in a position to assist others and develop new reports when required.

It is understood that Council is proceeding with plans to introduce testing of staff to ensure they are not under the influence of drugs or alcohol. The Council should be congratulated for doing so. Whilst more difficult to do, it is considered critical that such a program does test for drugs. Local studies suggest 4% of the construction workforce have attended the workplace under the influence of illicit drugs, and given much of the field workforce operate heavy machinery in high risk or highly public locations, it is very important to address this matter.

Staff reported to the review team a lack of awareness of accountabilities and responsibilities across the workplace. Subject to such information being clear in Position Descriptions, it is worthwhile communicating this to all staff.

Recommendation 49. Prepare an Accountability Chart for the Department/s so it is clear for all where responsibilities lie.

6.6.1.2 Office based staff

The review team consider that the amount of office based staff within the Department is lean. Better efficiencies can be achieved through structural change, providing better tools, and implementing greater structure as to how assets are managed (as is being done with the asset management plans). Some changes to staff numbers are appropriate, based on the following observations:

- The level of design documentation provided for projects is low. Design documentation includes adequate testing of road pavements, standard drawings to current standards, specifications to current standards and 3D design. The cause for this appears to be due to a number of reasons:
 - o Lack of advance time available to prepare designs
 - o Lack of availability of design equipment. It is understood Council does not have AutoCAD software or current 3D design software such as 12D
 - o Lack of staff available to prepare a higher level design documentation
 - o Lack of staff skilled in providing such tasks.
 - o Lack of review to ensure reference design documentation meets latest Australian Standards (for example the Bridge reference design used does not meet current standards).

In terms of staff it is recommended that two individuals be accounted for to meet design needs.

- Asset management still requires a significant amount of resource to be properly established, and that there is a lack of availability of staff provided to undertake

condition assessments. It is appropriate that this be a dedicated resource that considers asset management for all functions across Council, including buildings, parks, water & sewer, quarries, roads, bridges, footpaths and stormwater. It is recommended that one individual be allowed for in terms of resourcing to meet this need supplemented by a GIS officer who is also capable of undertaking condition assessments when required. The asset management and design staff should be trained in each other's roles to provide staff development and assist with redundancy.

- The risk to Council and the Community associated with the bridge network is extreme. There is a need for a role dedicated to address this. The focus of this role should be in:
 - o Advocacy at a region, state and federal level to attract high levels of funds
 - o Monitoring condition and advising on restrictions which should be applied until such time that the bridge is repaired or replaced.
 - o Managing programs for upgrade and replacement (outsourced or internally assigned).
 - o Ensuring current standards and the most efficient and cost effective approaches are applied.
- Water and Sewer seem to have an appropriate level of resources assigned provided the existing vacant positions are filled.
- Construction and maintenance is presently resourced by one manager and an assistant works engineer. These roles are focussed primarily on the internal delivery of services, and the present structure does not well address accountability for outsourced works. Presently when large projects arise such as the main street improvements, such work is being project managed by the Director. The assistant engineer is also undertaking some design activities which is further straining this situation. Whilst it is considered that the number of staff is correct in this instance, they should not be servicing design requirements. To assist in the relationship between overseers and management, and to retain focus on internal works it is considered appropriate that these roles should be based at the depot.

Recommendation 50. Review office based staff numbers to levels suggested. Dedicate more resource to design and asset management.

Recommendation 51. Ensure a staff resource is dedicated to addressing the extreme risk associated with bridge network.

6.6.1.3 Field based staff

With respect to field operations the following observations are made with respect to staff:

- There needs to be staff clearly resourced with responsibility to deliver RMS works. At present such staff members are seemingly 'borrowed' from Council maintenance crews and availability is not always reliable.
- There are too many operators and labourers reporting to one overseer. In one situation there are 17 direct reports to one overseer, and that is not including further contract and plant hire operators.

Recommendation 52. Ensure a separate field staff team is established to primarily service RMS works

6.6.2 PLANT AND EQUIPMENT

During our discussions with staff, we were advised that historically the major plant assets were not achieving effective utilisation, with the suggestion of some examples of plant being retained for "just in case" purposes, rather than a truly justifiable rationale. This poor management of asset utilisation resulted in a reassessment of major fleet plant and vehicles. The outcomes included the transfer of the management of the fleet assets to Corporate and Community Services department, and a rationalisation of fleet items leading to a disposal of surplus plant.

There is no strategy in place to consider the strategic needs of plant for Council, and to support planning around plant replacement and management. An annual budget is assigned for plant and there is no direct nexus between this budget and actual plant improvements required with a considered long term vision.

The Review is aware that Council is using external advice to assist its review of the whole of its plant replacement strategy and methodology.

6.6.2.1 Plant Suitability

The analysis of plant within an organisation is usually coupled with an 'aged-plant' report to assist in the review of plant appropriateness, age, utilisation and fit for task. We were advised that the current finance software, CIVICA, does not hold the field for the 'plant or vehicle purchase date' preventing the generation of an 'aged-plant' report. The absence of this capacity increases the reliance on non-CIVICA data management to interrogate and enquire on plant and vehicle history details.

We also recommend that more focus be placed on Plant "Utilisation" and that this be reinforced in the plant system in CIVICA.

Recommendation 53. Provide a field within CIVICA to capture the purchase date for plant, vehicles and equipment as well as "Utilisation".

During our site visits, our team observed the plant and vehicles in operation. In general, we assess that all plant and equipment that was observed were both appropriate for the task and in good state of repair and serviceability.

The fleet has no light vehicles within age exceeding three years, nor are there any plant items that are aged beyond ten years. The general fleet replacement strategy was developed and adopted by the Plant and Depot Co-ordinator. To plant items will require consideration for replacement within the next financial year and include:

- a) the Case Tractor (plant items #71 purchased in May 2002) - is just on the ten year age group and will require a placement shortly;
- b) the Jetpatcher (plant items #135, approximately 11 years old) - has a history of use approximating 1100 hours per year; the cab-chassis has travelled approximately 200,000km and has more use remaining in its body and engine; the Jetpatcher was refurbished some two and a half years ago, providing a plant item that still has considerable life, compared to its potential resale value at auction.

Plant and vehicle utilisation is monitored by the Plant and Depot Co-ordinator, and is currently taking to account in consideration for replacement strategies. (see recommendation above seeking improvements). One item that has relatively low utilisation is the Caterpillar 816F Compactor at Council's landfill site, with a utilisation approximating only 200 hours per year. However, this is primarily because it is used for only 3 to 4 hours per day, for only 2 to 3 days

per week. This 26 ton compactor was purchased as a second-hand item in early 2010, rather than a new acquisition that would have cost Council considerably more in a capital outlay.

Not only was the plant and vehicle fleet assessed as being appropriate for use, but also the feedback to the review team was that drivers and operators were involved in fleet item assessment and in training for new or replacement items.

6.6.2.2 Plant and Vehicle Workshop

Council's Kyogle depot workshop provides maintenance, repairs and servicing function for all of council's plant, vehicles and equipment. The facility is managed by council's Plant and Depots Co-ordinator and includes two mechanics and one apprentice mechanic.

The workshop team provides all routine services to all plant, vehicles and equipment. It also provides the warranty servicing for light vehicles (cars, utilities, 4WD's) as well as metal fabrication facilities. The workshop resourcing is adequate for the size and composition of council's fleet, with sufficient backup resources to accommodate staff leave.

There were no complaints presented from field staff, plant operators or truck drivers regarding the access to all the response from workshop personnel and capability.

6.6.2.3 Plant Hire Rates

Council's plant and vehicle hire rates approach the value of the costs adopted by the private sector. This internal hire rate is charged against each of the funds that require the plant, vehicles or equipment. Although this internal hire rate exceeds the actual cost to Council, it provides a comparative unique rate for inclusion in the actual cost of services on behalf of the community.

The net difference between the internal hire rate and the actual cost to Council is used to assist in the provision of an internally restricted fund for plant acquisition purposes. Many Councils adopt an approach where the internal hire rate matches the actual cost to Council, but results in nil contribution to the Plant fund for replacement and all new fleet items.

Council may wish to consider a review of the internal hire rates and to be sufficient to assist the generation of sufficient funds for current and short term plant and vehicle replacements as well as for urgently needed or new plant items. If this approach were to be taken, we would suggest freezing the existing level of plant hire rates rather than adopting an annual increase at or about the CPI, until the relative rates approximated those needed to maintain the capacity of the plant fund to meet its purposes.

It should be noted that the hire rate for plant and vehicles servicing internal programmes and projects do not need to reflect the true cost to Council including all overheads. However, any external works should include plant and vehicle hire rates that to reflect all true costs to account for Council, including organisational overheads but excluding the governance related costs.

6.6.2.4 Plant Fund and Internal Restrictions

The internal hire of Council plant for use on RMS contracts and to other Council departments generates sizable revenue. The process of internal plant hire is considered well structured to ensure revenue is obtained, but again there is no nexus between internal hire rates and actual plant costs/needs (the plant hire rate is based on commercial rates). There is opportunity for Council here to review plant to optimise the quantity available, cost and revenue.

The float for plant and equipment is managed by one of the works supervisors. The ordering and subsequent transportation of plant is not highly structured and it is understood that the float is not always deployed efficiently. If ordering and deployment of plant was further structured and managed separately by a works supervisor and arbitrated by the Assets Manager, then this would ensure the float is used to the best of efficiency.

Notes from the Annual Accounts (Note 5) for the Disposal of Infrastructure, Plant and Equipment identifies the net loss on disposal of assets.

Table 3. *Disposal of Infrastructure, Plant and Equipment for 2010/2011*

Item	Budget 2011/2012
Proceeds from disposal	\$506,000
Less: Carrying amount of assets sold	(\$876,000)
Gain (Loss) on disposal	(\$370,000)

Table 4. *Internal Restrictions, Plant Replacement for 2010/2011*

Internal Restriction	Open Bal 30Jun2010	Transfers to Restriction	Transfers from Restriction	Close Bal 30Jun2011
Plant Replacement	\$3,0860,000	\$1,550,000	\$809,000	\$3,827,000

Preliminary figures for the year 2011/2012 indicate that the net income from Plant, Vehicles and Equipment will approximate \$2.4 million. Further, the net cost of sales after trade, for plant acquisitions and sales for the year 2011/2012, is likely to approximate \$800,000. We understand that Council will be applying a national 'dividend' in the amount approximating \$220,000 resulting in a notional increase in the internally restricted funds for plant replacement to approximate \$5 million as at the end of the year 2011/2012.

Table 5. *Notional Plant Fund Movements 2011/2012*

Item	Movement (rounded)	Balance (rounded)
Close Balance 30 June 2011		\$3,800,000
Plant and Vehicle Income for FY 2011/2012	\$3,500,000	
Less: Expenses for FY 2011/2012	<u>(\$1,100,000)</u>	
Plant and Vehicle Hire for FY 2011/2012		\$2,400,000
Less: Cost of Plant and Vehicle Purchases for FY 2011/2012		(\$800,000)
Less: Dividend to Council		(\$220,000)
Notional Plant Fund at end of 2011/2012		\$4,980,000

For the financial year 2012/2013, we understand that Council proposes to marginally increase the 'dividend' to approximately \$226,000 and this to be transferred to the General Fund for use on nominated projects. Discussions with Council staff indicate a further \$500,000 is proposed to be withdrawn from the plant reserve for use on nominated road infrastructure projects in the financial year 2012/2013.

The written down value (WDV) of Plant and Equipment, as at 30 June 2011, was \$8,470,000 adopting a Fair Value of \$15,577,000. These figures provide an indication of the value of the asset base and the internal rate of return.

Taking to account of the probable net plant hire charges for 2012/2013, as well as the net cost of plant and vehicle purchases for 2012/2013 at \$700,000, the 'dividend' in the amount of \$126,000 and the proposed movement of \$500,000 from the plant reserve to the General Fund, we estimate that the value of the internally restricted plant fund to approximate \$5.9M.

The healthy value of the internally restricted plant fund raises the issue of its magnitude and whether some of the funds could be used to assist other program areas that are struggling to meet the community and Council service levels. The net annual surplus for the plant fund is generated from each of the four Funds (General, DWM, Sewer, Water) that seek plant, vehicles and equipment from the plant and vehicle pool.

In the absence of any formal available advice regarding the planned income/expense composition by fund, we would expect that approximately 80% of the revenue would be derived from the General Fund activities. Accordingly, it would not be unreasonable for a comparable proportion of the plant fund excess of the anticipated medium-term need, could be returned to the General Fund for use in programmed work.

Council notionally incurs an annual average \$800,000 net expense for new and replacement plant. However, this average amount does not account for any special circumstances for specific plant items or for their replacement. Earlier in this report, it refers to the need for an additional Jetpatcher, particularly to assist with the maintenance and retention of existing sealed pavements on local rural roads. The market value of a new Jetpatcher is approximately \$400,000, excluding GST.

Council should also ensure that it has the capacity to fund urgent acquisitions to replace items that may be destroyed. We would suggest a nominal minimum figure approximating \$0.5 million to be made available in the event of these emergency requirements. The cost of a specialist piece of equipment (for example the Jetpatcher) and funds for emergency acquisition (in case of major plant or vehicles being destroyed) is rounded up to \$1.0 million.

We see the need to provide availability of emergency fund capability for up to \$1.0 million outside the requirements for the annual plant replacement costs approximating \$800,000. As such, we suggest a minimum rounded up value in the amount of \$2.0 million available in the plant reserve at the start of each financial year. This figure should be revised on an annual basis to reflect the potential acquisition programs for scheduled plant and vehicle replacements in the short to medium term.

The options for the consideration of minimum funding availability for the plant fund are:

- a) either a fixed amount (to be reviewed annually and based on forecast plant replacements with a preset buffer to cover potential contingencies) and suggested that \$2.0 million as outlined above, or
- b) a notional percentage (say 10%) of the asset base (Fair Value of \$15.57 million, providing a minimum funding of \$1.55 million in this instance.

The practical approach would be to adopt a fixed amount as in option a) above. Whereas the adoption of a notional percentage of the asset base could lead to misinterpretations of the base amount, and would be subject to the potential for Council to decide to have major sell downs on council owned plant and equipment. Our recommendation is option a) above. We also recommend that a "Plant Committee" be established to overview the Plant Process. Such a Committee should include Operational Staff, Asset Management and Finance input.

Recommendation 54. Council ensure a minimum \$2.0 million in the plant fund at the commencement of each financial year, subject to annual review by

a Plant Committee consisting of Operational, Assets and Finance staff...

6.7 CAPITAL ALLOCATION

Councils Management Plan sets out activities and priorities on project budgets in the short term so that the needs and expectations of the community can be addressed. Under the 'Goals' in the Management Plan, under Road and Traffic, council's activities are to "provide an adequate and safe rate system appropriate to present and future vehicular and pedestrian use". Under the heading Services, council's goal is to "provide and facilitate the provision of a broad range of services to a standard commensurate with the needs and resources of the rural Council and provide equitable access to all residents".

These Management Plan goals would normally direct the amount of capital allocated to capital works as compared to the funding needs for ongoing operational needs. However, Council has recognised in its initial Asset Management Plan that there is inadequate funding to meet the preferred capital requirements for the Shire.

The Management Plan, under Capital Works Project/Asset Replacement, provides the following funds proposed for major capital works and asset replacement programs planned for 2011/2012:

Table 6. *Capital Allocation for 2011/2012*

Item	Budget 2011/2012
General [Office equipment, Pre-schools, Swimming pools, Community buildings, Bushfire (and related), Parks and Gardens]	\$706,950
Regional Roads	\$770,000
Urban Local Roads	\$170,000
Rural Local Roads	\$600,000
Bridges	\$900,000
Stormwater Improvements	\$120,600
Plant & Depots	\$1,784,400
Water Supplies	\$193,732
Sewage Services	\$257,500
Waste Activities	\$400,000

Council's Annual Report for 2010/2011 include the section "Condition of Public Works" this indicates accounting estimates for current year funding. The following details have been extracted from this report.

Table 7. *Cost estimates to bring assets to a satisfactory standard*

Roads and Associated Structures	Cost to bring to satisfactory condition
Roads	
Sealed roads (urban/rural/regional)	\$15,880,000
Unsealed roads (rural/regional)	\$5,400,000
Bridges	\$4,550,000
Footpath and Car parks	[\$4,709,000 required annually to maintain an acceptable standard]
Stormwater Drainage	\$2,195,000
Water and Sewerage	\$9,705,000

The details presented above indicate that there are some major cost and budgetary considerations associated with the allocation of capital to works. The development of the Asset Management Plans (AMP) has only recently been commenced with the first version presented for review by Council.

The review team consider the costs represented above may not represent the full cost that would be expected, particularly in relation to Bridges. In the case of bridges for example this costs should include a pre-works, approach roads, and all infrastructure built to current standards. Without these values demonstrating the gravity of the cost it will be more challenging to obtain the funding required.

Recommendation 55. Review the values within the draft AMP's to ensure they reflect the true gravity of the costs.

In addition to the further consideration of the AMP's, Council has to adopt a framework and associated policies including the prioritisation of program activities within the budgetary constraints to assess the capacity to meet the targeted asset improvement outcomes. These considerations but also lead to an assessment by Council regarding the need to pursue either a special rates levy or to increase the level of debt to progress a program of asset improvements to the defined 'satisfactory condition'.

The development of the AMP is in its infancy and has started to highlight key areas for attention by Council. We would suggest that the majority of available funds be provided for asset maintenance and rehabilitation rather than providing funds for any new capital project. There insufficient information available for this review to provide specific recommendations on capital allocation across funds.

6.8 RESOURCE SHARING OPPORTUNITIES

Kyogle Council is recognised as a small to medium rural Council in Northern NSW. It has a number of small, medium and larger neighbours, some of which also share the difficulties of relative remote areas sparse populations spread over a large area. Council's boundaries join the Scenic Rim Shire in Queensland, the Northern Rivers shires of Tweed, Lismore, Richmond Valley, Clarence Valley and Tenterfield in New South Wales. The closest corporate headquarters for any of these councils is Richmond Valley Shire Council based in Casino, approximately 32 km south from Kyogle Township.

Council cannot afford to provide all services to its community as well as special services. This is especially true for specialist services that are required relatively infrequently.

The Northern Rivers Regional Organisation of Councils (NOROC) have jointly recognised this and have joined together to discuss ways involving a joint approach to a sharing of expertise that can assist all Councils instead of each Council "reinventing the wheel". At a recent Northern Rivers Council workshop for Engineering and Technical Services Directors and Managers a set of 15 firm initiatives were developed involving primarily roads works, to assist the constituent Councils gain maximum benefit from cross Council resource sharing. The areas covered included:

1. Develop the Northern Rivers "Advanced Design Program" discussion paper to promote a staged pre-design process over say 3 years. (Use Ipswich and Tweed model as a guide).

2. Develop Northern Rivers “Project Management” discussion paper for project development and delivery (Process review to be available. Also, to be flexible for different Council needs)
3. Develop a measurement system to calibrate success (must be simple to do).
4. Develop the Northern Rivers “Plant Sharing Protocol” discussion paper to establish a process to enable equitable, appropriate and cost effective plant sharing across the region.
5. Develop the Northern Rivers Regional “Procurement” Protocol and Investigate the group purchase of “Plant”, “Other”
6. Create the Northern Rivers Asset Management Coordination Group to gather the group knowledge and benefit from the economies of scale available to a group over and above an individual Council. The group to establish an information sharing process.
7. Define regional based standard descriptor / suffix for unit rates and provide commentary on the principles used.
8. Identify and define a regional “overhead” on each activity in a uniform manner / (DIR Group)
9. Develop and share templates, check lists, S.W.M.S. for OH&S & ENV. + resource share audit functions
10. Set up a regional working group to develop a uniform approach to project costs and daily project costing
11. Share information regarding regional Capital works programs for roads and information regarding contractors
12. Explore and investigate a regional procurement contract for road work and resurfacing
13. Capture aged staffing resources experience
 - plans
 - videos, aural
 - exit interviews / processes / documented
 - training replacement staff (GDR.OP)
 - mentoring replacement / other
14. Training: examine appropriateness / effectiveness and value
15. Arrange a Northern Rivers presentation on the AUS-SPEC Maintenance System

These recommendations were adopted by the group and are in the process of being implemented. Kyogle Council must contribute to these initiatives to gain the economies of scale benefits on offer.

Recommendation 56. That Council fully support the Northern Rivers Technical Directors Group and provide appropriate resources to contribute to and benefit from the Northern Rivers Resource Sharing Initiative.

In some circumstances, Councils can also join together and commission common Regional and Group Council studies carried out by Specialist Consultants. By joining together Councils can realize economies of scale and present regionally consistent outcomes. This is going to be particularly significant as related to Councils obligations under the Integrated Planning and Reporting legislation. This could be done for instance with respect to standard bridge designs for the region, which then may prove valuable also when advocating for grant funds for bridge repairs across the region.

Recommendation 57. That Council consider specific projects or services that would lend themselves to a shared project with Northern Rivers Councils to both gain expert input while at the same time reducing overall cost.

The same methodology used for Roads above can also be applied to other functions in the Technical Services Department as well as Roads. Activities especially related to timber and concrete bridge works, Buildings, Parks and Recreation Areas as well as Water Supply and Water Treatment would also benefit from a regional approach.

Recommendation 58. That Council promote better regional cooperation in the areas of Timber and Concrete bridge works, Buildings, Parks and Recreation Areas as well as Water Supply and Water Treatment. Such a process could follow the model adopted for the roads.

6.9 ASSET MANAGEMENT PLANS

Council has completed initial Asset Management Plans (AMP) which were made available for this review. An examination of AMPs indicates an early introduction to the development of Asset Management Planning and has highlighted many areas of further work to provide the depth of data and information to complement a meaningful plan for the future.

6.9.1 BUILDING AND COMMUNITY FACILITIES, ASSET MANAGEMENT PLAN

As outlined in the AMP, the Buildings and Community Facility network comprises:

- Administration Buildings
- Community Buildings
- Crown Reserves
- Pre Schools
- Public Cemeteries
- Public Libraries
- Quarries
- Swimming Pools

These infrastructure assets have a replacement value of \$22.7 M.

The projected cost to provide the services covered by the Asset Management Plan (AMP) including operations, maintenance, renewal and upgrade of existing assets over the 10 year planning period is \$743,000 per year.

Council's estimated available funding for this period is \$736,000 (comprising Operations Cost of \$600,000 per annum, Maintenance Costs of \$122,000 per annum, Renewals Costs in the amount of \$14,000 average per annum) per year which is 99% of the cost to provide the service. This represents a funding shortfall of \$7,000 per year.

Both be operations cost and maintenance cost are expected to marginally increase over the next 10 years, resulting from some asset growth. However, the renewals cost would significantly increase from the current \$14,000 average per annum to approximately \$237,000 average per annum required for renewals during the next ten years.

Council's Executive Summary for the Buildings and Community Facilities, Asset Management Plan indicates that there is insufficient funding to provide all services to the desired service levels, or the provision of new services in the long term. The executive summary indicates that the long-term average sustainability ratio is 0.65, indicating that the current funding is only 65% of the funds required.

Council advises that it is currently renewing assets and 2% of the average annual consumption rate and it is increasing its assets stock by 0.50% each year. In table 5.3.1 of the AMP, maintenance expenditure is set at \$122,000 per annum up to 2013.

The AMP indicates that Council does not have the financial capability to increase the level of service to the desired levels of service will provide new services in the long-term.

6.9.2 PARKS AND RESERVES ASSET MANAGEMENT PLAN (DRAFT JANUARY 2012)

Council maintains and operates parks and gardens and Crown Reserves across the Kyogle Local Government Area.

These include:

- Parks and open spaces
- Crown Reserves
- Sporting facilities
- Halls
- Playground equipment
- Other structures.

These infrastructure assets have a replacement value of \$5.3M.

The AMP indicates that the projected cost to provide the services covered by the Asset Management Plan (AMP) includes operations, maintenance, renewal and upgrade of existing assets over the 10 year planning period is \$424,000 per year.

The executive summary indicates that Council's estimated available funding for this period is \$419,000 per year which is 99% of the cost to provide the service. This is a minor funding shortfall of \$5,000 per year, and is due to the additional maintenance and operation funds associated with creation of new assets.

The AMP indicates that the long-term average sustainability ratio is 0.81 which indicates that current funding represents 81% of the funds required. The outcome is that the existing levels of service can be funded and maintained in the medium term (10 years). The Plan provides reference to some risk comments that may impact on future budgetary demands beyond the profile that produces the sustainability ratio of 0.81. Some of these risks include: that regulatory standards are a modified, incurring higher costs to Council; that user needs are not achieved; that we facilities suffer deterioration beyond those anticipated or assessed in the current management plan.

Two of the actions arising from the AMP are the "... maintenance of the current parks and reserves assets in safe condition, and provide additional infrastructure in a planned way, and only where agreed criteria are met".

The Plan indicates that Council's present funding levels are sufficient to continue to provide existing services at current levels in the medium term. The Plan, page iii "Questions you may have", suggests that Council should develop a 'better knowledge of the costs of providing the services...'. This statement seems to suggest that Council does not have a strong handle on the costs of providing parks and reserves services to the community.

Community levels of service measures used in the AMP are:

- Quality - How good is the service?
- Function - does it meet user needs?
- Capacity/Utilisation - Does the service have sufficient capacity or is it used?

Under the AMP's section 3.3, 'Current levels of service' indicates that the operations costs that the maintenance costs are only slightly underfunded by less than 0.5%.

The Plan also indicates that the Renewal Cost is subject to an \$843,000 amount of renewals due within the next ten years (to be validated in the next update of the AMP). Within the AMP, in section 5.1.3 'Asset condition', the asset condition is established at condition rating 1, 'Excellent condition: Only planned maintenance required'.

This Life-Cycle the Sustainability Index indicates that it is most likely that outlays will need to be increased or cuts in services made into the future.

6.9.3 PLANT EQUIPMENT AND EMERGENCY SERVICES ASSET MANAGEMENT PLAN

Kyogle Council operates and maintains a fleet of construction plant as well as a small transport fleet and minor plant items.

The Plant, equipment and emergency services assets are associated with:

- Animal Control
- Emergency Services
- Engineering and Works
- Environmental Health
- Fire Protection
- Health
- Plant
- Plant and Depots
- Quarries
- Ranger Services

The AMP indicates that these infrastructure assets have a replacement value of \$16.9 M.

The projected cost of the services covered by the AMP includes operations, maintenance, renewal and upgrade of existing assets over the ten year planning period is \$3.503M per year. Council's estimated available funding for this period is \$3.503 million per year which is 100% of the cost to provide the services. (Refer also comments and discussions in section 6.6.2 of this report).

The Plan indicates that Council's present funding levels are sufficient to continue to provide existing services at current levels in the medium term. It is unlikely that Council will have to reduce service levels into the medium term. The AMP indicates a total Current Replacement Cost at \$16.895M and the Depreciated Replacement Cost to be \$9.844M.

The asset condition profile indicated in Figure 3 of the AMP indicate that over \$12M of the assets are rated at condition rating 3 (Good: Significant maintenance required), and over \$3.0M is within the condition rating 1 (Excellent condition: Only planned maintenance required). It is noted that in section 5.4.3 'Summary projected renewal expenditure', in 2012 there is over \$1.5 million of unfunded renewals to be met. This also refers to the Projected Capital Renewal Expenditure (Plant_S1_V1).

Under Financial Sustainability, the long-term life-cycle analysis indicates 115% sustainability ratio. The life cycle gap for services covered by the presented AMP is a surplus of \$476,000.

Table 6.1.1.S1 indicates that the projected funding budget, injecting \$2.206M for the planned renewal budget for 2012 in the amount of \$1.657 million, followed by the 2013 planned renewal budget of \$1.415M takes the renewal funding shortfall into a surplus by 2013. Thereafter, the funding shortfall does not exist, except for a minor shortfall in 2019.

Our examination of the fleet items and the Plant Fund are addressed in section 6.6.2 of this report. We have noted the fleet condition (plant, vehicles and equipment) and have provided

comment on the level of funding, as well as the minimum value proposed to be retained in the Restricted Plant Fund.

6.9.4 INFRASTRUCTURE RISK MANAGEMENT PLAN

The infrastructure Risk Management Plan (RMP) outlined the methodology to identify and assess credible risks for infrastructure related to service delivery to the community.

Although the risk treatment analysis leads to the development of a risk treatment plan, there does not appear to be strong reference to "mitigation" measures in the analysis and the developed Risk Treatment Plans.

The Draft RMP includes a "Risk Register" in APPENDIX A. There are no documents included within this appendix, and are yet to be cited for examination and comment.

The review team was advised that there are a significant number of bridges where deterioration of key members has affected the structural integrity, reducing the load carrying capacity to the level that these bridges may warrant urgent detailed inspections to establish the appropriate load limits for traffic. We assess that timber bridges are a key infrastructure risk needing to be urgently addressed in the RMP in relation to their capacity to satisfy community access requirements.

Recommendation 59. Council urgently review the RMP and its application to timber bridges throughout the road network.

6.9.5 SEWERAGE SERVICES ASSET MANAGEMENT PLAN

[Draft for Review, January 2012]

Kyogle Council operates three sewerage systems that service around four thousand people in the township of Kyogle and the villages of Bonalbo and Woodenbong, and the aboriginal community of Muli- Muli. Major new capital works have been completed for the sewerage service and the organisational focus is now shifting towards the ongoing operation, maintenance and renewal of sewerage assets.

The following details have been extracted from Council documents.

The sewerage service network comprises of many individual assets and have a replacement value of \$28.7M and are grouped as:

- Sewer Network Assets (pits, pipes, rising mains)
- Waste Water Plant and Equipment

The Kyogle sewerage system is a gravity reticulated system originally constructed in 1957, servicing approximately nearly 3000 people:

- 45 km of gravity reticulation mains.
- 5.2 km rising mains.
- 6 sewage pumping stations.
- Sewage treatment works, 3200 EP - trickling filters, chemical phosphorus removal, tertiary wetland, effluent reuse/stormwater detention dam, theft tank disposal and pre-treatment facility.
- 1176 residential connections.
- 154 non-residential connections.
- 68 vacant properties.

Bonalbo sewage system is a gravity reticulated sewerage system originally constructed in 1968, servicing approximately 400 persons:

- 6 km of gravity reticulation mains
- 0.8 km rising mains
- sewage treatment works, 500 EP -Pasveer Channel, sludge drying beds, oxidation ponds, and chlorination with effluent reuse scheme for school agricultural land and golf course.
- 158 residential connections.
- 29 non-residential connections.
- 21 vacant properties.

Woodenbong / Muli Muli - sewerage system is a gravity reticulated sewerage system originally constructed in 1968, serving approximately 500 persons:

- 7 km of gravity reticulation mains.
- 4.2 km rising mains.
- 2 sewage pumping stations.
- Sewage treatment works, 640 EP - Pasveer Channel, sludge drying beds, oxidation ponds, and chlorination with effluent reuse scheme for school agricultural land and golf course.
- 176 residential connections.
- 31 non-residential connections.
- 10 vacant properties.

The services covered by the AMP, include operations, maintenance, renewal and upgrade of existing assets. The Plan indicates that the projected cost to provide the services over the ten year planning period is \$1.089M per year.

Council's estimated available funding for this period is \$1.087M per year which indicates 100% funded for the cost to provide the services.

The long-term average sustainability ratio is 0.92, indicating that the current funding represents only 90% of the funds required. Into the medium term, the current levels of service can be maintained over the next 10 years.

The major risks associated with the services include:

- General deterioration of the network.
- Surcharge due to blockages.
- Inadequate systems.

The infrastructure assets covered by the AMP are summarised in the following table:

Table 8. *Sewerage Services Asset Replacement Cost*

Asset Subcategory	Current Replacement Cost	Appreciated Replacement Cost
Sewer Network Assets	\$20.959 M	\$11.618 M
Waste Water Plant and Equipment	\$7.721 M	\$5.464 M
TOTAL	\$28.681 M	\$17.082 M

The AMP outlines in the 'technical levels of service':

- Operations Cost - the optimal level of service is \$727,000 and is met by the current funded level of service in the amount of \$724,000
- Maintenance Cost - funding will need to be increased from the current funding \$80,000 per annum to \$81,000 to maintain current funding levels as a result of some asset growth.
- Renewal Cost - the optimal level of service requires \$2.8 M over ten years and is met by the current budget

- Upgrade / New Cost - the optimal level of funding is currently met by the current budget amount of \$118,000 in the Long Term Financial Plan (LTFP).

A review of the details included in the "Comparative Information on NSW Local Government Councils 2009/10 indicates population growth over the prior five years was 0.42% per annum. The Plan's projections indicate no significant change anticipated because the population increase and higher density development is not seen as significant.

The main issue identified as having an impact on costs is that of the potential for increased standards for the treatment of sewer. Future costs may be influenced by increased treatment cost; redundancy of existing plant, and the high cost of replacement plant.

The asset condition analysis in the AMP indicates that of the total replacement cost approximating \$28.7 M, approximately \$16.5 M is condition rated 1 'Excellent condition: Only planned maintenance required'. The remaining assets are distributed between condition rating 2, 3 and 4. There are no assets identified as condition rating 5, 'Poor: Unserviceable'.

6.9.6 STORMWATER AND FLOOD MANAGEMENT ASSET MANAGEMENT PLAN

Version 1.01, January 2012

Kyogle Council provides Stormwater and Flood Management infrastructure to provide flood protection and amenity within the community.

The Executive Summary includes that funding of stormwater drainage is a significant infrastructure challenge for council, although in the short to medium term it is the provision of additional infrastructure that is required more so than the renewal of the existing infrastructure.

The following details have been extracted from the Asset Management Plan.

The stormwater network comprises:

- Pits
- Pipes
- Culverts
- Channels
- Natural Drains
- Kerb and Gutter
- Flood and Stormwater Management Systems
- Gross Pollutant Traps

These infrastructure assets have a replacement value of \$24.5 M.

The Executive Summary of the AMP advises that the projected cost to provide the services covered by the AMP includes operations, maintenance, renewal and upgrade existing assets over the ten year planning period and is \$59,000 per year.

Council's estimated available funding for this period is \$57,000 per year which is 97% of the cost to provide the service.

Council has identified major risks as:

- General deterioration of the network.
- Flooding due to blockages.
- Inadequate systems.

The AMP's Table 2.1, 'Assets covered by this Plan' indicates that the current replacement cost for the assets is \$24.456 M, and the depreciated replacement cost is \$14.83 M.

Stormwater and Flood Management asset subcategories listed in the AMP are:

- Blind pit
- Box culvert.
- Flood and stormwater management.
- Gross pollutant trap.
- Gutter converter
- Gutter inlet.
- Headwall.
- Kerb and gutter.
- Lined open drain.
- Natural drain.
- Open drain.
- Pipe.
- Side/drop inlet.

The AMP outlines in the 'technical levels of service':

- Operations Cost - the optimal level of service would require \$4,200 per annum over the next ten years (to maintain current funding levels with some asset growth), compared to the current funded level of service being \$4,000 per annum
- Maintenance Cost - funding will need to be increased from the current funding \$3,200 per annum to \$3,400.
- Renewal Cost – there are no significant renewals proposed over the next 10 years; the current budgeted allowance is \$21,000 pa.
- Upgrade / New Cost – has not been identified other than the \$2.663M included in the LTFP for the 10 year planning horizon; the current funded level of service for upgraded all you assets is you rule \$2.66 M over the next ten year planning period.

It is noted from Figure 2 of the AMP that the majority of council's stormwater assets were constructed in 1960. However, this was adopted as an indicative date because the lack of details prevented any accurate identification of construction periods for most of the aged assets. Table 5.1.2 advises that "detailed performance deficiencies have not been identified". It was also noted that, notwithstanding that the performance deficiencies have not been identified, over, \$2.0 M of the assets were in condition rating 1, approximately \$10.0 M were condition rated 2, and over a \$12.0 M having condition rating 3. No assets were allocated condition rating 4 or 5.

The Report in section 5.1.4 indicates that Council is currently reviewing its assets at 11.80% of the rate they are being consumed; to function in a financially sustainable manner, Council will need to ensure that it is renewing assets at the rate that they are being consumed over the medium to long-term.

New stormwater infrastructure has been incorporated into Figure 6 of the AMP and includes a major expenditure exceeding \$1.0 M in the year 2015 as part of the aggregate amount of \$2.663 M over the next ten years.

We assessed at the major risks to the stormwater assets rests with unidentified stormwater assets, in early level of asset conditioning that has missed some key elements of the network, flooding caused by low design return periods as well as the impact of partial blockage during flood events. Since this AMP represents the first of the asset management reports and plans, we would suggest that these risks could be mitigated as more details are identified, and Council matches policies and service levels to its funding capacity.

6.9.7 TRANSPORT ASSET MANAGEMENT PLAN

Kyogle Council provides transport infrastructure to facilitate access and amenity within the community.

The AMP outlines that funding of transport is the most significant infrastructure challenge for Council, and that long term planning is essential to ensure that any loss or reduction in services and associated risks are managed.

The Transport network comprises:

- Bridges
- Footpaths
- Regional Roads
- Rural Roads
- Signs
- Urban Roads

These infrastructure assets have a combined replacement value of \$297.8 M.

The projected cost to provide the services, covered by Council's Asset Management Plan includes operations, maintenance, renewal and upgrade of existing assets over the 10 year planning period, is \$5.377 M per year. Council's available funding over this period is \$4.661 M per year which represents 87% of the cost to provide the service, a funding shortfall of \$0.716 M per year. As a result, Council's current funding levels are insufficient to continue to provide the existing levels of service into the medium term.

The Plan also indicates that Council has identified \$2.7 M of new or major upgrades within the 10 year planning period.

Three major risks are included in the Plan:

- The gravel road network cannot be sustained at the current standards
- The sealed road network cannot be sustained at the current standards
- Most timber bridges are at or near the end of the serviceable life.

This Asset Management Plan provides the greatest challenge for council in the maintenance of its road infrastructure assets. Of particular concern to this review was the inability to fund a minimal level of service on unsealed roads in particular and to ensure ongoing bridge carrying capacity on parts of the network where the annual daily traffic is less than fifty.

The AMP indicates that Council has 230 timber bridges, of the total length 3,291 m. In addition, there are innumerable 109 causeways with a total length of 1,628 m on local roads. There are many other aspects of the infrastructure assets not listed in this review report. Where the number of timber bridges is beyond Council's capacity to fund, the Plan may consider the replacement of some bridges with low level causeways, subject to site conditions.

Council is yet to assess and quantify the desired levels of service arising from resident's feedback and matched against the budgetary capacity. There is considerably more work yet to be undertaken in the development of the Asset Management Plan for Transport. The

6.10 ASSETS AND ASSOCIATED RISK MANAGEMENT

Under the new WHS Act, Council and its officers must exercise due diligence, requiring an officer to concentrate on managing the work health and safety risks of the business and associated undertakings. This also extends to proper consideration of the hazards and risks associated with the operations, and within the Council environment includes road and bridges assets.

The WHS Act is applicable to not only staff and contractors, but also to the general public that have access to and use Council's assets. NSW WorkCover documentation outlines the need

for proper consideration of the hazards and risks associated with operations as an important obligation as part of decision-making processes. WorkCover suggests the undertaking of regular inspections of the workplace, having appropriate processes to identify, manage and mitigate health and safety risks.

Kyogle Council has a Risk Management Policy, dated 17 September 2007, that presents a more internal focus rather than a broader focus intended through the provisions of the WHS Act.

Recommendation 60. Review Council's Risk Management Policy to reflect the requirements and the intentions of the WHS Act.

We recognise that the Asset Management Plans also involve a Risk Assessment, but we also outline the need for the Risk Management approach to be applied to the AMPs as well as other elements of Council operations and activities.

6.11 OTHER ISSUES

6.11.1 COUNCIL POLICIES AND PROCEDURES

Council Policies and Procedures are a valuable resource to be accessed by the community to view and be informed of Council's policies regarding many of the services provided, including maintenance activities associated with roads, parks and gardens, sewer services, waste services, and water supply. The policies provide a framework for future service delivery and provide a basis for the developed and adopted levels of service applied by Council.

The policies included on Council's website under the "Corporate Services Policy Register" appear to be more focused on the internal functions of Council rather than the dual role of providing a formal indication to the community of levels of service for key asset types that affect day-to-day activities. The provision of formally adopted policies associated with road maintenance and associated intervention levels would provide the community with an understanding of the standards being adopted by maintenance and servicing teams.

The use of formally adopted Council policies could form the basis of community feedback to the levels of service provided and afforded for each asset type.

Recommendation 61. Develop and release to the community policies that indicate the adopted levels of service and associated intervention levels, particularly for road infrastructure assets.

6.11.2 STAFF COMMUNICATIONS

During the discussions with staff, the review team identified that there was little formal and informal communications between senior management and service delivery staff to keep all levels of staff aware of the issues associated with Council, works programs and broader issues, allowing little opportunity and poor access for staff to meet and communicate with senior management. This lack of connection between management and staff can have a significant negative effect on staff morale and attitude to management.

Council advised that it had adopted approaches including depot updates, through attendance at depot meetings, as well as passing information to service delivery staff through the inclusion of notes in staff pay packets.

There is negligible direct communications between senior departmental managers and service delivery staff, who were openly critical of the negligible face-to-face contact or opportunity to meet and discuss issues with senior managers.

Recommendation 62. Increase the level and frequency of dialogue between senior management and service delivery staff to provide feedback on Council programs, plans and objectives, as well as the opportunity to offer comments on issues affecting the workforce.

6.11.3 APPLICATION OF NATIONAL COMPETITION POLICY TO LOCAL GOVERNMENT

Circular Number 97/36 requires that Councils need to identify activities which are "Category 1 business activities" which are businesses and which bring in over \$2 million per year in gross operating income. The Circular also relates to Category 2 activities that are businesses with an annual gross operating income of less than \$2 million.

In addition, the Circular also requires that Council must factor certain costs into prices for Category 1 businesses, including tax equivalent calculations, debt guarantee fees and rates of return. In addition, Councils are to ensure that subsidies for each category business are transparent.

In Council's Annual Report, under National Competition Policy (Page 52), Council has declared that "Transport" is a Category 1 Business Activity, declaring that the Revenue is \$5,175,000 and Expenses is \$4,143,000, adopting an Asset base of \$2,500,000.

The Category 2 Business Activities are Water, Sewer, Quarries, and Domestic Waste.

Of particular interest to the review is that Council declared that it has introduced the implementation of full cost attribution, and complies with the same unique regulations as the public sector.

Our analysis indicates that full cost attribution has not been identified for the Transport functions.

We also note that, under Kyogle Council - 2011/2012 Management Plan, under Business or Commercial Activities (Page 28), Council declares that it has Nil Category One Businesses. Such conflicting comments in key Council documents leads to confusion in the minds of the community readers. Council should ensure consistency across reporting documents.

Recommendation 63. Ensure consistency across all documents, including Management Plans and Annual Reports.

6.11.4 ORGANISATION FOCUS AND DIRECTION

During the review process, we identified that there seemed to be a lack of formal organisational focus to assist the alignment to an improved culture across all departments. Issues that support this lack of focus include the comments from many staff that they rarely see managers beyond the level of Overseer, and that there is little flow of communication from the corporate area to the service delivery team members. These issues were discussed in section 6.11.2 of this report.

There is a strong feel from Technical Services staff that the imposed budgetary constraints for roads, bridges and open space maintenance result in few improvements to the network; rather,

they indicate the application of "band-aid" solutions rather than substantive effort leading to an improvement in the network.

We suggest that the Executive Management Team (EMT), or other descriptive titles including the Executive Leadership Team (ELT), or the Management Executive (MANEX), be more proactive and be seen as being more proactive, particularly to present a strong organisation focus followed by clear direction to be promulgated through to service delivery staff.

Recommendation 64. Consider introducing Leadership training to all levels of management within the Council.

7 CORPORATE ORGANISATION STRUCTURE REVIEW

As referenced in section 3 of this report, Council requested Complete to also undertake an organisational structure review to indicate the number of direct reports to the General Manager as well as the functional responsibilities for each of the direct reports.

Council has continued with the existing Organisation structure for several years and has sought a recommendation for the preferred structure to optimise service delivery across all functional areas.

7.1 THE EXISTING ORGANISATION STRUCTURE

The senior management team is led by the General Manager and includes the three department directors of Corporate and Community Services, Technical Services, and Planning and Environment (refer Figure 4).

The General Manager position has some functions reporting direct including Work Health & Safety (WHS) training, tourism and economic development. All other Council employees, staff and contractors work for or within the three departments.

At the time of the review, the Director, Technical Services, was on leave, and the Manager Asset Services was in a position of Acting/Director, Technical Services. The review team was advised that the director Technical Services may retire within the next few months creating the opportunity to reconsider the number of departments and the direct reports to the General Manager. The General Manager indicated that the two remaining Directors each have approximately two years prior to the end of their current contracts.

7.1.1 EXISTING ORGANISATION

Council has advised that the existing organisation chart with its associated functions was created approximately 2004. The reorganisation included the allocation for depot management and fleet management to the Corporate and Community Services department. The effect of the removal of these two functions from Technical Services was to provide management of these two services at arm's-length to the users and to force the discipline of providing a business case for new or replacement plant and vehicle assets.

Our observations and examination of fleet management and related functions indicates these processes to be well-managed and the potential for in-house plant with low utilisation, particularly from Technical Services, is extremely low. The functioning and management of depot, fleet, workshops and purchasing is stable and provides a high level of service to Council. Subject to resourcing and accommodation, these functions could remain within the larger functional management group or reallocated within another management team.

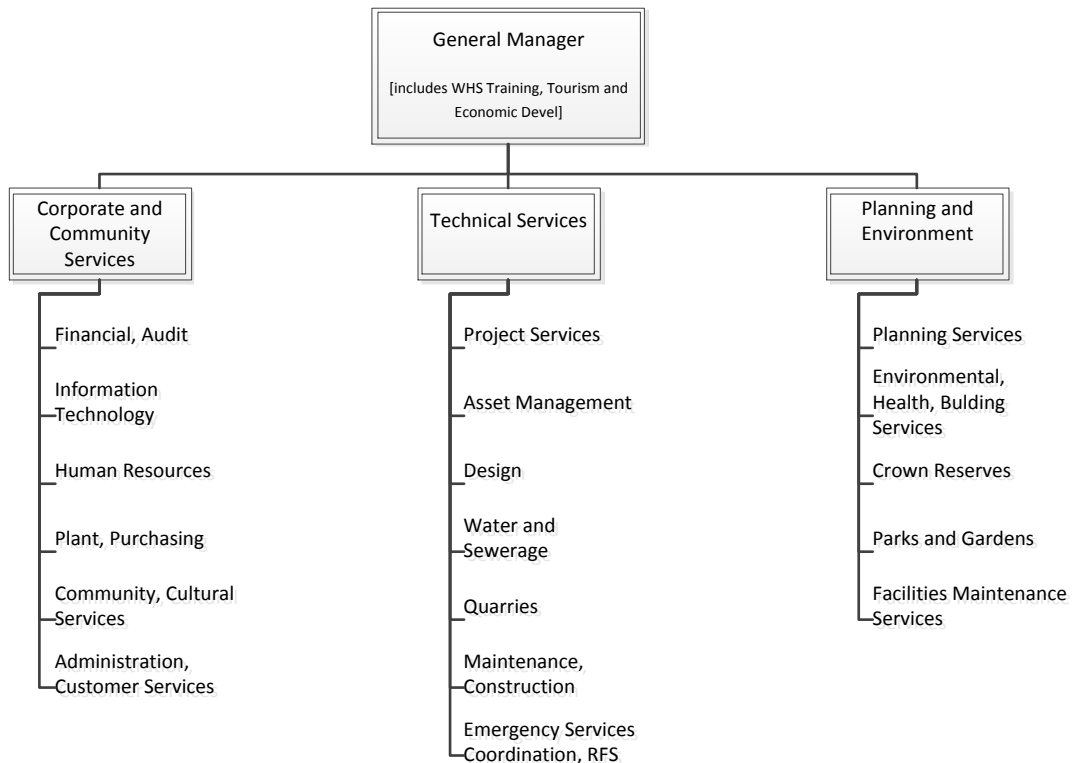
At the same time that the depot and fleet responsibility changes occurred, management also took the opportunity to remove the building asset maintenance and servicing functions from Technical Services and moved these into the Planning and Environment department.

During the review process and from our observations, we noted that the management of all parks and gardens assets, including buildings, their cleaning and maintenance, the broader vegetation management (whether roadside or within villages), has many blurred lines for the limits of services responsibility. To service delivery functions associated with parks and gardens currently fit into separate departments, Technical Services, and Planning and

Environment. The functions, management responsibility and services associated with parks and gardens should now be reviewed, and form part of this organisation review.

Figure 4. *Existing Organisation Functions*

Kyogle Shire Council – Existing Organisation Functions - March 2012



7.1.2 IDENTIFIED ISSUES WITH FUNCTIONS

Many of the functions outlined above have been addressed elsewhere in this report. This section seeks to comment on those functions not previously raised and having an impact on other the existing structure for any optional alternative structure for Council.

7.1.2.1 Management Executive

Management Executive (MANEX) meetings have previously been held and attended by the General Manager and the three Directors. The frequency of these meetings has reduced, and ceased altogether some months ago. These MANEX meetings assist councils in the development of strategy and policy, as well is a forum to have group discussions to consider inter-Department issues. These meetings would be of particular merit during the long period of absence by the Director Technical Services and the duration of the Acting Director.

We suggest that the ongoing provision of these MANEX meetings ensures a forum for the discussion of the Council issues, particularly where these could lead to increased efficiency and effectiveness. These meetings would enable the attendees from each of the functional areas to be aware of and promulgate issues to inform all staff of any changes in Council direction, reforms, modified strategies and allow an improvement in the communication between management and staff.

Recommendation 65. Conduct MANEX meetings on at least a fortnightly basis to start, transitioning to Monthly after process has matured...

7.1.2.2 Asset Management

The functions of asset management are split across the three departments. The outcomes of this split provide a reasonable level of service for the asset function groups, but limit the capacity to maximise the application of asset management strategies across the asset base.

The review team was advised that new parks and urban works improvements are generally developed at the request of the P&ES department and delivered through the Technical Services department. There was no clear response to the use of any formal process associated with asset handover from council's construction arm to be ultimate asset owner for subsequent care, control and maintenance. There remain inter-departmental comments to the effect that the existing level of service would diminish if maintenance responsibilities were to be passed to the Technical Services department.

The management of assets could be improved through the development of a formal process for asset handover, which should include appropriate levels of service and the associated budgeted line-item cost to inform and assist the development of annual budgets.

Recommendation 66. Develop a formal process for the 'Asset Handover' function between two internal departments or sections

Recommendation 67. Develop the appropriate levels of service to be applied to new assets for ongoing maintenance and repair during development and prior to commissioning.

Recommendation 68. Develop and agree the budgetary line items associated with the ongoing management and servicing of new assets.

Facilities Management was a major issues raised by many people during the review process. There is a significantly blurred line across the responsibilities associated with buildings and maintenance. Again, these asset management issues are distributed across departments. Managers also identified this as an anomaly that allows inefficiencies and should be addressed in any organisation review process.

7.1.2.3 Community Buildings

The management of Community Buildings includes several functions:

- the administration functions associated with the bookings for the scheduling and the use of the community buildings;
- the planning and maintenance activities associated with the community buildings as "assets".

The administrative function requires resourcing as a focal point to receive calls from the community and associated with bookings for the use of the community buildings. This function does not need to be provided by the same resourcing that undertakes the asset management, including maintenance and building upgrades. However, the administrative function needs to be aware of the periods during the year, which is allocated for scheduled and non-scheduled maintenance and upgrade activities.

The asset management function should rest within an area of Council that has the technical capacity and expertise to understand, identify, cost and schedule maintenance, upgrades or improvements to Council's community buildings.

7.1.2.4 Compliance

The review team was advised that there were thirty six (36) privately owned and run quarries; approximately 30% of these were producing sand; the remaining 70% were producing combinations of bluestone and rock.

However, it was indicated that there was only about 20% compliance associated with quarries, as well as illegal land uses and users, including mountain bike riding and squatters. The compliance function rests with the Department of Planning and Environmental Services. With the existing planning function demands, there is insufficient resourcing available to undertake these compliance checks.

To increase the level of compliance checking, one of the suggestions received was to reallocate council's Animal Control Officer/Ranger position to the Senior Town Planner to assist the planning and related compliance checking.

The animal control and ranger functions could be absorbed into other functional areas within Council's structure, subject to training and staff availability, also ensuring better coverage of the whole of the shire area from the Kyogle precinct through to areas surrounding Woodenbong and Bonalbo.

Recommendation 69. That a new position titled "Regulations Inspector" be allocated under the Planning and Environment function.

7.1.3 **WHS, TRAINING, HUMAN RESOURCES**

In many organisations, the role of WHS (previously OH&S) is managed from within the equivalent of Council's Department of Corporate and Community Services. There is no formalised rationale that requires the WHS and training roles to be under the direct control of the General Manager. The reallocation of responsibility from the General Manager provides some flexibility in the considerations for any subsequent organisational restructure or functional change.

The Human Resources (HR) function currently provided by Council does not cover the range of support services generally required for Council activities. Deficiencies within the human resources support activities include:

- succession planning;
- the creation, implementation, review, and management of HR policies (including drugs and alcohol policies);
- development of HR training plans focusing on individuals and a strategy for funding and implementation;
- development of family-friendly strategies;
- more formal Industrial Relations services, including advisory services to staff;
- review of Consultative Committee meeting outcomes, and the development of action plans is associated with HR initiatives;
- staff development;
- workforce management.

The action of any of these deficiencies would include additional resource time from Council with an implied increased budgetary allocation for HR activities. This , review can only raise these matters as areas of significance to provide an enhanced capacity to support Council's staff and maintain a work environment conducive to a high level of staff retention.

Recommendation 70. Council develop a strategy to accommodate HR support deficiencies and provide additional staff capacity to expand the HR capability with matched resourcing.

7.1.4 FINANCIAL INFORMATION ACCESS

Implementation of the new finance package CIVICA has provided financial management benefits to Council. However can we were unable to obtain project-related reports that would normally be expected to assist in the day-to-day, or project by project reporting that is fundamental to ensure information availability to review and investigate project and programme costs.

The issue may be as simple as that project managers being unaware of the report availability from within CIVICA. It also appears that the flexibility provided through the use of 'Crystal' reports is not being applied.

We would suggest that Council's Manager Financial Services liaise with managers of all departments and functional areas to identify both common and specific reports required to ensure appropriate information is available for managers to make operational decisions.

Recommendation 71. The Finance manager work with project managers to develop appropriate financial reporting tools to enable the provision of timely information to assist management decision-making.

7.2 OPTIONS DEVELOPMENT

Organisations generally adopt a structure model that best reflects the ability to assess and accommodate the major issues of the day. It also depends on the level of maturity of the services, assets and functions of the organisation.

The fact that both managers and staff are openly questioning the existing structure and the potential for improvements from a restructure suggests that the existing organisation chart should be reviewed and modified.

The adopted approach for this review is to consider the functions across Council and not individual positions or roles. This report examines options associated with the allocation of organisational functions and develops an analysis of the advantages and disadvantages of each option as appropriate for Kyogle Council.

Three options are proposed:

1. **OPTION 1 – Modified Existing Structure** - Retain the existing three departments with minor adjustments between departments to address the key anomalies raised by Council managers and staff during the review.

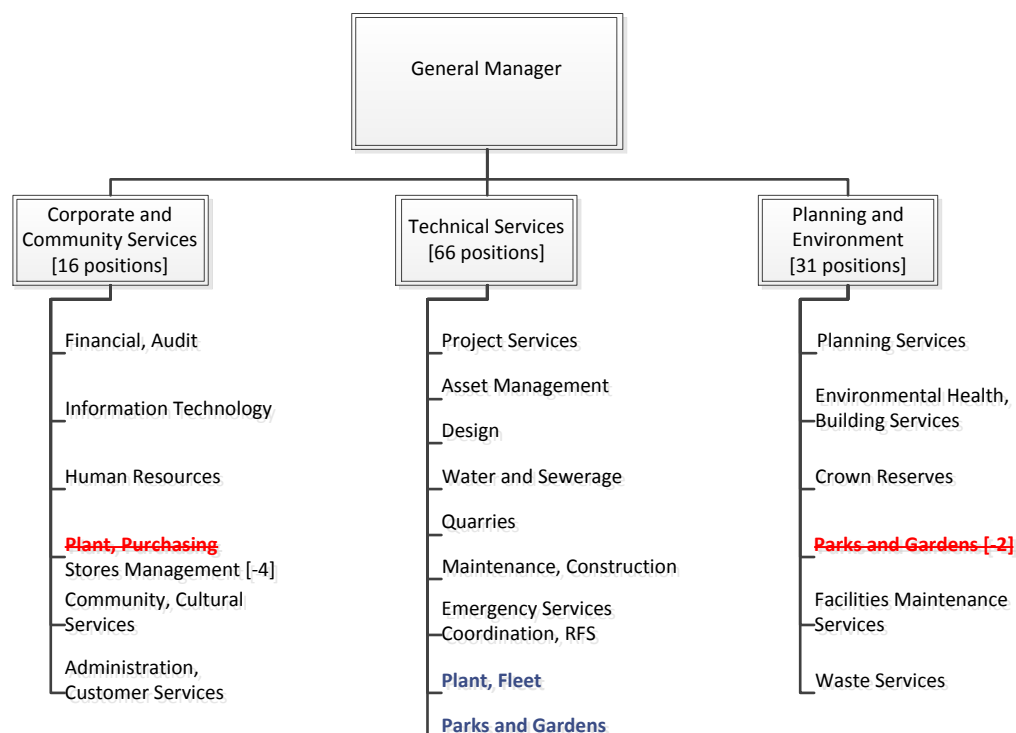
2. OPTION 2 - Consolidation to 2 Departments - Consolidation of the three departments into two departments with an associated rationalisation of functions between the two departments.
3. OPTION 3 - Aligned Services - Provision of four services units to replace all functions of the existing three departments as well as the functions currently managed by the General Manager.
4. OPTION 4 - Aligned Services - Provision of five services units to replace all functions of the existing three departments as well as the functions currently managed by the General Manager.

OPTION 1 – Modified Existing Structure

Figure 5. Proposed Structure Option 1 – Minor Functional Changes

Kyogle Shire Council – OPTION 1 Minor Functional Changes Minor Departmental Changes - based on March 2012

[Note: position numbers include vacancies]



This option offers very minor changes to the existing organisational structure. Option 1 consolidates the plant, purchasing and depot functions back into the Technical Services Department, and also co-locates all parks, gardens and open space maintenance into TSD.

Plant, Purchasing, Depots

These functions include the plant and vehicle procurement, fleet workshop services, depot management, still keeping and depot support services. As a small unit, this team is independent yet responsive to all demand across council. This team could be equally effective within the Corporate and Community Services department, within TSD.

Parks and Gardens

These functions from within Planning and Environmental Services are more associated with township precinct rather than the larger streetscape and open space maintenance. The relocation of this function to TSD provides increased flexibility and resource management improving the efficiency of functions associated with Parks and Gardens activities.

General Manager

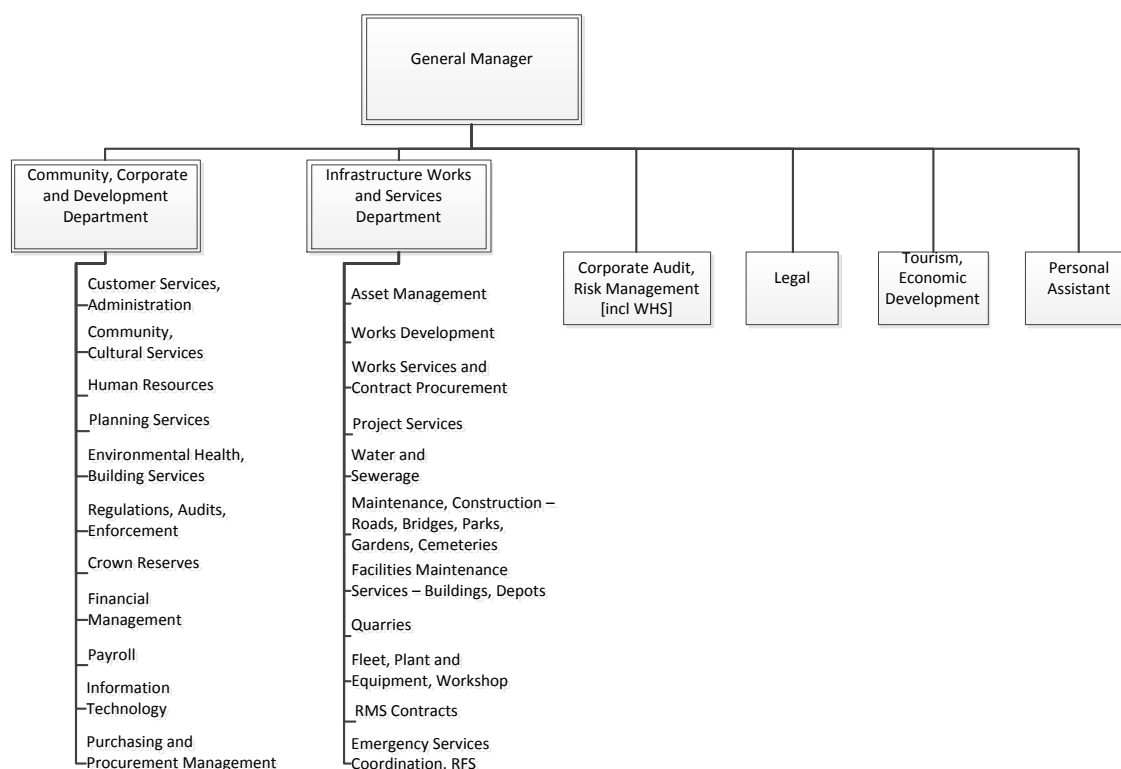
The existing direct reports would remain with the General Manager.

OPTION 2 – Consolidated functions into TWO Departments

Figure 6. *Proposed Structure Option 2 – Consolidated To Two Departments*

Kyogle Shire Council – Combine All Functions to TWO Departments

OPTION 2 – Two Departments



This option is intended to demonstrate the probable outcome of the consolidation from three departments into two departments. Option 2 reallocates these functions between the two remaining departments to provide the continuity of services.

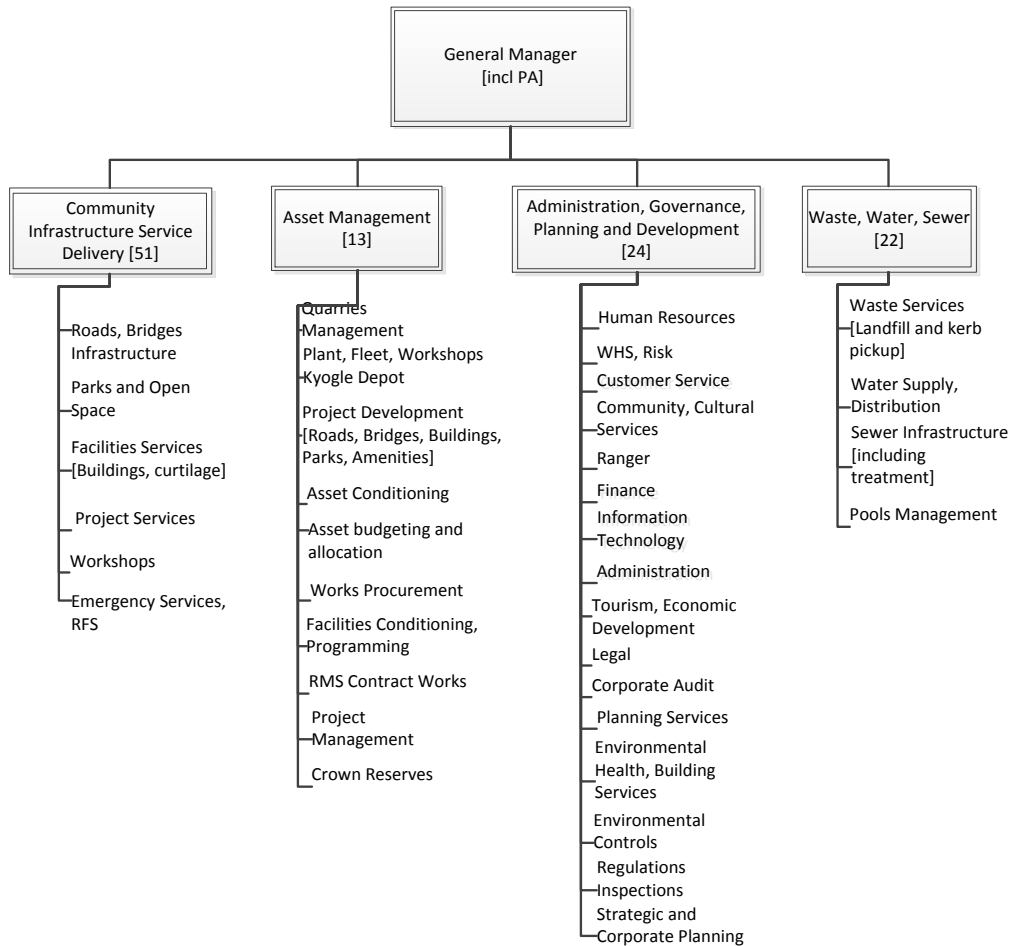
The Community, Corporate and Development Department assumes the management and control of all Corporate organisational functions as well as those relating to planning and development. All remaining functions are absorbed into the Infrastructure, Works and Services department, including water, sewerage and waste activities.

The existing direct reports for corporate audit, risk management, legal, tourism and economic development remained with the General Manager.

OPTION 3 – Co-managed corporate administration and governance with planning services

Figure 7. *Proposed Structure Option 3 – Co-managed Corporate, Administration and Planning Functions*

Kyogle Shire Council – Existing Organisation Functions OPTION 3 – Co-managed Administration, Governance, Planning Services



Council does not have any major land release areas proposed over the medium term and does not have a major demand for Environmental Health and Building Services into the medium term. The major concern for Council would appear to be in the development of appropriate policies and planning controls to match the rate of any proposed development or redevelopment activities in addition to any prescribed planning functions.

The low level of resource demands associated with planning and development functions suggests the potential for these functions to be included with another service group within Council.

Council has funding and income source constraints that impose major restrictions on capacity to undertake major asset renewals, upgrades and day to day maintenance particularly of road infrastructure assets to provide predetermined levels of service. This review considers that both the asset and infrastructure management and delivery should remain separate from the planning and development functions of Council.

The Waste, Water and Sewer functions have a relatively high level of maturity in the access to capital and recurrent funding for ongoing activities. The current management, particularly of the water and sewer assets and service delivery, has provided Council with the assets and appropriately staffed services that generally meet council's service targets. The merging of the water, sewer and the waste functions would assist a focus on the improvement of efficiencies associated with the management of Council's principal landfill waste facility. This Option 3 isolates the water, waste and sewer functions from all other activities by Council.

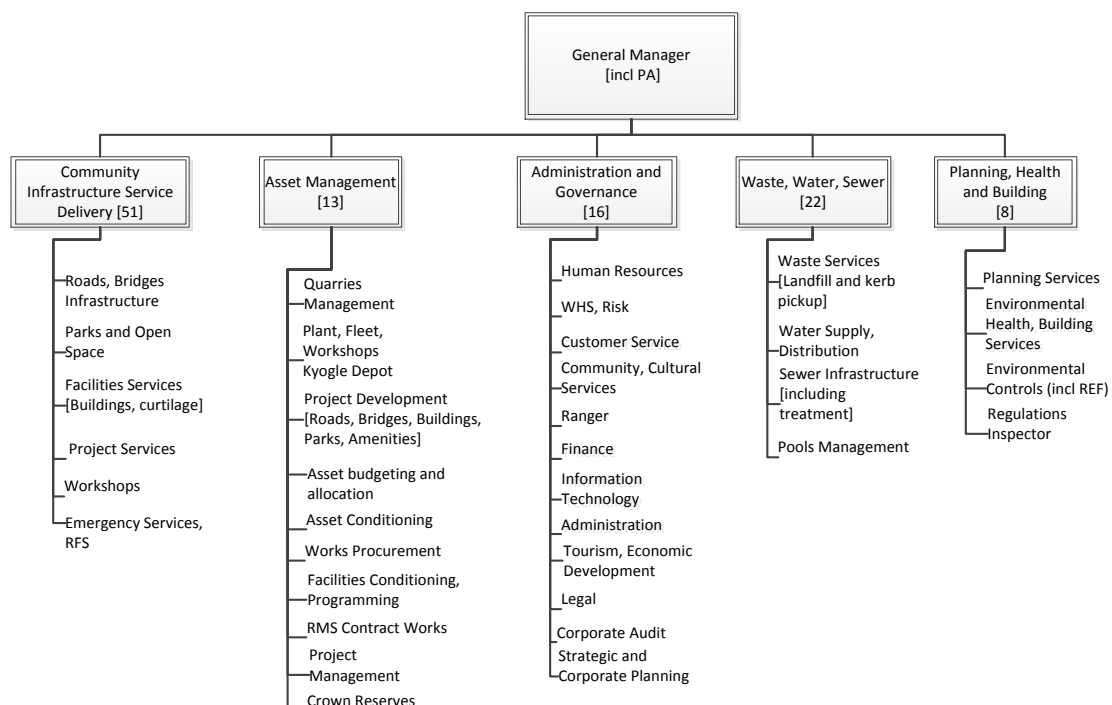
The isolation of the road infrastructure, asset management, and the water/sewer/waste services and functions enables the co-management Council's corporate administration and governance with the planning, health and building functions.

The option retains the Personal Assistant reporting to the General Manager, but reallocates the other functions to the Administrative and Governance unit.

OPTION 4 – Aligned services

Figure 8. *Proposed Structure Option 4 – Aligned Services*

Kyogle Shire Council – Existing Organisation Functions OPTION 4 – Aligned Services



The key challenge facing Council is the management of the road infrastructure assets within the limited budgetary available funds. This option identifies those functions that focus on asset management and asset delivery outcomes and provide the concentration of resources to be able to manage that and develop programs in the short to medium term.

Option 4 provides a strong focus on these functions and isolates those from other activities that are not subject to the same budgetary constraints as road infrastructure.

This option provides a specific focus on asset management to assess the asset base, condition the asset and develop strategies for the delivery of agreed levels of service within

the allocated budgets. This will be the most critical area of council's functions over the short to medium term. The asset management role is proposed to include management of asset surveillance (using in-house or external resources) and the issues orders for work to be undertaken throughout the shire, including the chosen method of delivery, specifications and processes.

The service delivery component, subject to levels of service defined by Asset Management and an allocated budget, will be provided by the Community Infrastructure Service Delivery function.

The Water, Waste, and Sewer functions are relatively mature in regards to the level of funding and are not subject to the same budgetary constraints as the road infrastructure assets. We propose that a functional group include all water, waste, sewer and pools be 'stand-alone and not integrated with road infrastructure delivery function. However, we propose that the Asset Management function also provide the designs and overview of the water, waste, sewer and pools assets. The co-location of these functions will allow an increased capacity through the provision of a pool of operators to service water, waste, sewer and pools. This would also assist the reduction in the numbers of staff involved in the after-hours "on-call" schedule is currently used by Council.

Planning, environmental and compliance are proposed for consolidation into a small unit "Planning, Health and Environment"

The option retains the Personal Assistant reporting to the General Manager, but reallocates the other functions to the Administrative and Governance unit.

7.3 OPTIONS ANALYSIS

The three options present the major alternatives that are available to Council.

- 1) Option 1 – a basic 'do nothing' option,
- 2) Option 2 – a consolidation from three departments into two departments,
- 3) Option 3 – co-management of corporate administration and governance, and the planning and development functions using four service units, and
- 4) Option 4 – reallocating functions according to the organisational need for strategic focus.

Option 1 offers little advantage over the existing structure.

Option 2 essentially reduces the number of reports to the General Manager, but increases the size of the remaining departments. The focus on the road infrastructure asset base has the potential to be lost in among the other service delivery functions, offering continual distractions from the task of refocussing the management of assets to identify the appropriate mix within the service delivery targets and funding regimes.

Option 3 provides the opportunity to ensure the appropriate focus on the infrastructure assets, enabling the concentrated focus on predetermined organisational outcomes and to assume the role of decision maker for which works should be provided to road infrastructure network elements. This option will require the resourcing from experienced road infrastructure managers to be able to influence and guide the asset management processes. The remaining council functions are relatively 'mature' and could be consolidated into two separate functional units. The consolidation of the service delivery components of water, waste and sewer provides the opportunity to focus on some of the deficiencies identified in the management of Council's main landfill site to improve its management and operational efficiency. The

remaining functions of corporate administration and governance as well as planning and development functions can be combined into the one co-managed unit.

Option 4 is a variation of Option 3 that segregates the planning and development functions into a separate unit. This option increases the span of control for the General Manager to five (5), but with a small resourcing capacity to undertake all associated and allied functions and services. This option maintains an independence and focus on the development and management of the road infrastructure assets to assist in the management of the scarce funding resources available to manage the road infrastructure asset base. This aggregation of the planning and development functions from corporate administration and governance allows a singular focus on planning related functions including statutory obligations and assistance for the community as required. This unit would also have carriage of environmental management, particularly associated with the forward planning by the new Asset Management unit developing proposals for works to be undertaken by the road infrastructure service delivery unit.

Table 9. *Options Analysis Summary*

Option	Description	Advantages	Disadvantages
1	<ul style="list-style-type: none"> Retains existing structure and departments Reallocates Plant, Fleet, Parks and Gardens into Technical Services. General Manager retains management of WHS, Training, Tourism and Economic Development 	<ul style="list-style-type: none"> a. Minor organisational changes, with little disruption to the organisation. b. Ensures works and services continuity to the community. 	<ul style="list-style-type: none"> a. Does not address the broader issues particularly associated with road infrastructure assets. b. Does not take advantage of the replacement of existing contract Director position remuneration with lower-costing salaried positions. c. Does not provide additional focus on asset management and future strategies. d. Staff would see this option as the 'easy way out' for Council in addressing an organisation review.

Option	Description	Advantages	Disadvantages
2	<ul style="list-style-type: none"> Consolidates existing three departments into two departments. General Manager retains existing non-departmental responsibilities. Increase his level of responsibility for the heads of each of the consolidated departments. 	<ul style="list-style-type: none"> Reduces the number of departments from 3 to 2. Has little direct affect on the management of service delivery functions 	<ul style="list-style-type: none"> Focus on key issues including asset management could become diluted. Department manager can modify priorities potentially reducing the focus on Assets. Difficult to appoint someone with the range of expertise required across diverse disciplines. Additional Line Managers would be required.
3	<ul style="list-style-type: none"> Splits the council departments into four (4) functional areas that reflect the key focus elements. Provides a team to focus on Asset Management. Service delivery functions are guided and directed by the Asset Management Unit. Combines corporate administration and governance with planning and development services. Provides improved resource access for compliance, auditing and regulatory controls. Framework for increased focus on strategic and corporate planning. 	<ul style="list-style-type: none"> Funds are directed to specific infrastructure works that are rationalised across the shire. Removes the decision-making from service delivery staff to the Asset owner/ specifier. Enables the 'mature' functioning areas to concentrate on their areas of expertise. Offers increased scope for advancement within Units. Provides opportunity to consider all asset types across council (within funds) and set priorities accordingly. 	<ul style="list-style-type: none"> Will require a refocus of council and its staff. Involves major organisation change at the Unit level to replace the Departmental manager roles. Involves removal of local decision-making regarding nature and type of asset works. Staff may see the lowering of the advancement opportunities by reducing the level from Director and package to a senior manager role and salary.

Option	Description	Advantages	Disadvantages
4	<ul style="list-style-type: none"> Splits the council departments into five (5) functional areas that reflect the key focus elements. Provides a team to focus on Asset Management. Service delivery functions are guided and directed by the Asset Management Unit. Splits the planning and development functions into a separate unit to avoid distractions from services resourcing. 	<ul style="list-style-type: none"> Funds are directed to specific works that are rationalised across the shire. Removes the decision-making from service delivery staff to the Asset owner/ specifier. Enables the 'mature' functioning areas to concentrate on their areas of expertise. Offers increased scope for advancement within Units. Allows greater focus by planning resources on the planning issues, and not distracted by other operational functions. Provides opportunity to consider all asset types across Council (within funds) and set priorities accordingly. 	<ul style="list-style-type: none"> Will require a refocus of Council and its staff. Involves major organisation change at the Unit level to replace the Departmental manager roles. Involves removal of local decision-making regarding nature and type of asset works. Staff may see the lowering of the advancement opportunities by reducing the level from Director and package to a senior manager role and salary.

The positions of the three directors, Planning and Environment, Technical Services, and Corporate and Community Services, are each senior staff positions and engaged on contract. The retention of either three or two departments may suggest the retention of the senior staff positions.

Any option that involves restructuring of the existing three departments may involve an early termination of any existing senior manager contracts. This may involve early termination outlays for Council.

7.3.1 FACILITIES MANAGEMENT

We would classify 'Facilities Management' as effective operational management of the buildings and their precincts, as well as passive and active recreational facilities, of the majority of council's built environment, excluding road related infrastructure assets. It covers a broad spectrum of activities from strategic operational planning down to detailed operational maintenance and repairs, cleaning, as well as the management of organisational and environmental issues arising from the management plan. The focus of facilities management should include the use of best practice to improve efficiency by reducing operating costs for increasing productivity to improve the level of service provided to the community.

Responsibilities for facilities management managers ideally should include the full breadth of functions from strategic planning to the day-to-day service delivery functions and operations. These responsibilities could include:

- procurement and contract management;
- maintenance of buildings and the surrounding grounds, including repairs as well as maintenance;
- cleaning functions;
- health and safety;
- security;
- management of utilities and communications infrastructure;
- investigating the suitability of new options and facilities assets and the cost impacts on existing budgets;
- pursuing best practice to deliver outcomes and services;
- ensuring that buildings and functions meet health and safety requirements;
- planning for services including security, maintenance, cleaning, waste disposal and recycling.

As a minimum, these facilities could include:

- Waste Management;
- Pools Management;
- Management of council buildings and their surrounds including the curtilage.

7.3.2 ANALYSIS OF COUNCIL FEEDBACK

To ensure thoroughness in the preparation of this report, a Draft was provided to Council for comment. The feedback from Council's senior management concentrated more on the Organisation Review issues with little comment associated with the draft report elements associated with efficiency and effectiveness.

The key issues raised by Council are outlined below;

- limited opportunity for senior management progression - Options 3 and 4 provide for a wide and span of control for the General Manager, and the division of responsibilities according to functional categories; this approach, particularly for a smaller Council such as Kyogle Shire, relies on a matrix approach across these functional categories; this provides additional exposure to the many functions within Council, with opportunities not readily available in significantly larger Councils;
- Plant/Fleet/Float management - comments were received that questioned the reporting location for these functions; several years ago, the plant and fleet functions had been allocated to Community Services to promote improved utilisation and effectiveness of fleet and the items funded through the Plant Reserve; the proposals in Options 3 and 4 reallocate the plant, fleet and fleet management functions to the new Assets Management Services; these two options present an independence in decision-making process associated with the Plant/Fleet/Float management functions;
- Ranger position to be rationalised to provide an increased breadth of functional support - this has been clarified through the inclusion of a function. "Regulations Inspector" within the proposed Planning, Health and Building Services unit in Options 3 and 4;
- Crown Reserves - the review process identified that the Crown Reserves are primarily associated with Council's asset management, and has been reallocated to the Asset Management Services unit;
- Strategic and Corporate Planning - this function remains with the proposed Administration and Governance unit of Options 3 and 4, as does the responsibility for Integrated Planning and Reporting;
- Community Buildings Administration - the management of community bookings as distinct from the management of the building assets; the intention of the Options 3 and 4 included the administrative and booking functions associated with community buildings to be

retained within the Administration and Governance services functions of the aligned services models; the asset-related functions, including budgeting and specification of levels of service, would rest with the new Asset Management services unit;

- Human Resources functions to have access to increased resourcing -the review team agrees with the need for increased human resources (HR) functional capability to address many deficiencies through the current lack of resources; this review agrees with the need to increase the level of resource support to address succession planning; the creation, review and implementation of corporate HR policies; development and implementation of training planning and strategies; development of family-friendly strategies; management of industrial relations issues; assist with the implementation of actions arising from Consultative Committee meetings; staff development programs; workforce management;
- Salary Levels/Bands for the proposed new management structure - the Brief for the analysis and recommendation of a new corporate organisation structure excluded analysis of remuneration levels for proposed management positions;

Consideration of these issues has resulted in minor amendments to the proposed options presented in the Draft Report presented to Council in June 2012.

7.4 RECOMMENDED STRUCTURE

Council is limited in its capacity to undertake major road network improvements because of limited access to recurrent funding sources. Council should adopt a structure that enables a focus on maximising the outcomes from asset management strategies guided by the limited budgets available.

The existing structure can enable that process to be undertaken. However, council should adopt a structure that provides a focus on the development of strategies to convert the available funds to maximise the effectiveness across the shire.

We strongly recommend that Option 4, the Aligned Services approach, be adopted to enable a concentration of resources on the asset management issues and a subsequent focus by service delivery managers to provide the most efficient and cost effective outcomes. The remaining units also allow a concentration of effort on professional outcomes for specific areas of expertise and to maximise their effectiveness.

8 RECOMMENDATIONS

8.1 SUMMARY OF RECOMMENDATIONS IDENTIFIED

Recommendation No	Recommendation	Page
Recommendation 1.	That a new position titled “Regulations Inspector” be allocated under the Planning and Environment function. Error! Bookmark not defined.	
Recommendation 2.	That Council establish a revised organisation structure to ensure that strategic planning is carried out for both Asset Management and Maintenance.....	16
Recommendation 3.	The annual Capital Works Program reflects a Whole of Life approach to responsible asset management.	16
Recommendation 4.	Consider new success measures that reflect the Departments performance appropriately. Measures that align with the high risk aspects of the department & asset management practices are ideal.	17
Recommendation 5.	That Council split the future strategic planning role for Parks and Gardens as well as for Community Buildings. The delivery of such services should be delivered by one department.	19
Recommendation 6.	That Council invest more resource into investigation, analysis and design before projects are commenced.	20
Recommendation 7.	That an advance funding process be developed to permit projects to be progressed over successive years. Design should be done in the previous year to the proposed construction.	20
Recommendation 8.	That Council ensure staff have training in front line management skills.....	20
Recommendation 9.	That Council allocate more resources to assess assets. This should first focus on transport, and then other asset groups. This data will then inform the Councils Long Term Financial Plan.	21
Recommendation 10.	Review software needs for the design office, purchase and provide associated training.	21
Recommendation 11.	Develop more standard drawings. Look to coordinate such a project with the ROC, and ensure a regular review for compliance is instigated.	21
Recommendation 12.	Ensure structural drawings for bridges are checked on a regular basis for compliance with current standards.	21
Recommendation 13.	Establish a structured regime to applying load and speed limits to bridges and ensure this is supported by Executive Management and Councillors.	21
Recommendation 14.	That better access be provided to Councils GIS software.	21
Recommendation 15.	Ensure the individual responsible for the LEMO role is afforded 20% of their time to fulfil associated responsibilities.	22
Recommendation 16.	That Council rationalize the current staffing mix to provide an improved ratio of supervisors to operational staff.....	22

Recommendation 17. Training of staff for Supervisor/Overseer positions should be provided. A certificate 4 in Civil Construction is recommended.	22
Recommendation 18. That Council work towards developing a set of intervention levels that quantify at what level a defect must have met before maintenance is required.	22
Recommendation 19. That training be provided for road maintenance staff on the correct operation of the pavement machines and that “Standard Operating Procedures” be prepared for each.	23
Recommendation 20. That Council allow funds in the annual Capital Works program to facilitate a cost effective crack sealing program.....	23
Recommendation 21. Period Supply contracts for Bituminous Surfacing and Stabilisation should be prepared by the line manager responsible for the delivery of the service	24
Recommendation 22. Use industry recognised Period Supply contracts which address current legal and technical requirements (such as AUS-SPEC and/or Australian Standards)	24
Recommendation 23. Review risk assignment to the Contractor for period supply and project specific contracts. There may be a saving in changing the risk assignment.....	24
Recommendation 24. Review the services sought as period supply and introduce additional services where considered appropriate	24
Recommendation 25. Review the possible services that may be procured under a period supply contract, and dedicate a resource aligned with the service to arrange for such contracts to be formalised and managed.	25
Recommendation 26. Establish a reference library of quote and contract documentation which address current legal and technical requirements (such as AUS-SPEC and/or Australian Standards) as well as Council needs.	25
Recommendation 27. Review procurement limitations applied to Council officers. For certain roles, authorisation levels of endorsement of a single quote and for small purchase transactions should be increased.....	25
Recommendation 28. Conduct a strategic review of bridge design & construction procurement and implement measures to reduce the cost of bridge construction (it is suggested with advice from a external bridge design specialist).	25
Recommendation 29. Implement a strategy to introduce high levels of capital to fund bridge replacement (through attracting grants, advocacy, PPP’s)	26
Recommendation 30. Analyse to determine if it would be worthwhile establishing permanent staff in lieu of casual employees on at least an annual basis.	27
Recommendation 31. Escalate the importance of having permanent staff positions filled and ensure roles are not left for extended periods	27
Recommendation 32. Ensure outsourced staff are tested in the same way as permanent staff in terms of meeting policies such as a Drug & Alcohol Policy.	27
Recommendation 33. Review the annual composition of plant hire and consider if it would be worthwhile establishing permanent staff and Council	

owned plant in lieu of hiring some operators/plant consistently (annually)	27
Recommendation 34. Consider the requirement for the Human Resources Manager to be involved in the engagement of contract personnel.	27
Recommendation 35. Purchase an additional Jetpatcher and provide a dedicated driver-operator for ongoing use through the sealed road network. Consideration to a shared purchase with a neighbouring Council should be made.	29
Recommendation 36. Engage a full-time bridge carpenter to be allocated particularly to the timber bridge network.	30
Recommendation 37. Review the comparative cost of undertaking timber bridge rehabilitation works using in-house and external contract resources.	31
Recommendation 38. Provide training programs, particularly for construction teams, for site set out as well as reading and interpretation of construction plans.	31
Recommendation 39. Establish and provide clear productivity levels for key elements of construction activities and advice team members of the output expectations.	32
Recommendation 40. Where productivity is a key component of construction activities, ensure those tasks are undertaken (where practicable) by trained council employees.....	32
Recommendation 41. Consider reallocation of the control of Council's float to the Coordinator, Plant and Depot.....	33
Recommendation 42. Ensure a strategy is in place to address the skewed age profile and ensure a program is introduced to ensure expertise is passed onto less experience staff members.	34
Recommendation 43. Introduce a structured program to multi-skill staff.	34
Recommendation 44. Review the number of staff on-call and consider training individuals to be positioned to cover multiple services of Council where required.....	34
Recommendation 45. Review the Employee Benefits Policy with respect to TOIL and annual leave. Ensure there are clear limitations on any such accruals and it explains how a matter is addressed when limitations are reached.	35
Recommendation 46. Review the Performance Review system undertaken by Council. Introduce regular reviews based around professional development and use these reviews to monitor staff trends.	35
Recommendation 47. Change arrangements for staff professional development to be a structured program. The Department leader should be assigned a training budget and manage this expenditure with HR Manager support.	35
Recommendation 48. Look to introduce a payroll system to improve the efficiency of managing staff payroll. Ensure adequate training is also provided.	35

Recommendation 49. Arrange for training for all levels of staff that use Authority. Ensure key power users have enough training to be in a position to assist others and develop new reports when required.	36
Recommendation 50. Prepare an Accountability Chart for the Department/s so it is clear for all where responsibilities lie.....	36
Recommendation 51. Review office based staff numbers to levels suggested. Dedicate more resource to design and asset management.	37
Recommendation 52. Ensure a staff resource is dedicated to addressing the extreme risk associated with bridge network.....	37
Recommendation 53. Ensure a separate field staff team is established to primarily service RMS works.....	37
Recommendation 54. Provide a field within CIVICA to capture the purchase date for plant, vehicles and equipment.....	38
Recommendation 55. Council ensure a minimum \$2.0 million in the plant fund at the commencement of each financial year, subject to annual review.....	41
Recommendation 56. Review the values within the draft AMP's to ensure they reflect the true gravity of the costs.	43
Recommendation 57. That Council fully support the Northern Rivers Technical Directors Group and provide appropriate resources to contribute to and benefit from the Northern Rivers Resource Sharing Initiative.	44
Recommendation 58. That Council consider specific projects or services that would lend themselves to a shared project with Northern Rivers Councils to both gain expert input while at the same time reducing overall cost.	44
Recommendation 59. That Council promote better regional cooperation in the areas of Timber and Concrete bridge works, Buildings, Parks and Recreation Areas as well as Water Supply and Water Treatment. Such a process could follow the model adopted for the roads.....	45
Recommendation 60. Council urgently review the RMP and its application to timber bridges throughout the road network.	48
Recommendation 61. Review Council's Risk Management Policy to reflect the requirements and the intentions of the WHS Act.	53
Recommendation 62. Develop and release to the community policies that indicate the adopted levels of service and associated intervention levels, particularly for road infrastructure assets.	53
Recommendation 63. Increase the level and frequency of dialogue between senior management and service delivery staff to provide feedback on Council programs, plans and objectives, as well as the opportunity to offer comments on issues affecting the workforce.	54
Recommendation 64. Ensure consistency across all documents, including Management Plans and Annual Reports.	54
Recommendation 65. Consider introducing Leadership training to all levels of management within the Council.	55
Recommendation 66. Conduct MANEX meetings on at least a fortnightly basis.....	58

Recommendation 67. Develop a formal process for the 'Asset Handover' function between two internal departments or sections	58
Recommendation 68. Develop the appropriate levels of service to be applied to new assets for ongoing maintenance and repair during development and prior to commissioning.....	58
Recommendation 69. Develop and agree the budgetary line items associated with the ongoing management and servicing of new assets.....	58
Recommendation 70. That a new position titled "Regulations Inspector" be allocated under the Planning, Health and Building function.....	59
Recommendation 71. Council develop a strategy to accommodate HR support deficiencies and provide additional staff capacity to expand the HR capability with matched resourcing.	60
Recommendation 72. The Finance manager work with project managers to develop appropriate financial reporting tools to enable the provision of timely information to assist management decision-making.....	60

8.2 ORGANISATION STRUCTURE RECOMMENDATION

The review has identified the need for and criticality of road asset infrastructure management and service delivery and the need for a strong focus to assist the council to optimise the management of the road infrastructure assets in the short term. The remaining activities and functions of Council have a relatively higher value or level of maturity, including the management of water and sewer.

The Review recommends the establishment of a separate unit to manage the development of the asset strategy and the management of its implementation, with the service delivery to be undertaken by a separate unit of Council and isolated from the asset management function. This proposed structure enables a strong focus on the key issue of infrastructure management to maximise the available funding level and access to recurrent income sources.

This Review recommends Option 4 described as an Aligned Services option that realigns the business strategy into five (5) units with the managers of each of these units reporting directly to the General Manager.

9 CONCLUSION

9.1 TECHNICAL SERVICES DIVISION

Kyogle Council engaged COMPLETE Urban Pty Ltd to conduct a review into the Technical Services Division to identify possible improvements to the structure and work practices as well as a review of the role of outsourcing. The project focused on the Technical Services Division including the indoor design section and the outdoor operations section. The relationship of this Division was studied in the overall context of Kyogle Council. The scope of the study encompassed the operations, procedures, effectiveness and resourcing in the following areas:

- Roads
- Parks
- Water and Sewer
- Waste Services
- Fleet

At the outset it is worthy of note that Kyogle Council has been the recipient of a number of recent awards including “Tidy Towns” Award and an Engineering Excellence Award for work on recycling waste water. These initiatives are to be commended.

The discussion and analysis presented in this report indicates that there are insufficient funds allocated to the renewal and maintenance of the road network and particularly the large number of bridges, a number of which are at the end of their economical and functional life. Overall it has been found by the COMPLETE Team that the Technical Services Division is performing to the best of its abilities with some serious staffing issues and vacancies particularly in the Operations Team.

Imbalances were also found to hinder the productivity of certain sections, the Operations and Assets and Design capability being the most noticeable. The COMPLETE Team have recommended a number of actions Council can take to fine tune certain areas. Due however to the length of roads to be maintained and renewed, and the large number of bridges, particularly timber bridges in need of replacement, it is self evident that the Council needs to address some serious Asset Management and funding issues as a matter of urgency. Certain structural issues in the organisation structure of the Technical Services Division have also been addressed regarding the lack of professional assistance and design detail being available to the Outdoor staff, and a lack of a forward planning function.

The overall situation as related to outsourcing is complicated by the fact that Council has been able to attract grant funding for storm and emergency works over the last few years. This has meant that contract staff have been employed across the operations section. This has put a drain on existing supervisory staff and skewed the real situation at Council. The term of outsourced staff and the terms under which they are employed needs to be stipulated and the process more defined. Council needs a succession plan to address this issue over time, as well as attracting more younger staff into the Council work force.

In summary Council is basically achieving value for money from the Technical Services team however there are always areas for improvement in any organisation. These are all listed out within the body of the report and summarised at the end.

9.2 REVIEW OF COUNCIL AT THE DIRECTORS LEVEL

The COMPLETE Team were also asked to review the overall Council structure at the Directors level. Separate discussions were held with the General Manager, the two Directors and the Acting Director. In conjunction with our review of the Technical Services Section we discussed the overall structure with Council staff and made observations of how the Council operated and how the various Council functions were split up and managed.

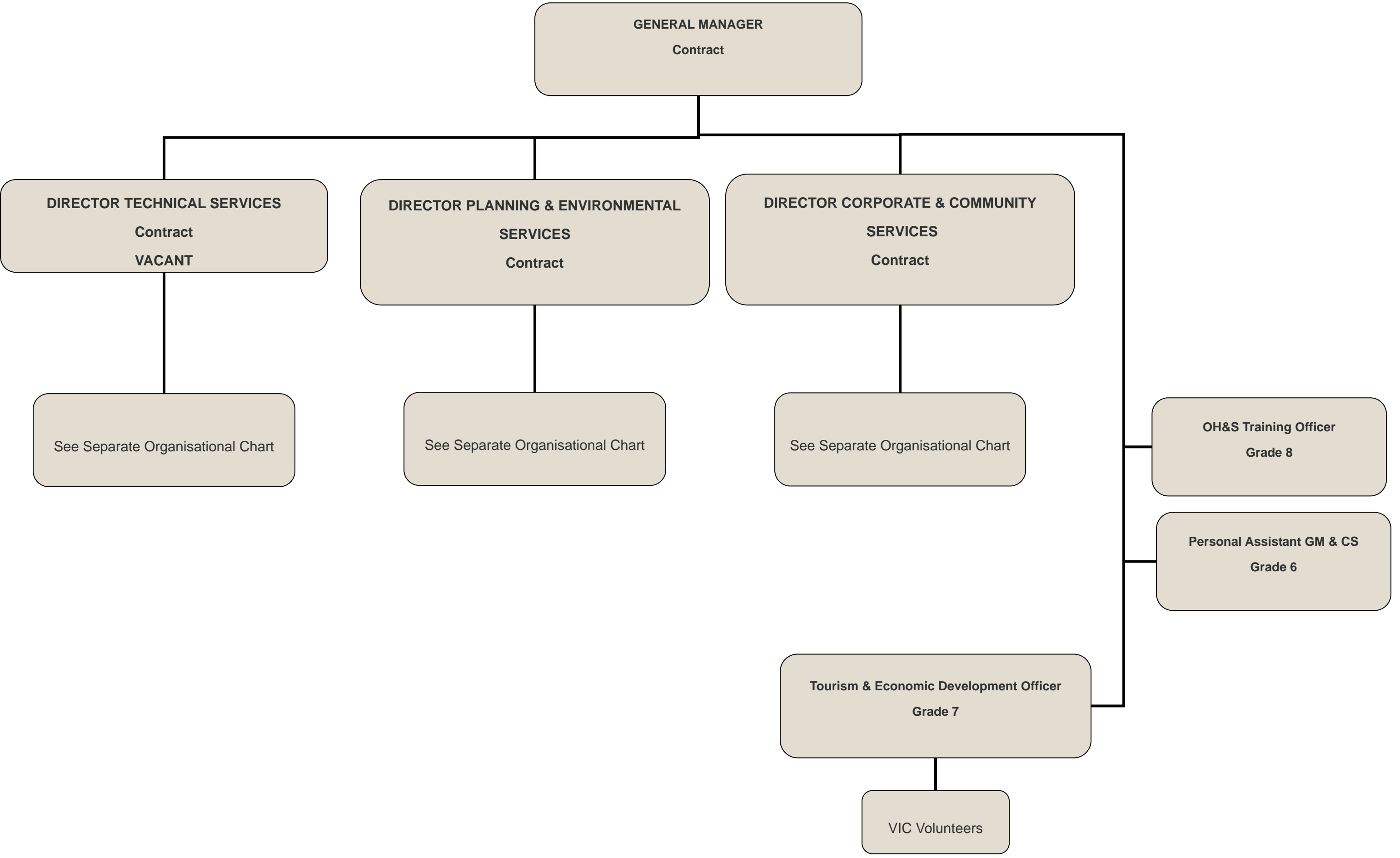
As a result of the above we have proposed a number of options for Council consideration and assessed critically each one. Due to the size of Council with respect to land area, demography, population, asset age and rate base etc each Council has different drivers. To encompass all of these variables and others we have recommended a group of 5 functional area Managers all reporting to the General Manager. We feel that this is the best model to suit Councils circumstances at present and as well into the foreseeable future.

This report has summarised our investigation and reported those areas where improvements can be made and the structure modified to take account of Councils particular situation. We hope Council takes note of our work and acts on many if not all of the recommendations. Finally, the COMPLETE Urban team would also like to thank all of the staff we met, firstly in the Technical Services Department, then also the General Manager, Directors and other sections of Council we had dealings with and we commend them for their helpfulness and support of this review process.

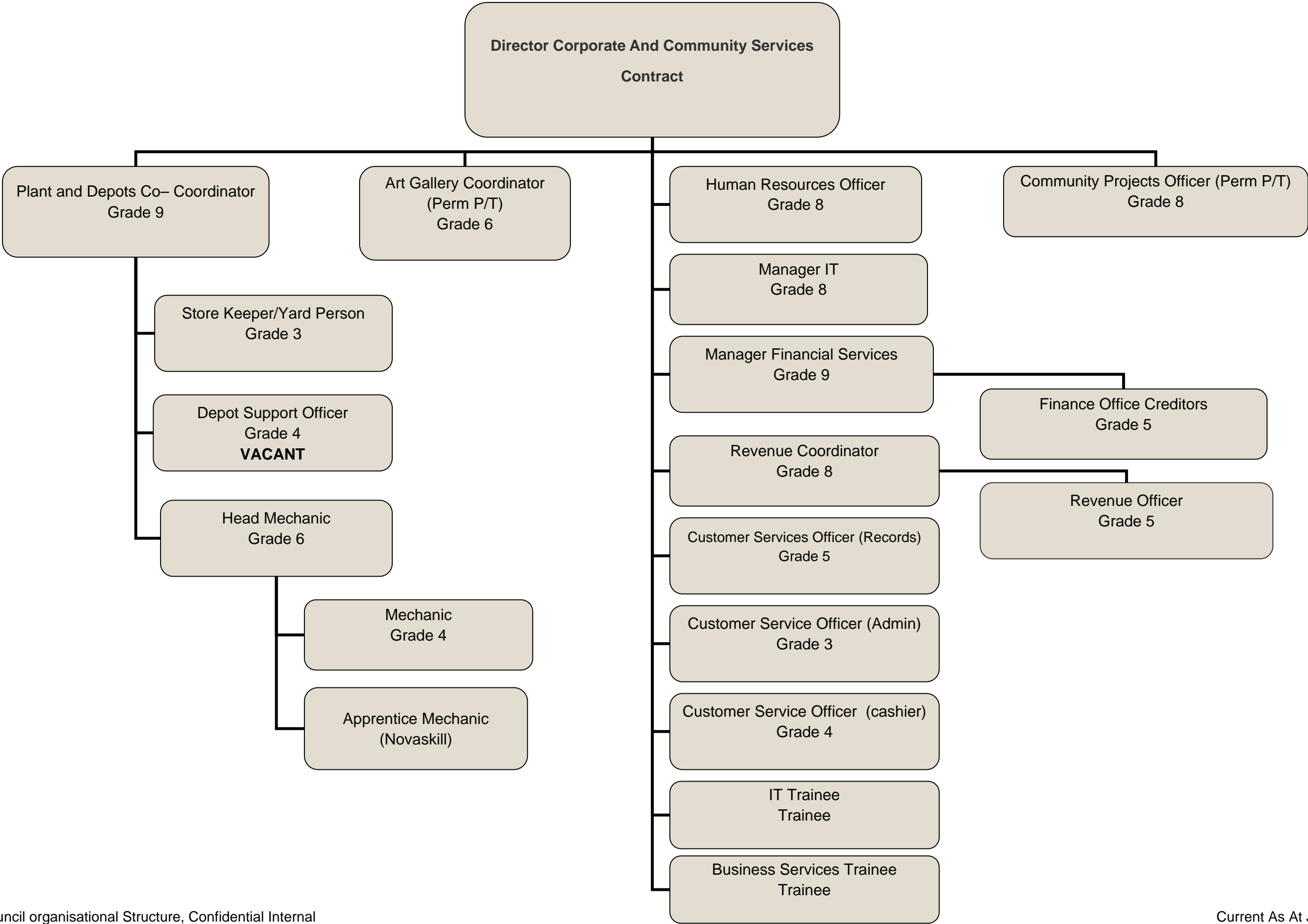
10 APPENDIX

10.1 APPENDIX A – EXISTING ORGANISATION STRUCTURE DIAGRAMS

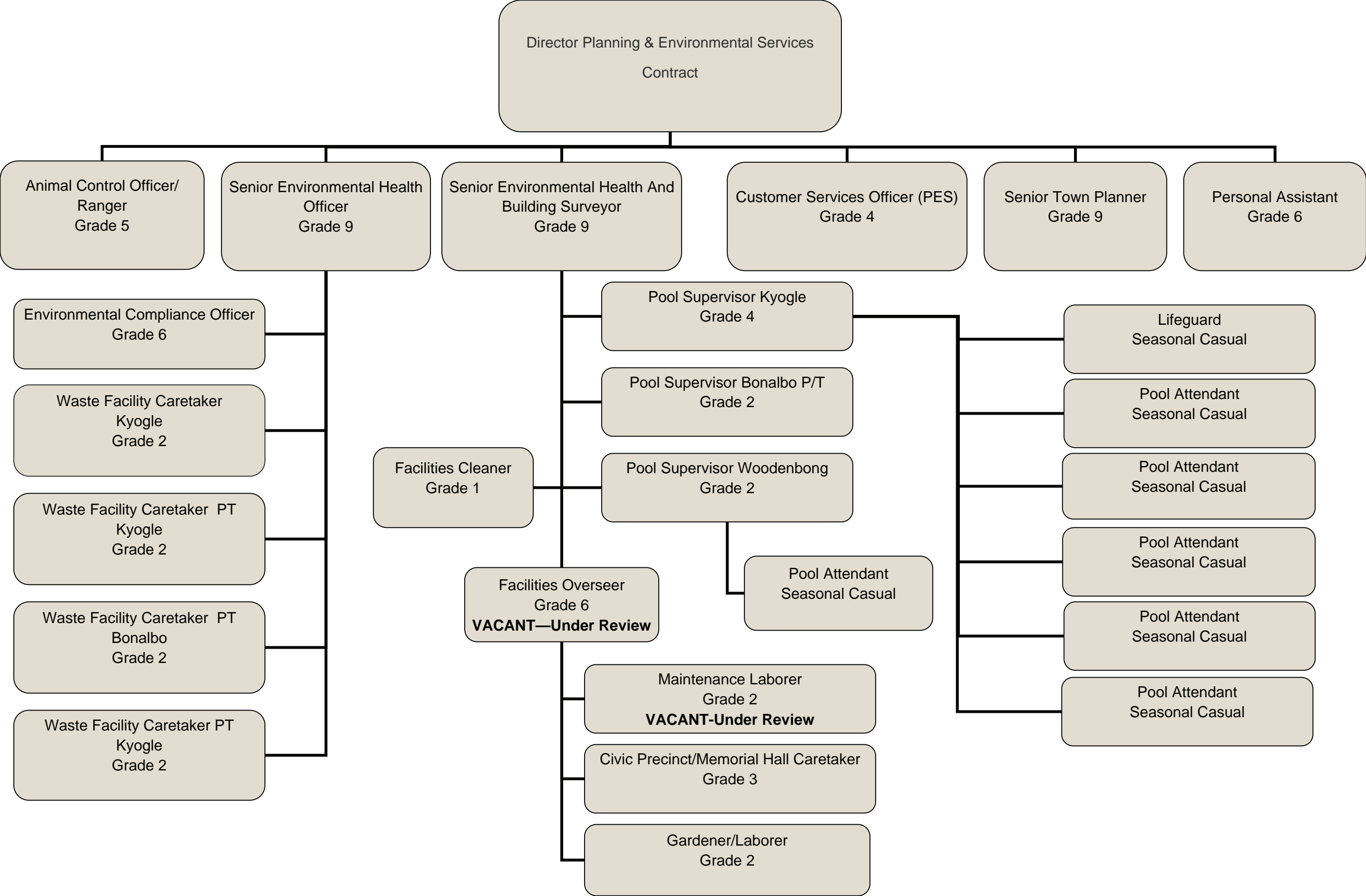
Office of General Manager



Department of Corporate and Community Services



Department Of Planning & Environmental Services



Department of Technical Services

