

2004-05

DEPARTMENT OF LOCAL GOVERNMENT
ANNUAL REPORT

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About the Department of Local Government

The Department of Local Government was established to provide a policy and legislative framework for the local government sector.

Local government is a \$6 billion industry in NSW and councils collect \$2 billion in rates. Efficient councils are essential for the wellbeing of ratepayers and residents across NSW.

There are currently 152 general purpose councils and 14 county councils in NSW. While councils are largely autonomous bodies, accountable to their electors, they are subject to state control in certain areas of their administration. They are governed by the Local Government Act 1993 and also administer a large number of provisions in other legislation.

We are principally a policy and regulatory agency, acting as a central agency for local government with a key role in managing the relationship between councils and the state government. We are responsible for the overall legal, management and financial framework of the local government sector.

Our operating relationships are with state organisations, councils and peak organisations that represent councils and their various constituent interests. This includes the Local Government and Shires Associations (LGSA) which are the main representatives of councils in both political and employer arrangements, as well as the various professional organisations and unions that represent groups of local government employees.

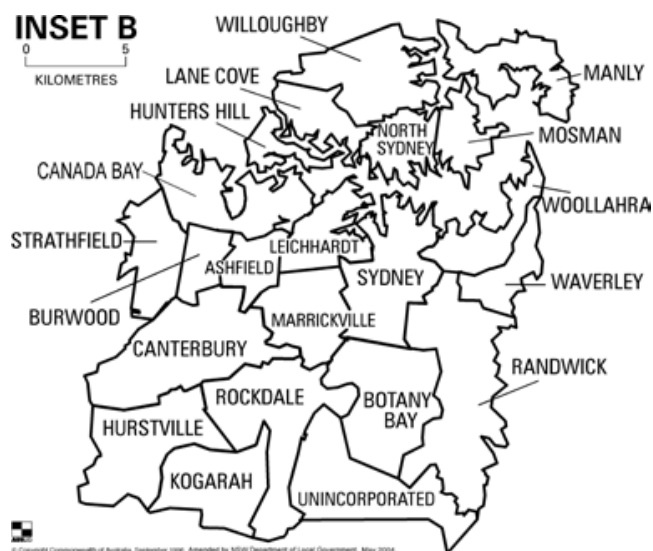
our charter



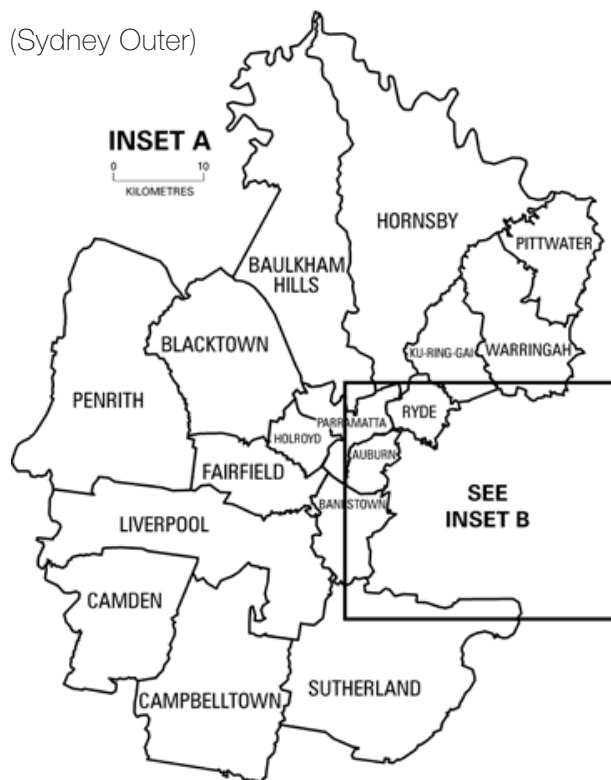
To foster a strong
and sustainable local
government sector
that meets changing
community needs

NSW councils

NSW Council Areas (Sydney Inner)



NSW Council Areas (Sydney Outer)



Council Areas in NSW



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Letter of submission



October 2005

The Hon. Kerry Hickey MP
Minister for Local Government

Dear Minister

I am pleased to present the annual report of the Department of Local Government for the year ended June 2005 in accordance with the Annual Reports (Departments) Act 1985.

The annual report includes the operations of the NSW Local Government Boundaries Commission, the NSW Local Government Grants Commission and the Local Government Pecuniary Interest and Disciplinary Tribunal, all of which were established under the Local Government Act 1993. The Tribunal reports separately on matters determined during the year.

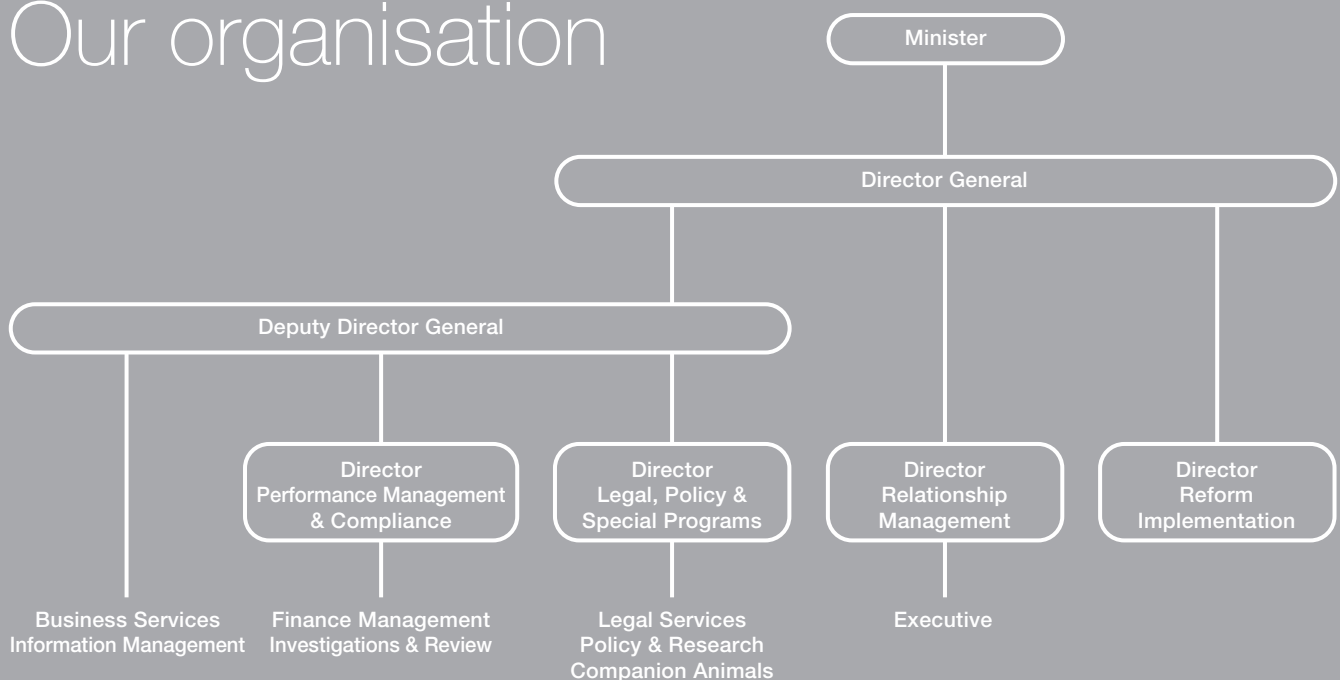
Yours sincerely

Garry Payne
Director General

Our corporate objectives

- Facilitate the effective implementation of the NSW Government's priorities, including the local government reform program that aims to improve the viability and sustainability of councils through a range of reform initiatives.
- Facilitate effective decision making for and within the local government sector.
- Work in partnership with stakeholders across sectors to respond to the needs of local government.
- Manage and promote performance in the local government sector so it can operate efficiently and effectively.

Our organisation



Summary review of our operations

The Department of Local Government has seven branches that work together to provide a policy and legislative framework for the local government sector. These branches are our executive branch, business services, information management, legal services, policy and research, finance management, and investigations and review branch. Our operational branches are grouped within two directorates.

Director Reform Implementation

The Director Reform Implementation provides high level strategic advice and research services to the Director General and the Minister on various issues affecting the local government sector. A key responsibility is to provide liaison, support and training services for new councils to ensure the successful implementation of our reform program.

Director Relationship Management

The Director Relationship Management has a key quality control role and is responsible for ensuring the quality and standards of the department's strategic advice to the Minister and the government, and its communications and consultative mechanisms with key stakeholders and the community. The role also includes developing corporate strategies, plans and work programs to meet key departmental outcomes and ensuring client services are delivered within agreed deadlines.

Executive

Our executive branch coordinates strategic directions, corporate planning, ministerial and departmental services relating to briefings and correspondence, public enquiries, customer services, publicity and information. We also provide support services for the Director General.

Business Services

Our business services branch provides infrastructure coordination and management for human resources including EEO and training, financial services, records management and administrative services such as insurance, fleet management and accommodation.

They also:

- coordinate the department's strategic management activities
- manage the pensioner concession subsidy scheme.

Information Management

Our information management branch provides quality information and communications technology advisory and support services to internal and external clients and maintains a computer systems infrastructure to support business objectives.

They also:

- develop systems to support the department's mission and objectives
- coordinate all data collection activities for our business units
- maintain the department's website.

Legal, Policy & Special Programs Directorate**Legal Services**

Our legal services branch identifies and reviews the need for changes to local government legislation and formulates legislative proposals.

They also:

- provide high level legal policy advice to the government on a wide range of issues affecting local government
- process leases and land resumptions for councils
- prepare briefs on and present pecuniary interest matters before the Pecuniary Interest Tribunal
- provide support to the Local Government Boundaries Commission.

Policy and Research

Our policy and research branch identifies critical issues in local government management, develops policy, and conducts research to promote best practice in local government.

They also:

- conduct extensive interagency consultation to make sure that local government issues are considered in the relevant context
- help councils successfully implement local government legislation
- manage programs in councils that deal with social planning, sewage management, multicultural issues, EEO, state of the environment reports and annual reporting.

Companion Animals Unit

Our companion animals unit manages the companion animals program which aims to promote responsible pet ownership in accordance with the Companion Animals Act 1998. As part of this, the unit oversees administration of the permanent identification and lifetime registration system and allocates funds to community education initiatives.

Performance Management and Compliance Directorate

Finance Management

Our finance management branch monitors local government financial matters including the financial position of councils, rates and charges, rebates, loan borrowings and capital expenditure reviews.

They also:

- collect information and conduct research and policy development on financial and rating issues
- manage the annual allocation of loan borrowing authority between councils
- advise the Minister on rate pegging levels and applications by councils for exemption from rate limitations
- manage the development and application of AAS27, the local government accounting code
- identify benchmarking standards to encourage councils to adopt best practice opportunities
- prepare a report each year comparing the performances of councils using key management performance indicators.

Investigations and Review

Our investigations and review branch assesses and investigates complaints and allegations about the conduct and activities of councils, elected members and council staff.

They also:

- complete special investigations into councils and inquiries on pecuniary interest matters
- identify areas of local government administration that need more effective control procedures
- support the Pecuniary Interest and Disciplinary Tribunal
- provide 'best practice' advice and educational information for elected members and staff on a range of matters related to complaints and probity
- liaise with the Independent Commission Against Corruption and the NSW Ombudsman in relation to the department's investigative function.

our management team



Chief Executive Officer

Director General

Garry Payne BBus, MLGMA

Senior Staff

Deputy Director General

Ross Woodward BTP, MTP

Director Performance
Management & Compliance

Grahame Gibbs
BBus (Acct), ASA

Director Legal, Policy
& Special Programs

Paul Chapman LLB

Director
Relationship Management

Michelle Squire
BSocSci (Psych), MURP

Director
Reform Implementation

Michael Fleming
BA, Dip Ed, MEd (Hons)

Branch Managers

Manager Business Services

John Hogg B Comm, BA

Manager Executive Support

Anne Guzman BA, MPS

Manager
Information Management

Dennis Amey
BA, Grad Dip Inf Sys

Manager Investigations
and Review

Dominic Riordan BA, LLB

Manager Finance Management

Carmen Spreitzer B Comm

Manager Legal Services

Alice Leslie BA, Dip Law,
Grad Dip Environmental Law

Manager Policy and Research

Karen Paterson
BA, M Soc Sci (Hons),
M Pol Stud, Dip Comm Psych

Companion Animals Program
Manager (Acting)

Ian Ratcliff
LLM LLB (Euro) (Hons)

Director General's foreword

This year we have continued our reforms of the local government sector so councils can deliver better services to their communities.



A key focus was assisting the 22 newly established councils so they could continue to extend services and improve their financial viability.

We have also implemented new legislation that gives councils the capacity to develop comprehensive long-term improvement programs for their communities, by providing structured rate increases over a period of up to 7 years.

In late 2004 we began the second phase of the local government reform program—promoting better practice—in partnership with the sector. We have conducted reviews of council operations that have helped us to identify, and promptly remedy, poor performance and identify and share examples of good practice.

This year we received more complaints about councils. We also started a major investigation and two public inquiries. As part of our increasingly proactive approach, we plan to make more visits to councils during 2005–06 to identify any problem issues at an earlier stage.

Following the public inquiry into Liverpool City Council, we developed a process for councils involved in public private partnerships. Our new legislation is a national first—it aims to ensure better decision making by councils with potential risks to ratepayers defined.

To improve community confidence in local government, we made significant progress in addressing concerns about councillor misbehaviour. We developed a new model code of conduct and supporting guidelines for councils in NSW to clarify the standards of behaviour that the community expects of councillors. We have also introduced further disciplinary mechanisms and established a new Pecuniary Interest and Disciplinary Tribunal with the power to suspend councillors for proven misbehaviour.

During the year, the government announced a ban on the breeding of restricted breeds of dogs including pit bulls and American pit bull terriers. We are currently proposing legislation to bring this ban into effect and to give authorities greater power to deal with dog attacks. We will continue to consult with professionals and organisations with relevant expertise.

The recommendations from the public inquiry into Tweed Shire Council will require our attention in 2005–06. The Inquiry Commissioner's full report of July 2005 has identified a range of issues that will need to be considered by several agencies, as well as our department and the Tweed Shire Council administrators.

This year we have reviewed and updated our corporate plan, after extensive consultation with all staff, and maintained a strong focus on staff development. All staff were trained on a range of core public sector issues and we started a new management development program. We have also undertaken a comprehensive review of all our human resources policies and processes.

I thank staff for their efforts on our various projects throughout the year and encourage their continued commitment to our corporate goals in 2005–06 in cooperation with our new Minister, the Hon Kerry Hickey MP.



Garry Payne
Director General

Director General's performance statement

Performance Statement 2004–05

Name: Garry Payne

Position: Director General Level 7

Period: 1/9/2004–31/8/2005

Key Accountability—Economic Development

- Responsible for contributing to the economic development of the State.
- Responsible for management of overall legislative and policy framework for local government in NSW.

Outcomes

- More efficient and responsive government through implementation of Government policy decisions concerning local government.
- Continued implementation of structural reform of the sector since commencement of the Government's Local Government Reform Program in September 2003. Since February 2004, the total number of councils in NSW has been reduced from 172 to 152, the most significant change to the structure of local government in NSW in over 20 years.
- 22 new councils have been constituted as a result of the Government's reform program, many of which have already undertaken significant work in extending service provision into previously un-serviced areas, and have improved financial viability and capacity to make a significant contribution on a regional scale.
- Legislation to effectively manage the sector's involvement in Public Private Partnerships. This implemented the recommendations of the Liverpool City Council Public Inquiry, and will ensure better decision making by councils with potential risks to ratepayers defined.
- Legislation to enable rate increases over 7 years provides councils greater flexibility to generate enough income to implement a comprehensive long-term program of improvement for communities.

Key Accountability—National Programs

- Ensure NSW is a participant in appropriate National programs affecting local government.

Outcomes

- NSW has continued to participate in appropriate National programs and has responded to a number of significant national issues including water reform and national security.
- NSW has participated in Local Government and Planning Joint Officers Group (LGPJOG) and Local Government and Planning Ministerial Council (LGPMC) meetings.

Key Accountability—Best Practice

- Identification and development of best practice strategies for local government sector.

Outcomes

- Development of departmental capacity for increased investigatory activity and proactive performance management strategies, involving extensive training and project work in partnership with the sector.
- Development and commencement of the Promoting Better Practice initiative, the second phase of the Government's Local Government Reform Program. In partnership with the sector, this approach involves new departmental review teams conducting full reviews to evaluate and give feedback on the effectiveness and efficiency of key aspects of council operations.
- The Department has also encouraged council efforts to form strategic alliances to share resources in order to provide improved and more efficient services to their communities.
- Continued promotion of good management practice throughout the local government sector to maximise best use of all resources to provide for long-term viability.
- Continued development of a wide range of explanatory publications and guidelines for councils to assist in the implementation of legislative requirements and best practice.
- Continued provision of accessible information on local government issues for the community and local government sector through use of innovative and advanced information technology.

Key Accountability—Monitoring & Compliance

- Monitoring and compliance with Local Government legislation.

Outcomes

- The Promoting Better Practice initiative has placed emphasis on increasing the investigative capabilities of the Department. There have been increased visits to councils to monitor and review council compliance with the Local Government Act, identify councils potentially facing financial difficulties, assist councils experiencing operating difficulties, and assist councils undergoing amalgamation or boundary changes
- Investigation of complaints and developmental work to assist councils establish effective complaints handling mechanisms has continued. Preliminary estimate of 1 152 complaints received during the 2004–05 financial year, compared to 1 069 during 2003–04.
- Investigation into Tweed Shire Council commenced.
- Public Inquiry carried out into Tweed Shire Council, resulting in the dismissal of Council and appointment of Administrators.
- Public Inquiry into Brewarrina Shire Council commenced.
- The Local Government Amendment (Discipline) Act 2004 established mechanisms to deal with misbehaviour by councillors, including breach of the council's code of conduct, in order to remove disruptive behaviour from local councils and improve community confidence in local government.
- Significant role in managing local government involvement in private-public partnerships for major infrastructure projects.
- Early identification of councils experiencing financial difficulties and monitoring of 11 councils.
- Implementation of recommendations from the Companion Animals Act Review, and the Government's decision to strengthen laws regarding dangerous dogs.
- Continued liaison with a number of industry groups.

Key Accountability—Consultation & Representation

- Ensure effective relationships and consultation mechanisms are maintained with local government and relevant State and Federal agencies to assist in development of appropriate programs and strategies.

Outcomes

- Continued successful management of significant change process in the sector in consultation and cooperation with the sector and relevant State agencies.
- Excellent relationship management with the sector and relevant State and Federal agencies to achieve desired outcomes.
- Proactive identification of emergent sector issues and increased emphasis on development of Departmental capacity to lead development of best practice strategies.
- Improved integration of issues affecting local government across State agencies through cooperative work with other Departments on key projects.
- Continued involvement in the development of a number of joint publications with other agencies on issues of strategic relevance.

Key Accountability—Government Policies

- Implementation and achievement of Government's policies in relation to local government.
- Administration of the framework for local government in NSW.

Outcomes

- Continued implementation work following the most significant sector reform in 20 years under the Local Government Reform Program and the major refocussing of the Department's role in policy implementation.
- Successful passage of significant legislation associated with councillor behaviour, public private partnerships, rating and companion animals.
- Conduct of a significant training initiative in cooperation with the sector, and ongoing training activities undertaken on financial management.
- Rate increase for Councils limited to 3.5%. A total of 42 applications for special variations were submitted for consideration for 2005–06. Of these, 2 were withdrawn, 24 were approved, 10 were declined and 6 received approval for partial increases.

Key Accountability—Organisational Management

- Effective management practices.
- Achieve a diverse and representative agency workforce which results from employment practices that:
- Increase the representation, distribution, pay equity and competitiveness of EEO groups in all job types, at all levels.

- Acknowledge and value diverse cultures and languages which are responsive to the needs of its customer base.
- Ensure access and equity programs actively implemented.
- Occupational health and safety managed to minimise adverse situations.
- Manage corporate credit card usage and compliance within Department.
- Sound resource management.

Outcomes

- Innovative and effective management practices employed to direct resources to achievement of significant sector improvements and emergent priorities, and assist staff to work smarter in delivering results from a regional location.
- A Department which is able to respond quickly to changing policies and initiate proactive approaches to the sector's needs.
- A safe, fair, tolerant and ethical work environment.
- Conduct of specific training to ensure cultural diversity is acknowledged and valued by staff, grievances are handled in accordance with policies, and harassment is not tolerated.
- A financially responsible Department.
- Occupational health and safety issues managed successfully.
- Continued emphasis on training on core aspects of working for government and skill development to support a proactive and flexible work culture.
- Commencement of new performance management system developed in consultation with staff.
- Review and update of Code of Conduct completed.
- Regular reporting of achievements against new corporate plan improving the focus and capacity of the Department's operational base.
- Comprehensive review and update of various human resource policies and practices undertaken in consultation with staff.
- Commencement of a Management Development program.

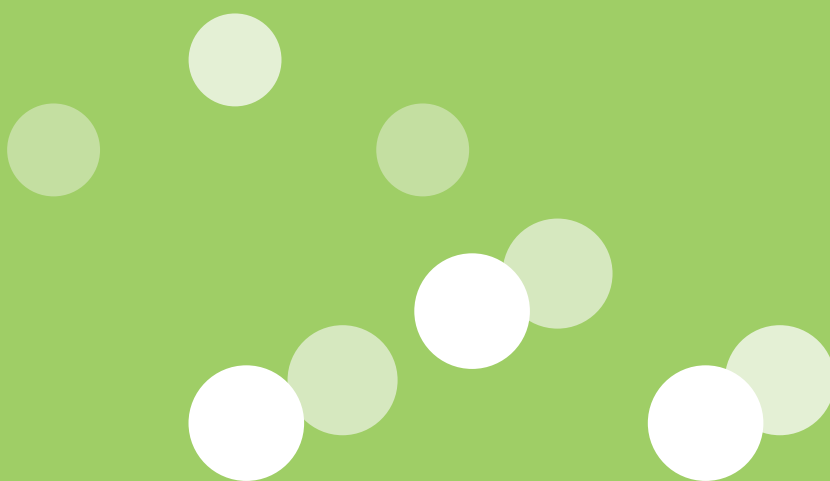


Garry Payne
Director General



The Hon Kerry Hickey MP
Minister for Local Government

Our key achievements for 2004–05



Implementing reform and promoting better practice

The local government reform program aims to improve the delivery of local government services to communities by making councils more viable and sustainable. It started in September 2003 as a two year program, with the possibility of continuing for a third year.

Our initial focus was on structural reform. This led to the creation of 22 new councils through boundary changes and amalgamations. Our new Director, Reform Implementation has worked closely with these 22 councils this year to ensure their successful establishment and the delivery of the reform program's training component, in partnership with the Local Government and Shires Associations of NSW.

There are now 152 councils operating across NSW, compared to 172 at the start of the reform program.

The full benefits of these reforms will be realised in the long term, but we have been gathering information on initial impacts. Many of the new councils have already started to extend services into previously unserved areas and, with their improved financial viability and capacity, are making a significant contribution at a regional level.

Resource sharing and strategic alliances

There has been a significant increase in resource sharing and strategic alliances between councils since the reform program started. The government is supportive of councils working more closely together if they can achieve better service outcomes and more efficient service delivery for their communities.

Some of these new arrangements are already generating savings and benefits for their communities.

For example:

- The New England Councils Alliance consists of Armidale Dumaresq, Guyra, Uralla and Walcha Councils. These councils advise that this alliance has produced savings of just over \$1 million and increased service levels—particularly for the smaller councils—in areas such as geographic information systems, improved ranger services, access to a greater pool of expert human resources and enhanced regional-based planning.
- The WBC Alliance consists of Wellington, Blayney and Cabonne Councils. These councils advise that this alliance has produced savings of around \$1 million and increased service levels. There is now improved plant utilisation, improved employment and training opportunities, and enhanced planning and resource management.
- The Murray and Campaspe Council Alliance is an alliance between a NSW council and a Victorian council. Murray Shire Council advises that this alliance has resulted in savings of over \$1.5 million. This shows that state borders do not represent a barrier to councils working with their neighbours.

More recently formed alliances include the:

- Upper Murray Partnership—another cross border partnership that includes Tumbarumba and Greater Hume Shires from NSW and Towong Shire from Victoria.
- Murray, Deniliquin and Conargo Shires partnership agreement.
- Forbes, Parkes, Lachlan and Weddin Alliance.

In addition, a number of benefits accrue to councils through the activities of their regional organisations of councils (ROCs).

For example:

- The Western Regional Organisation of Councils has recently announced that member councils have received rebates of over \$200,000 for goods bought under their joint buying scheme.
- A recent study by the University of New England has estimated that the Riverina Eastern ROC has provided savings of over \$4.5 million over a five year period for its members.

- Hunter Councils Inc provides shared services, training and regional procurement and is also pursuing a number of commercially oriented activities on behalf of its members.

We provide advice and support to councils interested in resource sharing and strategic alliances and will continue to monitor these developments next year. We are also reviewing the possible use of a cooperative service delivery model for western district councils.

Promoting better practice

This year we began another part of the local government reform program—promoting better practice—which focuses on performance improvement.

As part of this, we conduct reviews or 'health checks' of council operations so we can identify and promptly remedy poor performance and promote examples of good practice.

Teams of our staff closely evaluate the effectiveness and efficiency of key aspects of council operations and then provide feedback. We look at a council's overall strategic direction, check compliance, examine appropriate practices, and ensure the council has frameworks in place to monitor their performance. We then make recommendations to treat any performance problems or prevent them arising in the future.

We have developed standardised tools that many councils are now using to evaluate their own practices and processes, even before we do a formal review. These tools include self-assessment checklists covering areas such as governance, finance and asset management, regulatory issues, community consultation and workforce relations.

Many councils do want to do better and be part of a developing culture of self-reflection and improvement in the sector. They are enthusiastic about the review process and the level of cooperation with our review teams has been for the most part excellent.

In late 2004, we conducted an initial review pilot at Campbelltown City Council. We then reviewed councils in various parts of the state including Lockhart, Jerilderie, Urana, Hornsby, Wyong, Murray, Wakool, Berrigan, Gosford, Port Stephens, Maitland and Dungog.

Our reviews so far have found that performance improvements are particularly required in the following areas.

- A range of governance practices—such as risk management, tendering procedures, procedures for closing meetings, and compliance with pecuniary interest disclosure requirements—need to be improved.
- Updated codes of conduct and conduct committees need be put in place more quickly.
- Complaint handling policies and procedures are generally poor, even among the larger councils.
- Insufficient time is being spent developing and working under a clear overall strategic plan for the future. This leaves councils vulnerable and ill prepared to meet future challenges such as an ageing population, skills shortages, and environmental challenges like water shortages. This problem is compounded by a heavy reliance on rating and grants by smaller councils, with little if any evidence of strategies to explore alternative funding sources. Councils are also not doing enough to put in place long-term asset management plans.

Another eight reviews—of Mosman and Manly, Moree Plains and Brewarrina, Narromine and Dubbo, and Tumut and Tumbarumba Councils—are underway.

Wherever possible, we try to focus our reviews on two neighbouring councils. We have found this creates interest and momentum within a region and encourages councils to share strategies and approaches that are working well.

Investigations and public inquiries

The Department of Local Government is principally a policy and regulatory agency. We act as a central agency for local government and have a major role in managing the relationship between the state government and local councils. We are responsible for the overall legal, management and financial framework of the local government sector.

When serious breakdowns in council operations occur, the Local Government Act 1993 provides two significant mechanisms for our intervention—section 430 investigations and section 740 public inquiries.

Under section 430 of the Local Government Act, our Director General has the power to carry out investigations into council operations. Generally this power is only used where the consequences of a council's conduct are having a serious impact on the local community. The Director General appoints a departmental officer as his authorised representative to meet with councillors and staff, gather and analyse relevant information, and then prepare a report on findings including recommendations for the council to implement.

Under section 740 of the Local Government Act, the Minister for Local Government has the power to appoint a Commissioner to conduct a public inquiry into a council. This is a necessary step before a council can be dismissed. The Minister may order a section 740 inquiry at any time—it may or may not result from a recommendation in a section 430 investigation.

Public inquiries are essential when a council becomes dysfunctional or inoperable through maladministration, corruption or some other reason. After the inquiry process, the Minister may appoint an administrator.

We generally need to seek supplementation from Treasury to finance public inquiries because of their scale and importance, and the need to engage suitable professional consultants to do this work for us. Inquiries are usually Sydney-based with opportunities offered for staff from our Nowra office to work on them on secondment.

This year we began a section 430 investigation into Tweed Shire Council, assisted with section 740 inquiries into Tweed Shire Council and Brewarrina Shire Council, and started implementing the recommendations from the Liverpool City Council inquiry.

Tweed Shire Council

In May 2001, an investigation was conducted into planning practices and procedures for two major coastal developments—Kings Forest Estate and Seaside City.

After delays caused by legal proceedings, the final report was released on 19 June 2002 and tabled in Parliament. The report raised a number of issues and made a number of findings that our Director General considered might amount to corruption or suspected corruption. The report was therefore referred to the Independent Commission Against Corruption under section 11 of its Act on 19 June 2002.

Both the department and the Minister continued to receive a significant number of complaints about planning matters in the Tweed area. In 2003–04 we received 36 complaints, mostly about council's planning performance. From July to November 2004 we received over 30 more complaints about council's conduct.

On 10 November 2004, the Minister appointed Emeritus Professor Maurice Daly to conduct a public inquiry into Tweed Shire Council. The terms of reference were to inquire, report and provide recommendations on the efficiency and effectiveness of the governance of Tweed Shire Council.

A key issue was whether the elected representatives had adequately, appropriately and reasonably carried out their responsibilities in the best interests of all ratepayers and residents, in an environment free from conflicts of interests. Another important issue was the appropriateness of the procedures and processes adopted by council in relation to its environmental planning responsibilities, including the processing of applications for significant developments.

On 15 and 22 March 2005, Commissioner Daly wrote to our Minister and the Minister for Infrastructure and Planning about possible breaches by Tweed Shire Council of various provisions of the Environmental Planning and Assessment Act 1979.

In particular, Commissioner Daly provided examples of prima facie evidence suggesting that council had not given effect to or enforced various provisions relating to section 96 modifications and section 94 contributions and failed to take enforcement action regarding illegal work. He expressed his concern that similar breaches might occur in the period between the closure of the public hearings and the possible tabling of the inquiry report.

The Minister for Infrastructure and Planning requested that action be taken to authorise an investigation under section 430 of the Local Government Act into aspects of the performance of Tweed Shire Council and the exercise of its environmental planning and assessment functions.

On 24 March 2005, the Director General of the Department of Local Government authorised such an investigation to be undertaken by Mr Ross Woodward, our Deputy Director General.

The terms of reference included investigating and reporting on:

- Council's processes for performing their environmental planning and assessment functions—including the processing, assessment and determination of significant development applications, the determination of contributions under section 94 of the Environmental Planning and Assessment Act, and applications to modify development consent conditions under section 96 of the Environmental Planning and Assessment Act.
- Whether there has been any failure by council to comply with, carry into effect or enforce the provisions of the Environmental Planning and Assessment Act and/or any environmental planning instrument.
- Whether sufficient grounds exist to recommend the appointment of an environmental planning administrator under section 118 of the Environmental Planning and Assessment Act.

In late July 2005, Mr Woodward sent his draft report to Tweed Shire Council and the Department of Infrastructure, Planning and Natural Resources for comment.

On 24 May 2005, Commissioner Daly submitted his first report to the Minister, recommending that all civic offices in relation to the council be declared vacant. The recommendation to dismiss the council was proclaimed by the Governor on 25 May 2005. The Minister also announced the appointment of three administrators—Mr Garry Payne, Director General of the Department of Local Government, Ms Lucy Turnbull, former Lord Mayor of Sydney City Council and Mr Max Boyd, former Tweed Shire Councillor—until the next scheduled local government elections in September 2008.

Seven other councils have been dismissed in the past eight years. They are Liverpool (2004), Walgett (2004), Rylstone (2004), Warringah (2003), Windouran (2000), Bega Valley (1999) and Maitland (1997).

Brewarrina Shire Council

On 22 June 2005, the Minister announced a public inquiry into Brewarrina Shire Council. The inquiry followed a promoting better practice review into the council between 31 May and 3 June 2005 as part of the local government reform program.

Brewarrina Shire Council is in the far west of NSW. It covers an area of some 19,000 square kilometres, has 12 councillors and a population of 2,147.

The review team found some serious issues of possible maladministration and that the council had a general lack of understanding of the provisions of the Local Government Act. Councillors did not understand their roles and responsibilities and council was failing to adopt procedures and processes in accordance with the Act.

Our review also found that:

- Council had difficulty attracting and keeping experienced staff due to their inefficient and ineffective operations.
- Staff morale was low as the General Manager was not addressing and dealing with concerns raised by staff.

- There were financial concerns including a run-down of council infrastructure, a tardiness to repay unexpended grant monies and difficulties managing finances and assets.

The Minister appointed our Deputy Director General, Mr Ross Woodward, as Commissioner of the public inquiry under section 740 of the Local Government Act. He will inquire, report and provide recommendations to the Minister on the efficiency and effectiveness of the governance of Brewarrina Shire Council. Public hearings will be held in the first half of 2005–06.

Some key issues covered by the terms of reference of the inquiry include:

- The roles and responsibilities of the elected representatives and whether they have carried out these responsibilities in the best interests of all ratepayers and residents.
- Council's governance policies, meeting practices and procedures, and environmental planning processes.
- The appropriateness and effectiveness of the relationship between elected representatives and council staff—particularly the General Manager—and between council, the community and other government agencies providing funding or services in the area.
- The financial management and control of council and the adequacy of their annual or longer term planning for the provision of services in the area.

For more information about the Brewarrina inquiry, please see our website—www.dlg.nsw.gov.au.

Liverpool City Council

Our 2003–04 annual report set out details of the public inquiry conducted by Emeritus Professor Maurice Daly into Liverpool City Council's financial management and processes associated with the re-development of Woodward Park. Central to these processes were 'partnerships' entered into between the council and private sector entities, generally known as public private partnerships or PPPs.

Commissioner Daly's first inquiry report recommended that the council be dismissed and an administrator appointed. This recommendation was adopted. On 16 March 2004, council was dismissed and Ms Gabrielle Kibble AO was appointed as administrator.

On 28 June 2004, Commissioner Daly made his second report which set out recommendations on the future legal and policy framework for councils entering into public private partnerships. He focused on the lessons to be learnt from the experience at Liverpool City Council that may apply to all other councils considering PPPs.

On 26 July 2004, the Commissioner released his final report, including his final recommendations.

Some of the key recommendations were that:

- Liverpool City Council negotiate a speedy and honourable resolution with Macquarie Bank on the issues in dispute regarding council's memorandum of understanding with the bank.
- The Minister provide the Australian Securities and Investments Commission and the Director of Liquor and Gaming with a copy of the report and other information to help them to assess whether there have been breaches of legislation under their jurisdiction.
- There needs to be a new system to regulate public private partnerships and large projects to ensure transparency, accountability and due process.
- Councils adopt processes to better manage their, at times conflicting, roles as parties to large projects and PPPs and regulators of land use in their council areas.

Public private partnerships

This year we have been developing a model for the effective management of council involvement in public private partnerships. This is part of the government's response to a key recommendation made by Commissioner Daly in the Liverpool City Council Inquiry.

Our new legislation—the Local Government Amendment (Public-Private Partnerships) Act 2004—is a national first. It aims to ensure better decision making by councils, with potential risks to ratepayers defined.

The amending legislation introduced a new Part 6 into Chapter 12 of the Act regulating the formation and conduct of projects by NSW councils under public private partnerships.

The main provisions are:

- A definition of public private partnerships (PPPs) as contracted arrangements—including partnerships, trusts, corporations, joint ventures, syndicates or other bodies formed—for the provision of infrastructure, facilities or services. The definition excludes normal council relationships with the private sector such as tendering, sales or leasing of land and facilities, and councils acting as trustees for donations and bequests.
- An assessment of any PPP project proposal must be submitted to the Department of Local Government. This will include matters specified by guidelines to be published under the new section 400C and a risk analysis of the proposal.
- If the proposal is significant in the context of the local government area—total value of \$50 million or more and/or council input valued at more than 25% of the council's annual revenue available for that type of project—then the proposal will be externally reviewed by a project review committee established under the Act.
- If the project does not meet the threshold but is considered to be of high risk, then it may also be subject to review by the committee.

If a project is subject to review by the committee, a council may not enter into contracts unless the committee is satisfied that the proposal meets the conditions specified in the PPP guidelines.

These requirements will include:

- an independent assessment of project feasibility—financial and market where appropriate
- due diligence and risk assessment
- appropriate governance, administrative and project management arrangements
- an expressions of interest process leading to the selection of preferred partners.

These requirements are no more than prudent management principles would dictate if councils were doing the work themselves.

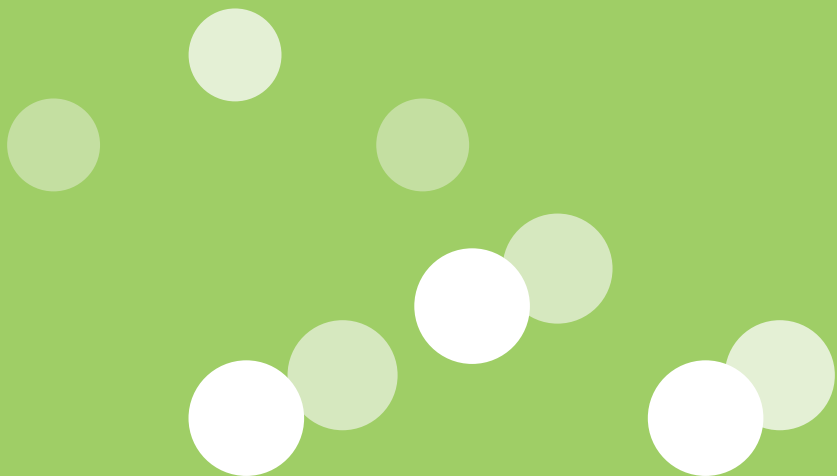
The committee's role is to ensure that the council has undertaken the appropriate analysis and market assessment in developing the proposal, and an appropriate management structure is in place for the conduct of the project. The nature or merit of the proposal is not a matter for the committee to assess.

The PPP committee will consist of representatives from the Department of Local Government, the Premier's Department, the Cabinet Office, NSW Treasury and the Department of Infrastructure, Planning and Natural Resources. It will meet monthly to assess PPP proposals against the guidelines. Proposals should be submitted to the committee as soon as a council resolves to enter into a PPP. They will be assessed as quickly as possible, but exact timeframes will depend on the complexity of the proposal.

All PPP projects, regardless of whether they are subject to review by the committee or not, will be required to comply with the guidelines for project management structure and conduct.

These guidelines will be released by the Minister in September 2005. Compliance with them is mandatory and the regulatory framework will be operational once the guidelines have been published.

Our performance in 2004–05



Our corporate plan goals

Our goals describe the priorities that the department will focus on to achieve a clear policy and legislative foundation for local government. These drive our branch planning and individual actions.

Reforming local government

Our aim is to facilitate the effective implementation of the government's priorities, including the local government reform program. This program aims to improve the viability and sustainability of councils through a range of reform initiatives.

Advising government

Our aim is to facilitate effective decision making for and within the sector.

Developing our people

Our aim is to ensure skilled, efficient and adaptable people are able to work together in a safe workplace.

Building relationships

Our aim is to work in partnership with our stakeholders across sectors to respond to the needs of local government.

Communicating effectively

Our aim is to ensure we provide accurate, timely and useful information on local government issues.

Driving success

Our aim is to manage and promote performance in the local government sector so it can operate efficiently and effectively.

Managing our resources

Our aim is to manage our resources efficiently, equitably and with clear accountability.

Reforming local government

Our aim is to facilitate the effective implementation of the government's priorities including the local government reform program.

What we will do:

8.1.1. Implement identified reform initiatives

What we did in 2004–05

- Successfully implemented the most significant change process in the sector in over 20 years and supported the establishment of the 22 new councils created through the local government reform program.
- Started the second phase of the local government reform program in partnership with the sector—the promoting better practice initiative—involving conducting reviews to examine council operations and generally promoting performance improvement across local government.
- Developed legislation to effectively manage the local government sector's involvement in public private partnerships.
- Provided input for Cabinet minutes, instructions to parliamentary counsel and guidelines on public-private partnerships (PPPs), and established a PPP review committee.
- Amended the Local Government Act by the *Local Government Amendment Act 2005*, the *Local Government Amendment (Public Private Partnership) Act* and the *Local Government Amendment (Discipline) Bill 2004*.
- Released a new model code of conduct and supporting guidelines for councils in NSW.
- Set up a Pecuniary Interest and Disciplinary Tribunal with the right to suspend councillors for proven misbehaviour to improve community confidence in local government.
- Provided advice and information about rating structures for newly proclaimed councils and facilitated the making of Ministerial determinations.
- Developed legislation to enable rate increases over 7 years, providing councils with greater flexibility to generate enough income to implement a comprehensive long-term program of improvement for communities.

What we plan to do in 2005–06

- Implement the government's new approach to ensure that councils determine public private partnerships appropriately.
- Increase performance improvement in the sector by conducting further promoting better practice reviews.
- Conduct sector training on the new model code of conduct.
- Implement recommendations arising from the Tweed inquiry.
- Continue to provide support to ensure successful establishment of newly created councils.

What we will do:**8.1.2. Provide support to the Boundaries Commission and the Grants Commission****What we did in 2004–05**

- Provided information and expert financial analysis to assist the Boundaries Commission to reach its determinations on 6 proposals for boundary alterations and amalgamation of local government areas, and provided administrative support to its two public inquiries.
- Developed proclamations for the establishment of new councils in accordance with Boundaries Commission recommendations.
- Worked in partnership with the Department of Lands to produce new boundary descriptions and maps.
- Provided administrative support to the Grants Commission, distributing a total of \$500 million in quarterly financial assistance grant entitlements to councils within one business day of receipt, and arranging its visits to 39 councils to explain the grants process.
- Conducted two road and bridge audits to check the validity of data used in the Grants Commission's calculations.
- Provided input for the NSW government's response to the Commonwealth government's cost shifting inquiry report.
- Enhanced our webpage to provide further information about the work of the Boundaries Commission—during 2004–05, the commission's webpage received 19,852 visits and the Liverpool Public Inquiry site received 4,341 visits.

What we plan to do in 2005–06

- Continue to provide expert analysis and administrative assistance to the Boundaries Commission's examinations of reform proposals and public inquiries.
- Continue to provide administrative support to the Grants Commission

What we will do:**8.1.3. Research reform options****What we did in 2004–05**

- Researched and developed boundary alteration and amalgamation proposals for the Minister for Local Government.
- Completed profiles for each local government area in NSW—including demographic and financial data, comparative data for the region, and initial research and analysis of reform options.
- Completed research on cooperatives, strategic alliances and other forms of council partnership arrangements to investigate the feasibility of these models as reform options and help identify strategies to encourage councils to use them to deliver improved services.

What we plan to do in 2005–06

- Investigate incentives for the structural reform of councils.
- Continue to monitor and research reform options for the sector, and maintain the profiles of local government areas so that they contain up-to-date information.
- Work with councils in central western NSW to develop cooperative models to improve service delivery to their communities.
- Implement strategies to encourage councils to enter into strategic alliances and other partnership arrangements.

What we will do:

8.1.4. Strengthen our internal capability to deliver sustainable sector reform.

What we did in 2004–05

- Developed our new corporate plan, refocusing our work to make sector reform a priority, and created a new position of Director Reform Implementation.
- Encouraged staff to work on projects in partnership with sector professionals to develop the skills and experience of our workforce.
- Conducted significant staff training and development on core aspects of working for government and skill development to support a proactive and flexible work culture.
- Became more proactive in identifying emergent sector issues and increased our emphasis on enhancing departmental capacity to lead development of best practice strategies.
- Communicated the results and benefits of local government reform through speeches by our senior staff and the Minister to a range of key local government forums.
- Participated in two international local government conferences.

What we plan to do in 2005–06

- Achieve a greater level of staff involvement in visiting councils and identifying issues requiring departmental intervention at early stages.
- Increase our involvement in the development and delivery of sector training initiatives in partnership with key stakeholders.
- Conduct further training for our staff on core aspects of working for government to improve our accountability and effectiveness.
- Continue to develop the professional skills of our staff through project opportunities and training initiatives.
- Improve our responsiveness and quality of advice to the Minister.

For more information about issues in this section, please see:

Appendix 2—Promotion (overseas visits)

Appendix 22—NSW Local Government Grants Commission

For more information about the work of the Boundaries Commission, please see our web site at www.dlg.nsw.gov.au.

Advising government

Our aim is to facilitate effective decision making for and within the sector.

What we will do:

8.2.1. Coordinate and provide timely and accurate advice to the state government on issues affecting local government

What we did in 2004–05

- Provided the Minister with high quality briefings and speeches for use in Parliament and at various conferences and functions.
- Provided responses to 53 cabinet minutes affecting local government.
- Prepared replies to 2,591 items of ministerial correspondence.
- Prepared legal advice on proposals by councils to compulsorily acquire land and lease community land, statutory interpretations, pecuniary interest matters and the legislation administered by the Minister for Local Government.
- Provided policy advice on issues ranging from reform, council finances, councillor behaviour, bushfires, dangerous dogs, greywater re-use, and land use planning and building matters to noxious weeds, asbestos and food safety.
- Started the local government reform program—promoting better practice initiative—with a pilot review in partnership with Campbelltown City Council.
- Released a discussion paper on the impact of the Water Management Act 2000 on council rating.
- Conducted research into the characteristics of candidates and councillors, councillor remuneration, links between social and public health planning, and council staff skills shortages.

What we plan to do in 2005–06

- Review the categories used by the local government remuneration tribunal to determine councillor fees.
- Investigate strategies to increase the representation of Aboriginal people and people from culturally and linguistically diverse groups in local government.
- Evaluate the effectiveness of alcohol free zones.

What we will do:

8.2.2. Provide a clear policy and legislative framework for local government

What we did in 2004–05

- Amended the Local Government Act to:
 - include requirements for councils entering into public-private partnerships
 - incorporate measures to address serious or continuous councillor misbehaviour
 - allow councils a one off opportunity to apply for approval to reduce the number of councillors
 - require councils to adopt a policy about paying expenses to mayors and councillors
 - allow the Director General to approve standard contracts for senior staff of a council
 - clarify pecuniary interest provisions
 - allow councils to raise revenue to implement stormwater management strategies
- provide councils with rating options to address changes from the implementation of the Water Management Act.
- Prepared an exposure draft bill to amend the Companion Animals Act to include provisions to cover seized animals and animals not under effective control.
- Prepared a regulatory impact statement about the consolidation of the regulations covering companion animals, council elections, meetings and orders.

What we plan to do in 2005–06

- Review the legislation relating to backyard swimming pools—including widespread consultation with councils, community groups and peak bodies—and submit proposals for amendments.
- Develop and implement strategies to improve the operation and forecasting of the pensioner rebate scheme.

What we will do:**8.2.3. Provide advice and information to councils.****What we did in 2004–05**

- Supported the successful establishment of 22 councils created by the local government reform program.
- Advised councils about reform options and processes and provided professional assistance in development of proposals.
- Issued 65 circulars to councils on topics ranging from water safety, initiatives to address skills shortages in local government and portable soccer goal posts to rating issues, financial reporting, special variations and conflicts of interests.
- Released 13 publications for the sector on topics ranging from cultural planning to public inquiry findings.
- Completed a national framework for women in local government kit to help councils increase the representation of women among senior staff and councillors.
- Reviewed and revised a practice note on water safety.
- Gave presentations at a range of forums attended by councils including the management planners network, the annual NSW local government Aboriginal network conference in Moree, a housing affordability seminar in Mollismook, rating professionals state executive meetings and finance professionals regional meetings.
- Assessed council special variation applications, monitored expiring special variations, and confirmed excess/catchup results.
- Provided guidance to councils about statement of compliance returns and their compliance with rating legislation.

What we plan to do in 2005–06

- Continue to provide advice and assistance to councils participating in reform initiatives.
- Revise, update and reissue the council rating and revenue raising manual.
- Complete and disseminate guidelines on tendering, public-private partnerships, councillor expenses and tendering.
- Update the pensioner concession rebate forms.
- Review practice note no.14 on local approvals policies.
- Prepare a manual on procurement.
- Develop a resource kit to help councils to work more effectively with local Aboriginal communities.
- Review and issue revised versions of our guidelines for councils on physical activity, dance parties, and major and special events planning.

For more information about issues in this section, please see:

Appendix 1—Legislation administered and changes in Acts and subordinate legislation

Appendix 2—Promotion (publications)

Appendix 3—Circulars to councils

Appendix 21—Pensioner rebate payments

Developing our people

Our aim is to have skilled, efficient and adaptable people working together in a safe workplace.

What we will do:

8.3.1. Develop and implement a strategic human resources plan

What we did in 2004–05

- Prepared a 5 year workforce profile including age and skills sets.
- Reviewed our need for HR services in consultation with the Department of Gaming and Racing.

What we plan to do in 2005–06

- Finalise our strategic workforce management plan, and identify required resources, actions and timeframes for its implementation.

What we will do:

8.3.2. Regularly update our human resources policies and practices

What we did in 2004–05

- Reviewed and updated our HR policies and procedures in consultation with staff focus groups.
- Incorporated any changes or updates to HR policies or procedures on our intranet

What we plan to do in 2005–06

- Complete an induction kit for new staff.
- Streamline our recruitment processes.

What we will do:

8.3.3. Enhance staff capability through training

What we did in 2004–05

- Spent \$118,600 on individual skills development and training for staff on core aspects of working in government.
- Encouraged staff to undertake projects in partnership with sector professionals.
- Started a management development program.
- Incorporated identifying and developing skills in our business performance system.
- Held a series of in-house courses, presented by the Anti Discrimination Board, on harassment and bullying awareness and prevention, grievance handling procedures and other EEO topics.

What we plan to do in 2005–06

- Identify priority training requirements and source providers.
- Run in-house courses on recruitment and merit selection in the public sector.
- Continue management development training.

What we will do:

8.3.4. Implement the business performance system

What we did in 2004–05

- Started developing staff performance agreements.
- Began a process of quarterly business reviews linked to branch operational plans.

What we plan to do in 2005–06

- Finalise development of staff performance agreements and start ongoing review process.
- Continue quarterly business review reporting.

What we will do:

8.3.5. Ensure a team approach to our work

What we did in 2004–05

- Encouraged staff from various branches to work together on priority projects.
- Introduced structured monthly branch team meetings and rotated the position of chair and minute taker.

What we plan to do in 2005–06

- Promote a project management and cross branch approach to projects to spread workloads more evenly.

What we will do:

8.3.6. Meet our obligations as a responsible employer

What we did in 2004–05

- Introduced a new code of conduct stressing the standards of professional behaviour required of staff working in the public sector.
- Held 6 meetings of our occupational health and safety (OH&S) committee which has 2 employer and 5 employee representatives.
- Introduced new arrangements for conducting workplace inspections to identify potential hazards.
- Completed a comprehensive review of all our OH&S policies and procedures and developed an OH&S management action plan.
- Organised 2 ergonomic workshops attended by 25 staff and presented by the Commonwealth Rehabilitation Service, and 6 individual ergonomic assessments for employees at their workstations.
- Processed one workers compensation claim, compared to one in 2003–04.
- Included equity issues in branch planning and performance agreements.
- Updated our grievance policy and procedures and arranged special skills training for nominated staff contact officers.
- Achieved above the government benchmark for the employment of women.

What we plan to do in 2005–06

- Conduct an internal governance 'health check' of statutory requirements and best practice.
- Introduce a program to promote the employment of Aboriginal and Torres Strait islander people.
- Hold visual display unit (VDU) screening for employees.

What we will do:

8.3.7. Support our staff with innovative technology.

What we did in 2004–05

- Introduced a new electronic document and records management system (EDRMS) that streamlines the flow of documents and supports electronic approval processes.
- Provided staff with access to industry-leading content management technologies and improved remote access to the department's network.

What we plan to do in 2005–06

- Assist staff to process correspondence more efficiently by upgrading our EDRMS to refine and enhance workflow capabilities, web portals, content management and publishing.

For more information about issues in this section, please see:

Appendix 9—Human resources

Appendix 10—Our new code of conduct

Appendix 11—Equal employment opportunity

Appendix 12—Occupational health and safety

Appendix 13—Disability plans

Appendix 14—NSW government action plan for women

Building relationships

Our aim is to work in partnership with our stakeholders across sectors to respond to the needs of local government.

What we will do:

8.4.1. Work with key government agencies and peak bodies on local government matters

What we did in 2004–05

- Encouraged councils with an ageing population to implement appropriate and effective strategies in cooperation with the Local Government and Shires Associations of NSW (LGSA) and the Local Government Community Services Association (LGCSA).
- Developed guidelines for councillor expenses and facilities in partnership with the LGSA, and started working with them on electronic rates notices and joint purchasing arrangements.
- Clarified council powers of entry for new water supply, sewerage and stormwater drainage works under the Local Government Act in cooperation with the Department of Energy, Utilities and Sustainability (DEUS).
- Developed tendering guidelines in partnership with LGSA, the Local Government Managers Australia (LGMA), the ICAC, the Ombudsman and the Department of Commerce.
- Participated in over twenty inter-departmental committees including the local government public health strategic liaison group, the asbestos public education campaign working group, the design guidelines for active living working group, and the recycled water working group.
- Liaised with the Valuer General, Centrelink, the Department of Housing and transport authorities about changes to legislation and the impact on councils, and with NSW Treasury about annual global loan limits for councils.
- Visited representatives of the New England Alliance and the Hunter Repository to discuss the development of shared resource initiatives.
- Attended meetings of the management planners network, a special interest group of the LGMA.

What we plan to do in 2005–06

- Continue to work closely with key local government bodies such as the LGSA, LGMA and LGCSA and provide constructive input to a range of inter-departmental committees.
- Consult with DEUS, State Libraries & Department of Environment and Conservation on data for inclusion in our comparative information publication.

What we will do:**8.4.2. Improve the level of stakeholder involvement in key projects****What we did in 2004–05**

- Set up a group to review the new model code of conduct for councils in NSW. This group included representatives from the Ombudsman, the ICAC, the LGSA and LGMA, Bega Valley Shire Council, Mosman Municipal Council and Wollongong City Council. We also invited submissions from councils and other interested stakeholders.
- Provided the Ombudsman and the ICAC with monthly details of current complaints and had quarterly joint meetings involving all three agencies.
- Held meetings of the Local Government Accounting Advisory Group to consult with industry stakeholders on financial reporting and accounting issues.
- Attended rating professionals state executive meetings, regional rate group meetings and their annual conference.
- Managed a project to identify mechanisms for integrating public health planning by councils and area health services. Interviews were conducted with environmental health and community services staff from 13 councils in urban, regional and rural areas and staff from 8 area health services.

What we plan to do in 2005–06

- Develop a systematic approach to meeting with stakeholders.
- Prepare project plans with timeframes for all agreed projects.

What we will do:**8.4.3. Identify and develop new partnership opportunities to improve community outcomes.****What we did in 2004–05**

- Worked on two affordable housing projects with the Department of Housing and sponsored an award presented by our Deputy Director General at a housing conference in June 2005.
- Provided input on local government issues to the Action on Ageing Framework 2005–2010, prepared by the Department of Ageing, Disability and Home Care.
- Started a pilot project with the Community Relations Commission to assist councils to improve how they implement and report on the principles of multiculturalism. A project steering committee was set up and four councils were selected to participate in the pilot.
- Assisted the ICAC with presentations to local government audiences as part of their Illawarra and Central Coast rural and regional outreach visits in September 2004 and May 2005.
- Developed a companion animals housing partnership with the Department of Housing and provided reporting guidelines and \$10,000 each to Lake Macquarie, Penrith, Shoalhaven and Orange City Councils.

What we plan to do in 2005–06

- Host a trial of the housing affordability presentation kit with the Department of Housing and other housing sector representatives and participate in the development of a local government housing kit.

For more information about issues in this section, please see:

Appendix 4—Membership of significant committees

Appendix 15—Ethnic affairs priority statement

Communicating effectively

Our aim is to ensure we provide accurate, timely and useful information on local government issues.

What we will do:

8.5.1. Review and maintain the effectiveness of our electronic communication

What we did in 2004–05

- Implemented virtual private network technologies to improve remote access to our network resources and take full advantage of available broadband connectivity.
- Increased the security of our documents and records by ensuring that all communications are conducted over a secure network connection, and all access is verified and managed by our firewalling services.

What we plan to do in 2005–06

- Upgrade the network connections between our offices to cater for enhanced videoconferencing, telephony and document management.
- Upgrade our email services to support the latest server and client software.
- Review and upgrade our voice over IP communications to take full advantage of upgraded network services between Sydney and Nowra.

What we will do:

8.5.2. Develop and deliver training for the local government sector

What we did in 2004–05

- Worked with the LGSA to develop a major sector training package.
- Conducted a workshop on the financial issues facing councils at the annual conference of rating professionals.
- Developed and presented a finance management workshop for 11 remote councils.

What we plan to do in 2005–06

- Deliver sector training in partnership in LGSA.

What we will do:**8.5.3. Raise awareness about the role of local government****What we did in 2004–05**

- Started a review of our 'Your council, why do you pay rates' and 'How to have your say in council' brochures.
- Included details about the promoting better practice reviews in our finance presentations to groups of councils.
- Presented information on key issues to local government groups such as the governance network of the LGMA, the country mayors, the engineers association and the internal auditors network.
- Provided access to departmental documents free of charge and outside of the FOI process wherever possible and, as a result, received nine less FOI applications than in 2003–04.

What we plan to do in 2005–06

- Issue new brochures about the role of councils and our department.
- Review our correspondence templates.

What we will do:**8.5.4. Ensure our website is user friendly, up to date, accurate and informative.****What we did in 2004–05**

- Received a total of 595,133 visits to our web site—an average of 1630 visits a day. Our online local government directory received 146,440 visits and our council search by region page received 60,171 visits.
- Reviewed the publications, electronic documents and online resources on our website to make sure they were accurate and up-to-date.
- Started work on a new Department of Local Government website and held initial planning sessions with web developers.
- Updated the companion animals register to incorporate modifications to the management of dangerous dogs and restricted breeds and provide better searching and reporting capabilities.

What we plan to do in 2005–06

- Launch the new Department of Local Government website which will include improved access to resources through quick links and browse by topic areas.
- Introduce an online calendar for councils to allow realtime updates of urgent and strategic tasks such as times for the submission of reports or statutory returns.
- Upgrade the companion animals register to provide support for barcode readers and access via handheld devices.

What we will do:

8.5.5. Maximise the use of technology including videoconferencing

What we did in 2004–05

- Reviewed our videoconference facilities and recommended enhancements.

What we plan to do in 2005–06

- Install new videoconference equipment in our Sydney office and upgrade the services in our Nowra office.
- Train and familiarise our staff in the use of videoconferencing equipment.

What we will do:

8.5.6. Develop a communications technology security policy and plan for certification

What we did in 2004–05

- Reviewed our existing IC&T security framework policies and procedures.
- Conducted threat and risk assessments as part of our preparation for certification to AS/NZ 7799.
- Started to revise our disaster recovery and business continuity plans to reflect changes in policy and modifications to our operating environment.

What we plan to do in 2005–06

- Complete our threat and risk assessments and produce our statement of applicability to AS/NZ 7799.
- Roll out a revised security management system and information security management system framework operating guide.

What we will do:**8.5.7. Ensure formal internal communication mechanisms are in place and informal communication is encouraged.****What we did in 2004–05**

- Involved all staff in the development of our new corporate plan, business performance system and quarterly business reporting cycle.
- Held monthly executive, management team and branch meetings to ensure key strategic directions were communicated to our operational staff, and also circulated relevant details via email.
- Regularly monitored the progress and outcomes of priority projects by holding meetings between Directors and staff across various branches.
- Introduced informal monthly morning teas for all staff as an additional communication mechanism.
- Updated our internal resource kit for drafting officers and arranged further tailored training for all staff.
- Provided additional guidance to staff on a range of proformas and communication protocols, and increased electronic clearance of draft replies to Ministerial correspondence, briefings, and speeches.

What we plan to do in 2005–06

- Involve staff from other branches in branch meetings.
- Make sure communication protocols between the Minister's office and the department are clear.

For more information about issues in this section, please see:

Appendix 5—Freedom of information

Our website—at www.dlg.nsw.gov.au

Driving success

Our aim is to manage and promote performance in the local government sector so it can operate efficiently and effectively.

What we will do:

8.6.1. Implement government programs to build council compliance capacity

What we did in 2004–05

- Completed promoting better practice reviews for 8 councils, issued draft reports for 5 councils and completed the field work for 7 councils.
- Assessed 1,105 complaints about councils and decided to make preliminary enquiries into 219 of them.
- Categorised complaints to monitor trends in the 'problem' areas of council operations and found that 45% of complaints related to planning issues, 16% to staff or councillor misconduct or corruption, and 14% to mismanagement.
- Investigated one protected disclosure and provided advice and education to councils on the Protected Disclosures Act.
- Received 73 allegations of breaches of the pecuniary interest provisions of the Local Government Act and investigated 3 formal complaints.
- Assisted with section 740 inquiries into Liverpool City Council, Tweed Shire Council and Brewarrina Shire Council.
- Started a section 430 investigation into Tweed Shire Council.
- Worked closely with Baulkham Hills Shire Council to try to resolve problems associated with conflict between councillors and the general manager.
- Liaised with DIPNR to check council compliance with section 96 of EP&A Act.
- Performed a review of council EEO management planning and reporting

What we plan to do in 2005–06

- Complete the 12 promoting better practice reviews currently being undertaken.
- Provide advice to councils to improve their compliance with statutory requirements for EEO management planning and reporting.
- Prepare standard contracts for council general managers.
- Enhance our new document management system so we are able to report on the outcomes of complaints received.

What we will do:

8.6.2. Facilitate financial viability of the local government sector

What we did in 2004–05

- Reviewed the financial statements of all councils and county councils and discussed any problem issues with the councils concerned.
- Considered 42 applications from councils for special variations. The Minister approved 24, declined 10 and gave approval for partial increases to 6 councils. Two applications were withdrawn.
- Assisted councils to calculate their permissible income in 2004–05 and check compliance with ratepegging.

What we plan to do in 2005–06

- Analyse the impact of new legislation relating to the separation of land and water rights values.
- Promote long term financial planning and asset management for councils.

What we will do:

8.6.3. Review sector benchmarks and best practice guidelines.

What we did in 2004–05

- Found that 65% of councils submitted their social and community plan by the due date, 10% submitted their plan late, and 25% had not submitted a plan by 30 June 2005.
- Added 2 new comparative information indicators related to compliance with reporting on social and community plans and access and equity statements.

What we plan to do in 2005–06

- Complete a review of the social and community plans, management plans and annual reports of councils to check compliance with departmental guidelines.
- Review the comparative information indicators to see if they are appropriate and, if necessary, develop better measures.

What we will do:

8.6.4. Improve integration of council business planning and reporting.

What we did in 2004–05

- Held meetings with the Department of Infrastructure, Planning and Natural Resources (DIPNR), the LGMA and the LGSA to discuss their involvement in the integrated planning and reporting project.
- Collected relevant research and examples of current council practice.
- Prepared a discussion paper to seek input from councils and other key stakeholders.
- Included the need for integrated planning and reporting on outcomes in the criteria for councils applying for special variations.

What we plan to do in 2005–06

- Identify the need for any legislative changes and review relevant departmental guidelines.

What we will do:

8.6.5. Examine opportunities for improving professional/technical capabilities across councils.

What we did in 2004–05

- Conducted phone interviews with a sample of councils to obtain information about current skills shortages and strategies being used by councils to address these.
- Set up a taskforce with representatives from the LGSA, LGMA, TAFE and the University of Technology Sydney (UTS) to address professional and para-professional skills shortages among council staff.
- Worked with TAFE and UTS to develop a 'pathway' qualification in planning and building—a graduate certificate in development assessment.

What we plan to do in 2005–06

- Work with the Board of Vocational Education and Training and tertiary institutions to ensure that local government training needs are being met through, for example, greater take up in the delivery of the Diploma in Local Government (Planning).
- Develop a cadetship program in local government planning.

What we will do:

8.6.6. Enhance effectiveness of programs such as the companion animals program and the septic safe program.

What we did in 2004–05

- Reviewed the Companion Animals Act and tabled a report in Parliament.
- Consulted with key stakeholders on the implementation of the ban on pit bull terriers and other restricted dogs.
- Held 4 regional information sessions for 58 councils and distributed a new user guide for the companion animals register.
- Returned over \$3 million to councils from the companion animals fund.
- Sent new posters on responsible pet ownership to councils for distribution to relevant organisations in their communities.
- Issued circulars to councils clarifying requirements for approvals to install and operate greywater diversion devices and treatment systems.

What we plan to do in 2005–06

- Improve dissemination of companion animals information by using regional email user group listings.
- Release revised environment and health protection guidelines to councils for on-site sewage management for single households.

What we will do:

8.6.7. Meet our obligations under our guarantee of service.

What we did in 2004–05

- Made further efforts to improve our performance in relation to our guarantee of service targets.

What we plan to do in 2005–06

- Review our internal procedures for handling complaints about our service.

For more information about issues in this section, please see:

Appendix 7—Guarantee of service and consumer response

Appendix 23—Special variations

Appendix 24—Complaints about Councils

Managing our resources

Our aim is to manage our resources efficiently, equitably and with clear accountability.

What we will do:

8.7.1. Prepare a new guarantee of service

What we did in 2004–05

- Raised awareness and provided training for all staff on our GOS.
- Delayed finalising our revised GOS until our new PPP role came into operation.

What we plan to do in 2005–06

- Finalise and issue our updated GOS.
- Better integrate our GOS with our business performance system and quarterly reporting cycle.

What we will do:

8.7.2. Prepare and implement a new risk management plan for the department's operations

What we did in 2004–05

- Worked with the Internal Audit Bureau to complete a comprehensive business risk assessment and a strategic audit plan for July 2004–June 2007.
- Identified our current human resources practices, policies and procedures as a potential high risk area and took action to address this issue.

What we plan to do in 2005–06

- Review the effectiveness of our compliance program and correspondence handling processes.
- Monitor risk management outcomes.

What we will do:

8.7.3. Develop internal continuous improvement capability

What we did in 2004–05

- Started raising awareness of continuous improvement processes within middle management.

What we plan to do in 2005–06

- Set up a continuous improvement committee to develop a systematic approach to improving efficiency.
- Conduct quarterly business reviews against our operational plan and individual branch plans.

What we will do:

8.7.4. Deliver our corporate goals within our budget.

What we did in 2004–05

- Delivered all our programs within the approved parliamentary appropriation.
- Received approval for supplementary funds to conduct a public inquiry into Tweed Shire Council and obtain expert advice on local government private public partnerships.
- Increased the recycled content of our photocopy paper from 60% to 80%.
- Replaced two fleet cars with smaller, more fuel efficient ones and met the government's fleet environmental performance score target 12 months ahead of schedule.

What we plan to do in 2005–06

- Improve our budget monitoring capabilities by, for example, enabling branch managers to report monthly against their budgets.
- Encourage the environmentally sustainable use of our resources through a 'green committee'.
- Reduce the volume of paper we use by replacing obsolete printers with models that have double sided printing capabilities.
- Complete our three year rolling fleet improvement plan incorporating specific performance targets to reduce greenhouse emissions.

For more information about issues in this section, please see:

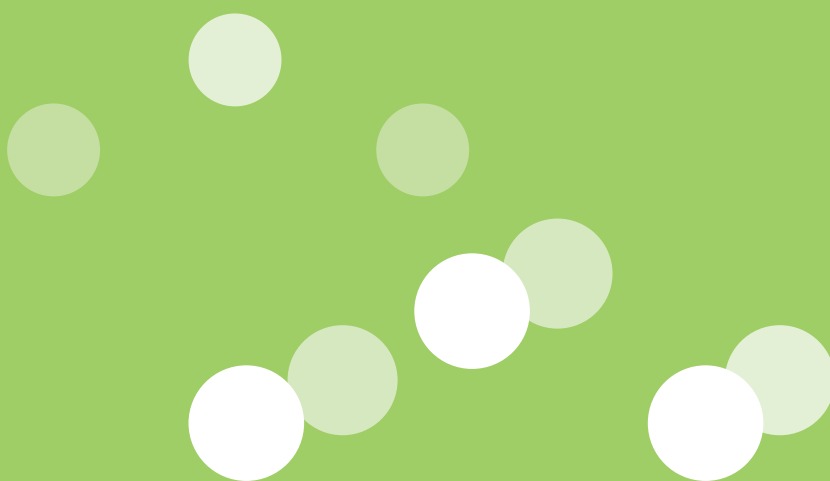
Appendix 8—Risk management and insurance activities

Appendix 16—Waste reduction

Appendix 17—Government energy management policy

Appendix 20—Our payment performance

Our finances



Financial overview

The department incurred expenses of \$86 million in 2004–05 across four main categories.

Salary and related payments	\$6.1 million (7.0%)
Other departmental costs	\$3.2 million (3.7%)
Payments from the companion animals fund	\$3.5 million (4.1%)
Grants and subsidies	\$73.2 million (85.2%)

During the year we received an additional \$600,000 to conduct a public inquiry into Tweed Shire Council, and \$500,000 for expert advice to review local government public private partnerships.

Revenues collected totalled \$5 million, including \$4.6 million of registration fees paid to the companion animals fund. The net cost of services was \$81 million.

At 30 June 2005 the value of assets totalled \$9.42 million. This represents mainly receipts held in the companion animals fund pending disbursements to councils.

The department leases its accommodation and, other than computer equipment, owns no substantial assets.

Finance assistance grants transferred to councils during 2004–05 amounted to \$495.5 million.

Major assets

The department holds no individual major assets. The collective net value of plant and equipment at 30 June 2005 was \$951,000 (\$1,053,000 in 2003–04). Computer and communication equipment form the majority of the value. The electronic document and records management system acquired in 2003–04 came on line in December 2004.

Credit card certification

The use of corporate credit cards in the department has been in accordance with Premier's memoranda and Treasurer's directions.



Department of Local Government
5 O'Keefe Avenue NOWRA NSW 2541
Locked Bag 3015 NOWRA NSW 2541

OUR REFERENCE
YOUR REFERENCE
CONTACT

Statement by Department Head

Year ended 30 June 2005

Statement by Department Head

Pursuant to section 45F of the *Public Finance and Audit Act 1983*, I state that:

- (a) the accompanying financial statements have been prepared in accordance with provisions of the *Public Finance and Audit Act 1983*, the Financial Reporting Code for Budget Dependent General Government Sector Agencies, the applicable clauses of the Public Finance and Audit (General) Regulation 1995 and the Treasurer's Directions.
- (b) The statements exhibit a true and fair view of the financial position and transactions of the Department of Local Government.
- (c) There are no circumstances which would render any particulars include in the financial statements to be misleading or inaccurate.


Garry Payrie
Director-General
27 September 2005

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GPO BOX 12
Sydney NSW 2001

B Oyetunji
9275 7165
00516705/0281

Mr Garry Payne
Director-General
Department of Local Government
Level 2, 5 O'Keefe Avenue
NOWRA NSW 2541

5 October 2005

Dear Mr Payne

STATUTORY AUDIT REPORT
For the Year Ended 30 June 2005

Department of Local Government

I have audited the accounts of Department of Local Government as required by the *Public Finance and Audit Act 1983* (the Act). This Statutory Audit Report outlines the results of my audit for the year ended 30 June 2005, and details any significant matters that in my opinion call for special notice. The Act requires that I send this report to the Minister and to the Treasurer.

This report is not the Independent Audit Report, which expresses my opinion on the Department's financial report. The Independent Audit Report, together with the Department's financial report, are attached.

Audit Result

I expressed an unqualified opinion on the Department's financial report and I have not identified any significant matters since we wrote to you on 20 October 2004. My audit is continuous and I may therefore identify new significant matters before the Auditor-General next reports to Parliament on the agency's audit. If this occurs, I will write to you immediately.

Auditor-General's Report to Parliament

Comment on the Department's activities, financial operations, performance and compliance will appear in the Auditor-General's Report to Parliament. I will send a draft of this comment to you for review before the Report is tabled during November.

Scope of the Audit

As advised in the Engagement Letter, my audit procedures are targeted specifically towards forming an opinion on the Department's financial report. This includes testing whether your agency has complied with key legislation that may materially impact on the financial report. The results of the audit are reported in this context.

Each year, the Audit Office also selects various 'non-key' legislative requirements, government policies and practices (e.g. Premier's Circulars) and tests whether your agency has complied with them. This year, I examined:

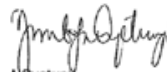
- Certain requirements of the *Public Sector Management (Goods & Services) Regulation 2000*.

The results of my review were satisfactory.

Acknowledgment


I thank the Department's staff for their courtesy and assistance.

Yours sincerely



A. Oyetunji
Director, Financial Audit Services

cc: The Hon K Hickey, MP, Minister for Local Government
The Hon M Iemma, MP, Premier, Treasurer and Minister for Citizenship



AUDITOR-GENERAL
NEW SOUTH WALES

GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT
Department of Local Government

RECEIVED

10 OCT

LOCAL GOVERNMENT

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the Department of Local Government:

- presents fairly the Department of Local Government's financial position as at 30 June 2005 and its financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and
- complies with section 45E of the *Public Finance and Audit Act 1983* (the Act).

My opinion should be read in conjunction with the rest of this report.

The Director-General's Role

The financial report is the responsibility of the Director-General of the Department of Local Government. It consists of the statement of financial position, the statement of financial performance, the statement of cash flows, the program statement - expenses and revenues, the summary of compliance with financial directives and the accompanying notes.

The Auditor's Role and the Audit Scope

As required by the Act, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing and Assurance Standards and statutory requirements, and I:

- evaluated the accounting policies and significant accounting estimates used by the Director-General in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and other disclosures in the financial report.

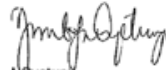
An audit does not guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the Director-General had not fulfilled his reporting obligations.

The results of my review were satisfactory.

Acknowledgment

I thank the Department's staff for their courtesy and assistance.

Yours sincerely



A Oyetunji
Director, Financial Audit Services

cc: The Hon K Hickey, MP, Minister for Local Government
The Hon M Iemma, MP, Premier, Treasurer and Minister for Citizenship

Statement of Financial Performance for the Year Ended 30 June 2005

	Notes	Actual 2005 \$'000	Budget 2005 \$'000	Budget 2004 \$'000
Expenses				
Operating expenses				
Employee related	2(a)	6,131	5,900	5,721
Other operating expenses	2(b)	6,370	7,539	8,067
Maintenance		37	41	36
Depreciation and amortisation	2(c)	274	264	261
Grants and subsidies	2(d)	73,169	76,000	74,055
Total Expenses		85,981	89,744	88,140
Less:				
Retained Revenue				
Sale of goods and services	3(a)	1	52	1
Investment Income	3(b)	309	200	253
Retained taxes, fees and fines	3(c)	4,582	4,500	4,903
Other revenue	3(d)	67	—	2
Total Retained Revenue		4,959	4,752	5,159
Gain on disposal of non-current assets	4	—	—	2
Net Cost of Services	21	81,022	84,992	82,979
Government Contributions				
Recurrent appropriation (net of transfers)	5	82,005	84,225	83,426
Capital appropriation	5	150	150	340
Acceptance by the Crown Entity of employee benefits and other liabilities	6	638	648	707
Total Government Contributions		82,793	85,023	84,473
<i>Surplus for the year from ordinary activities</i>	15	1,771	31	1,494
<i>Total revenues, expenses and valuation adjustments recognised directly in equity</i>				—
<i>Total changes in equity other than those resulting from transactions with owners as owners</i>		1,771	31	1,494

The accompanying notes form part of these statements.

Statement of Financial Position as at 30 June 2005

	Notes	Actual 2005 \$'000	Budget 2005 \$'000	Budget 2004 \$'000
Assets				
Current Assets				
Cash	9 & 20	7,387	6,012	6,153
Receivables	10	1,077	984	984
Total Current Assets		8,464	6,996	7,137
Non Current Assets				
Plant and Equipment	11	951	939	1,053
Total Plant and Equipment		951	939	1,053
Total Non Current Assets		951	939	1,053
Total Assets		9,415	7,935	8,190
Liabilities				
Current Liabilities				
Payables	12	1,712	2,125	2,431
Provisions	13(a)	639	531	511
Total Current Liabilities		2,351	2,656	2,942
Non-Current Liabilities				
Provisions	13(b)	136	91	91
Total Non-Current Liabilities		136	91	91
Total Liabilities		2,487	2,747	3,033
Net Assets		6,928	5,188	5,157
Equity				
Accumulated Funds	15	6,928	5,188	5,157
Total Equity		6,928	5,188	5,157

The accompanying notes form part of these statements.

Statement of Cash Flows for the Year Ended 30 June 2005

	Notes	Actual 2005 \$'000	Budget 2005 \$'000	Budget 2004 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		(5,623)	(5,779)	(5,730)
Grants and subsidies		(73,959)	(76,000)	(71,324)
Other		(6,677)	(7,800)	(10,908)
Total Payments		(86,259)	(89,579)	(87,962)
Receipts				
Sale of goods and services		1	52	1
Retained taxes, fees and fines		4,501	4,500	5,138
Interest received		281	200	222
Other		408	240	549
Total Receipts		5,191	4,992	5,910
Cash Flows from Government				
Recurrent appropriations (net of transfers)	5	82,005	84,225	83,426
Capital appropriation	5	150	150	340
Cash reimbursements from the Crown Entity		319	221	253
Net Cash Flows from Government		82,474	84,596	84,019
NET CASH FLOWS FROM OPERATING ACTIVITIES	21	1,406	9	1,967
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of Plant and Equipment			–	5
Purchases of Plant & Equipment		(172)	(150)	(368)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(172)	(150)	(363)
NET INCREASE/(DECREASE) IN CASH		1,234	(141)	1,604
Opening cash and cash equivalents		6,153	6,153	4,549
CLOSING CASH AND CASH EQUIVALENTS	9 & 20	7,387	6,012	6,153

The accompanying notes form part of these statements.

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Summary of Compliance with Financial Directives

	2005			
	Recurrent Appropriation	Expenditure/ Net Claim on Consolidated Fund	Capital Appropriation	Expenditure/ Net Claim on Consolidated Fund
	\$'000	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000
Original Budget Appropriation/Expenditure				
Appropriation Act	84,225	81,425	150	150
Additional appropriations	650	530	—	—
s26 PF&AA—Commonwealth specific purpose payments	—	495,492	—	—
	84,875	577,447	150	150
OTHER APPROPRIATIONS/ EXPENDITURE				
Treasurer's Advance	500	50	—	—
Section 22—expenditure for certain works and services	—	—	—	—
Transfer to another Agency (s25 of the Appropriation Act)	—	—	—	—
	500	50	—	—
Total Appropriations/Expenditure/				
Net Claim on Consolidated Fund (includes transfer payments)	85,375	577,497	150	150
Amount drawn down against Appropriation		577,497		150
Liability to Consolidated Fund		—		—

The Summary of Compliance is based on the assumption that Consolidated Fund moneys are spent first (except where otherwise identified or prescribed)

	2004			
	Recurrent Appropriation \$'000	Expenditure/ Net Claim on Consolidated Fund \$'000	Capital Appropriation \$'000	Expenditure/ Net Claim on Consolidated Fund \$'000
	84,974	81,814	340	340
	–	–	–	–
	–	488,292	–	–
	84,974	570,106	340	340
	1,012	1,012	–	–
	600	600	–	–
	(160)	–	–	–
	1,452	1,612	–	–
	86,426	571,718	340	340
		571,718		340
		–		–

Program Statement— Expenses and Revenues for the Year Ended 30 June 2005

	Program 1 *		Program 2 *	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
DEPARTMENT'S EXPENSES & REVENUES				
Expenses				
Operating expenses				
Employee related	5,771	5,258	76	75
Other operating expenses	2,881	3,403	–	–
Maintenance	37	36	–	–
Depreciation and amortisation	274	261	–	–
Grants & subsidies	–	563	73,169	73,492
Total Expenses	8,963	9,521	73,245	73,567
Retained Revenue				
Sale of goods and services	1	1	–	–
Investment income	93	89	–	–
Retained taxes, fees and fines	–	–	–	–
Other revenue	67	2	–	–
Total Retained Revenue	161	92	–	–
Gain/(Loss) on sale of non-current assets	0	2	–	–
Net Cost of Services	8,802	9,427	73,245	73,567
Government contributions **	–	–	–	–
NET EXPENDITURE/(REVENUE) FOR THE YEAR	8,802	9,427	73,245	73,567

ADMINISTERED EXPENSES & REVENUES

Administered Expenses

Transfer payments (Note 7)	–	–	–	–
Total Administered Expenses	–	–	–	–

Administered Revenues

Transfer receipts (Note 7)	–	–	–	–
Consolidated Fund	–	–	–	–
Total Administered Revenues	–	–	–	–
Administered Revenues less Expenses	–	–	–	–

* The name and purpose of each program is summarised in Note 8.

** Appropriations are made on an agency basis and not to individual programs. Consequently, government contributions must be included in the 'Not Attributable' column.

Program 3 *		Not Attributable		Total	
2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
284	388	—	—	6,131	5,721
3,489	4,664	—	—	6,370	8,067
—	—	—	—	37	36
—	—	—	—	274	261
—	—	—	—	73,169	74,055
3,773	5,052	—	—	85,981	88,140
—	—	—	—	1	1
216	164	—	—	309	253
4,582	4,903	—	—	4,582	4,903
—	—	—	—	67	2
4,798	5,067	—	—	4,959	5,159
—	—	—	—	0	2
(1,025)	(15)	—	—	81,022	82,979
—	—	82,793	84,473	82,793	84,473
(1,025)	(15)	(82,793)	(84,473)	(1,771)	(1,494)
—	—	(495,492)	(488,292)	(495,492)	(488,292)
—	—	(495,492)	(488,292)	(495,492)	(488,292)
—	—	495,492	488,292	495,492	488,292
—	—	—	—	—	—
—	—	495,492	488,292	495,492	488,292
—	—	—	—	—	—

Notes to the Financial Statements

Note 01. Summary of significant accounting policies

(a) Reporting Entity

The Department of Local Government as a reporting entity comprises all the entities under its control.

The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

(b) Basis of Accounting

The Department's financial statements are a general purpose financial report which has been prepared on an accruals basis and in accordance with:

- applicable Australian Accounting Standards;
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB);
- Urgent Issues Group (UIG) Consensus Views;
- the requirements of the Public Finance and Audit Act and Regulations; and
- the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer under section 9(2)(n) of the Act.

Where there are inconsistencies between the above requirements, the legislative provisions have prevailed.

In the absence of a specific Accounting Standard, other authoritative pronouncement of the AASB or UIG Consensus View, the hierarchy of other pronouncements as outlined in AAS 6 “Accounting Policies” is considered.

Except for certain plant and equipment, which are recorded at valuation, the financial statements are prepared in accordance with the historical cost convention.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) Administered Activities

The Department administers Commonwealth transfer payments through the Local Government Grants Commission (refer Note 7).

Transactions relating to the administered activities are not recognised as the Department’s revenues and expenses, but are disclosed in the Program Statement as “Administered Revenues” and “Administered Expenses”.

The accrual basis of accounting and all applicable accounting standards have been adopted for the reporting of the administered activities.

(d) Revenue recognition

Revenue is recognised when the Department has control of the good or right to receive, it is probable that the economic benefits will flow to the Department and the amount of revenue can be measured reliably. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

(i) Parliamentary Appropriations and Contributions from Other Bodies

Parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as revenues when the Department obtains control over the assets comprising the appropriations/contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash.

An exception to the above is when appropriations are unspent at year end. In this case, the authority to spend the money lapses and generally the unspent amount must be repaid to the Consolidated Fund in the following financial year. As a result, unspent appropriations are accounted for as liabilities rather than revenue.

The Department had no unspent appropriations and no liability in respect of transfer payments at year end.

(ii) Sale of Goods and Services

Revenue from the sale of goods and services comprises revenue from the provision of products or services ie user charges. User charges are recognised as revenue when the Department obtains control over the assets that result from them.

(iii) Investment income

Interest revenue is recognised as it accrues.

(iv) Companion Animals

Under the Guidelines sent out to Councils with DLG Circular 00/09, there is a requirement that Councils pay to the Department monthly the total amount of Registration fees for transactions that have been successfully entered on the Companion Animals Register. Collections recorded in the Register by Councils at year end totalled \$4.6m (\$4.9m in 2004) which is recorded as retained taxes, fees and fines.

A quarterly reimbursement is made to the Councils based on Register Reports for the quarter. A total of \$3.8m (\$5.1m in 2004) in expenses are recorded as other operating expenses and employee related expenses in the Statement of Financial Performance.

(e) Employee Benefits and other provisions

(i) Salaries and Wages, Annual Leave, Sick Leave and On-costs

Liabilities for salaries and wages (including non-monetary benefits) and annual leave are recognised and measured in respect of employees' services up to the reporting date at nominal amounts based on the amounts expected to be paid when the liabilities are settled.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

(ii) Long Service Leave and Superannuation

The Department's liabilities for long service leave and superannuation are assumed by the Crown Entity. The Department accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of employee benefits and other liabilities".

Long service leave is measured on a present value basis. The present value method is based on factors supplied by the Government Actuary.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (ie Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (ie State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(f) Insurance

The Department's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past experience.

(g) Accounting for Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where:

- the amount of GST incurred by the Department as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense.
- receivables and payables which are stated with the amount of GST included.

(h) Acquisitions of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Department. Cost is determined as the fair value of assets given as consideration plus the costs incidental to the acquisition.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition.

Fair value means the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value at the acquisition date. The discount rate used is the incremental borrowing rate, being the rate at which a similar borrowing could be obtained.

(i) Plant and Equipment

Plant and equipment costing \$5,000 and above individually are capitalised. The costs of assets, which form part of a network (computers), have been aggregated together when applying the capitalisation threshold.

(j) Revaluation of Physical Non-Current Assets

Physical non-current assets are valued in accordance with the "Guidelines for the Valuation of Physical Non-Current Assets at Fair Value" (TPP 03-02). This policy adopts fair value in accordance with AASB 1041 from financial years beginning on or after 1 July 2002. There is no substantive difference between the fair value valuation methodology and the previous valuation methodology adopted in the NSW public sector.

Where available, fair value is determined having regard to the highest and best use of the asset on the basis of current market selling prices for the same or similar assets. Where market selling price is not available, the asset's fair value is measured as its market buying price ie the replacement cost of the asset's remaining future economic benefits. The Department is a not for profit entity with no cash generating operations.

Each class of physical non-current assets is revalued every 5 years and with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The last such revaluation was completed on 30 June 2001 and was based on an assessment by senior officers of the Department.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation is separately restated.

Otherwise, any balances of accumulated depreciation existing at the revaluation date in respect of those assets are credited to the asset account to which they relate. The net asset accounts are increased or decreased by the revaluation increments or decrements.

Revaluation increments are directly credited to an asset revaluation reserve, where applicable, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the surplus/deficit, the increment is recognised immediately as revenue in the surplus/deficit.

Revaluation decrements are recognised immediately as an expense in the surplus/deficit, except that, to the extent that a credit balance exists in the asset revaluation reserve, where applicable, in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

Revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

(k) Depreciation of Physical Non Current Assets

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Department.

All material separately identifiable component assets are recognised and depreciated over their shorter useful lives, including those components that in effect represent major periodic maintenance.

The following useful lives have been determined for each class of assets.

	2005 Years	2004 Years
Office Furniture	10	10
Plant & Equipment	7	7
Computer	3	3
Software	3	3
Leasehold improvements	5	5

(l) Maintenance and repairs

The costs of maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated.

(m) Leased Assets

Operating lease payments are charged to the Statement of Financial Performance in the periods in which they are incurred.

(n) Receivables

Receivables are recognised and carried at cost, based on the original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

(o) Payables

These amounts represent liabilities for goods and services provided to the Department and other amounts, including interest. Interest is accrued over the period it becomes due.

(p) Budgeted amounts

The budgeted amounts are drawn from the budgets as formulated at the beginning of the financial year and with any adjustments for the effects of additional appropriations under s 21A, s 24 and/or s 26 of the *Public Finance and Audit Act 1983*.

The budgeted amounts in the Statement of Financial Performance and the Statement of Cash Flows are generally based on the amounts disclosed in the NSW Budget Papers (as adjusted above). However, in the Statement of Financial Position, the amounts vary from the Budget papers, as the opening balances of the budgeted amounts are based on carried forward actual amounts ie per the audited financial statements (rather than carried forward estimates).

Note 02. Expenses

(a) Employee related expenses comprise the following specific items

	2005 \$'000	2004 \$'000
Salaries and wages (including recreation leave)	5,083	4,698
Superannuation	435	363
Long service leave	196	309
Workers' compensation insurance	23	28
Payroll tax and fringe benefits tax	382	302
Overtime and meal allowance	12	21
	6,131	5,721

(b) Other operating expenses

	2005 \$'000	2004 \$'000
Operating lease rental expense		
– minimum lease payments	610	623
Auditor's Remuneration		
– audit or review of the financial reports	36	59
Travelling and Subsistence	192	264
Motor Vehicle Expenses	86	85
Advertising and Publicity	38	187
Fees for Services (excl. Consultants)	303	368
Contractors	353	391
Consultants	395	519
Insurance	15	19
Postal and Telephones	191	156
Printing	41	166
Retainers and Fees	138	136
Companion Animals Payments	3,489	4,664
Relocation costs reimbursed to employees	49	93
Other	434	337
	6,370	8,067

(c) Depreciation and amortisation expense

	2005 \$'000	2004 \$'000
Depreciation—Plant and Equipment		
Office Furniture	21	21
Other Plant and Equipment	44	44
Computer Equipment	176	164
	241	229
Amortisation		
Leasehold improvements	33	32
	33	32
Total depreciation and amortisation	274	261

(d) Grants & Subsidies

	2005 \$'000	2004 \$'000
Sewage Management Program	—	563
Pensioner Rebate Subsidies	73,169	73,492
	73,169	74,055

Note 03. Revenues

(a) Sale of goods and services

	2005 \$'000	2004 \$'000
Rendering of services		
User Charges	1	1
	1	1
Total sale of goods and services	1	1

(b) Investment Income

Interest	309	253
	309	253

(c) Retained Taxes, fees and fines

Companion Animals registration fees	4,582	4,903
	4,582	4,903

(d) Other Revenue

Miscellaneous revenue	67	2
	67	2

Note 04. Gain on disposal of non-current assets

	2005 \$'000	2004 \$'000
Gain/(loss) on disposal of plant and equipment		
Proceeds from disposal	–	5
Written down value of assets disposed	–	(3)
Net gain on disposal of plant and equipment	–	2
Gain on disposal of non current assets	–	2

Note 05. Appropriations

Recurrent appropriations	2005 \$'000	2004 \$'000
Total recurrent drawdowns from Treasury (per Summary of Compliance)	577,497	571,718
Less: Liability to Consolidated Fund (per Summary of Compliance)	—	—
	577,497	571,718
Comprising:		
Recurrent appropriations (per Statement of Financial Performance)	82,005	83,426
Transfer payments (refer Note 7)	495,492	488,292
Total	577,497	571,718

Capital appropriations

Total capital drawdowns from Treasury (per Summary of Compliance)	150	340
Less: Liability to Consolidated Fund (per Summary of Compliance)	—	—
Total	150	340
Comprising:		
Capital appropriations (per Statement of Financial Performance)	150	340
Transfer payments	—	—
Total	150	340

Note 06. Acceptance by the Crown Entity of Employee Benefits and other Liabilities

The following liabilities and/or expenses have been assumed by the Crown Entity or other government agencies:

	2005 \$'000	2004 \$'000
Superannuation	434	362
Long Service Leave	178	323
Payroll tax	26	22
	638	707

Note 07. Transfer payments

Financial assistance grants are provided to municipalities and shires under the Local Government (Financial Assistance) Act, 1995. The Department administers Commonwealth transfer payments through the Local Government Grants Commission.

The total amount disbursed to councils by way of financial assistance grants was \$495.5m (\$488.3m in 2004).

Note 08. Program information

a) Program 1: Development, Oversight of and Assistance to Local Government.

Objective: To provide a framework for local government which facilitates high quality local government services for New South Wales citizens.

b) Program 2: Rate Rebates for Pensioners.

Objective: To provide relief to eligible pensioners from council rates.

c) Program 3: Companion Animals.

Objective: To improve companion animal welfare and to reduce the environmental impact of companion animals.

Note 09. Current assets—cash

	2005 \$'000	2004 \$'000
Cash at bank and on hand	7,387	6,153
	7,387	6,153

For the purpose of the Statement of Cash Flows, cash includes cash on hand and cash at bank

Cash assets recognised in the Statement of Financial Position are reconciled to cash at the end of the financial year as shown in the Statement of Cash Flows as follows:

Cash (per Statement of Financial Position)	7,387	6,153
Closing Cash and Cash Equivalents	7,387	6,153
(per Statement of Cash Flows)		

Note 10. Current assets-receivables

	2005 \$'000	2004 \$'000
Interest receivable from Crown Entity	163	135
Retained taxes, fees and fines	611	530
Grants receivable	138	—
Other receivables	165	319
	1,077	984

Note 11. Non-current assets – plant and equipment

	2005 \$'000	2004 \$'000
Plant and Equipment		
At Fair Value	1,887	1,715
Less Accumulated Depreciation	936	662
	951	1,053
Total Plant and Equipment at Net Book Value	951	1,053

Reconciliations

Reconciliations of the carrying amounts of plant and equipment at the beginning and end of the current and previous financial year are set out below (the Department does not own any property):

	Plant and Equipment 2005 \$'000	Plant and Equipment 2004 \$'000
Carrying amount at start of year	1,053	948
Additions	172	368
Disposals	–	(2)
Depreciation expense	(274)	(261)
Carrying amount at end of year	951	1,053

Plant and Equipment was revalued in accordance with AASB 1041 (Accounting for the revaluation of Non-Current Assets) as at 30 June 2001. Written down current replacement cost was the basis of revaluation, which was determined by senior officers of the Department.

Note 12. Current liabilities—payables

	2005 \$'000	2004 \$'000
Accrued salaries, wages and on-costs	51	189
Creditors	1,661	2,242
	1,712	2,431

Note 13. Current/non-current liabilities—provisions

	2005 \$'000	2004 \$'000
(a) Current		
Employee benefits and related on-costs		
Recreation leave	624	501
Long service leave on costs	15	10
	639	511
Total Provisions	639	511
	2005 \$'000	2004 \$'000
(b) Non-Current		
Long service leave on costs	136	91
	136	91
Total Provisions	136	91
Aggregate employee benefits and related on-costs		
Provisions—current	639	511
Provisions—non-current	136	91
Accrued salaries, wages and on-costs (Note 12)	51	189
Aggregate employee entitlements	826	791

The amount of recreation leave paid has been charged directly to the Statement of Financial Performance. In addition to this the Department has a total liability of \$1.4m (\$1.1m in 2004) for long service leave for which the Crown assumes liability.

Note 14. Restricted assets

The Department has no assets over which any externally imposed restrictions on usage apply.

Note 15. Changes in equity

	Accumulated Funds		Total Equity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Balance at the beginning of the financial year	5,157	3,663	5,157	3,663
<i>Changes in equity—other than transactions with owners as owners</i>				
Surplus/(deficit) for the year	1,771	1,494	1,771	1,494
Total	1,771	1,494	1,771	1,494
Balance at the end of the financial year	6,928	5,157	6,928	5,157

Note 16. Contingent liabilities and contingent assets

There are no known contingent liabilities or contingent assets as at 30 June 2005.

Note 17. Commitments for expenditure

(a) Capital Commitments

	2005 \$'000	2004 \$'000
Aggregate capital expenditure for the acquisition of a security system for the Department's computer systems contracted for at balance date and not provided for:		
Not later than one year	24	—
Later than one year and not later than 5 years	—	—
Later than 5 years	—	—
Total (including GST)	24	—

(b) Operating Lease Commitments

	2005 \$'000	2004 \$'000
Future non-cancellable operating leases not provided for and payable:		
Not later than one year	669	584
Later than one year and not later than 5 years	325	259
Later than 5 years	—	—
Total (including GST)	994	843

The total commitments above include input tax credits of \$92,516 (\$76,603 in 2004) that are expected to be recoverable from the Australian Taxation Office.

The Department has long term operating leases for the rental of office accommodation and motor vehicles. Details of these lease arrangements are:

Office Accommodation

The estimated total cost is based on current rentals continuing for the entire term of the lease.

Motor Vehicles

The operating lease is the standard Government arrangement for leasing motor vehicles from StateFleet Services. At 30 June 2005 this arrangement applied to the entire departmental fleet of 8 vehicles.

These operating lease commitments are not recognised in the Financial Statements as liabilities.

There are no other expenditure commitments at 30 June 2005 (NIL 2004).

Note 18. Budget review

(a) Net Cost of Services

The net cost of services was lower than budget by \$4.0m. This was primarily due to the lower level of rebates on the Pensioner Rebate Program and lower than budgeted expenditure on the Companion Animals Program.

(b) Assets and Liabilities

Cash

The year end cash balance is \$1.4m over budget. This is primarily due to cash held in respect of the Companion Animal Fund.

(c) Cash flows

The net cash flows from operating activities are \$1.4m better than budget primarily due to lower than expected expenditure on the Companion Animals Program.

Note 19. Material assistance provided

The Department has received no material assistance free of charge from any other party for the period ending 30 June 2005.

Note 20. Financial instruments

Financial instruments give rise to positions that are financial assets or liabilities of the Department or its counterparties. For the Department these financial instruments include cash, receivables, and trade creditors and accruals.

Cash

Cash comprises cash on hand and bank balances within the Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate adjusted for a management fee to Treasury. The interest rate on bank balances at balance date (refer Note 9) was 4.50% (4.25% in 2004) and during the year the average interest rates was 4.33% (4.06% in 2004). The Department does not have any bank overdraft facility.

Receivables

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised when some doubt as to collection exists. The credit risk is the carrying amount (net of any provision for doubtful debts). No interest is earned on trade debtors. The carrying amount approximates net fair value. Sales of goods and services are made on 14 day terms.

For other receivables the credit risk is the carrying amount (net of any provision for doubtful debts). No interest is earned on other receivables. The carrying amount approximates net fair value.

The Department does not have any significant exposure to any individual customer or counterparty.

Trade Creditors and Accruals

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. No interest was awarded during the year.

Note 21. Reconciliation of cash flows from operating activities to the net cost of services

	2005 \$'000	2004 \$'000
Net Cash Flows from Operating Activities	(1,406)	(1,967)
Cash Flows from Government/Appropriations	82,155	83,766
Acceptance by Crown Entity of employee benefits and other liabilities	638	707
Depreciation	274	261
Increase/(decrease) in provisions	174	(169)
Increase/(decrease) in creditors	(720)	152
(Increase)/decrease in receivables	(93)	231
Net gain on sale of plant and equipment	–	(2)
Net Cost of Services	81,022	82,979

Note 22. The impact of adopting Australian equivalents to IFRS

The Department of Local Government (DLG) will apply the Australian equivalents to International Financial Reporting Standards (AEIFRS) from 2005–06.

The following strategy is being implemented to manage the transition to AEIFRS:

The DLG is managing the transition to the new standards by allocating resources to analyse the standards and Urgent Issues Group Abstracts to identify key areas regarding policies, procedures, systems and financial impacts affected by the transition.

- The DLG has appointed a consultant to oversight the transition. The consultant reports regularly to the Department on progress against plan.

- NSW Treasury has assisted DLG to manage the transition by developing policies, including mandates of options, presenting training seminars to all agencies; providing a website with up-to-date information to keep agencies informed of any new developments; and establishing an IAS Agency Reference Panel to facilitate a collaborative approach to manage the change.

To date, an assessment has been carried out of the scope and impact on the DLG's accounting policies and its financial statements. An opening balance sheet as at 1 July 2004 has also been prepared based on AEIFRS and submitted to NSW Treasury.

The DLG has determined the key areas where changes in accounting policies are likely to impact the financial report. Some of these impacts arise because AEIFRS requirements are different from existing AASB requirements (AGAAP). Other impacts are likely to arise from options in AEIFRS. To ensure consistency at the whole of government level, NSW Treasury has advised agencies of options it is likely to mandate for the NSW Public Sector. The impacts disclosed below reflect Treasury's likely mandates (referred to as "indicative mandates").

Shown below are management's best estimates as at the date of preparing the 30 June 2005 financial report of the estimated financial impacts of AEIFRS on the DLG's equity and surplus/deficit. The DLG does not expect any material impact on its cash flows. The actual effects of the transition may differ from the estimated figures below because of pending changes to the AEIFRS, including the UIG interpretations and/or emerging accepted practice in their interpretation and application. The DLG's accounting policies may also be affected by a proposed standard to harmonise accounting standards with Government Finance Statistics (GFS). However, the impact is uncertain because it depends on when this standard is finalised and whether it can be adopted in 2005–06.

Based on the outcome of the review of the impact of AEIFRS on the DLG there are no material changes or adjustments which would affect the total equity of the DLG as disclosed in the Statement of Financial Position. In addition, there are no material changes or adjustments which would affect the surplus/deficit or net cost of services of the DLG.

Adoption of AASB 1004 (Grant recognition for not-for-profit entities) may have an impact in the future. The DLG will apply the requirements in AASB 1004 Contributions regarding contributions of assets (including grants) and forgiveness of liabilities. There are no differences in the recognition requirements between the new AASB 1004 and the current AASB 1004. However, the new AASB 1004 may be amended by proposals in Exposure Draft (ED) 125 Financial Reporting by Local Governments. If the ED 125 approach is applied, revenue and/or expense recognition will not occur until either the DLG supplies the related goods and services (where grants are in substance agreements for the provision of goods and services) or until conditions are satisfied. ED 125 may therefore delay revenue recognition compared with AASB 1004, where grants are recognised when controlled. However, at this stage the timing and dollar impact of these amendments is uncertain.

End of audited financial statements

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Appendix 1. Legislation administered and changes in Acts and subordinate legislation

Legislation we administer

Carlingford Drainage Improvement (Land Exchange) Act 1992
 City of Sydney Act 1988
 Collarenebri Water Supply Act 1968
 Companion Animals Act 1998
 Country Towns Water Supply and Sewerage (Debts) Act 1937
 Dividing Fences Act 1991
 Glen Davis Act 1939 (except part, Minister for Commerce)
 Grafton Water Supply Act 1956
 Impounding Act 1993
 Local Government Act 1993
 Local Government Areas Amalgamation Act 1980
 Local Government Associations Incorporation Act 1974
 Local Government (City of Sydney Boundaries) Act 1967
 Newcastle (Miscellaneous Lands) Act 1979
 Newcastle National Park Enabling Act 1924
 Queen Victoria Building Site Act 1952
 Roads Act 1993 section 178(2)
 Swimming Pools Act 1992
 Walgett Water Supply Act 1959

Amendments to the Local Government Act

The *Local Government Act 1993* was amended by the *Local Government Amendment Act 2005* which came into operation on 15 July 2005.

This Act allows councils a one off opportunity to resolve to apply to the Minister for Local Government for approval to reduce the number of councillors on the council without holding a constitutional referendum, with restrictions.

The Act requires councils to adopt a policy for the payment of expenses and the provision of facilities for mayors and councillors within 5 months after the end of each year.

The Act allows the Director General to approve one or more standard contracts for senior staff of a council, including general managers. This provision of the Act will not come into operation until the standard contracts have been drafted in consultation with major stakeholders.

Existing provisions of the Act in relation to pecuniary interests have been clarified and the Local Government Pecuniary Interest and Disciplinary Tribunal has been provided under the Act with a power to refer matters of contempt in the face or hearing of the tribunal to the Supreme Court.

Schedule 2 of the *Freedom of Information Act 1989* has been amended to add the Department of Local Government complaint handling and investigative functions conferred by the *Local Government Act* and any other Act. The effect of this amendment is to exempt these functions from the provisions of the Freedom of Information Act.

The Act also amends the *Public Private Partnership Act 2004* to clarify the definition of a public private partnership and to clarify what forms a quorum for the review committee.

The *Local Government Act* was amended by the *Local Government Amendment (Public Private Partnership) Act 2005*. This Act was to commence on 5 August 2005 but due to changes in government, it is now expected to commence on 1 September 2005.

The Local Government Act was amended by the *Local Government Amendment (Discipline) Bill 2004* to include measures to address serious or continuous councillor misbehaviour, including an expanded role for the Local Government Pecuniary Interest Tribunal and a review of the model code of conduct for councils.

Subordinate legislation

Minor miscellaneous amendments were made to the Local Government Regulations concerning approvals, financial management, rates and charges, tendering, water services and the general regulation.

The sunset of the Regulations for companion animals, elections, meetings and orders has been postponed for 12 months.

The sunset of the Swimming Pools Regulation 1998 has been postponed for 12 months as a regulatory impact statement is being prepared in conjunction with the review of the Principal Act.

Appendix 2. Promotion

Our publications

We provide a range of publications to keep the public and local government stakeholders informed about our work. These publications cover topics such as legislative changes, policy developments and implementation guidelines, and reports on specific public inquiries. All the publications are available on our website.

Our 13 publications in 2004–05 were:

- National Framework For Women In Local Government Information Kit For Councils
- NSW Local Government Councils Comparative Information 2003/2004
- Freedom of Information—Summary of Affairs December 2004
- The Model Code of Conduct for Local Councils in NSW
- Guidelines for the Model Code of Conduct for Local Councils in NSW
- Annual Report 2003/2004
- Future Options for Council Rating: Dealing with the separation of water from land under the Water Management Act 2000
- Corporate Plan 2004–2007
- Information Regarding Former Murrurundi Shire Council
- Practice Note No.15—Water Safety—Revised September 2004
- Structural Reform of Local Government in New South Wales & Map Local Government Areas
- Liverpool City Council Public Inquiry: Final Report: Findings and Recommendations—Volume 3 (July 2004)
- Cultural Planning Guidelines for Local Government

Overseas travel

Our Director General, Garry Payne, and our Deputy Director General, Ross Woodward, participated in two international conferences in 2004–05.

- Garry Payne attended the 90th annual conference of the International City/County Management Association in the USA from 13–23 October 2004.
- Ross Woodward attended the 2004 Council of Local Authorities for International Relations (CLAIR) fellowship exchange in Japan.

These forums provide opportunities for local government executives to meet and exchange a wide variety of ideas and opinions on topics related to local government.

Appendix 3. Circulars to councils

During 2004–05 we issued 65 circulars to councils on a wide range of issues affecting the sector. The full text of these circulars is available in pdf format on our website—www.dlg.nsw.gov.au.

30/06/2005 Circular 05-31

Changes To Land Valuation
And Rating Arising From The
Implementation Of The Water
Management Act 2000

20/06/2005 Circular 05-30

Conflict Of Interest And The Use
Of Consultants

17/06/2005 Circular 05-29

Local Government Regulation
Review

10/06/2005 Circular 05-28

National Framework For Women
In Local Government Information
Kit For Councils

09/06/2005 Circular 05-27

On-Site Sewage Management
Systems Survey 2005

08/06/2005 Circular 05-26

Goods And Services
Tax—Council Compliance
Requirements From 2004/05

31/05/2005 Circular 05-25

Payment Of Gratuities And Other
Bonuses To Employees On
Termination

31/05/2005 Circular 05-24

The Need For Care And
Attention To Detail In Completing
Pecuniary Interest Returns

24/05/2005 Circular 05-23

Companion Animals Pet
Information Poster

18/05/2005 Circular 05-22

Code Of Accounting Practice &
Financial Reporting—Update #13

11/05/2005 Circular 05-21

Borrowing Allocations For
2005/2006—Amounts Sought

04/05/2005 Circular 05-20

Companion Animals Act—New
Laws To Be Introduced For
Restricted Dog Breeds

04/05/2005 Circular 05-19

Initiatives To Address
Professional And Para-
Professional Skills Shortages In
Local Government

29/04/2005 Circular 05-18

Council Claims For Payment
Of Pensioner Concession
Subsidies—June 2005

26/04/2005 Circular 05-17

Codes Of Meeting Practice—
Councillors Invited To Speak
After Declaring A Pecuniary
Interest In A Matter

22/04/2005 Circular 05-16

Information About Rating For
2005/06

12/04/2005 Circular 05-15

Walk Safely To School Day—
Friday, 6 May 2005

11/04/2005 Circular 05-14

Portable Soccer Goalpost Audit

06/04/2005 Circular 05-13

Companion Animals
Management

24/03/2005 Circular 05-12

Exposure Draft Liquor
Amendment Legislation

22/03/2005 Circular 05-11

Variation of General Income for
2005/2006

22/03/2005 Circular 05-10

Portable Soccer Goalposts

09/03/2005 Circular 05-09

Practising The Principles Of
Multiculturalism Pilot Project:
Expressions Of Interest

09/03/2005 Circular 05-08

Legal Assistance For Councillors
And Council Employees

07/03/2005 Circular 05-07

Adjustments To Notional Income
In 2005/06 For Newly Rateable
Crown Land

04/03/2005 Circular 05-06

Guidelines For Applying For A
Special Variation

25/02/2005 Circular 05-05

NSW Code Of Practice:
Plumbing And Drainage

09/02/2005 Circular 05-04

Applications For Ministerial
Approval For A Special Variation
To General Income

20/01/2005 Circular 05-03

Professional Development
Opportunity—Training In Korea
Program

18/01/2005 Circular 05-02

Council Claims For Payment
Of Pensioner Concession
Subsidies—February 2005

17/01/2005 Circular 05-01

Naming And Numbering Of
Roads By Councils—Impact On
The NSW Companion Animals
Register

23/12/2004 Circular 04-63

Local Government (Discipline)
Amendment Act 2004

23/12/2004 Circular 04-62

Review Of Local Government
Regulations

23/12/2004 Circular 04-61

Asbestos Policies For Local
Government

22/12/2004 Circular 04-60

Policy On Payment Of Expenses
And Provision Of Facilities To
The Mayor, Deputy Mayor And
Other Councillors

15/12/2004 Circular 04-59

Comparative Information
Publication 2003/04

15/12/2004 Circular 04-58

Water Safety Issues

06/12/2004 Circular 04-57

Impact Of The Water
Management Act 2000 On
Council Rating: Release Of
Discussion Paper

15/11/2004 Circular 04-56

Portable Soccer Goalposts

05/11/2004 Circular 04-55

Council Data Collection System
for Seizures of Cats and Dogs
for 2004/2005

02/11/2004 Circular 04-54

Walk To Work Day—Friday 5
November 2004

29/10/2004 Circular 04-53

Clarification Of Requirements
For Approvals To Install And
Operate Systems Of Sewerage
Management

14/10/2004 Circular 04-52

Separation Of Land And Water
Under The Water Management
Act 2000: Land Valuations And
Rating

11/10/2004 Circular 04-51

Provision Of Cheque Warrant
To Councillors And In Business
Papers

06/10/2004 Circular 04-50

Practice Note No. 15—Water
Safety

20/09/2004 Circular 04-49

Education Of Owners Of Dogs
Of Restricted Breeds

15/09/2004 Circular 04-48

Local Government Reform

08/09/2004 Circular 04-47

2004/05 Rating Return—New
Councils Comprising: The
Statement Of Compliance And
Rates And Charges

08/09/2004 Circular 04-46

Domestic Waste Management
And Recycling Services Return

03/09/2004 Circular 04-45

Council Claims For Payment
Of Pensioner Concession
Subsidies

31/08/2004 Circular 04-44

2004/05 Rating Return
Comprising: The Statement Of
Compliance And Rates And
Charges—8 November 2004

25/08/2004 Circular 04-43

Strategic Tasks 2004/05

13/08/2004 Circular 04-42

Dividing Fence Enquiries—
Further Contact Details

12/08/2004 Circular 04-41

Draft Model Code Of Conduct
(replaced by Model Code of
Conduct for Local Councils)

06/08/2004 Circular 04-40

Maximum Amount Of Minimum
Rates 2004/2005

04/08/2004 Circular 04-39

Administration Of The Dividing
Fences Act 1991

03/08/2004 Circular 04-38

Lodgement Of Social Or
Community Plans

30/07/2004 Circular 04-37

Sewage Management
(Septicsafe Program) Update

30/07/2004 Circular 04-36

Comments By Councils On The
Report On The Review Of The
Companion Animals Act 1998

23/07/2004 Circular 04-35

Commencement Of The Local
Government Amendment
(Mayoral Elections) Act 2004

21/07/2004 Circular 04-34

Public-Private Partnerships:
Proposed New Requirements
For Councils Seeking To
Participate In Developments With
The Private Sector

16/07/2004 Circular 04-33

Water Safety Week 2004

16/07/2004 Circular 04-32

Code Of Accounting Practice &
Financial Reporting—Update #12

16/07/2004 Circular 04-31

Financial Reporting—30 June
2004

05/07/2004 Circular 04-30

Lodgement of 'Annual' Pecuniary
Interest Returns By Newly
Elected Councillors

Appendix 4. Membership of significant committees

Commissions and Tribunals

Local Government Boundaries Commission

Chair: E Hall AM
Members: L Kelly, M Squire

Statement of function

Examine and report on proposals for boundary alterations and amalgamations of local government areas referred to it by the Minister.

The Local Government Boundaries Commission is a statutory authority under section 263 of the *Local Government Act 1993*. It has the function of examining and reporting on any matter referred to it by the Minister for Local Government regarding the boundaries of local government areas and the areas of operation of county councils. Section 263(3) specifies factors which the Boundaries Commission must take into account when considering amalgamation proposals.

Local Government Grants Commission

Chair: Emeritus Professor M Daly
Deputy chair: G Gibbs
Members: H Wilton, K Jonovski

Statement of function

Examine and consider applications by councils for federal funds for local government purposes.

The primary function of the Grants Commission is to make recommendations to the Minister for Local Government on the allocation to local governing bodies in New South Wales of general purpose grants under the provisions of the *Commonwealth Local Government (Financial Assistance) Act 1995*.

Local Government Pecuniary Interest and Disciplinary Tribunal

Member: D Officer QC

Statement of function

The Tribunal conducts proceedings into reports of complaints that councillors or designated staff have breached the pecuniary interest provisions of the Local Government Act. On 1 July 2005 the Tribunal was given an expanded role following passage of the *Local Government Amendment (Discipline) Bill 2004*.

Local Government Remuneration Tribunal

Member: Justice C Cullen

Assessors: H L'Orange, G Payne

Statement of function

The Tribunal is responsible for categorising councils, county councils and mayoral offices to determine the maximum amounts of fees to be paid to councillors, members of county councils and mayors in each category.

Advisory groups**Local Government Accounting Advisory Group**

Chair: C Spreitzer

Members: S Hammond, B Jenkins, M Sewell, J Redden,
W Taylor, S McBride, B Oyetunji, M Chorlton,
J Gordon, S Samra, J O'Malley

Statement of function

Assist the department in maintaining and updating the Local Government Code of Accounting Practice and Financial Reporting and the Local Government Asset Accounting Manual in line with Australian Accounting Standards and other requirements.

Rate Pegging—Committee of Advice

Members: R Woodward, G Gibbs, B Freeland

Statement of function

Provide advice to the Minister on the recommended annual percentage increase for local council annual general income (rate pegging percentage).

Key internal committees

Joint Consultative Committee

Chair: R Woodward

Members: K Butson, F Bronneberg, M Stanfield, J Hogg, G Hart,
C Medcalf, I Ratcliff, C Spreitzer, D Riordan

Statement of function

Forum for management, staff and the PSA to discuss industrial and other issues of interest.

Occupational Health & Safety Committee

Chair: C Medcalf

Members: D Friend, R Bailey, E Missingham, V Macdonald,
H Pearce, C Garcia, T Waters

Statement of function

Review the measures taken to ensure the health, safety and welfare of people at the place of work, investigate any matter that may be a risk to health and safety, and attempt to resolve any problems that may occur with safety or health issues.

Appendix 5. Freedom of information

Our freedom of information (FOI) policy and procedures are aligned with the objectives of the FOI Act and the Ombudsman's policies and guidelines.

We consider any request for access to the documents we hold and, wherever possible, give access to these documents free of charge. However, sometimes there are inhibiting factors such as the time and resources that may be involved in providing access, the rights of others who may be affected by the disclosure of the information and the effect of disclosing the documents on the functions of the department.

During 2004–05 we received eight new FOI applications, nine less than last year. Out of the applications we processed this year, two were granted access in full, three were granted partial access, one was refused on the basis that we did not hold the document, one was redirected to another agency and one was withdrawn. There were no major compliance issues or problems with these applications. There was also one internal review about a determination we had made.

The drop in the number of FOI requests received this year is representative of our commitment to giving access to documents free of charge and outside of the FOI process. This minimises the expenditure of government resources and is consistent with the objects of the FOI Act—disclosure at the lowest possible cost to the applicant.

The following tables show how many FOI requests we received in 2004–05, what happened to the requests we completed, why we restricted some requests and how long it took us to process them. No application took the department longer than 40 hours to process and no application was deferred.

Section A—Number of FOI requests

FOI requests	Personal	Other	Total
A1 New (including transferred in)	3	5	8
A2 Brought forward	—	—	—
A3 Total to be processed	—	—	—
A4 Total completed	3	5	8
A5 Transferred out	1	—	1
A6 Withdrawn	1	—	1
A7 Total processed*	2	4	6
A8 Unfinished (carried forward)	—	—	—

*Note: Does not include withdrawn or redirected requests.

Section B—What happened to completed requests

Completed requests are those in line A4

Result of FOI request	Personal	Other
B1 Granted in full	—	2
B2 Granted in part	1	2
B3 Refused	1	—
B4 Deferred	—	—
B5 Completed	2	4

Section C—Ministerial certificates

Nil

Section D—Formal consultations

	Issued	Total
D1 Number of requests requiring formal consultations	4	4

Section E—Amendment of personal records

Nil requests

Section F—Notation of personal records

One in the last 2 years

Section G—FOI requests granted in part or refused

Number of times each reason cited in relation to completed requests that are granted or refused.

Basis of disallowing or restricting access	Personal	Other
G2 Section 19 (application incomplete, wrongly directed)	–	1
G3 Section 22 (deposit not paid)		
G4 Section 25(1)(a1) {diversion of resources}	–	–
G5 Section 25(1) (a) exempt	–	–
G6 Section 25 (1) (b), (c), (d) (otherwise available)	1	2
G7 Section 28(1) (b) {documents not held}	–	–
G8 Section 24(2)—deemed refused, over 21 days	1	–
G9 Section 31(4) {released to medical practitioner}	–	–
G10 Totals	2	3

Note: Does not include withdrawn request.

Section H—Costs and fees of requests processed during 2004–05

	Assessed costs	FOI fees received
H1 All completed requests	\$630.00	\$630.00

Note: Does not include costs and fees for unfinished requests or returned or refunded fees.

Section I—Discounts allowed

No discounts allowed in the last two years

Section J—Days to process

Number of completed requests by calendar days (elapsed time) taken to process

Elapsed time	Personal	Other
J1 0–21 days	2	2
J2 22–35 days	1	2
J3 Over 35 days	–	–
J4 Total	3	4

Note: Does not include withdrawn request but does include redirected request.

Section K—Processing time

Number of completed requests by hours taken to process

Process hours	Personal	Other
K1 0–10 hours	2	1
K2 11–20 hours	1	2
K3 21–40 hours	–	1
K4 Over 40 hours	–	–
K5 Totals	3	4

Note: Does not include withdrawn application.

Section L—Reviews and appeals

L1 Number of internal reviews finalised	1
L2 Number of Ombudsman reviews finalised	–
L3 Number of Administrative Decisions Tribunal appeals finalised	–

Appendix 6. Privacy management plan

A legal officer is currently acting as the department's privacy officer. Their role is to provide advice and information to staff in relation to privacy matters, receive and process any privacy complaints in relation to the department's activities and conduct, and update our privacy management plan as required.

A copy of our privacy management plan is publicly available on our website. It sets out what is private and personal information and how we deal with the information we collect.

Given our regulatory role, we have exemption from complying with some sections of the *Privacy and Personal Information Protection Act 1998*. These exemptions cover our investigations—where compliance with those sections would detrimentally affect the conduct of the investigation.

In 2004–05 we received two privacy complaints about the alleged release of personal identifiers by the department. These complaints have been referred to an external adviser for resolution. There were no internal part 53 reviews this year.

Appendix 7. Guarantee of service and consumer response

The department aims to provide accurate and consistent advice to our clients in a polite and courteous way. Our staff try to respond to telephone enquiries immediately and reply to correspondence within 4 weeks. Complex matters may necessarily take longer to finalise.

It is the department's practice to always include a contact name and telephone number in letters and to encourage clients to contact us if they need more information. We consult on changes to policies or legislation affecting the local government sector and advise our clients of any policy changes.

As reported last year, since our relocation to Nowra our performance on average, particularly in relation to correspondence, has been adversely affected by a loss of experienced staff, and difficulties in attracting staff with government experience.

We also continue to receive a high volume of correspondence given increasing community interest in local government issues. During 2004–05 we processed 4,110 items of Departmental correspondence, 2,591 items of Ministerial correspondence, and 53 Cabinet Minutes.

We have made significant efforts to address our performance in relation to our guarantee of service. During 2004–05 we continued the review and update of our guarantee of service standards, conducted further training for all staff on correspondence preparation and working in government, and implemented a new Electronic Documents and Resources Management System to ensure more efficient workflows.

The development of our new corporate plan and business performance system have also assisted in focussing our workforce on our guarantee of service and developing commitment to improving our performance.

Our efforts to date have seen some improvement toward achieving our performance targets in 2004–05, and we plan to review and clarify our consumer response mechanisms during 2005–06.

Table 1. Guarantee of service

Service Quality Measure	Target	2003–04 Actual	Target	2004–05 Actual	2005–06 Target
% of Departmental correspondence answered within 4 weeks	70%	50.2%	70%	60.3%*	70%
% of Land Acquisition Notices approved within 90 days^	70%	14.3%	90%	27.3%	90%
% of leases and licenses for community land granted within 60 days^	90%	100%	90%	100%	90%
% of Annual Accounts extensions granted within 21 days	85%	100%	85%	100%	85%

^Processing time measured from full receipt of all documentation

* 2004–05 figure has been derived from combined data from our old DTS and new EDRMS, and relates to percentage of Departmental correspondence requiring a reply and responded to within 4 weeks.

Appendix 8. Risk management and insurance activities

We take an integrated risk management approach. This means that risk assessments are incorporated as essential components in strategic and operational decisions made by management.

Factors that may affect the capacity of the organisation to meet corporate objectives are identified and strategies are developed and implemented to help manage those risks.

In December 2004, the Internal Audit Bureau (IAB) issued the final report on its comprehensive enterprise-wide business risk assessment for the department.

This report found that management have a high level of awareness of the risks and areas of concern facing the organisation. The department has gone through a number of profound changes recently with regards to its structure, location and operating/political climate and has a range of management initiatives in place to improve its performance and risk profile.

The IAB also completed a critical review of our current human resource practices, policies and procedures as part of our internal audit program. The report issued in June 2005 made recommendations for improving the current control environment including suggestions that:

- Human resources staff from the Department of Gaming and Racing (DGR) should increase their profile within the Department of Local Government to improve our perception of their service as an accessible resource.
- The Human Resources Manager, DGR should provide strategic human resource advice to our Director General and Deputy Director General.
- DGR, as part of the service level agreement, should assume responsibility for maintaining and enhancing our human resource policies and procedures.

- Any of our staff likely to be involved in recruitment and selection should undergo training or refresher training in recruitment and selection techniques.

A review of our service level agreement is scheduled for completion by December 2005.

Our insurance coverage is provided by the Treasury Managed Fund.

Appendix 9. Human resources

Table 1. Staff employed in various categories

Category	2001–02	2002–03	2003–04	2004–05
CEO/SES	2	2	2	2
Senior officers	–	2	2	3
Clerks 7–12	37	31	34	37
Clerks 3–6	7	4	11	11
Clerical officers	5	6	5	6
Legal officers	5	6	7	7
Total	56	51	61	66

The lower average number of effective full time staff (51 EFT) during 2002–03 reflects the separation of staff who did not relocate with the department to Nowra in January 2003. The average increased to 61 EFT in 2003–04 as vacant positions were filled and new people were appointed to work on the local government reform program. As part of this, during 2004–05 four additional investigators were appointed to provide an early intervention capacity to councils experiencing operating difficulties and/or undergoing amalgamation or boundary change.

The average sick leave for 2004–05 was 4.2 days compared to 4 days and 6.7 days in each of the two previous years.

Table 2. Chief and senior executive officers

Remuneration level	CES/SES 2001–02*	CES/SES 2002–03*	CES/SES 2003–04	CES/SES 2004–05
1				
2				
3				
4			1	1
5				
6	1	1		
7			1	1
8				
Totals	1	1	2	2

* During 2001–02, and 2002–03 the Department also used the services of an unattached SES officer level 5.

The total remuneration package for Garry Payne, Director General of the Department of Local Government, SES Level 7 was \$357,300. No performance payment was made in 2004–05.

No SES positions were held by women in the years reported.

Employee relations

Our joint consultative committee (JCC) met five times during the year to discuss workforce management issues.

The topics addressed included:

- standard hours of access and arrangements for after hours access to the workplace
- the availability of videoconferencing facilities for staff to conduct meetings across the state
- job evaluation training for staff representing union members
- a review of human resource policies and procedures and consultation with staff focus groups
- presentation of information sessions for staff on topical issues during the scheduled monthly visits to Nowra by the human resources manager
- the implementation of a business performance management system.

The Director General and Deputy Director General introduced a morning information session each month to discuss and invite any feedback from staff on current issues or matters of concern.

In 2005–06 the JCC will review its terms of reference and promote the introduction of a charter of dignity and respect in the workplace.

Workplace reform and flexible work practices

We adopted a JCC recommendation to implement a new flexible working hours agreement starting on 16 May 2005. The agreement establishes the conditions under which flexible working hours operate and provides greater flexibility to help staff to meet workloads and deadlines, a fair recognition of time worked, and an appropriate balance between work and personal priorities.

The new agreement increases the settlement period for reconciling flex time from four weeks to twelve weeks, and also includes a mechanism for staff to bank time to avoid forfeiture of time.

Industrial relations

On 16 February 2005 the NSW Industrial Relations Commission made the *Crown Employees (Public Sector—Salaries 2004) Award* by consent. The award is part of the settlement of the PSA public sector salary claim by the parties including the Public Employment Office (PEO) and the Public Service and Professional Officers Association (PSA).

The award provides for an increase to salaries and related allowances (4% with effect from the beginning of the first full pay period on or after 1 July 2004, a further increase of 4% from the first full pay period on or after 1 July 2005, and 4% from the first full pay period on or after 1 July 2006).

The PEO had previously determined that agencies could implement the salary increases as soon as practicable after 1 January 2005. Back pay would only apply to existing employees employed as at 1 January 2005. Former employees who left the public sector before 1 January 2005 were not entitled to back pay. Our award increases including back pay were processed with the payroll on 27 January 2005.

In addition, the settlement includes non-salary enhancements of:

- the introduction of paid parental leave of 1 week at full pay or 2 weeks at half pay
- an increase in paid maternity and adoption leave to 14 weeks at full pay or 28 weeks at half pay
- access to pro-rata extended leave after 7 years service
- allowing employees to take a period of extended leave at double pay ie an employee may use their entitlement to 2 months extended leave by taking 1 months leave and receiving 2 months pay for that 1 month period
- public holidays that fall while an employee is on a period of extended leave will be paid and not debited from an employees leave entitlement.

A memorandum of understanding (MOU) has been entered into between the government and the PSA, made in full and final settlement of the PSA's public sector salary claim. It provides for a further one year award starting on 1 July 2007 and expiring on 1 July 2008. This will provide for a further 4% increase from the first full pay period on or after 1 July 2007.

No formal grievances were lodged during 2004–05. Several minor concerns were resolved immediately in accordance with our grievance handling procedures. At the time of reporting one formal grievance was lodged in 2005–06 and resolved with the assistance of a mediator.

Appendix 10. Our new code of conduct

We adopted an updated code of conduct in November 2004. The revised code espouses the importance of selflessness, integrity, objectivity, accountability, openness, honesty and leadership for our roles as public officials and conveys the obligations, responsibilities and standards of professional behaviour expected of us. Employees can access the code on the intranet to guide them in resolving ethical issues.

A copy of the new code is included below. It will be issued with offers of employment and successful applicants will be required to confirm that they have read and understood the code of conduct before starting their duties.

Introduction

The Department of Local Government is a department of the New South Wales Government.

Our vision is:

'To foster a strong and sustainable local government sector that meets changing community needs.'

All NSW Government employees are required to observe certain standards of behaviour. This code of conduct has been developed to meet the specific needs and requirements of the Department of Local Government.

This code is not intended to be read as a set of rules, where every word is scrutinised for its legal meaning.

It is intended to convey in plain words the obligations, responsibilities and standards of professional behaviour expected of all staff of the department including temporary, contract and part-time staff. It is written in the first person to emphasise that the code is above all something we all as individuals are responsible for implementing.

The code is a guide developed to assist staff in resolving ethical issues. While there is no set of rules capable of providing answers to all ethical questions that arise, this code provides the framework for appropriate conduct in a variety of contexts. It contains principles for public life and then outlines expected levels of behaviour. The department is committed to supporting staff in complying with the code.

The code is based on the New South Wales Public Sector Code of Conduct issued by the Premier's Department in July 1997 and incorporates material from the Independent Commission Against Corruption, the work of other public sector agencies and the specific needs of departmental staff.

The code will be reviewed regularly, updated and expanded to reflect relevant changes that occur both within and outside the department. The department will also ensure that the code is readily available to staff and is promoted as part of the induction of new staff and ongoing training and development of existing staff. The code should be read in conjunction with policies and information sheets contained in the human resources section on the department's intranet.

GARRY PAYNE
Director General

The seven principles of public life

I am committed to enacting the following seven principles of public life in performing my duties as a public official with the department.

Selflessness

I recognise that I should make decisions solely based on the public interest and should not do so in order to gain financial or other benefits for myself, my family, friends and/or other closely connected persons.

Integrity

I will not place myself under financial, personal or other obligations to outside organisations or individuals that might reasonably be thought to influence me in my official duties.

Objectivity

I will act fairly and impartially, making decisions and choices in carrying out my official duties based solely on merit and in accordance with my legal obligations.

Accountability

I am accountable to the public for my decisions and actions and I must submit myself to whatever scrutiny is appropriate to my office.

Openness

I will be as open as possible about all the decisions and actions I take. I will give reasons for my decisions and restrict information only when the law or the wider public interest demands it.

Honesty

I have a duty to declare any private interests relating to my public duty and to take steps to resolve any conflicts arising in such a way that protects the public interest.

Leadership

I will promote and support these principles by leadership and example and maintain and strengthen the public's trust and confidence in the integrity of the department.

Public confidence

I am fully aware that as an employee of the department I am required to above all serve the public interest.

My public duty demands that I must exhibit standards of professional behaviour that maintains public confidence and trust. As an employee of the department, I will act with the highest integrity and competence, treating all citizens fairly, reasonably and equitably.

Personal and professional behaviour

I will perform any duties associated with my position diligently, impartially and conscientiously to the best of my ability.

In the performance of my duties I will:

- endeavour with the support of the department to keep up-to-date with advances and changes in my area of expertise
- maintain adequate documentation to support any decisions made
- act in a professional manner and treat members of the public and other staff members with courtesy, respect and sensitivity
- provide all necessary and appropriate assistance to members of the public and the department's clients
- deal with cases or matters in accordance with approved procedures consistently, promptly and fairly

- refrain from discrimination on the grounds of sex, marital status, pregnancy, age, race, colour, nationality, ethnic or national origin, physical or intellectual impairment, sexual preference, religious or political conviction when dealing with colleagues, members of the public or the department's other clients.

Responsibility to the government of the day

I will honestly and impartially serve the government of the day regardless of which political party or parties are in office. When implementing government policy, I acknowledge that, while fully entitled to hold my own views on political or social issues, my personal values do not take precedence over those explicit or implicit in government policy.

When faced with having to implement a policy that is at odds with my personal values and where I am unsure I can deal with the matter in accordance with my public duty, I will discuss the matter with either my branch manager, director or, if need be, the Deputy Director General or Director General. This is in order to put strategies in place to ensure that the matter can be dealt with properly.

I will at all times provide impartial and accurate advice to the government of the day and implement its policies promptly, efficiently and effectively.

At all times I will give objective, honest, conscientious and responsible advice based on an accurate representation of the available facts.

Provision of information to Members of Parliament

Where a Member of Parliament or one of their staff makes an oral enquiry direct to the department, I will advise the Member and/or the Member's staff to contact the Minister's Office. I agree that all responses to such oral or written requests for information will be channelled through the Minister's office. If I am unsure as to the correct action to take, I will seek guidance from staff of the department's Executive Branch.

Public servant's obligations

I will comply with the requirements of the Public Sector Employment and Management Act, the Public Finance and Audit Act and all operational policies issued in accordance with them.

I will comply with legislation, public sector wide policies and departmental policies, as determined by the Director General or an appropriate delegate and endeavour to keep abreast of any changes to policies.

Relevant policies include:

- equal employment opportunity
- travel
- overtime
- flexible working hours
- email and internet
- occupational health and safety
- ethnic affairs priorities statement
- privacy.

Conflict of interests

I will observe the public interest ahead of my own personal interests. I will avoid or appropriately manage any conflict between any personal, financial or other interest or undertaking and my public duty.

If the potential for any conflict of interest does arise, I will notify the Director General in writing regarding the circumstances. Pending advice to the contrary, I will refrain from dealing with any such matter. I will put into place any reasonable measures requested by the Director General to appropriately manage or avoid any conflict of interest. I acknowledge this may include not taking any further role in the matter, modifying my role in the matter, or taking steps to remove my interest. Any conflict between personal interests and those of the department must be resolved to the satisfaction of the department.

Conflicts of interest will be assessed in terms of the likelihood that an officer possessing a particular interest will be influenced, could be influenced, or may appear to be influenced, in the performance of his/her duties on a particular matter.

Gifts and benefits

I will under no circumstances solicit by either word or gesture any meals, drinks, money, gifts, benefits, travel or hospitality.

Under no circumstances will I accept any offer of money.

I will not accept gifts from department clients, organisations or individuals for my family or myself where the gift implies I should unduly favour that client or individual.

I may accept gifts or benefits of a token kind or moderate acts of hospitality, particularly if refusal is likely to offend. I will exercise discretion in the receipt of token gifts, benefits and hospitality. I will make it clear that I am accepting any gift, benefit or hospitality on behalf of the department.

Token gifts would include ties, scarves, mugs, coasters, tiepins, diaries, chocolates, flowers, mementoes or souvenirs and small amounts of beverages (including alcoholic beverages eg wines, spirits, beer etc.).

Token benefits would include a meal whether at the client's premises or at a venue that is not markedly expensive, and is provided during discussions on official business or during attendance at an official function.

Token hospitality would include invitations to appropriate out of hours 'cocktail parties' or social functions organised by clients.

I will report to the Director General or Deputy Director General in writing as soon as possible any substantial gift, benefit or hospitality, or any offers of such made directly or indirectly to me. All gifts will be recorded in the department's gifts register held by the Manager, Business Services.

If I am required to undertake or assist in any form of inquiry, review or formal or preliminary investigations, under no circumstances will I accept any gifts, benefits, or hospitality (other than offers of light refreshments and small meals) from any party involved during or after the conduct of that inquiry, review or investigation.

Use of official facilities and equipment

Public resources available to me in my employment include physical resources (including office supplies, furniture, books, magazines, kitchen supplies and vehicles) communication devices (including fixed and mobile telephones, computers, photocopiers, facsimile machines and multi-function devices) and human resources (including the skills and time of clerical and specialist departmental staff).

I will be:

- efficient and economical in my use and management of public resources
- scrupulous in the use of public resources and not permit their abuse by others.

I understand that resources should only be used for private purposes when prior official permission has been granted. In such circumstances, I understand that the use should be moderate, occasional and, if appropriate, covered by a payment to compensate the department for loss arising from the use. I acknowledge that in using such resources, I am responsible for maintaining, safeguarding and replacing the resource.

I am entitled to use the telephone system for private calls provided that they are short, infrequent and do not interfere with my work. I am also entitled to moderate and occasional personal use of mobile telephones, facsimile and multi-function devices. I acknowledge that abuse of this privilege is a serious matter.

I will use the department's email and internet services for authorised purposes only as set out in the department's email and internet policy.

Use of official information

I am obliged to disclose official information that is normally given to members of the public seeking that information.

I will only disclose other official information or documents acquired in the course of my employment when required to do so by law or under departmental policy, in the course of duty, when called to give evidence in court, or when proper authority has been given.

In such cases, my comments will be confined to factual information and will not express an opinion on official policy or practices.

In doing the department's work, I understand that this may at times involve access to sensitive official information which may be the subject of enquiry, investigation or consultation.

I am fully aware and understand that confidential information shall not be used:

- to gain improper advantage for myself or for any other person
- in ways which are inconsistent with the obligation to act impartially
- to cause harm or detriment to any person, body or the department.

I will ensure that sensitive or confidential information is not readily accessible by unauthorised persons and is properly stored when not in use.

Dealing with personal information

I understand that the *Privacy and Personal Information Protection Act 1998* (the PPIP Act), sets standards for the collection, holding, use and disclosure of 'personal information' by public sector agencies, including this department.

I have familiarised myself with the 12 information protection principles of the PPIP Act and the department's privacy management plan, which reflects the department's policies and practices relating to privacy protection.

If at any time I become aware that personal information is dealt with in a manner which might involve a breach of the PPIP Act, or which is contrary to the privacy management plan, I will immediately raise my concerns with my branch manager.

Outside employment

I must obtain the approval of the Director General before accepting and commencing employment with another body.

In all cases where outside employment is approved, my first obligation is to act in the interest of the department. I will avoid any situations that may arise or give the appearance of a conflict of interest. In particular, I acknowledge that where the secondary employment provider is in, or is entering into, a contractual relationship with the government, or where its primary purpose is to lobby government organisations or Members of Parliament, or where it is in a regulatory relationship with the department, it may not be appropriate for me to undertake such employment.

Post-separation of employment

Should I at any time leave the employment of the public service for any reason, I will not take personal or professional advantage of information gained in the course of my official duties as a public official. I will, if necessary, enter into an arrangement with the Director General to manage the use of any information I have acquired in the course of my public employment in order to minimise the risk of its misuse.

I will exercise care in dealing with any former members of departmental staff to ensure that my personal or professional relationship with such persons does not result in such persons receiving or appearing to receive favourable treatment.

Code of dress

I will dress in a manner that projects a professional image having regard to the duties I am or am anticipating having to perform on the department's behalf.

Public comment

In the performance of my public duties, I will not air personal views that may adversely affect the department. I will ensure that my personal views are not presented or interpreted as official comment.

I recognise that in accordance with the department's media policy, only nominated official spokespersons may make public comment through the media on departmental matters. I will not do so unless required to do so by law or under department policy, in the course of duty, when called to give evidence in court, or when proper authority has been given.

I understand that public comment on departmental matters includes comments during public speaking engagements, comments on radio and television and expressing views in letters to the newspapers or in books, journals, articles or notices or where it might be expected that the publication or circulation of the comment will spread to the community at large.

Appendix 11. Equal employment opportunity

Table 3. Trends in the representation of EEO groups for full-time staff

EEO group	Government target	Public sector 03–04	DLG 02–03	DLG 03–04	DLG 04–05
Women	50%	51%	51%	49%	59%
Aboriginal people and Torres Strait Islanders	2%	–	–	–	–
People whose language first spoken as a child was not English	20%	10%	10%	8%	7%
People with a disability	12%	6%	6%	8%	4%
People with a disability requiring work-related adjustment	7%	–	–	–	1.5%

Interpretation

We achieved above the government's benchmark for employment of women, and higher for the public sector as a whole. We are well under the government's benchmark for people whose language first spoken as a child was not English, but only slightly under for the public sector as a whole. We are also under the benchmarks for people with a disability and for people with a disability requiring work-related adjustment.

We need to introduce a program for the employment of Aboriginal people and Torres Strait Islanders, and continue to focus on strategies to increase the representation of other groups.

Table 4. Trends in the distribution of EEO groups for full-time staff

EEO group	Benchmark or target	01–02	02–03	03–04	04–05
Women	100%	n/a	89%	88%	84%
Aboriginal people and Torres Strait Islanders	100%	n/a	n/a	n/a	n/a
People whose language first spoken as a child was not English	100%	n/a	n/a	n/a	n/a
People with a disability	100%	n/a	n/a	n/a	n/a
People with a disability requiring work-related adjustment	100%	n/a	n/a	n/a	n/a

Interpretation

A distribution index of 100 indicates that the centre of the distribution of the EEO group across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the EEO group is less concentrated at the lower levels. Where n/a appears, the sample was not sufficient to draw a conclusion. The distribution index is automatically calculated by the software provided by Employment Equity and Diversity.

Appendix 12. Occupational health and safety

We are committed to ensuring the safest possible work environment for staff and visitors. Our OH&S committee meets regularly to help us identify strategies for maintaining a safe working environment.

Our committee is made up of two employer representatives and five employee members representing work areas. The committee met six times during 2004–05.

Notable objectives achieved include:

- completing a comprehensive review of all OH&S policies and procedures
- developing an OH&S management action plan
- organising the presentation by the Commonwealth Rehabilitation Service of two ergonomic workshops attended by twenty five staff
- introducing new arrangements for conducting workplace inspections to identify potential hazards.

Six individual ergonomic assessments were conducted for employees at their workstations.

VDU (visual display unit) vision screening assessments and further ergonomic training presentations are planned for 2005–06.

There was one workers compensation claim in 2004–05 compared to one in 2003–04.

Appendix 13. Disability plans

The strategies in our disability action plan are directed towards physical access, employment in the public sector, training of staff and information about services, positive community attitudes and complaints procedures.

Our office in Nowra provides high access to staff and visitors with disabilities including car parking, a lift, toilets on each level and adjustable work stations.

With only 66 effective full time staff, movements in the percentages of staff with a disability employed by the department are volatile to change. In 2004–05 the percentage decreased to 4%. This is well below the government target of 12%.

Information is readily available to all staff on our intranet to help them to consider the needs of people with disabilities when providing advice about local government issues.

We encourage, and where practicable assist, councils to:

- promote positive community attitudes and develop strategies to address the needs of people with disabilities in their local communities
- adopt disability action planning and use the NSW government disability policy framework
- send their disability plans to the Human Rights and Equal Opportunity Commission

We have reviewed our complaints procedures to improve options for communicating feedback to people with disabilities.

In 2005–06, we will continue developing new strategies to extend the life of our disability action plan first issued in December 2000.

Appendix 14. NSW government action plan for women

We encourage councils to develop and implement strategies to remove the barriers that many women face in achieving full participation in all aspects of society.

We also participate in inter-agency liaison groups, such as the network of NSW government agencies—gay, lesbian and transgender issues, that take a whole of government approach to implementing the action plan for women.

In addition, we played a leading role on the NSW coordination committee for the national framework for women in local government in developing an information kit for councils. The kit was launched in March 2005 and includes practical resources to assist councils to develop local action plans to increase women's participation in local government.

We plan to schedule a forum in 2005–06 for councils to explore strategies for increasing the participation of women in leadership roles, and invite those councils with a good record for developing strategies to encourage women in local government.

Spokeswomen's program

Our spokeswomen's program aims to identify and act on issues affecting women in the workplace and to support female staff through information and development opportunities. It is an integral part of our equal employment opportunity (EEO) program as our two spokeswomen represent EEO groups, including women, at the joint consultative committee meetings. They are supported by a women's liaison officer and an employment equity director.

Our spokeswomen negotiate and monitor an annual budget, arrange regular seminars, newsletters and information sessions for female staff, and submit biannual reports to the spokeswomen's program management committee. They also buy relevant books for the library, circulate pamphlets on a range of issues, and provide information on the spokeswomen's program to new staff.

Some of our activities for 2004–05 included:

- holding regular morning teas for female staff to network and raise issues of interest or concern
- regularly attending the Nowra Women's Network lunches and seminars
- holding a presentation and lunch for International Women's Day (8 March 2005)
- organising lunchtime in-house yoga classes
- arranging the purchase of exercise/stretching software, in conjunction with the OH&S committee
- meeting with the employment equity director each month to raise any issues of concern.

Upcoming activities and projects for 2005–06 include hosting Springboard, a mentoring program for public sector women in non-management roles. We have invited women from other agencies in the Shoalhaven/Illawarra area as well from women in the local area as guest speakers to provide motivation and inspiration for the participants.

Appendix 15. Ethnic affairs priority statement

We are committed to the integration of ethnic affairs principles and policies into all planning, management and work processes and practices within the department and the local government sector.

Our 2004–05 ethnic affairs priority statement (EAPS) contained twenty one EAPS initiatives.

This included thirteen departmental and eight local government initiatives aimed at promoting the implementation of the principles of multiculturalism.

Some of our departmental initiatives included:

- promoting our EAPS statement to staff through branches and on our website
- integrating EAPS principles into our corporate and branch planning processes
- providing cultural awareness training for staff
- reviewing our human resource policies and procedures to ensure that cultural diversity issues are incorporated in recruitment processes.

Some of our local government initiatives included:

- starting to review council social and community plans to determine if they identify and address the needs of people from culturally and linguistically diverse backgrounds
- working with the Community Relations Commission on a pilot project to assist councils implement the principles of multiculturalism
- encouraging the local government sector to hold forums to discuss ethnic affairs and multicultural issues—the 2005 local government multicultural forum was hosted by Ashfield Council in June.

Appendix 16. Waste reduction

We integrate waste reduction and purchasing policy (WRAPP) principles into all our operation policies and practices. Our ongoing strategies to minimise our impact on the environment include:

- communicating with councils via email
- using email and our intranet to distribute information to staff
- using recycled content paper stocks for our publications
- actively encouraging staff to recycle all waste paper and cardboard and providing facilities for this
- recycling used toner cartridges
- receiving and distributing faxes electronically
- producing electronic forms and publications.

Our business operations

Over 95% of the paper products we buy contain recycled content. In 2004–05 we increased the recycled content of our photocopy paper from 60% to 80%.

In 2005–06, we will replace obsolete printers with models that have double sided printing capabilities. This will reduce the volume of paper used.

Our publications

We are committed environmentally responsible paper users and specify optimal green paper stocks for all our printed publications. We always use stock from suppliers committed to environmental sustainability.

This year the stock we used for our printing had a high environmental sustainability rating with the following characteristics.

Sustainable forests

These papers are totally derived from resources which are managed to ensure their renewability for generations to come.

- Pan European Forest Certification (PEFC). Certification ensures wood used in paper production is exclusively from forests that guarantee renewability and respect for the ecosystem.
- Sustainable Forestry Initiative (SFI). The American Forest and Paper Association's Sustainable Forestry Initiative aims to ensure ongoing renewable resources across the country.

Bleaching process

When wood is pulped, it becomes naturally discoloured. The environmental challenge is to bleach the pulp while minimising harmful side-effects on the environment.

- Elemental Chlorine Free (ECF)—Pulp is bleached using processes that do not use elemental chlorine gas, reducing significantly the amount of toxins released.

Environmental management systems

External certification and ongoing monitoring systems designed to assure continuous reduction of environmental impacts. EMS is designed to identify, evaluate, plan, manage, improve and monitor the environmental policy throughout an organisation.

- ISO 14000/01—A formal international certification of environmental management systems, covering planning, environmental performance evaluation, and auditing.
- IPPC (Integrated Pollution Prevention and Control)—IPPC seeks to prevent or minimise air, water and soil pollution by emissions from industrial installations in the community.

Recycled

To obtain the recycled label, a paper must contain recovered materials. The amount may vary considerably, from small percentages of pre-consumer to 100% post-consumer materials, and any combination of the two. Most recycled papers will have a recovered content of at least 20%.

- 55% recycled, 45% oxygen bleached

Appendix 17. Government energy management policy

We are committed to policies and practices that aim to achieve lower and sustainable levels of energy use and greenhouse emissions.

Our Nowra office has a range of energy efficient features such as T5 luminaries with electronic ballasts for internal lighting, high tint glass and shade screens above the windows, and carbon monoxide sensors to control the exhaust fans in the car park. The building design incorporates heat generated by computers within the building and office lights have sensors that deactivate when the room is unoccupied.

This year we replaced two fleet cars with smaller, more fuel efficient ones. This enabled us to meet the government's fleet environmental performance score target 12 months ahead of schedule.

In 2005–06 we will complete our three year rolling fleet improvement plan incorporating specific performance targets to reduce greenhouse emissions.

Appendix 18. Grants to non-government organisations

During 2004–05 we made two grants totalling \$42,000 to non-government community organisations under the program titles 'development, oversight and assistance to local government'.

Both payments were made to the University of Sydney to allow research by Professor Bob Walker and Associates on:

- the links between council statutory planning and reporting and strategic planning (\$12,000)
- local government infrastructure financing (\$30,000).

Appendix 19. Consultants

We engaged 17 consultants during 2004–05 at a total cost of \$401,085.

There were two consultancies that exceeded \$30,000.

Consultant	Cost	Details
Management services		
Emeritus Professor Maurice Daly trading as Daly Research Systems Pty Ltd	\$5,625	Liverpool City Council public inquiry
	\$185,625	Tweed Shire Council public inquiry
	\$191,250	
Internal Audit Bureau	\$30,000	Run seminars for councils on 'promoting better practice'.
Total	\$221,250	

We spent \$179,835 on 15 consultancies of less than \$30,000 in the following areas.

Management services	\$127,073
Organisational review	\$52,762
Total	\$179,835

Appendix 20. Our payment performance

1. Accounts payable performance

Quarter ending	Current	30 days	60 days	90 days
At 30 September 2004	\$1,067,157	\$39,379	\$2,186	\$15,503
At 31 December 2004	\$718,242	\$31,795	\$22,239	\$14,552
At 31 March 2005	\$763,747	\$88,804	\$29,507	\$34,258
At 30 June 2005	\$1,242,926	\$25,180	\$26,269	\$28,811

This table shows accounts payable at the end of each quarter as extracted from the department's accounting system.

2. Payments on time

Quarter ending	Accounts paid on time		Amount paid on time	Amount paid
	Target %	Actual %		
At 30 September 2004	85%	95%	\$1,067,157	\$1,124,225
At 31 December 2004	85%	91%	\$718,242	\$786,829
At 31 March 2005	85%	83%	\$763,747	\$916,317
At 30 June 2005	85%	94%	\$1,242,926	\$1,323,186

Our payment performance was below target in the March quarter, mainly because renewal payments for optional legal subscription services were delayed until an evaluation of continuing those services was completed. Apart from this, our payment performance improved over the previous year.

No interest was paid on overdue amounts.

Appendix 21. Pensioner rebate payments

The pensioner rebate scheme gives pensioners rate concessions up to a maximum of \$250 and rebates of up to \$87.50 each on water and sewerage charges—where councils provide these services. The scheme is funded 55% by the NSW government and 45% by each council.

Concessions are available to eligible pensioners who occupy a dwelling as their sole or principal place of living. An eligible pensioner is someone who receives a pension under the Social Security Act 1991 or a service pension under the Veterans' Entitlements Act 1986 and who holds a pensioner concession card issued by the Commonwealth Government.

People who receive a pension from the Commonwealth Department of Veterans' Affairs and do not have income and assets that would prevent them from being granted a pensioner concession card are also eligible.

Subsidy payments are demand driven on applications received from councils and the level of concession and rebate has remained unchanged since 1989. Councils have the discretion to provide further pensioner concessions, such as extensions in time to pay rates, and can give additional rebates from their own resources if they wish.

Total outlays under the scheme were \$73.17 million in 2004–05, with over 450,000 pensioner households assisted. The cost of the scheme is expected to increase in future years in line with the projected ageing population.

Although the total number of households assisted appears to have increased since 2000–01, the level of payments to councils has remained relatively stable. This suggests that the average level of rebate per household may be falling. However there are a range of factors that could be affecting these figures such as improved information systems and better eligibility checks by councils which have allowed for more accurate determination of part payments—ie pensioners sharing with non-pensioners and family members or carers, improved data from the Department of Veterans' Affairs, and a growth in the number of self-funded retirees.

The pensioner rebate scheme is a complex scheme and requires councils to have accurate and up-to-date rating and property ownership information systems. They also need to obtain data from Centrelink and the Department of Veterans Affairs to verify pensioner status and regularly monitor and cross check this information.

We are currently reviewing data provided by councils to ensure that the information on the number of households assisted is accurate. We also plan to work with Treasury in 2005–06 to undertake more detailed analysis and longer term modelling of the pensioner rebate scheme.

Table 1 shows the total pensioner rebate payments made to councils in 2004–05.

Table 1. Pensioner rebate payments 2004–05

COUNCIL	Oct-04	Feb-05	Jun-05	TOTAL
Albury (old)	\$716,321.51			716,321.51
Armidale Dumaresq	\$252,128.25	\$33,036.44	\$32,637.76	317,802.45
Ashfield	\$281,905.97		\$2,116.04	284,022.01
Auburn		\$433,157.32		433,157.32
Ballina	\$659,258.49	\$7,486.10	\$55,037.31	721,781.90
Balranald	\$30,480.68	\$408.99	\$94.79	30,984.46
Bankstown	\$1,729,011.23		\$29,261.43	1,758,272.66
Bathurst	\$496,699.76			496,699.76
Bathurst Regional		\$6,472.00	\$2,147.60	8,619.60
Baulkham Hills	\$660,039.90		\$18,403.32	678,443.22
Bega Valley		\$662,416.01	\$2,867.82	665,283.83
Bellingen	\$276,609.97	\$2,909.07		279,519.04
Berrigan	\$193,268.40	\$2,313.97	\$1,751.35	197,333.72
Blacktown	\$1,558,403.92	\$27,736.84	\$19,587.24	1,605,728.00
Bland		\$85,749.55		85,749.55
Blayney	\$91,487.46			91,487.46
Blue Mountains	\$760,777.03			760,777.03
Bogan	\$39,312.08	\$1,320.78		40,632.86
Bombala	\$52,023.09	\$717.22	\$609.88	53,350.19
Boorowa	\$34,671.69		\$281.47	34,953.16
Botany Bay	\$351,878.85			351,878.85
Bourke	\$28,608.96	\$403.78	\$58.45	29,071.19
Brewarrina	\$10,048.83			10,048.83
Broken Hill	\$480,453.53		\$1,607.23	482,060.76
Burwood		\$218,344.73	\$26,533.73	244,878.46
Byron	\$429,242.76	\$19,350.31	\$11,136.93	459,730.00
Cabonne	\$163,514.31		\$7,398.04	170,912.35
Camden	\$223,299.82			223,299.82
Campbelltown	\$756,040.59	\$19,443.31	\$7,805.55	783,289.45
Canada Bay	\$563,307.91	\$29,970.19	\$4,137.32	597,415.42
Canterbury	\$1,275,726.95	\$15,374.60	\$5,843.78	1,296,945.33
Central Darling		\$29,102.67		29,102.67
Central Tablelands County	\$14,448.82	\$35,661.09		50,109.91
Cessnock	\$680,435.50			680,435.50
Clarence Valley		\$1,528.85	\$21,824.90	23,353.75
Cobar	\$54,396.74	\$19,599.65	\$987.91	74,984.30
Coffs Harbour	\$1,226,599.14	\$325.46	\$4,610.11	1,231,534.71
Conargo			\$1,581.51	1,581.51

Pensioner rebate payments 2004–05 (continued)

COUNCIL	Oct-04	Feb-05	Jun-05	TOTAL
Coolah	\$71,811.45			71,811.45
Coolamon	\$58,422.00	\$909.19		59,331.19
Cooma-Monaro	\$174,015.38	\$2,841.80	\$3,352.27	180,209.45
Cooma-Monaro (old)				0
Coonabarabran	\$127,245.76			127,245.76
Coonamble	\$73,600.77		\$896.01	74,496.78
Cootamundra	\$198,454.45		\$2,065.35	200,519.80
Corowa (old)	\$253,433.13			253,433.13
Corowa		\$3,934.52		3,934.52
Cowra	\$255,520.82			255,520.82
Culcairn	\$68,850.11			68,850.11
Deniliquin	\$173,591.52		\$2,644.15	176,235.67
Dubbo	\$474,674.70	\$967,248.52	\$3,756.68	1,445,679.90
Dungog	\$136,100.94		\$2,312.87	138,413.81
Eurobodalla		\$43,902.92	\$8,352.93	52,255.85
Fairfield	\$1,432,246.98	\$69,948.41	\$10,353.98	1,512,549.37
Forbes	\$184,836.17			184,836.17
Gilgandra		\$7,781.76		7,781.76
Gloucester	\$87,457.36	\$24,146.99		111,604.35
Goldenfields Water County	\$47,590.86	\$110,934.95	\$46,725.41	205,251.22
Gosford	\$2,520,854.28	\$5,200.98	\$65,849.27	2,591,904.53
Goulburn Mulwaree		\$11,481.11	\$2,814.50	14,295.61
Great Lakes	\$647,623.86	\$14,991.21	\$3,145.15	665,760.22
Greater Argyle	\$449,626.67			449,626.67
Greater Taree	\$723,042.70	\$23,095.03	\$5,255.03	751,392.76
Griffith	\$256,706.91	\$45,033.78	\$25,607.46	327,348.15
Gundagai		\$92,860.54		92,860.54
Gunnedah	\$223,558.84	\$10,466.23		234,025.07
Guyra	\$72,331.66	\$1,730.21	\$559.77	74,621.64
Gwydir			\$108,612.55	108,612.55
Harden		\$17,147.07		17,147.07
Hastings	\$1,647,814.92	\$1,689.82	\$8,978.72	1,658,483.46
Hawkesbury	\$387,041.60		\$6,852.93	393,894.53
Hay	\$55,715.21			55,715.21
Holbrook	\$37,985.34			37,985.34
Holroyd	\$800,227.48			800,227.48
Hornsby	\$845,883.75		\$12,523.12	858,406.87
Hume	\$25,588.98			25,588.98

Pensioner rebate payments 2004–05 (continued)

COUNCIL	Oct–04	Feb–05	Jun–05	TOTAL
Hunters Hill	\$63,377.81			63377.81
Hurstville	\$734,889.20	\$16,832.23	\$2,104.92	753,826.35
Inverell	\$343,384.32		\$3,100.56	346,484.88
Junee	\$80,203.89		\$727.61	80,931.50
Jerilderie		\$182,954.68		182954.68
Kempsey	\$681,252.36			681,252.36
Kiama	\$212,518.06	\$34,855.48	\$2,389.18	249,762.72
Kogarah	\$462,252.12			462,252.12
Ku-ring-gai	\$415,939.89	\$465.76		416405.65
Kyogle		\$82,986.33		82,986.33
Lachlan	\$98,803.27		\$2,188.12	100991.39
Lake Macquarie	\$2,389,373.32	\$6,311.35		2,395,684.67
Lane Cove	\$151,865.67			151,865.67
Leeton	\$170,876.04	\$543.08	\$2,724.53	174143.65
Leichhardt	\$308,561.26			308,561.26
Lismore	\$587,346.35	\$9,666.48	\$29,565.42	626,578.25
Lithgow	\$449,600.96		\$11,417.67	461,018.63
Liverpool	\$786,206.06		\$20,757.50	806963.56
Liverpool Plains	\$155,755.38	\$402,823.58	\$2,253.02	560,831.98
Lockhart	\$33,722.40	\$231,223.66	\$110.29	265,056.35
Maclean	\$1,108,157.60			1,108,157.60
Maitland	\$633,142.08			633,142.08
Manly			\$216,137.02	216,137.02
Marrickville	\$518,214.86	\$23,084.55	\$4,386.13	545,685.54
Mid-Western Regional	\$385,051.76			385,051.76
MidCoast County	\$200,490.13	\$10,237.88	\$202,953.93	413,681.94
Moree Plains		\$27,161.63		27,161.63
Mosman	\$93,427.93	\$7,960.71	\$870.11	102,258.75
Murray	\$121,083.05	\$5,457.13	\$738.46	127,278.64
Murrumbidgee		\$3,871.30	\$2,142.03	6,013.33
Muswellbrook	\$172,777.41	\$10,819.36	\$538.45	184,135.22
Nambucca	\$417,642.32	\$44,150.72	\$2,857.92	464,650.96
Narrabri	\$188,067.88		\$2,690.16	190758.04
Narrandera	\$124,793.53			124,793.53
Narromine	\$99,322.48			99,322.48
Newcastle	\$1,859,704.96			1,859,704.96
North Sydney	\$182,939.60			182939.6
Oberon	\$51,209.24			51,209.24

Pensioner rebate payments 2004–05 (continued)

COUNCIL	Oct-04	Feb-05	Jun-05	TOTAL
Orange	\$512,636.85		\$94,651.55	607,288.40
Palerang	\$84,411.54			84,411.54
Parkes	\$267,399.75	\$64,312.74	\$1,595.94	333,308.43
Parramatta	\$1,066,165.11			1,066,165.11
Penrith	\$1,131,168.25	\$10,970.63	\$8,392.10	1,150,530.98
Pittwater	\$336,521.74	\$2,775.21		339,296.95
Port Stephens	\$656,471.95	\$5,273.22	\$6,291.73	668,036.90
Pristine Waters				0
Queanbeyan (old)	\$378,802.18			378,802.18
Queanbeyan			\$32,084.58	32,084.58
Randwick	\$757,023.01		\$16,023.88	773,046.89
Richmond Valley	\$295,437.75	\$8,170.40	\$87,050.00	390,658.15
Riverina Water	\$63,131.68	\$5,116.71	\$61,526.49	129,774.88
Rous Water		\$938.48		938.48
Rockdale	\$1,012,939.71		\$19,582.50	1,032,522.21
Ryde	\$803,489.22	\$12,105.37	\$3,837.95	819,432.54
Severn	\$24,430.28			24,430.28
Shellharbour	\$655,775.93		\$9,825.60	665,601.53
Shoalhaven	\$2,357,847.28		\$55,249.70	2,413,096.98
Singleton	\$201,730.66	\$4,064.27	\$729.66	206,524.59
Strathfield	\$186,745.76			186,745.76
Sutherland	\$1,685,732.57	\$11,202.81	\$8,716.81	1,705,652.19
Sydney	\$343,330.21			343,330.21
Tallaganda	\$360.64			360.64
Tamworth				0.00
Tamworth Regional	\$999,411.78		\$7,382.72	1,006,794.50
Temora	\$100,968.99			100,968.99
Tenterfield	\$117,420.41	\$3,654.67		121,075.08
Tumbarumba	\$60,095.25			60,095.25
Tumut (old)	\$232,514.78			232,514.78
Tumut		\$2,832.40	\$1,283.40	4,115.80
Tweed	\$1,792,612.11	\$89,653.34	\$77,300.00	1,959,565.45
Upper Hunter (old)	\$217,184.22			217,184.22
Upper Hunter		\$101,834.88	\$3,654.20	105,489.08
Upper Lachlan	\$96,680.05		\$2,029.99	98,710.04
Uralla	\$88,240.67			88,240.67
Urana	\$15,964.60			15,964.60
Wagga Wagga	\$601,057.61	\$3,991.26	\$3,777.26	608,826.13

Pensioner rebate payments 2004–05 (continued)

COUNCIL	Oct-04	Feb-05	Jun-05	TOTAL
Wakool	\$67,227.84			67,227.84
Walcha	\$46,518.98			46,518.98
Walgett			\$74,519.09	74,519.09
Warren	\$34,869.82			34,869.82
Warrindah	\$970,129.91		\$1,994.83	972,124.74
Waverley	\$367,607.70	\$16,143.36		383,751.06
Weddin	\$70,383.40	\$157,923.02	\$673.09	228,979.51
Wellington	\$165,931.58	\$139,114.76	\$5,998.45	311,044.79
Willoughby	\$302,265.36			302,265.36
Wingecarribee	\$525,490.58		\$170,738.55	696,229.13
Wollondilly	\$252,540.38		\$2,010.94	254,551.32
Wollongong	\$2,169,990.92		\$10,722.52	2,180,713.44
Woollahra	\$151,249.56		\$4,348.59	155,598.15
Wyong	\$3,021,728.17		\$59,588.61	3,081,316.78
Yass				0.00
Yass Valley			\$4,375.72	4,375.72
Young	\$220,021.03		\$321.71	220,342.74
TOTALS:	66,393,867.70	4,849,657.41	1,925,910.81	73,169,435.92

Appendix 22. NSW Local Government Grants Commission

The NSW Local Government Grants Commission operates under ss. 613 to 618 of the *Local Government Act 1993*. It makes recommendations on the distribution of general purpose funding to local government in accordance with the *Commonwealth Local Government (Financial Assistance) Act 1995*.

The Commission has three part-time members and the deputy chairperson who is a full-time officer of the Department of Local Government. The Commission's two full-time support staff are from the Department of Local Government.

The membership for 2004–05 was:

- Emeritus Professor Maurice Daly, chairperson
- Grahame Gibbs, deputy chairperson
- Heather Wilton
- Kiril Jonovski

Local government funding has two identified components—a general purpose component and a local roads component. However the total funds are paid to councils as unconditional general purpose grants.

The general purpose component of the grants aims to equalise the financial capacity of councils. The objective is to ensure that each council is able to function, by reasonable effort, at a standard not lower than the average standard of other local governing bodies in NSW. The calculations take into account councils' expenditure needs for the provision of services and their relative capacity to raise revenue. A minimum grant 'safety net' applies.

The local roads component is based on a formula involving population, road length, and bridge length.

The total national entitlement for 2004–05 was \$1,555,088,441. This was made up of \$1,077,132,883 for the general purpose component and \$477,955,558 for the local roads component. These amounts have been adjusted to take into account the actual changes in the annual CPI to March 2005, and the share of the national population to 31 December 2003, compared to those forecast by the Commonwealth.

The NSW share of the national entitlements was \$361,488,132 for the general purpose component and \$138,669,905 for the local roads component—a total of \$500,158,037. This represents a 3.2% increase on the previous year's entitlement.

The grant funds are paid to councils each quarter by electronic transfer on the first business day following their receipt by the state. The NSW government funds the running costs of the Commission.

The Commission's business meetings were generally held in conjunction with visits to council.

During 2004–05 the Commission:

- visited 39 councils to explain how the grants were determined and to give the councils the opportunity to raise issues about the grant process
- undertook two council road and bridge audits to check the validity of data used in the grant calculations
- attended the National Conference of Grants Commissions, hosted by the South Australia Grants Commission in October 2004.

Financial assistance grant entitlements

The grant entitlements in the following table have been adjusted for variations in the estimates of CPI and the States' shares of the national population.

Local governing body	2002–03	2003–04	2004–05
Albury City	n.a.	n.a.	4,528,527
Albury City (old)	3,770,819	3,993,528	n.a.
Armidale Dumaresq	2,822,053	2,885,132	2,975,996
Ashfield Municipal	1,079,068	1,064,551	1,073,936
Auburn	1,796,950	1,836,062	1,866,694
Ballina Shire	2,755,163	2,838,006	2,912,055
Balranald Shire	1,867,465	1,941,431	1,980,952
Bankstown City	4,974,079	4,899,120	4,875,821
Barraba Shire	1,114,499	1,121,701	n.a.
Bathurst City	2,391,969	2,510,449	n.a.
Bathurst Regional	n.a.	n.a.	4,028,503
Baulkham Hills Shire	3,352,852	3,536,051	3,756,138
Bega Valley Shire	4,162,288	4,459,196	4,718,879
Bellingen Shire	2,072,938	2,133,335	2,229,149
Berrigan Shire	2,520,095	2,660,419	2,711,060
Bingara Shire	862,200	886,577	n.a.
Blacktown City	12,161,375	12,897,729	13,531,086
Bland Shire	4,011,265	4,149,851	4,248,471
Blayney Shire	1,439,226	1,489,133	1,555,741
Blue Mountains City	6,055,560	6,159,935	6,303,238
Bogan Shire	2,098,652	2,154,750	2,195,512
Bombala	1,113,002	1,134,961	1,170,282
Boorowa	990,956	925,542	950,533
Botany Bay City	971,001	965,398	943,569
Bourke Shire	2,910,385	3,010,546	3,049,270
Brewarrina Shire	1,932,299	1,979,377	1,992,099
Broken Hill City	2,927,796	3,063,447	3,197,760
Burwood	645,154	652,774	670,907
Byron Shire	2,210,395	2,294,979	2,274,115
Cabonne	2,868,226	2,952,823	3,048,304
Camden	2,022,840	2,037,847	2,004,045
Campbelltown City	8,082,441	8,067,339	8,124,652
Canada Bay City	1,316,547	1,364,090	1,427,962
Canterbury City	4,033,229	3,988,857	4,016,809
Carrathool Shire	3,118,307	3,142,858	3,169,604

Local governing body	2002–03	2003–04	2004–05
Central Darling Shire	2,678,700	2,772,154	2,810,692
Cessnock City	4,436,952	4,661,533	4,878,639
Clarence Valley	n.a.	n.a.	8,086,246
Cobar Shire	2,808,310	2,872,699	2,931,030
Coffs Harbour City	4,494,105	4,741,713	5,279,341
Conargo Shire	1,643,653	1,683,449	1,730,439
Coolah Shire	1,664,892	1,713,260	1,765,135
Coolamon Shire	2,021,926	2,079,249	2,132,342
Cooma-Monaro Shire	n.a.	n.a.	2,315,647
Cooma-Monaro Shire (old)	2,107,298	2,166,333	n.a.
Coonabarabran Shire	2,313,128	2,381,446	2,454,357
Coonamble Shire	2,193,725	2,248,310	2,302,687
Cootamundra Shire	1,522,794	1,580,749	1,656,810
Copmanhurst Shire	1,203,029	1,253,659	n.a.
Corowa Shire	n.a.	n.a.	2,937,233
Corowa Shire (old)	2,390,409	2,473,044	n.a.
Cowra Shire	2,589,498	2,656,404	2,756,139
Crookwell Shire	1,302,249	1,356,209	n.a.
Culcairn Shire	1,432,044	1,466,665	n.a.
Deniliquin	1,379,395	1,435,420	1,520,025
Dubbo City	4,097,765	4,289,380	4,553,158
Dungog Shire	1,506,762	1,536,352	1,580,455
Eurobodalla Shire	4,649,957	4,876,206	5,132,095
Evans Shire	1,396,184	1,456,556	n.a.
Fairfield City	8,421,164	8,517,024	8,548,914
Forbes Shire	3,290,846	3,393,754	3,510,119
Gilgandra Shire	1,919,079	1,960,602	2,004,694
Glen Innes Municipal	962,602	997,268	1,054,872
Gloucester Shire	1,281,433	1,302,184	1,358,395
Gosford City	7,960,853	7,824,855	7,851,734
Goulburn City	1,736,611	1,809,166	n.a.
Goulburn Mulwaree	n.a.	n.a.	3,398,505
Grafton City	1,604,472	1,661,915	n.a.
Great Lakes	4,557,457	4,757,818	4,995,375
Greater Hume Shire	n.a.	n.a.	3,251,270
Greater Taree City	4,399,309	4,610,596	4,967,062
Griffith City	2,413,228	2,480,270	2,598,445
Gundagai Shire	1,105,763	1,137,590	1,192,799
Gunnedah Shire	2,569,651	2,650,708	2,713,527
Gunning Shire	888,384	929,692	n.a.

Local governing body	2002–03	2003–04	2004–05
Guyra Shire	1,434,411	1,483,530	1,539,355
Gwydir Shire			2,802,559
Harden Shire	1,599,851	1,652,527	1,713,455
Hastings	5,469,468	5,785,813	6,033,739
Hawkesbury City	3,870,669	3,959,695	4,070,880
Hay Shire	1,526,752	1,575,269	1,611,588
Holbrook Shire	831,848	859,176	n.a.
Holroyd City	2,913,589	2,826,719	2,765,263
Hornsby Shire	3,353,875	3,482,390	3,594,112
Hume Shire	1,360,119	1,483,179	n.a.
Hunters Hill Municipal	318,100	314,068	324,585
Hurstville City	1,561,692	1,593,598	1,645,107
Inverell Shire	3,405,548	3,539,986	3,676,877
Jerilderie Shire	1,384,364	1,415,578	1,444,769
Junee Shire	1,667,959	1,724,879	1,804,377
Kempsey Shire	3,591,665	3,752,289	3,944,985
Kiama Municipal	1,207,831	1,182,754	1,159,830
Kogarah Municipal	1,155,743	1,154,188	1,193,119
Ku-ring-gai	2,437,019	2,456,909	2,523,389
Kyogle	2,438,370	2,514,033	2,617,119
Lachlan Shire	4,718,382	4,852,446	4,944,007
Lake Macquarie City	11,387,536	11,816,626	12,197,589
Lane Cove Municipal	682,417	694,758	709,754
Leeton Shire	2,093,583	2,165,629	2,283,712
Leichhardt Municipal	1,775,328	1,404,140	1,368,002
Lismore City	4,475,632	4,566,201	4,731,946
Lithgow City	n.a.	n.a.	3,077,630
Lithgow City (old)	2,694,017	2,816,284	n.a.
Liverpool City	6,386,922	6,579,235	6,692,007
Liverpool Plains Shire	n.a.	n.a.	2,187,699
Lockhart Shire	2,290,686	2,355,859	2,411,411
Lord Howe Island Board	118,476	122,630	126,235
Maclean Shire	2,467,912	2,561,915	n.a.
Maitland City	3,955,937	4,172,968	4,449,769
Manilla Shire	1,001,936	1,025,942	n.a.
Manly	817,345	822,469	843,781
Marrickville	3,431,481	3,339,974	3,245,345
Merriwa Shire	792,635	816,406	n.a.
Mid-Western Regional	n.a.	n.a.	4,259,693
Moree Plains Shire	3,855,531	3,986,736	4,072,266

Local governing body	2002–03	2003–04	2004–05
Mosman Municipal	608,587	603,229	621,664
Mudgee Shire	2,725,600	2,802,353	n.a.
Mulwaree Shire	1,813,988	1,905,873	n.a.
Murray Shire	1,918,124	2,019,623	2,198,101
Murrumbidgee Shire	1,001,942	1,021,747	1,047,597
Murrurundi Shire	705,838	733,180	n.a.
Muswellbrook Shire	2,027,075	2,084,454	2,213,235
Nambucca Shire	2,409,672	2,510,156	2,571,775
Narrabri Shire	3,692,828	3,789,302	3,883,036
Narrandera Shire	2,530,559	2,601,145	2,688,825
Narromine Shire	2,446,848	2,518,627	2,606,940
Newcastle City	10,240,457	10,531,953	10,673,731
North Sydney	1,224,845	1,242,295	1,303,555
Nundle Shire	462,157	472,155	n.a.
Oberon	n.a.	n.a.	1,595,710
Oberon (old)	1,289,408	1,347,927	n.a.
Orange City	2,711,961	2,840,272	3,006,186
Palerang	n.a.	n.a.	2,134,965
Parkes Shire	3,384,426	3,487,894	3,610,748
Parramatta City	4,568,801	4,652,675	4,860,271
Parry Shire	2,318,166	2,373,006	n.a.
Penrith City	8,612,090	8,725,829	8,796,722
Pittwater	1,277,258	1,303,193	1,331,279
Port Stephens	3,946,021	4,039,647	4,132,990
Pristine Waters	2,592,679	2,613,411	n.a.
Queanbeyan City	n.a.	n.a.	2,419,525
Queanbeyan City (old)	2,014,189	2,126,495	n.a.
Quirindi Shire	1,396,080	1,444,080	n.a.
Randwick City	2,600,658	2,606,311	2,675,984
Richmond Valley	3,312,798	3,330,883	3,513,017
Rockdale City	2,050,754	1,995,472	2,067,691
Ryde City	2,121,939	2,171,700	2,228,162
Rylstone Shire	1,141,733	1,229,309	n.a.
Scone Shire	1,690,412	1,742,681	n.a.
Severn Shire	1,385,009	1,427,792	1,480,843
Shellharbour City	3,080,409	3,256,389	3,400,174
Shoalhaven City	8,531,451	8,913,497	9,205,365
Silverton Village Committee	20,354	20,560	21,185
Singleton Shire	2,067,647	2,168,265	2,273,103
Snowy River Shire	1,755,825	1,830,747	1,928,226

Local governing body	2002–03	2003–04	2004–05
South Sydney City	2,726,733	1,875,947	n.a.
Strathfield Municipal	627,065	644,654	666,067
Sutherland Shire	4,680,614	4,759,679	4,880,066
Sydney City	n.a.	n.a.	3,517,591
Sydney City (old)	563,528	1,543,160	n.a.
Tallaganda Shire	1,011,619	1,055,441	n.a.
Tamworth City	2,879,467	3,023,382	n.a.
Tamworth Regional	n.a.	n.a.	7,703,059
Temora Shire	1,885,938	1,948,656	2,022,243
Tenterfield Shire	2,409,308	2,572,038	2,695,895
Tibooburra Village Committee	43,516	46,169	47,574
Tumbarumba Shire	1,097,312	1,144,313	1,207,824
Tumut Shire	n.a.	n.a.	2,104,679
Tumut Shire (old)	1,910,533	1,972,100	n.a.
Tweed Shire	6,205,604	6,581,007	6,966,039
Upper Hunter (S)	n.a.	n.a.	2,922,268
Upper Lachlan	n.a.	n.a.	2,664,656
Uralla Shire	1,444,574	1,483,161	1,537,413
Urana Shire	1,305,719	1,335,228	1,361,408
Wagga Wagga City	5,732,141	6,028,259	6,376,256
Wakool Shire	2,111,156	2,190,937	2,272,055
Walcha	1,087,911	1,140,526	1,195,702
Walgett Shire	3,236,059	3,348,124	3,453,646
Warren Shire	1,459,983	1,484,379	1,527,409
Warringah	2,952,674	3,022,975	3,113,167
Waverley	1,695,637	1,659,886	1,717,291
Weddin Shire	1,577,464	1,621,878	1,677,162
Wellington	2,402,498	2,454,796	2,536,365
Wentworth Shire	3,254,842	3,330,060	3,389,713
Willoughby City	1,368,141	1,375,784	1,414,909
Wingecarribee Shire	3,520,359	3,609,998	3,667,067
Wollondilly Shire	2,471,449	2,545,133	2,603,675
Wollongong City	11,737,182	12,164,589	12,470,707
Wollahra Municipal	1,139,570	1,113,819	1,148,719
Wyong Shire	7,985,311	8,221,741	8,437,264
Yallaroi Shire	1,630,466	1,588,053	n.a.
Yarrowlumla Shire	1,201,920	1,264,448	n.a.
Yass Shire	1,760,778	1,820,801	2,172,896
Young Shire	2,155,695	2,234,456	2,330,843
Total entitlements	470,820,704	484,478,528	500,158,037

Appendix 23. Special variations

Under s.508 of the Local Government Act, the Minister may approve of a council increasing its annual general income beyond the general variation. When applying for a special variation, councils must demonstrate prudent fiscal management and a level of community support or understanding for the increase.

A total of 42 applications for special variations were submitted for consideration for 2005–06. Of these, 2 were withdrawn, 24 were approved, 10 were declined and 6 received approval for partial increases.

The following table identifies the councils that applied for a special variation in 2005–06. The amounts shown are the % increases sought and approved in addition to the general variation (3.5%) and any allowable adjustments.

Two councils, Wollondilly and Bega Valley, applied under s.508A for increases in multiple years. Approvals were granted under section 508(2) for the 2005–06 rating year. Increases sought for the additional years will be given further consideration during 2005–06.

Special Variation Applications Received 2005–06

NOTE: The percentages sought and approved are in addition to the General Variation of 3.5%

Council	Reason	Increase Sought		Approved	
		Continuation of Expiring Special Variation	Additional Component	Continuation of Expiring Special Variation	Additional Component
Armidale Dumaresq	Infrastructure renewal	0.00%	2.42%	0.00%	2.42%
Auburn	Town centre improvements	2.73%	0.00%	2.73%	0.00%
Bega Valley	Infrastructure & environmental levy	2.52%	8.15%	2.52%	0.00%
Bellingen	Environmental levy works	0.00%	4.00%	0.00%	4.00%
Berrigan	Town drainage	0.00%	2.65%	0.00%	0.00%
Blacktown	Provision of community services	0.00%	3.04%	0.00%	3.04%
Blue Mountains	Environmental works	0.00%	3.58%	0.00%	3.58%
Burwood	Civil infrastructure	0.00%	5.99%	0.00%	0.00%
Byron	Infrastructure and services to community	0.00%	10.03%	0.00%	6.00%
Campbelltown	Infrastructure renewal	0.00%	2.00%	0.00%	2.00%
Canada Bay	Economic, Social & cultural development	0.21%	2.44%	0.21%	2.44%
Coffs Harbour	City facilities infrastructure works	0.00%	17.80%	0.00%	0.00%
Dubbo	Infrastructure renewal	0.00%	3.99%	0.00%	3.99%
Eurobodalla	Infrastructure renewal and rehabilitation	0.00%	4.79%	0.00%	4.79%
Great Lakes	Road Infrastructure program	0.00%	15.00%	0.00%	0.00%
Greater Taree	Road & Bridge infrastructure improvement	0.00%	19.50%	0.00%	0.00%
Hastings	Infrastructure renewal and rehabilitation	0.00%	4.00%	0.00%	4.00%
Hornsby	Acquisition of Hornsby Quarry	0.00%	5.32%	0.00%	5.32%
Kempsey	Application Withdrawn				
Ku-ring-gai	Environmental Programmes	0.00%	5.13%	0.00%	5.13%
Kyogle	Bridge infrastructure renewal	0.00%	2.50%	0.00%	2.50%
Lake Macquarie	Continuation of Lake Macquarie action plan	3.02%	1.91%	3.02%	1.91%
Liverpool	Infrastructure works and Fire services levy inc	0.00%	6.66%	0.00%	6.66%
Manly	Town centre improvements	0.00%	2.32%	0.00%	2.32%
Marrickville	Aquatic facilities and mainstreet program	3.46%	0.00%	3.46%	0.00%
Moree Plains	Roadworks and Tourism & Economic Dev levy	0.00%	11.21%	0.00%	2.38%
Nambucca	Environment levy, Road & bridge infrastructure	4.23%	9.49%	4.23%	0.00%
North Sydney	Crows Nest Mainstreet program & Environmental levy	5.22%	2.32%	5.22%	2.32%
Palerang	Provision of community services	0.00%	25.13%	0.00%	0.00%
Parramatta	Infrastructure works	0.00%	6.14%	0.00%	0.00%
Pittwater	Environmental Infrastructure	4.62%	0.37%	4.62%	0.37%
Ryde	Infrastructure works and Macquarie Park Plan Special Rate	0.00%	5.73%	0.00%	0.00%
Shellharbour	Increased costs	0.00%	5.68%	0.00%	0.00%
Shoalhaven	Infrastructure Maintenance & improvement	0.00%	2.44%	0.00%	2.44%
Singleton	Loan repayments (Kelso St stormwater)	0.00%	0.43%	0.00%	0.43%
Tumut	Infrastructure works	0.00%	10.01%	0.00%	5.01%
Tweed	Application Withdrawn				
Wingecarribee	Infrastructure works	0.00%	7.86%	0.00%	0.00%
Wollondilly	Road Infrastructure program	4.50%	2.00%	4.50%	2.00%
Woollahra	Environmental & Infrastructure levies	4.43%	5.41%	4.43%	0.00%
Wyong	Wyong CBD special rate	0.00%	0.12%	0.00%	0.12%
Yass	Infrastructure works	0.00%	5.08%	0.00%	5.08%

Appendix 24. Complaints about councils

The complaints we receive about councils help us to monitor council operations and identify issues that may need attention. This in turn may lead to departmental investigations or Promoting Better Practice reviews. Complaints also help us to identify issues that indicate the need for changes to local government legislation or policy or whether there is a need for training, guidance or other best practice advice to local government.

We received 1,105 complaints in 2004–05, compared to 1,069 in 2003–04 and 885 in 2002–03. These were spread over 123 councils. Over half of all complaints/allegations related to 25 councils, or just 16% of all general purpose councils in NSW. We did not receive any complaints about 29 councils.

The total number of complaints received this year again represents a significant increase in the number received in 2003–04 (up by 8% on last year). This 8% increase follows a 21% increase the previous year. This year's increase is more generalised and may represent the higher profile local government has in NSW in light of prominent recent investigations and inquiries.

Figure 1. Complaints/allegations received for financial year—ten-year trend

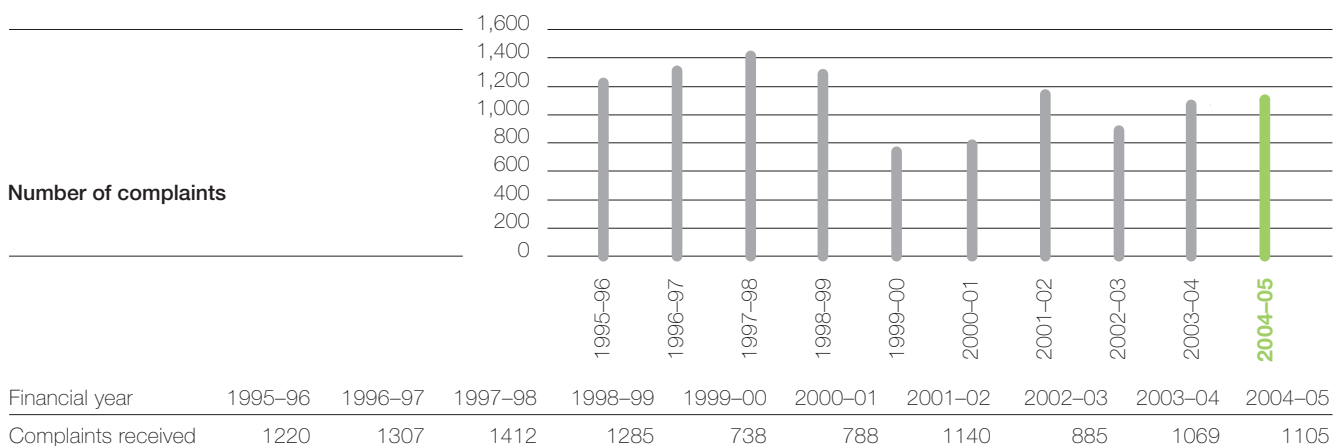


Table 1. Top 25 Councils by complaints

Councils	2004–05	% total	2003–04	Increase (Decrease)
Total all	1105	100%	1069	36
Total top 25	663	60%	579	84
Warringah	69	10.4%	19	50
Tweed	54	8.1%	36	18
Wyong	49	7.4%	13	36
Wollongong	43	6.5%	29	14
Kempsey	42	6.3%	21	21
Shoalhaven	37	5.6%	19	18
Sutherland	30	4.5%	19	11
Rockdale	30	4.5%	12	18
Hastings	30	4.5%	21	9
Gosford	24	3.6%	88	(64)
Great Lakes	20	3%	16	4
Hornsby	20	3%	17	3
Pittwater	20	3%	18	2
Lane Cove	19	2.9%	20	(1)
Sydney	17	2.6%	8	9
Maitland	17	2.6%	12	5
Strathfield	17	2.6%	5	12
Shellharbour	17	2.6%	13	4
Ballina	16	2.4%	11	5
Narrabri	16	2.4%	9	7
Greater Taree	16	2.4%	11	5
Ku-ring-gai	16	2.4%	16	0
Blue Mountains	15	2.3%	15	0
Cessnock	15	2.3%	7	8
Lake Macquarie	14	2.1%	10	4

Note. The actual number of complaints is not necessarily an effective indicator of the seriousness of the matters raised. In some cases the council may be the subject of campaigns, usually about a single controversial issue. This can distort the council's reputation if there is in fact no maladministration on the council's part and the issues relate more to concerns about a particular decision. We generally will not investigate such issues, provided the council's decision is lawful and proper processes are followed.

Warringah Council was again the most complained about council. Most of these complaints arose from concerns about council's plans to sell and support the development of land at Dee Why, and proposals to develop a netball facility at a council reserve.

We welcome the significant drop in complaints received about Gosford City Council.

We continue to promote the resolution of most complaints by councils themselves at the local level, consistent with the status of local councils as independent and autonomous bodies, elected by and accountable to their local communities.

Our complaints handling process

Our investigative priorities are to focus on councils where there is evidence of significant breakdowns in the operations of local councils or evidence indicating serious flaws in important council processes. We assess all complaints received to determine whether we should make preliminary enquiries into the issues raised.

For 886 out of the total 1105 complaints received during 2004–05 (or 80%), we decided not to carry out more detailed review or preliminary enquiries after assessment. This proportion was consistent with 2003–04 with 83%.

A total of 219 out of the 1105 complaints received during 2004–05 or 20% of the total proceeded to fuller review and, where appropriate, preliminary enquiries.

Categories of complaints

We categorise complaints according to the subject matter of the allegations. This enables us to monitor not only complaint numbers, but also trends in the areas of council operations that give rise to the greatest level of concern.

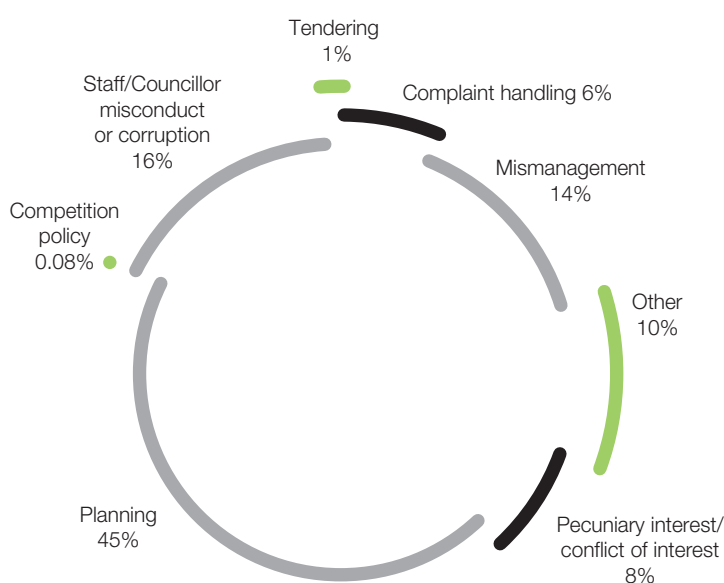
Most complaints in 2004–05 were about issues such as:

- development assessment matters—these include complaints from applicants for development consent and from objectors
- enforcement matters—these are complaints that a council is not enforcing development consent conditions, or not acting on evidence of development carried out without consent
- pecuniary and/or conflicts of interest matters
- complaints about operational services including waste, roads, traffic and parking and the use of public land such as parks, gardens and reserves
- concerns over council complaint handling processes.

Figure 2.

Matters that were the subject of complaints in 2004–05

Note: a single complaint may relate to more than one topic



Pecuniary interest complaints

In 2004–05 we received 73 informal allegations of breaches of the pecuniary interest provisions of the Local Government Act and dealt with 3 complaints that met the requirements set out for formal pecuniary interest complaints.

Table 2 shows the activity associated with formal pecuniary interest complaints and investigations during 2004–05 compared to the previous year.

Table 2

Pecuniary interest matters	2003–04	2004–05
Complaints not determined at 1 July	1	2
Complaints received in year	5	3
Complaints determined in year	4	4
Complaints not determined at 30 June	2	1
Complaints declined	4	4
Complaints to investigation	0	0
Investigations not complete at 1 July	3	3
Investigations started in year	1	3
Investigations finalised in year	0	3
Investigations not complete at 30 June	3	3
Reports undetermined by PIDT at 1 July	0	0
Reports referred to PIDT in year	0	3
Reports determined by PIDT in year	3	1
Reports undetermined by PIDT at 30 June	0	2
Determination by PIDT—proven	2	1
Determination by PIDT—not proven	1	0

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