



# WALCHA COUNCIL

## Interim General Manager Report



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## 1. EXECUTIVE SUMMARY

This report is written to give an overview of my experience and observations whilst in the role of Interim General Manager at Walcha Council from Monday 25 February 2021 to Friday 18 June 2021. It is based on my experience during this time and it should be noted that a number of my observations are made based purely on my discussions with staff, Councilors and the community – some of these observations will require evidence-based assessments to be undertaken to determine the full picture.

Firstly, I would like to express my thanks to Mayor Eric Noakes and the Walcha Council for giving me the opportunity to take on the role of Interim General Manager for Walcha Council. My experience at Walcha Council has been a positive and rewarding one.

Whilst my experience has been a positive one, there are a number of significant risks and items that I believe will need to be addressed in a relatively short period of time for Walcha to ensure it remains a viable and sustainable Council. These are outlined throughout the document.

Walcha has a clear history and regard for seeking to maintain quality roads, provide good parks & recreational areas and work towards its Water security. These will continue to be important objectives into the future.

Many of Walcha Councils plans and actions appear to have been based on historical patterns of work rather than future looking strategic plans that are constantly reviewed and adjusted based on the combination of the communities wants and the realistic Council resources available. This approach is understandable given the size of the Council and the potential threat of amalgamation Walcha has been exposed to in the past.

The want to keep costs low, reluctance to increase fees & charges and demonstrate good financial management has been an understandable approach and would have assisted in Walcha Council avoiding amalgamation during the recent rounds. Unfortunately, this same approach has led to Walcha Council having limited financial reserves that, on initial assessment, will struggle to meet the asset renewal demands of Council over the next few years. The full assessment of the position won't be known until asset management plans have been updated and true asset renewal values can be established with confidence.

The current positive to offset this is that there have been significant grant funds available and should this continue, Walcha Council will have a period of time to understand its current asset and services positions and determine the best way for services to be delivered in the future.

Whilst this will take time and resources to accomplish, with the Community Strategic Plan to be reviewed following the election in September, Council will be presented with an ideal opportunity to start this new way of working by commencing open dialogue with the community about what is requested and what is realistic.

Taking a strategic and risk-based approach into the future, supported by strong communications, will be critical.

Whilst this work is undertaken, I believe it will be key for Council to continue to get back to basics and the 2021/22 Financial year budget was prepared on this basis. It is a budget that was designed to:

- allow Council to finish what it has already started,
- allow the new Council to be presented with a clean slate for 22/23 based on the CSP engagement rather than leaving many carry-over works, and
- allow the new General Manager some time to establish a full picture of the current situation and determine the new pathways without having to address many legacy projects.



The below table outlines a SWOT analysis of my experience and observations and further detailed information is provided through the report to provide greater context.

<p style="text-align: center;"><b><u>STRENGTHS</u></b></p> <ul style="list-style-type: none"> <li>• Many staff live local and care about what they do for the community</li> <li>• Walcha has a community that, for the majority, understand and accept what is realistic service levels for a Council this size</li> <li>• Staff, on the most part, are willing to help out to the job done. There is also an openness to change by many (not all)</li> <li>• Councilors, generally, are willing to have open and honest conversations about what they believe is best of the community</li> </ul>	<p style="text-align: center;"><b><u>WEAKNESSES</u></b></p> <ul style="list-style-type: none"> <li>• Lack of strategic planning</li> <li>• Lack of asset management plans</li> <li>• Lack of appropriate financial reserves</li> <li>• Ability to attract and retain suitably qualified and experienced staff</li> <li>• Large gap in experience between senior staff and next level</li> <li>• Lack of documented policies and procedures</li> <li>• Revenue levels that restrict staffing and development opportunities</li> <li>• Volume of manual processes</li> <li>• Key person risk and reliance on senior staff to directly undertake many jobs</li> </ul>
<p style="text-align: center;"><b><u>OPPORTUNITIES</u></b></p> <ul style="list-style-type: none"> <li>• Staff development</li> <li>• Asset management plan development</li> <li>• Build financial reserves lined to management plans (asset and people based plans)</li> <li>• Attract and retain suitable staff</li> <li>• Succession planning to address large gap in experience between senior staff and next level</li> <li>• Documented policies and procedures</li> <li>• Review of service levels and revenues</li> <li>• Systems enhancements</li> <li>• Education – staff, Councilors and the Community</li> <li>• Greater empowerment of staff</li> </ul>	<p style="text-align: center;"><b><u>THREATS</u></b></p> <ul style="list-style-type: none"> <li>• Financial sustainability</li> <li>• Ability to attract and retain suitably qualified and experienced staff</li> <li>• Ability to meet regulatory/statutory guidelines</li> <li>• Future sustainability of Council if strong medium and long term financial and staff plans aren't established</li> <li>• Continued key person risk</li> <li>• Impact of those not willing to change on others</li> <li>• An unstable Council following the election</li> </ul>

One of the positives of Walcha's current situation is that, whilst a number of plans are aged, the scale involved means the planning can be addressed in a relatively quick period of time. The rollout of the new plans however will be determined by the resources available and it will be critical that a new workforce management plan is established and implemented as a priority.

With strong strategic planning complimented with updated asset management plans and a strong and committed workforce management plan, I am sure Walcha Council will achieve strong results over the next term of Council and be in a stronger position for the future.

As you read through this document I have outlined my observations of each of the key areas of Council and provided suggestions for Council and the new General Manager to consider.

Once again, I would like to express my thanks to Mayor Eric Noakes and Walcha Council for giving me the opportunity to take on the role of Interim General Manager for Walcha Council and to extend my thanks to the Council and all of the staff of Walcha Council for providing great support during my time in the role.

*Chris Weber*



## 2. COPORATE AND FINANCE

### Comments regarding financial position

Fund/Reserve	Comments
<ul style="list-style-type: none"> <li><b>General Fund</b></li> </ul>	<ul style="list-style-type: none"> <li>General Fund is under constant pressure due to the size of the budget but overall allows for manageable services based on our core services and existing service levels.</li> <li>Limited reserves for asset renewal which needs to be addressed in future budgets</li> <li>Hasn't appeared to fully recover service charges from other funds in the past which needs to be addressed to ensure costs are fully and correctly allocated and that there is no undue pressure on general fund.</li> <li>With a focus on core services along with good use of grant funds, the general fund position can be managed whilst the issues in the other funds are addressed.</li> <li>21/22 increase aligned to rate peg</li> </ul>
<b>Waste Fund</b>	<ul style="list-style-type: none"> <li>Limited reserves for asset renewal which needs to be addressed in future budgets</li> <li>Waste strategy to be developed and service levels along with fees and charges need to be assessed with strategy development.</li> <li>21/22 increase aligned to rate peg but expected to be higher in future years</li> </ul>
<b>Sewer Fund</b>	<ul style="list-style-type: none"> <li>No reserves for asset renewal which needs to be addressed in future budgets</li> <li>reasonable / standard increases proposed whilst asset management plans are updated</li> <li>21/22 increase aligned to rate peg value but expected to be higher in future years</li> </ul>
<b>Water Fund</b>	<ul style="list-style-type: none"> <li>Very small reserves which needs to be addressed in future budgets</li> <li>Council presented with outline of essential works to be undertaken along with increased expenses of off creek storage project</li> <li>The 'kl' charge is already quite high compared to other Councils however with such a small user base there are limited options to address this.</li> <li>Charges increased in 21/22 by 10% but further work required</li> <li>Potential impacts/income of wind farm development unknown at this time</li> </ul>
<b>Plant Reserve</b>	<ul style="list-style-type: none"> <li>Effectively no reserves</li> <li>Plant costs have not been reflective of appropriate charges to cover maintenance and renewal</li> <li>This has led to missed income from grants that has effectively been propped up general fund</li> <li>Fees adjusted for 21/22 to commence addressing this issue but expected to take two financial years to fully address</li> </ul>
<b>Infrastructure Reserve</b>	<ul style="list-style-type: none"> <li>Approximately \$2m in reserves</li> <li>Needs to be used very carefully and strategically whilst Council addresses other funds.</li> </ul>

### Comments regarding Corporate and Finance functions

- A heavy reliance on external contractors for Financial functions which has involved high costs compared to providing the service in-house. Currently using two contractors, who are both performing very well, one for the budgets and long-term financial plans, the other for the financial statements.
- The new Manager Corporate and Finance is commencing early July 2021. This will be a key role in this team and once they arrive they will need to work to improve how we simplify and manage our budget processes and the associated reporting internally and externally. This will



take some time and it is likely the external consultants will be required during this transition that will incur extra costs but will be required to avoid delays in the Financial statements being submitted as per last year.

- Many of the Finance functions were previously performed directly from the Office of the General Manager which is not a sustainable model and impacts the ability to ensure the office of the General Manager is appropriately focused on strategy and policy for the community
- The loss of some key staff combined with a lack of succession planning and documented processes has also created some operational gaps which the team are working on filling, this has included training with nearby Councils who use similar systems on these processes.
- Customer service is working well but further back-up is currently being established. The Manager HR often has to assist in this area which impacts the HR functions being delivered.
- A Customer Service Charter for council needs to be established.
- There are many manual processes in place and large opportunities for system enhancements.
- There are no dedicated technology resources in house. This makes it difficult to drive system enhancements.

### **3. HR and ORGANISATIONAL DEVELOPMENT**

- Councils HR and Organisational development both report directly to the General Manager rather than through a single manager.
- The HR manager has also been overseeing and assisting with the customer services roles whilst the recruitment for the Manager Corporate and Finance has been ongoing. This has impacted the delivery on some of the key HR and safety matters.
- The safety matters will need urgent attention in the short term and resourcing will need to be reviewed for this work.
- An online recruitment system was rolled out across April and May which we expect to save at least 1.5 days work per recruitment.
- With a high volume of manual processes there is large opportunities for systems enhancements in the HR and organisational development area.
- Implementation of Councils organisational development program commenced in 2020 with a staff survey. The review of results and work with leaders has commenced and will be important to keep going so that the ELT can continue to listen to the staff's opinions and work together to build the vision, values and culture the Council is looking to achieve.
- The Organisational Development Officer is also working on training module (utilizing the Vault system) which has commenced roll out for some leaders and their teams to trial.
- Staff Consultative Committee recently rebooted and operating well.
- Both the Manager HR and the Organisational Development Officer roles reporting to the General Manager creates a gap that can lead to there not being a consolidated approach and puts too much reliance on the GM. I have made further notes later regarding the organization structure.
- With staff development being a critical area for Walcha to succeed in the future, this area needs a review to determine the appropriate level of resourcing and a clear set of strategic and tactical priorities.



#### 4. INFRASTRUCTURE

Having commenced just over twelve months ago, the Director Infrastructure is doing a great job and has brought a new level of maturity and stability to the infrastructure team. However, the team is very inexperienced and there is too much to do with the existing resources when addressing legacy projects, asset and strategy development required, safety enhancements, and facilities review.

The new Water, Waste manager will help but it is critical the new works manager is experienced and can hit the ground running to spread the key person risk and workload.

The structure needs a good review to establish a structure that is sustainable and builds in strong succession planning given the historical skills available. The Director Infrastructure has commenced this review.

The grant funded program of projects is very large a council this size and with the high turnover of senior engineers and legacy projects it is recommended Council consider that the focus needs to be on:

1. Safety processes
2. Asset data/plans being updated asap
3. Plant reserve and charging regime
4. core work and grant deliverables (nice to haves can follow later).

An overview of the most current asset management data can be seen below:

Road Assets Category	Quantity	Replacement Value 2014
Urban Roads – Sealed	26.95kms	\$30,518,586.54
Urban Roads – Unsealed	2.99kms	\$861,781.06
Local Rural Roads – Sealed	148.88kms	\$98,598,151.86
Local Rural Roads – Unsealed	628.22kms	\$146,980,634.75
Regional Roads – Sealed	110.04kms	\$90,006,145.55
<b>TOTAL</b>	<b>917.08kms</b>	<b>\$366,965,299.77</b>

Bridge Asset Category		Quantity	Replacement Value 2011
Local Roads	Concrete Bridge	13	\$9,580,315
	Timber Bridge	31	\$8,314,111
	Culvert	24	\$4,436,617
Regional Roads	Concrete Bridge	7	\$5,809,614
	Culvert	19	\$6,820,032
Total	-	94	\$34,960,689

Sewer Asset Category	Quantity	Replacement Value 2011
Collection Mains	28.56 kms	\$4,831,000
Trunk Mains	0.79 kms	\$133,000
Rising Mains	0.26 kms	\$40,000
Pumping Stations	1 ea	\$393,000
Treatment Plan	1 ea	\$2,739,000

Building Asset	Replacement Value 2011
Council Chambers	\$870,000
Library	\$345,000





Building Asset	Replacement Value 2011
Preschool / Early Intervention	\$410,000
Air strip terminal	\$65,000
Squash Courts	\$350,000
Swimming Pool	\$420,000
Depot	\$1,410,000
Bus and street stall shelters	\$30,000
Lions Park toilets	\$70,000
McHattan Park toilets and shelter	\$75,000
Quota Park toilets	\$11,000
Captain Cook Park toilets	\$250,000
John Oxley amenities block	\$350,000
Nowendoc toilets	\$25,000
Hamilton Street Workshop	\$425,000
Council houses	\$485,000

## 5. ENVIRONMENT AND DEVELOPMENT

- This area is currently severely understaffed and presents the largest risk to Council in terms of meeting our regulatory and statutory obligations.
- Council has struggled to recruit staff in this area, most recently struggling to recruit a Health and Building Surveyor, so a contract town planner is engaged as a consultant 35 hours per fortnight until September 2021 to ensure the DA and planning functions continues to function.
- The Director Environment and Development has had high priorities at the moment with commissioning the new gym, land use strategy (Dec 2020 resolution) and change of land use for Beaver Place plus obligations as part of the executive team.
- The contract town planner has assisted with the BAU work continue while The Director Environment and Development can deliver the other items but it should be noted we are still not meeting our obligations in this area and are unlikely to with the current resources.
- This area also has quite heavy training requirements which impact the time available to undertake operational and strategic works.
- The upcoming Regional Jobs Precinct through the Namoi JO will also require time from this area but also offers potential assistance, especially in relation to some of the strategic items (e.g. LEP style works)
- With the current level of resourcing it would be worth consideration of:
  1. What functions/responsibilities can be moved to another area to allow the current resources to focus on planning/regulatory matters, and
  2. What assistance/process changes can be provided to allow Walcha to meet its planning/regulatory obligations including other opportunities for efficiency such as dedicated times for appointments, and customer service staff training to allow them to identify specific issues before passing on enquiries.
- This is an area known to have a staff shortage across the state and both short and long term solutions need to be considered, including opportunities such as potential shared services arrangements with nearby Councils.





## 6. COMMUNITY AND TOURISM

- This area runs smoothly and is predominately externally funded. Community Care, preschool, early intervention and community recovery are predominately externally funded programs.
- Council makes contributions to Community care, Libraries, VIC/Tourism, Youth services (incl pre-school, early intervention), Community recovery (in-kind),
- The Tourism team do very well with small staff and budget. Upcoming events include:
  1. Motorcycle Rally for tourism in November – and being covid safe
  2. Walcha Festival in October
  3. Community Recovery Officer role projects
- When staff accommodation is reviewed there will also be a possibility of reviewing how customer facing roles in this area, particularly the library, and other customer facing roles could be closer aligned to improve overall customer services to the community and reduce some areas of key person risk across Council.

## 7. GOVERNANCE

- There is limited corporate governance knowledge currently within the organization.
- Many of these functions previously being performed directly from the Office of the General Manager and with the change of staff in this section, the previous governance experience held in this area no longer resides in this team and will need to be addressed in the future.
- A full review of Councils policies, registers, committees and procedures, including Councilor induction and training, is required.
- As part of the workforce planning and review a plan and succession plan needs to be established.

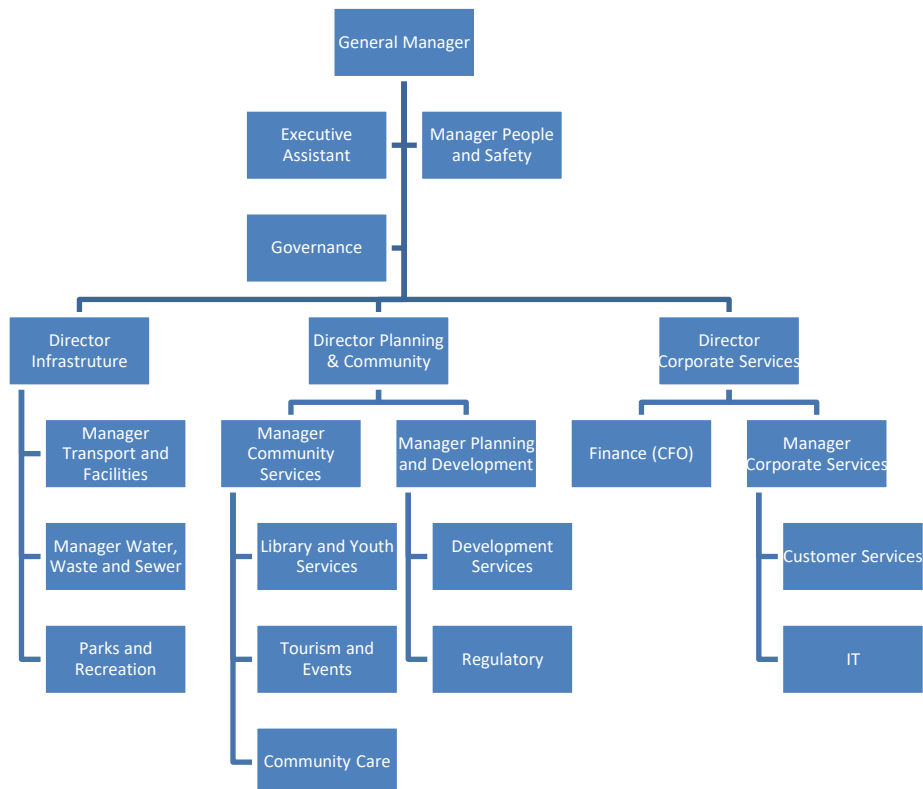
## 8. STRATEGY and ORGANISATIONAL STRUCTURE

- Whilst Walcha Council has a current CSP in line with the NSW IP&R legislation, Council does not have a current set of strategic plans that drive its operations.
- Council staff work on the core duties of their roles, however, without clear strategic plans it is not possible to ensure staff are working the most important deliverables for Council and the community.
- Councils current CSP is very broad and now is an ideal time, with a CSP review required as part of the new Council to establish a clear and achievable set of strategic goals. It is also an ideal time to re-establish, with extra clarity, the role of Council (i.e. strategic focus) and the role of staff in delivering services to the community.
- Having a clear set of strategic goals will then allow for good work plans and clear staff requirements to be established.
- A complete review of the organisational structure that will allow delivery the updated plans is required.
- Having seven direct reports to the General Manager places too much operational work with the General Manager and makes it extremely difficult for:
  - the GM to focus on strategic work, and
  - the staff below the GM to take full accountability for their teams and/or develop into future senior staff.



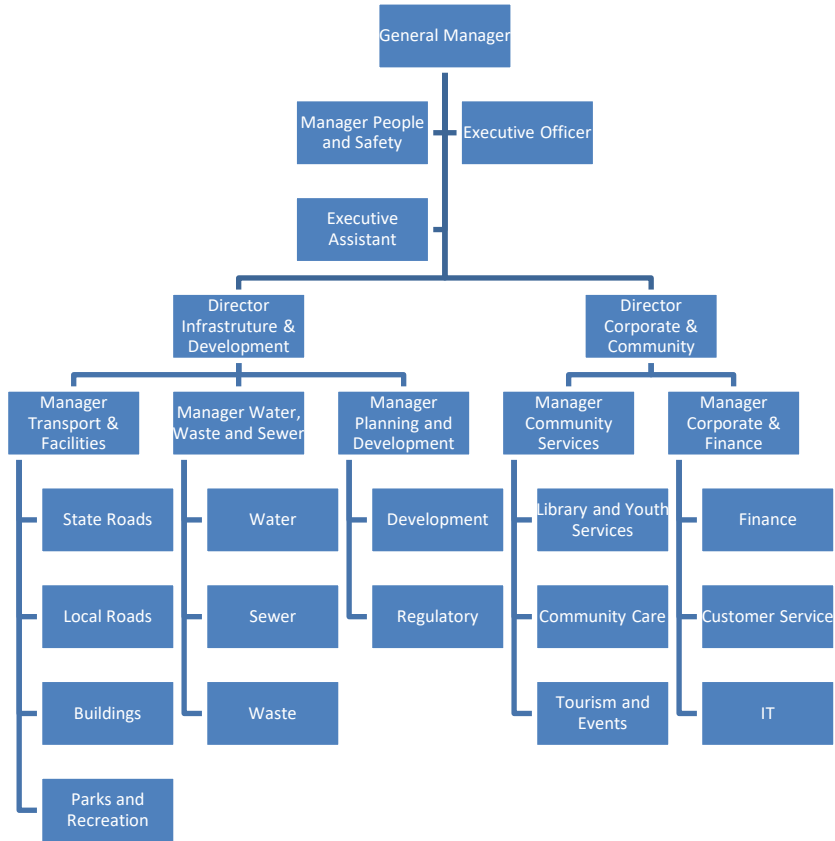
- A flexible and adaptive workplace is a great thing, however, having so many staff working part time arrangements makes workforce planning difficult, and getting the balance right between an ideal structure and one that is achievable will be a challenge. Whilst part time and flexible arrangements are to be encouraged, they must also be established in a manner such that the organisational effectiveness of the organisation is not negatively impacted.
- There are many options available regarding structure and there is no one right model – it needs to be suitable for the organisation’s goals.
- Moving to one of the more traditional director structure models, such as the one similar to those displayed below, may address some of the issues outlined above but would need to be considered carefully based on what additional costs would be incurred, both temporarily and permanently, in making a change like this. Whilst extra costs would be expected, it would also be expected that the increased performance and reduction of key person risk would lead to a better overall outcome for the Council and the community.
- There would also to be careful consideration as to the confidence in being able to find suitably qualified and experienced staff and the impact on existing staff, who we should be seeking to develop for the long-term future of the organisation.
- I will also have discussions with the new GM as they will have to determine how they will lead the organization and what is the best fit for them and the community

**Three Director Model**

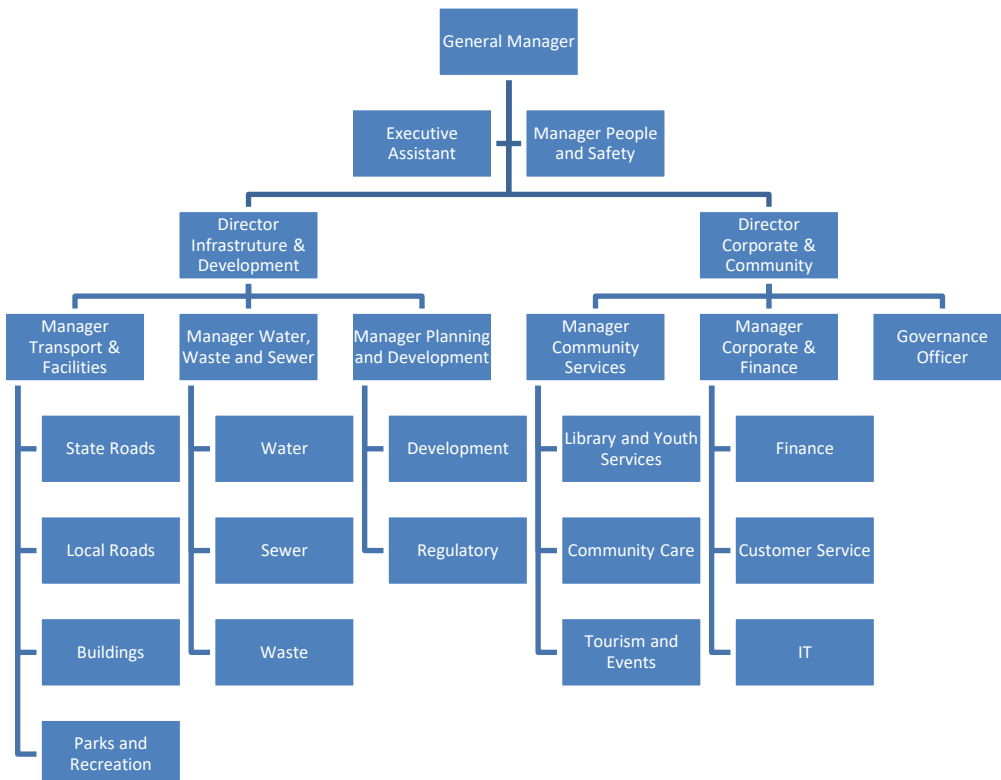




**Two Director Model – Option 1**



**Two Director Model – Option 2**





## **9. NAMOI JOINT ORGANISATION (JO)**

- The GM of Walcha Council is currently the chair of the Namoi JO leadership team (JOLT) group.
- Smaller Councils tend to gain greater benefit than larger Councils from the JO due to the larger workforce in the larger Councils usually leading to them having natural economies of scale.
- I believe having the GM of one of the smaller Councils as the chair of JOLT will have better outcomes for the smaller Councils and would encourage this continue but note it does take time away from other functions.



## 10. PRIORITIES

**Below is a list of the key priorities that are currently underway and/or need serious consideration**

### **EXTERNAL**

- **Elections**

AEC engaged to run the elections but we have to oversee:

- Non-residential role
- Pre-candidate info
- New candidate advertising and information
- Councilor induction program and training
- Refer appendix 1

- **Referendum to remove wards.**

Question endorsed by Council and provided to electoral commission.

- **Securing water future**

Off creek Storage project.

\$9m funding sourced from State Government

Further \$2m applied for from Federal government.

Recruitment for 2-year fixed term project manager did not yield suitable candidates and external project management consultancy now being sourced.

- **Waste Strategy –**

Commenced progressing but stalled with resignation of Manager Water, Waste.

Will be a priority of the new Manager commencing in July.

- **Housing and land availability for development.**

- **Procurement**

A detailed review of procurement is required showing the effectiveness of our new procurement policy.

VendorPanel is our preferred platform – however a new super user will need to be identified, and message communicated through ELT for all staff to use the system. we aren't using it enough – and it's there to cover ourselves.

This is unlikely to change until the resourcing issues are resolved.

- **Council committees**

Undertake full review of committees and delegations

- **Audit**

Address items raised by external auditors

- **Boundary change**

Woolbrook and Niangala. Councilors are aware of the intention to split this project in two and prioritise Woolbrook.

There were no objections at the time with this approach but the current initial thoughts are Woolbrook makes sense for township only, and that it's not practical for Walcha to take on Niangala. Nothing further can happen with this until after the elections.

- **Community Engagement**

Developing and implementing a sustainable community engagement plan



## INTERNAL

- **Risk and Safety**  
Review of risk and safety functions
- **Staff Capacity and Development**  
Plan for the Increased capacity for planning and development services including shared services options with nearby Councils  
Review of capacity and development options including back-up for key functions  
Reduced requirement of contractors  
Clarity around roles and responsibilities – especially in relation to corporate functions. Too much functions currently reliant on the General Manager.
- **Asset Data**  
Plan for resourcing to address asset management data and plans to be updated and drive service level and funding discussions
- **Review of systems**  
A large number of efficiencies and increased redundancy for processes can be made through improved use of systems but would also require a cost benefit analysis depending on the cost of the system.  
Review and upgrade internet and intranet and use of social media tools.
- **Review of policies**  
A number need to be established and/or reviewed. Priority given to those raised through the audit process.
- **Staff accommodation**  
Depot needs attention  
Opportunity to consolidate and update to single location that would reduce ongoing operational costs, enable greater cross skilling of resources and provide improved work environment.



## APPENDIX 1: COUNCIL ELECTIONS TIMETABLE

Monday 26 July	6pm	<b>Close of rolls</b> (clause 278 of the Regulation –the 40 <sup>th</sup> day before election day) <b>Nominations open</b>
August 2021		<b>Councillor Handbook</b> Updated edition issued
Wednesday 4 August	12 noon	<b>Nomination day</b> (clause 286 –the 5 <sup>th</sup> Wednesday before election day) <b>Close of nominations</b> (clause 289(5) – 12 noon on nomination day) <b>Registration of electoral materials commences</b> (clause 356P(4) – on nomination day)
Friday 6 August		<b>Caretaker period commences</b> (clause 393B(3) - 4 weeks preceding election day)
Monday 23 August		<b>Pre-poll voting opens</b> (clause 326 – 12 <sup>th</sup> day before the election day)
Friday 27 August	5pm	<b>Registration of electoral material closes</b> (clause 356P(4) – 8 <sup>th</sup> day before election day)
Saturday 28 August		<b>Declared institution voting commences</b> (clause 328(2) – 7 days before election day)
Monday 30 August	5pm	<b>Postal vote application closes</b> (clause 314 – 5 <sup>th</sup> day before election day)
Friday 3 September	6pm	<b>Declared institution voting closes</b> (clause 328(2) – last of 7 days before election day) <b>Pre-poll voting closes</b> (clause 326(1) – the day before election day)
Saturday 4 September	8am – 6pm	<b>Election day</b>
<b>From</b> Tuesday 7 September		<b>Results declared progressively as counts finalised by election manager from this date</b> <b>Induction training for mayors and councillors</b> (general managers must ensure that induction training is delivered to each councillor within 6 months of the councillor's election)
<b>From</b> 28 September		<b>The last day for councillors to elect the mayor following an ordinary election is three weeks after declaration of the election of councillors.</b> (section 290(1)(a) of the Act).