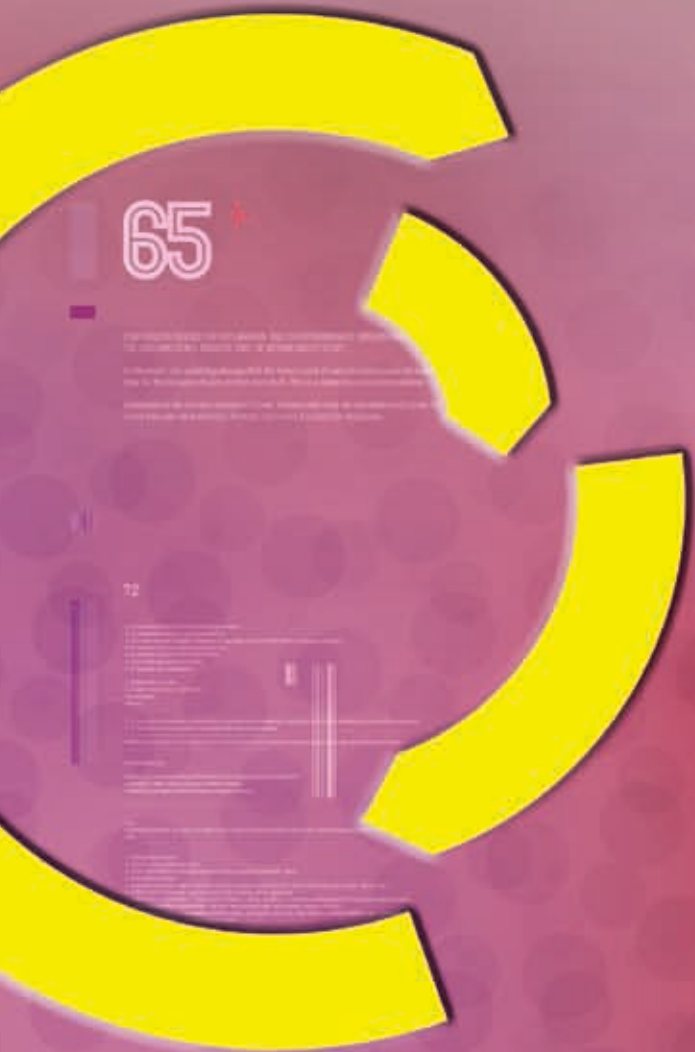


2006-07

NSW DEPARTMENT OF LOCAL GOVERNMENT ANNUAL REPORT 2006-07



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Our charter

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

Our values

As a department we value...

- **Effective communication**—We will consult and collaborate with each other and our stakeholders.
- **Fairness and equity**—We will be open and honest and respectful of those we deal with.
- **Leadership**—We will lead by example and encourage continuous improvement.
- **People**—We will recognise, support and encourage effective working partnerships.
- **Integrity**—We will behave in an ethical manner.

About the NSW Department of Local Government

The NSW Department of Local Government's role is to provide a policy and legislative framework for the local government sector.

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.

2006–07 focus

- **Reforming local government**
- **Advising government**
- **Building relationships and communicating effectively**
- **Driving success**

Operating environment

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.

Principal legislation

- *Local Government Act 1993*—sets the framework for the system of local government in NSW
- *Companion Animals Act 1998*—provides for responsible pet ownership

Available resources

At 30 June 2007, we had:

- 63 equivalent full time staff (64 as at 30 June 2006)
- processed 1225 complaints about councils (1107 during 2005–06)
- undertaken 2 investigations (into Port Macquarie–Hastings Council and Wagga Wagga City Council) and 1 public inquiry (into Broken Hill City Council).

Contents

DIRECTOR GENERAL'S FOREWORD	2
FIVE YEAR STATISTICS	4
OUR KEY ACHIEVEMENTS FOR 2006–07	5
OUR PERFORMANCE IN 2006–07	31
OUR PEOPLE AND OUR RESOURCES	75
OUR FINANCIAL MANAGEMENT	113
INDEX	170
NSW COUNCILS	172



Letter of submission

October 2007
The Hon. Paul Lynch 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 2007 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 AM
Director General



Director General's foreword

Our focus on promoting a strong and sustainable local government sector and encouraging positive improvements in councils across New South Wales, and involvement in a range of state and federal initiatives have continued this year.

Reforming and advising

There has been a key emphasis on encouraging cooperative models of local government this year, including strategic alliances and resource sharing, in order to provide improved and more efficient services to communities.

In August 2007 the Department, the Local Government and Shires Associations of NSW, and the Local Government Managers Association held a Strategic Alliance Network conference to continue to encourage council resource sharing initiatives.

We have now completed a total of 46 promoting better practice reviews to date. These have been well received by the sector and are providing valuable information on council performance.

We have also continued to monitor and support the 22 new councils created as a result of the local government reform program, and encouraged them to improve the level and range of services they provide.

The positive benefits of the local government reform program for local communities are ongoing.

Making legislative changes

This year we implemented significant new legislation to more effectively manage dangerous dogs and companion animals generally.

These amendments to the Companion Animals Act have given councils and the courts stronger powers and penalties in response to incidents involving restricted and dangerous dogs. This has been welcomed by the sector and key stakeholders, and the amendments are now providing significant community benefits.

Promoting change through education

We commenced delivery of our Safe Pets Out There or SPOT program into NSW schools this year, with over 200 volunteers now presenting modules. Developed in partnership with a number of key companion animal organisations, it is an international first, teaching young children about animal welfare, safe behaviour around dogs and responsible pet ownership.

We have also started to prepare a councillor professional development program in collaboration with the Local Government and Shires Associations of NSW. This will be delivered to all new councillors following the local government elections in 2008.

Developing our staff

Training our staff on core aspects of working for government has continued to be an important focus this year. We finalised an induction kit for new staff to provide further guidance. We have also implemented a major training initiative to improve the quality and turn around time of our correspondence, which has assisted in improving our performance against our guarantee of service this year.

Planning for the future

In 2007–08 we will continue to promote performance improvement in all councils and finalise our new corporate plan 2007–2011.

Some key areas we intend to focus on include integrated planning and reporting, asset management, and completing the review of the Swimming Pools Act. We also anticipate some new initiatives arising from major interventions into council operations, investigations and inquiries.

Our strategic goal remains to use our resources most effectively to achieve sustainable changes in the local government sector.

I thank all staff for their support and efforts this year, and look forward to continued teamwork and achievements in 2007–08.



Garry Payne AM
Director General

About this report

Our ongoing theme is sustainable change.

The first section of the report outlines some of our achievements in 2006-07 in four key areas – reform, public private partnerships, companion animals, and investigations and inquiries.

In the second section, we report on our performance against our four corporate objectives under the following headings – reforming local government, advising local government, building relationships and communicating effectively, and driving success.

We then explain the work we have done developing our people and managing our resources.

The final section of the report includes our audited financial statements.

Five year statistics

		2002-03	2003-04	2004-05	2005-06	2006-07
Local government sector characteristics						
Councils	(number)	172	153	152	152	152
Councillors	(number)	1758	1755	1482	1518	1510
County Councils	(number)	20	16	14	14	14
Financial assistance grants total council entitlements	million (\$)	471	484	500	520	539
Pensioner rebate payments made to councils	million (\$)	74	73	73	73	72
Rating						
Rate peg limit	(%)	3.3	3.6	3.5	3.5	3.4
Applications for special variations received	(number)	30	23	25	46	34
Applications for special variations approved as submitted	(number)	14	14	22	31	27
Investigations and inquiries						
Complaints about councils received	(number)	885	1069	1105	1107	1225
Complaints about councils that proceeded to fuller review	(number)	179	263	219	242	276
Pecuniary interest complaints received	(number)	5	5	3	3	3
Pecuniary interest complaints determined	(number)	6	4	4	4	3
Determinations by PIDT - proven	(number)	1	2	1	2	2
Determinations by PIDT - not proven	(number)	1	1	0	1	0
s430 investigations	(number)	1	1	2	1	2
s740 public inquiries	(number)	0	4	2	2	1
Boundaries Commission public inquiries	(number)	-	6	2	1	0
Promoting Better Practice reviews completed	(number)	NA	NA	13	19	14
Guarantee of service						
% of Departmental correspondence answered within 4 weeks (target 70%)	(%)	38.5	50.2	60.3	38.9	49.6
Departmental correspondence items processed	(number)	4145	8138	4110	4753	4944
Ministerial correspondence items processed	(number)	3021	7814	2591	5090	4258
Freedom of Information requests processed	(number)	10	17	6	19	12
Departmental publications						
Publications issued	(number)	15	13	13	18	29
Circulars to Councils issued	(number)	50	53	65	77	64
Resources						
Staff (equivalent full time)	(number)	51	61	66	64	63
Average sick leave	(days)	6.7	4	4.2	5	4.82
Workers compensation claims	(number)	0	1	1	2	0
Grievances lodged	(number)	1	0	0	1	0
Financial management						
Total Expenses	(\$'000)	92,109	88,140	85,981	87,050	87,592
Total Retained Revenue	(\$'000)	8,007	5,159	4,959	5,403	6,125
Net Cost of Services	(\$'000)	84,119	82,979	81,022	81,642	81,467
Total Assets	(\$'000)	6,713	8,190	9,415	9,223	8,404
Total Liabilities	(\$'000)	3,050	3033	2,487	2,596	2,811

Our key achievements for 2006–07

Local government is the sphere of government that is closest to the people. It impacts on all of us in our everyday lives. Councils need to be financially sustainable and able to provide quality services to their communities. As community needs change, so too must the structures that support the delivery of services.

The work we have done in 2006–07 to promote sustainable change in the local government sector is described in this section under four main headings.



Contents

REFORM	6
PUBLIC PRIVATE PARTNERSHIPS	11
COMPANION ANIMALS	12
INVESTIGATIONS AND INQUIRIES	23

Reform

The reform program

The aim of the local government reform program is to improve the delivery of local government services to local communities.

The NSW Government announced the program in September 2003, with additional allocations to the Department of \$1.012 million in 2003–04 and \$1.019 million in 2004–05. This included:

- \$1.32 million for regional reviews to examine the options for communities considering reform across a number of local government areas and for other reform initiatives such as promoting better practice reviews.
- An extra \$711,000 for the Boundaries Commission to examine and report on proposals developed by each regional review and conduct formal inquiries and community consultations.

During the two years to 30 June 2005, six major reviews were conducted and the Boundaries Commission examined and reported on 11 proposals resulting from these reviews.

Since February 2004, the total number of councils in NSW has been reduced from 172 to 152. This includes the 22 new councils constituted as a result of amalgamations and boundary changes.

Many of the new councils have already undertaken significant work in extending service provision into previously un-serviced areas.

The second phase of the reform program has focused on promoting better practice and encouraging resource sharing and strategic alliances.

Resource sharing and strategic alliances

As part of the reform program, the Department continues to implement initiatives to encourage councils to enter into strategic alliances or resource sharing arrangements so they can achieve better service outcomes and more efficient service delivery for their communities.

There are now twenty-one alliances complementing the work of regional organisations of councils (ROCs) and other forms of partnerships around the state. As well as alliances advising that they are helping councils to achieve a range of financial savings, councils have advised they are able to improve their service standards and complete projects that would not otherwise have been achievable.

One of the newest alliances is the Central Tablelands Strategic Alliance. This partnership between Lithgow City, Oberon and Mid Western Councils aims to maximise the use of resources available through joint purchasing and leasing, common IT systems, common employment arrangements, sharing of staff and skills exchange. The alliance is also undertaking joint regional planning in areas such as land use planning, tourism and economic development.

Following the success of the first strategic alliance conference held in May 2006, a second conference will be held on 27 August 2007, jointly hosted by the Department, the LGSA and the LGMA (NSW).

This conference will showcase further examples of partnership development within the local government sector and address key issues of engaging partners and other stakeholders, and evaluating the success of partnerships in producing real benefits for communities.

In November 2006 the Minister specifically requested councils to submit proposals to form Council Business Clusters. One hundred and twenty-five councils responded, either reporting on progress of existing resource sharing or proposing new partnerships.

Among proposed new partnership are an alliance between Goulburn Mulwaree, Palerang and Upper Lachlan Councils to reduce duplication in back office services, and an alliance between Bathurst, Dubbo and Orange Councils to address a range of issues including joint internal audit services and joint environmental planning.

City/rural relationships are becoming an increasingly common form of partnership between councils. Partnerships such as those between Baulkham Hills and Cootamundra Councils, Coonamble and Campbelltown Councils, Cowra and Kogarah Councils and Liverpool Plains and Blacktown Councils, continue to share experience and technical skills and undertake joint problem solving.

Promoting better practice reviews

A key focus of the promoting better practice reviews is to promote sustainable change in the local government sector. The reviews have a number of important objectives including:

- promoting continuous improvement and greater compliance
- promoting good governance and ethical practice
- identifying innovation and sharing good practice
- helping to more effectively identify legislative and policy issues requiring attention
- providing an early intervention option for councils experiencing operating problems
- helping councils assess their performance in key areas and focus attention on key priorities.

The reviews involve staff from the Department closely evaluating the effectiveness and efficiency of key aspects of council operations and giving feedback. The process includes looking at a council's overall strategic direction, checking compliance, examining appropriate practices, and making sure that the council has frameworks in place to monitor their performance.

By the end of 2006–07, we had undertaken a total of 67 promoting better practice reviews—46 of these are fully completed (and one was discontinued) and 21 are partially completed. The reviews we completed this year covered city and country councils in NSW ranging from Lane Cove, Bankstown, Wollongong, Boorowa and Narrabri.

Table 1 Promoting better practice reviews completed by end of 2006–07.

Council	Field Work Undertaken	Council	Field Work Undertaken
1. Campbelltown	July 2004	25. Port Macquarie Hastings	November 2005
2. Jerilderie	September 2004	26. Kempsey	November 2005
3. Lockhart	September 2004	27. Shellharbour	December 2005
4. Urana	September 2004	28. Kiama	December 2005
5. Wakool	December 2004	29. Byron	February 2006
6. Berrigan	December 2004	30. Harden	February 2006
7. Murray	December 2004	31. Boorowa	February 2006
8. Hornsby	November 2004	32. Broken Hill	January 2006
9. Wyong	November 2004	33. Wollongong	May 2006
10. Gosford	November 2004	34. Bogan	June 2006
11. Port Stephens	March 2005	35. Coonamble	May 2006
12. Maitland	March 2005	36. Narrabri	June 2006
13. Dungog	March 2005	37. Penrith	June 2006
14. Brewarrina (discontinued)	May 2005	38. Cessnock	June 2006
15. Moree	May 2005	39. Muswellbrook	July 2006
16. Manly	June 2005	40. Eurobodalla	May 2006
17. Mosman	June 2005	41. Bega Valley	June 2006
18. Narromine	June 2005	42. Coolamon	November 2006
19. Dubbo	June 2005	43. Bathurst	November 2006
20. Tumut	June 2005	44. Lithgow	September 2006
21. Tumbarumba	June 2005	45. Cabonne	November 2006
22. Marrickville	July 2005	46. Bankstown	January 2007
23. Rockdale	July 2005	47. Lane Cove	March 2007
24. Armidale	September 2005		

Our review reports to councils give recommendations to treat performance problems and to prevent problems arising. Councils seem to be enthusiastic about the program and the level of cooperation with review teams has been for the most part excellent.

In addition to identifying problems, the program identifies good practice in local government and encourages councils to share with others what's working well. So far, the reviews have found that:

- Most councils are able to exhibit some degree of strategic focus, but it is at times poorly articulated and not effectively documented or communicated to the community.
- Most councils reviewed have at least the basic elements of a good governance framework in place, and many councils respond to the review process by actively trying to “fill the gaps” in their framework.
- Weaknesses are still evident in the areas of risk management and complaints handling.
- Enforcement policies and practices are a continuing concern.
- Efforts to implement asset management systems are more widespread, but many councils have a long way to go.
- Business planning for council business activities is not as widespread as it should be.
- Community land management is often poor, and surprising numbers of councils still have a lot of community land that is not subject of plans of management many years after the requirement was introduced.
- Smaller councils are particularly impressive in their efforts to fill any gaps in human service provision in their communities.
- Workforce policy frameworks are of a good standard in most councils.
- There is evidence councils are recognising the need for improved workforce planning.

The tools used in the reviews are now available on our website, along with copies of all completed and tabled review reports. For example, the self assessment checklists on the website include questions about a range of governance, regulatory, financial, community and workforce relations issues. Many councils are now using the program tools to evaluate their own practices and processes.

We are pleased to report that a number of councils have asked the Department to undertake reviews on their performance and operations. We are also seeing growing evidence that the program has promoted much greater awareness of and interest in some important issues facing local government, such as the need for better workforce planning, improved risk management and better systems of asset management.

Public private partnerships

The *Local Government Amendment (Public Private Partnerships) Act 2004* came into operation on 1 September 2005, together with guidelines on the procedures and processes that councils must follow when entering into a public private partnership (PPP).

Councils must certify that an assessment of a PPP has been carried out in accordance with these guidelines.

The Department chairs the Local Government Project Review Committee, which reviews all PPPs valued at more than \$50M, or where council contribution to the project is more than 25% of its annual revenue, or where the project is high risk, to ensure that project risks are clear and understood by the parties.

The members of the committee during 2006–07 were:

- John Dermody — Premier's Department
- John Tansey — The Cabinet Office
- Gail Connolly — Department of Planning
- Garry Payne AM — Department of Local Government
- Danny Graham — Treasury

Number of projects assessed by the Local Government Project Review Committee (Received from Rockdale Council)	1
Number of projects initially assessed by the Department as not significant or high risk	11
Number of projects initially assessed by the Department as significant or high risk but not yet reviewed by the Local Government Project Review Committee	4
Number of project proposals started in 2006–07 but not yet developed to initial assessment stage as at 30 June 2007	2

The Department also provides assistance to councils to help them determine if proposed projects fall within the definition of a PPP under the Local Government Act 1993.

Companion animals

Amendments to the Companion Animals Act 1998

The Companion Animals Amendment Act 2006 and amending Regulation, commenced on 1 January 2007.

The amendments provide councils with additional tools to effectively enforce the Companion Animals Act 1998 and Companion Animals Regulation 1999.

The purpose of the amendments were to:

- enable a dog that displays unreasonable aggression or a dog that is kept or used for the purposes of hunting to be declared a dangerous dog under the Act (dogs used or kept for the purpose of locating, flushing, pointing or retrieving birds or vermin are excluded)
- enable authorised officers of councils to make declarations under the Act in relation to dangerous dogs and restricted dogs instead of the council itself having to make such a declaration
- increase penalties for some offences under the Act (particularly in relation to dangerous and restricted dogs)
- prohibit the sale (which includes giving away) and the acquisition of dangerous dogs in the same way as restricted dogs cannot be sold or acquired
- enable a dangerous or restricted dog to be seized and immediately destroyed if the dog attacks or bites without provocation or if the enclosure or muzzling requirements have not been complied with on two separate occasions over a 12 month period
- require the owner of a dangerous or restricted dog to obtain a certificate of compliance in relation to the enclosure in which the dog is required to be kept (an owner of an existing dangerous or restricted dog will have 28 days from the date of commencement to obtain the certificate)
- require a dog owner generally to take reasonable precautions to prevent the dog from escaping from the property on which it is kept, and
- remove the exemption for working dogs from the identification and registration requirements under the Act (working dogs that are ordinarily kept in the unincorporated area of NSW or on rateable land that is categorised as “farmland” under the Local Government Act 1993 will be exempted by Regulation).

The Amending Act also amends the Companion Animals Regulation to:

- provide an exemption from the requirement to pay registration fees in the case of working dogs that are not exempt from the identification requirements
- prohibit the misuse of the special collar that must be worn by dangerous and restricted dogs, and
- prescribe a maximum fee of \$100 for a council issuing a certificate of compliance in relation to a dangerous or restricted dog's enclosure.

In developing the legislation, the Department consulted extensively with peak local government organisations as well as professionals and organisations with expertise in animal breeding, welfare and behaviour.

The transition period for the implementation of the was intended to provide councils and owners of restricted dogs with a reasonable timeframe to ensure compliance with the legislation and in particular, the control requirements set out under section 56 of the Act. The transition period began on 28 April 2006 and ended on 27 April 2007. Circular to Councils 07-10 was issued to advise councils of the implications of the end of the transition period.

Approved Persons access to the NSW Companion Animals Register

An amendment to the Act now enables access to the Register by approved persons for the purposes of re-uniting seized, lost or injured animals with their owner. Veterinary practitioners, their employees and others can apply to the Department to become approved persons. Also, certain Animal Welfare Organisations (RSPCA, Animal Welfare League and Cat Protection Society) are approved persons under the Act to have access to the Register.

Access to the Register for approved persons is being provided to streamline the process for re-uniting animals with their owners. Allowing Animal Welfare Organisations and vets access to the Register should reduce the costs to councils of managing lost, injured and straying animals by enabling them to quickly identify an animal's owner and return the animal to them and avoid the need to transfer animals to council pounds.

When an animal is delivered to approved premises, approved persons will be able to search the Register using the animal's microchip number to obtain the owner's details so the animal can be re-united with its owner. The Guideline for Approved Persons to Access the NSW Companion Animals Register was issued with Circular to Councils 07-16 and must be complied with by approved persons when they access the Register.

2004–2005 Dog attack report

A dog attack report for the 2004/2005 financial year was released on 12 June 2007 with Circular to Councils 07-26. The report represents an analysis of information gathered from councils regarding dog attacks.

Councils are required to report all dog attacks to the Department of Local Government. The information provided by councils assists in compiling profiles on the nature of dog attacks in NSW and in the formulation of policy responses in relation to responsible dog management.

While some councils appear to be diligent in reporting dog attacks, many councils still fail to send timely and accurate reports. Changes to the Local Government (General) Regulation 2005, which occurred in conjunction with amendments to the Companion Animals Act 1998, now require all councils to provide a detailed statement in their annual reports of their activities during the year relating to enforcing and ensuring compliance with the Act. Councils must now report a variety of data to the Department, including information relating to dog attacks, pound activities, companion animals budgets and community education programs.



Community education—Safe Pets Out There (SPOT) Program

This exciting program is just part of the Government's ongoing commitment to promoting and improving responsible pet ownership.

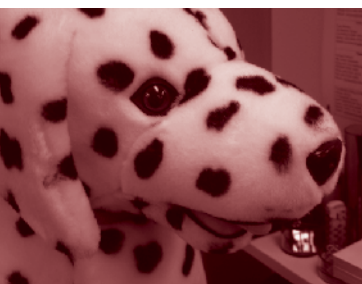
Funded for the three years 2007 through 2009 from the NSW Companion Animals Fund, SPOT is a unique schools program about pet care and kindness and respect for all animals. It also incorporates a specific module about safe behaviour to reduce the incidence of serious dog bites in children.

The SPOT program has been developed under the umbrella of the Australian Companion Animal Council by the Animal Welfare League, the Australian Veterinary Association, Delta Society Australia and the RSPCA.

The Department of Local Government is providing funding totalling \$1.863 million over three years to enable the program to reach over 250,000 students in every school in NSW over the next three years.

Both the level of cooperation among stakeholders and the program itself are significant achievements and international firsts.

Following the signing of the funding agreement in July 2006, the SPOT Committee and the Department have overseen the finalisation of program materials and resources, recruitment of SPOT staff, recruitment and training of SPOT volunteers, and delivery of the SPOT program into NSW classrooms.



SPOT's funding agreement

The Department and Crown Solicitors Office formulated the SPOT Funding Agreement in close consultation with all the SPOT partners in order to appropriately reflect and establish this unique collaborative program.

This involved complex and lengthy negotiations to ensure all matters were successfully incorporated into a workable and agreed contract.



Top row Jim Redrup (Company Secretary, AVA), Bernie Murphy (CEO, RSPCA), Dr Mark Lawrie (Senior Veterinarian, RSPCA), Dr John Cornwall (General Manager, Delta Society Australia), Dr Kersti Seksel (President of ACAC, Chair of the SPOT committee and Immediate Past National President AVA), Sue Chaseling (Secretary ACAC)

Bottom row Michelle Squire (Director Relationship Management, NSW Department of Local Government), Gary Payne AM (Director-General, NSW Department of Local Government), Maryann Dalton (CEO, AWL), Dr Joanne Righetti (Chair, Delta Society Australia)

The Agreement commenced on 1 August 2006 and provides for funding instalments to be provided over a 3 year period subject to compliance with performance conditions including necessary reporting and achievement of various milestones.

The Department, as well as all the other organisations, are contributing existing intellectual property that will be used in the development of the SPOT Program. This necessitated contractual recognition of each party's respective rights in such IP and any further IP created in the course of the SPOT Program, and development of appropriate IP licensing arrangements to take account of current and future IP associated with the Program.

The Crown Solicitor assisted in relation to development of an appropriate structure for the funding agreement, development of audit and reporting arrangements taking into account the differing roles of the parties involved, and advised in relation to protection and licensing of intellectual property amongst the parties.

The SPOT Committee

This has been a challenging and rewarding year, with significant achievements as a result of the commitment and professionalism of the SPOT partners. Dr Kersti Seksel's excellent leadership of the SPOT Committee has navigated the team through a very busy period to success, and she has also performed the role of official SPOT media spokesperson.



Dr Kersti Seksel, Chairperson of the SPOT Committee, opening the SPOT launch, January 2007

During 2006-07 the SPOT Committee met quarterly and also held a number of extraordinary meetings to progress urgent business associated with the establishment of the program. The SPOT Committee members are not remunerated by the program and have given considerable skills and time to set strategic direction and ensure its quality.

As the 2006–2007 reporting year closes, the SPOT Committee members are:

Chairperson

Dr Kersti Seksel, President - Australian Companion Animals Council

Members

Dr Bruce Cartmill, Australian Veterinary Association

Ms Maryann Dalton, Animal Welfare League NSW

Mr Steve Coleman, RSPCA NSW (formerly Dr Mark Lawrie)

Dr Joanne Righetti, Delta Society Australia (formerly Dr John Cornwall)

The Department's representative in accordance with the SPOT funding agreement is Michelle Squire, Director Relationship Management.

SPOT's launch, January 2007

In January 2007 the former Minister for Local Government, The Hon Kerry Hickey MP, launched the SPOT program at Leichhardt Public School in Sydney.

As part of this, an educational consultant to SPOT, Ms Anne Boxhall, presented a SPOT module to a group of children illustrating safe behaviour around dogs and fielded questions from the media.

The 3 modules of the SPOT Program

The SPOT program includes 3 modules.

Dog Safety

Objectives:

- To better educate children about safe and sensible behaviour around dogs (both the family pet and the stray or street dog) and
- To help children read a dog's body language (happy dog, angry dog, worried dog etc)
- To produce a measurable reduction in the incidence of dog bites in children

Pet Care

Objectives:

To give children an understanding of:

- what pets need
- how owners can provide those needs
- how to keep pets healthy

Kindness and Welfare

Objectives:

- To better educate children on being responsible with their pets in public and away from their house
- To create empathy and encourage kindness for animals
- To teach the importance of pets to themselves and their families
- To generate respect and good citizenship by caring for the people and creatures of our world

SPOT makes three visits to each classroom over time to deliver these modules.

A brochure detailing each module has been produced and these are given to children to take home to their parents following SPOT's visit to their classroom. This is a key part of ensuring the program's messages reach families and can be reinforced over time.

SPOT's Handle With Care books

The children entered the first 'draw your pet' colouring in competition and winners were awarded copies of the book "Handle With Care" by Dr Paul McGreevy.

The Department and Halstead Press have cooperated to publish a special SPOT edition of 'Handle with Care' which is awarded to the winner at each school as SPOT travels around the State and will also be made available for general sale during 2007-08.

The SPOT launch was a significant celebratory milestone for all SPOT partners after many months of hard work recruiting and bringing the program materials to completion.

This event generated excellent media coverage and promotion of the SPOT program in time for the commencement of the 2007 school year.

SPOT's website

SPOT's website was launched in January 2007 and hosts a wealth of program resources, program contact details and online booking facility. As SPOT travels around NSW the site is updated with schools visited.

www.spot.nsw.gov.au



During 2007/2008 the kids section of the SPOT website will be finalised for release, to reinforce the key messages.

SPOT's delivery team

The SPOT program is now being offered to all schools in NSW. To date, SPOT has visited 23,809 children in NSW schools and been very well received.

The presentations are being delivered by accredited volunteers including representatives from the partner organisations and local councils. Primarily, SPOT volunteers are people such as vet nurses, accredited dog trainers, council rangers, veterinarians and retired teachers.

To date, over 200 SPOT volunteers have been recruited and trained, and more are sought.

These are all committed people who have passed the training required to be a SPOT Program volunteer and undergone all necessary background checks.

During the year a team of 7 Regional Coordinators has been recruited to coordinate SPOT's bookings.

SPOT's regions are based on NSW Department of Education regions:

- Hunter/Central Coast
- Illawarra/South Coast
- New England
- North Coast
- Sydney
- South Western Sydney
- Riverina
- Western NSW
- Northern Sydney
- Western Sydney

Contact details and photos of the Regional Coordinators are available at www.spot.nsw.gov.au.

SPOT's first birthday and plans for 2007–08

Following the close of the reporting year the Minister for Local Government celebrated SPOT's first birthday at Menai Public School.



Left to right: Dr Bruce Cartmill (AVA), Mr Bernie Murphy (CEO - RSPCA NSW), The Hon Paul Lynch MP, Minister for Local Government, Ms Alison Megarity MP, Member for Menai, SPOT, Dr Kersti Seksel (President of ACAC, Chair of the SPOT Committee and Immediate Past National President AVA), Mr Andrew Moody (Animal Welfare League NSW), Dr Joanne Righetti (Chair, Delta Society)

With the bulk of volunteer recruitment and training complete, significantly more classroom presentations will take place during 2007–08.

At the outset, the importance of program evaluation was built into SPOT, and commencing this in earnest will be a key priority during 2007-08. This will involve an increased emphasis on data collection and analysis and further strategies to refine and enhance program materials.

The SPOT Committee has also identified governance and volunteer retention as key priorities to address during 2007-08 to ensure the program's ongoing success into the future.

NSW Companion Animals Register

The NSW Companion Animals Register was introduced in 1999 to record details of microchipped and registered cats and dogs in NSW and financial transactions between animal owners, councils and the Department of Local Government.

The register provides a state-wide, online database of cats and dogs with 24 hour internet access. It is used by councils, vets and authorised identifiers, and animal welfare organisations to—for example—reunite lost pets with their owners. The costs of operating the register are met from the Companion Animals Fund.

At 30 June 2007, there were 1,497,251 animals included on the register. This represents an 11% increase in the total number of animals on the register from the previous year. Of these, 635,589 were identified only (microchipped) and 861,662 were both identified and registered. A total of 150,382 entries were made to the register during 2005–06.

The registration fees collected are paid into the Companion Animals Fund. Operating expenses and grants for ongoing community education programs are charged to the fund and the balance is reimbursed to councils. In the 12 months to 30 June 2007, the revenue from animal registrations totalled \$5,651,350. Distributions to councils for the entire twelve-month period totalled \$4,331,592—this equates to approximately 77% returned to councils.

Enhancements to the NSW Companion Animals Register

There were no major software releases on the Register this year, however work continued on modules supporting restricted breed and dangerous dog functions. These enhancements include improved tracking and reporting of these dogs. This allows council enforcement officers to more efficiently identify and monitor the presence of dangerous and restricted breed dogs in their communities. It also gives the department greater oversight of the recent Act amendments.

This year we included support for Wireless Application Protocol (WAP) enabled devices, such as handheld PDAs and mobile phones to provide greater access to the online register, particularly for authorised officers working in the field. This feature has been well received and has been particularly beneficial to rural and remote councils. Enforcement officers in the field can now access animal details remotely rather than needing to travel back to the office. This is reducing the cost and time involved in reuniting animals with their owners.

We have also introduced a new level of access to the Register for Approved Persons. This feature now allows vets and other approved people to search for an animal's details on the Register based on the animal's microchip number. This is reducing costs and improving efficiency as previously, requests for animals' details needed to be directed to our call centre.

We also commenced work on an online reporting facility for dog attacks that is expected to come on line in late 2007. This new module will decrease the amount of time taken to capture and process information relating to dog attacks. It will allow council enforcement officers to better manage each dog attack and better record the nature of the attack and any action taken. In addition, it will provide the Department with more accurate and timely information on dog attacks occurring in the community.

Investigations and inquiries

A key role of the Department of Local Government is to ensure that councils are efficient and sustainable and deliver quality services to their communities. If serious breakdowns occur in council operations, *the Local Government Act 1993* provides two significant intervention mechanisms—section 430 investigations and section 740 public inquiries.

Under section 430, the Director General of the Department of Local Government has the power to carry out investigations into council operations. This power is generally only used if the consequences of a council's conduct are having a serious impact on the local community.

Under section 740, 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 or as a result of a recommendation in a section 430 investigation.

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

Section 430 investigations

Port Macquarie-Hastings Council

The Department's Promoting Better Practice Review of Port Macquarie-Hastings Council 2005 examined the issue of the Port Macquarie-Hastings Cultural Centre (now known as the Arts, Conference and Entertainment Centre or the Glasshouse).

Initially the project was to cost between \$15m and \$20m. The Department's review found that the cost had escalated to \$33m. The Department was also concerned that a survey conducted by Council found that arts and entertainment facilities were very low on the community's priority list. Further to this, there were concerns about potential additional costs associated with parking facilities and safeguarding archaeological remains on the site. The Department considered there was a lack of proper project and risk management associated with the project.

In view of the continuing concerns and the lack of confidence in Council's financial management of the project, in late 2006, the Director General authorised an investigation under section 430 of the Local Government Act.

The terms of reference authorised for the investigation were:

To investigate and report on:

1. Whether the council has exercised reasonable diligence in the financial management of the Port Macquarie Arts, Conference and Entertainment Centre (ACEC).
2. Whether the council has properly considered what impact the centre will have on the capacity of council to carry out its functions including the provision of services and the replacement and maintenance of infrastructure.
3. Any other matter that warrants mention, particularly where it may impact upon the effective administration of the area and/or the working relationship between the council, councillors and its administration.

The Departmental representatives issued their final report on 28 May 2007. They found that Council failed to implement sound business practices with regard to the planning and financing of the Arts, Conference and Entertainment Centre, leaving open the possibility that future maintenance and infrastructure spending may be affected by the ongoing expense of the Centre.

They also found that Council failed to respond adequately to increasing community concerns about the escalating costs of the Centre, creating a perception that they were dismissive of such concerns and non responsive to genuine community complaints. This perception of Council being dismissive of genuine community concerns was reinforced by Council's decisions to:

- (1) ignore a request from the Department to suspend any further work associated with the development pending the outcome of this Investigation; and
- (2) proceed to approve the appointment of a building contractor, contrary to the request made by the Department.

The Departmental representatives recommended that the Minister authorise a public inquiry into Council under section 740 of the Local Government Act. At the end of the reporting year, Council was yet to respond to the report.

Wagga Wagga City Council

On 29 August 2006 the Director General approved an investigation under section 430 of the Local Government Act 1993 in respect of Wagga Wagga City Council. The terms of reference included:

1. Whether the relationship between elected representatives of council (whether individually or collectively as the governing body of council), senior council officers and council staff, has prevented the provision of efficient, effective and appropriate standards of governance for Wagga Wagga City Council.
2. Whether the elected representatives of council are fulfilling their role and responsibilities under the Local Government Act 1993 and have adequately carried out their responsibilities in the best interest of all ratepayers and residents.
3. Whether the council commands the community's confidence and support, particularly in relation to its capacity to deliver services and facilities to the local community in accordance with the council's Charter.
4. Whether the council's administration and management has met its responsibilities under the Local Government Act 1993 and has fulfilled its other statutory functions.
5. Any other matter that warrants mention, particularly where it may impact upon the effective administration of the area and/or the working relationship between the council, councillors and its administration.

The concerns raised with the Department that prompted the investigation included the councillors' understanding of their role and obligations under the Act, the relationship between councillors and senior staff, the relationship between the Mayor and General Manager, planning and development decision making, tendering issues, the recent council restructure and the community's confidence in Council.

Despite two visits by Department staff to Council trying to deal with similar issues (in November 2003 and in November 2005), the conduct of councillors does not appear to have improved.

Departmental representatives spent three weeks at Council in October 2006 and November 2006 to interview witnesses and gather documentary evidence.

The report of the investigation was tabled in Parliament on 10 May 2007.

The Departmental representatives found that the relationships between the elected representatives of Council (individually or collectively), senior Council officers and Council staff had on occasions deteriorated to the extent that they had impacted on the efficient, effective and appropriate standards of governance for Wagga Wagga City Council.

The Departmental representatives found that the elected representatives were not fulfilling their role and had not adequately carried out their responsibilities in the best interests of all ratepayers and residents.

The Departmental representatives found that there were a number of indicators that raised concern about whether Council commands the community's confidence and support.

Lastly, the Departmental representatives found that there had been administrative problems faced by Council for some time. However, many of the long standing issues and problems were being actively addressed by Council's current administration.

The Departmental representatives have made 24 recommendations.

These include giving Council 6 months to take appropriate steps to do such things arising from the recommendations in the report. Progress on implementing the recommendations will be reviewed by way of the Department conducting a Promoting Better Practice Review in 6 months time.

The report also recommended that the Minister for Local Government request that the Minister for Planning consider appointing a planning administrator or panel to determine certain development and other applications until such time as Council's new LEP is adopted.

The report also recommended that consideration be given to an amendment to the Local Government Act to prohibit senior staff from standing for election as councillors at the Council at which they were employed for a minimum period for four years after leaving Council's employment.

Council tabled the report at its meeting held on 28 May 2007. Council considered a report in relation to the preparation of its response to the investigation recommendations at an extraordinary meeting held on 12 June 2007. At the end of the reporting year, the Minister had received and was considering Council's formal response to the report.

Public inquiries

Since 2003, seven public inquiries have been approved under section 740 of the Local Government Act 1993 into the following councils—Warringah, Liverpool, Rylstone, Walgett, Tweed, Brewarrina and Broken Hill.

The inquiries into Warringah, Liverpool, Rylstone, Walgett, Tweed and Broken Hill resulted in the removal of councillors from civic office.

Broken Hill City Council

On 21 September 2006, the former Minister for Local Government appointed the Hon David Simmons OAM to undertake a Public Inquiry into Broken Hill City Council.

Commissioner Simmons is a former Commonwealth Minister and a former councillor on Bathurst City Council. He has also lived and worked in Broken Hill.

The Department of Local Government had dealt with a number of complaints about conflict at the council and about councillor behaviour. The Department undertook a Promoting Better Practice review of council in January 2006. The review team had expressed disappointment with the poor leadership shown at the political level. Many councillors appeared unable to see past the current conflicts and provide a positive strategic direction for council.

The review report included a special section setting out the Director General's comments, in which the Director General told Council it had 28 days to take action to address some key issues and report to the Department.

This was the third time the Director General had written to the Council expressing his concern about the ongoing conflict and to remind all councillors of their roles and responsibilities.

The terms of reference were as follows:

“To inquire, report and provide recommendations to the Minister for Local Government as to whether all civic offices at Broken Hill City Council should be declared vacant.

The Inquiry will have particular regard to:

1. The conduct of the elected representatives of council (whether individually or collectively as the governing body of council) including their relationships with senior and other staff of council.
2. Whether the elected representatives fully understand their roles and responsibilities and have adequately, appropriately and reasonably carried out their roles and responsibilities in the best interest of all ratepayers and residents
3. Any other matters that warrant mention, particularly when it may impact on the effective administration of the council area.

The Commissioner may make other recommendations as the Commissioner sees fit.”

The Commissioner presented his report to the former Minister for Local Government on 13 December 2006. The key findings of the Public Inquiry report were:

- The relationships between the councillors and staff had been irretrievably damaged by the inappropriate conduct of some of the councillors;
- There had been inappropriate interactions between some councillors and council staff;
- There was frequent disorder during council meetings;
- One councillor’s behaviour at certain meetings was seen as so serious as to warrant suspension and this behaviour was not responded to in a timely or appropriate manner;
- The Council’s Model Code of Conduct had not been implemented appropriately;
- The councillors failed to demonstrate a capacity to achieve sustained improvement in their conduct despite training and advice;
- There was no consensus among the councillors as to what was required for the council to be able to sustain a satisfactory standard of performance.

The Commissioner recommended that the councillors be dismissed and an Administrator be appointed for a minimum period of 3 years to manage and direct the affairs of the council.

The Department of Local Government will monitor the performance of the council during the period of administration. This includes monitoring Council’s progress in acting on the recommendations of the Promoting Better Practice review report completed in mid-2006. It was the issues identified in this report that led to the public inquiry and to the dismissal of Council.

While the Public Inquiry recommended that an Administrator be appointed for a minimum period of three years, the Minister could determine that elections for new councillors be held prior to the expiration of three years, having regard to any representations made by members of the community, the advice of the current Administrator and the advice of the Department, which continues to monitor the council’s performance.

Councils under administration

Five councils have been under administration during 2006–07.

Liverpool City Council

In March 2004, Liverpool City Council was dismissed and Ms Gabrielle Kibble was appointed as administrator until the next ordinary elections of council in September 2008.

This was after a public inquiry had been held into issues such as council's appointment and management of senior staff, their financial management of infrastructure and projects such as those within the Woodward Park precinct and the 'Oasis' project, the lack of openness and transparency in decision making for approving and undertaking major infrastructure projects, and whether council had considered what impact major infrastructure projects would have on their ongoing ability to provide services to the community.

Tweed Shire Council

In May 2005, three administrators—Mr Garry Payne AM, Ms Lucy Turnbull and Mr Max Boyd—were appointed to manage the operations of Tweed Shire Council. Ms Genevieve Slattery was appointed as executive officer to the administrators in February 2006.

In July 2006 Mr Payne resigned from his role as Administrator and Mr Frank Willan was appointed. In February 2007, Ms Lucy Turnbull resigned from her role as Administrator, and Mr Garry Payne AM was reappointed in her place.

The term of the administrators ends on the date of the council's next ordinary elections on 27 September 2008.

Walgett Shire Council

After a public inquiry into Walgett Shire Council recommended that the council be dismissed, the Governor declared all civic offices of Walgett Shire Council vacant and appointed Mr Hugh Percy as administrator on 30 June 2004. On 30 June 2006, Mr Vic Smith was appointed to replace Mr Hugh Percy as administrator.

The date of the council's fresh election was postponed to 27 September 2008 after a request from Mr Percy.

Warringah Council

On 23 July 2003, after considering the results of a public inquiry into Warringah Council, the Governor declared all civic offices at Warringah Council vacant and appointed Mr Dick Persson as administrator until 1 August 2005.

In September 2004, Mr Persson requested an extension of his period of appointment to allow important projects to be completed and the necessary cultural changes to become established. This extension was subsequently approved by the Governor and Mr Persson's appointment now ends on the next ordinary council election on 27 September 2008.

Broken Hill City Council

On 10 January 2007, after considering the results of a public inquiry into Broken Hill City Council, the Governor made a Proclamation under the Local Government Act 1993 declaring the civic offices of the Broken Hill City Council vacant and appointing Mr Ken Boyle as Administrator of the Council.

Mr Boyle has had extensive experience in administration relevant to local government issues and is a former General Manager of Broken Hill City Council.

Mr Boyle's appointment as Administrator of the Council is for a term commencing 10 January 2007 and ceasing on the date of the declaration of the council's fresh election to be held on 5 December 2009.

Our performance in 2006–07

Five year statistics

Local government sector characteristics		2002–03	2003–04	2004–05	2005–06
Councils	(number)	172	159	152	152
County Councils	(number)	1759	1755	1482	1519
Financial assistance grants	(number)	20	18	14	14
Total council contributions	(million \$)	471	484	500	520
Pensioner rebate payments made to councils	(million \$)	74	73	73	73
Rating	(%)	3.3	3.6	3.5	3.5
Applications for special variations received	(number)	30	29	25	43
Applications for special variations approved as submitted	(number)	14	14	22	31
Investigations and inquiries					
Complaints about councils received	(number)	886	1069	1105	1107
Complaints about councils that proceeded to LAR review	(number)	179	263	219	242
Regulatory interest complaints received	(number)	5	6	3	3
Regulatory interest complaints determined	(number)	6	7	4	4
Determinations by PDI - proven	(number)	1	2	1	2
Determinations by PDI - not proven	(number)	1	1	0	1
s/40 investigations	(number)	1	1	2	1
s/40 public inquiries	(number)	0	4	2	2
Boundary Commission public inquiries	(number)	-	6	2	1
Promoting Better Practice reviews completed	(number)	NA	NA	13	16
Guarantee of service					
% of Departmental correspondence answered within 4 weeks (target 70%)	(%)	38.5	50.2	60.3	38.9
Departmental correspondence items processed	(number)	4145	6138	4170	4753
Ministerial correspondence items processed	(number)	3021	7814	2581	5000
Freedom of Information requests processed	(number)	10	17	6	19
Departmental publications					
Editions issued	(number)	15	13	13	18
Circulars to Councils issued	(number)	59	53	65	77
Resources					
Staff (equivalent full time)	(number)	10,000	10,000	10,000	10,000

Contents

OUR CORPORATE OBJECTIVES	32
REFORMING LOCAL GOVERNMENT	33
ADVISING GOVERNMENT	41
BUILDING RELATIONSHIPS AND COMMUNICATING EFFECTIVELY	53
DRIVING SUCCESS	63

Our corporate objectives

Our corporate objectives are to:

- 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.

As part of our corporate planning process, we have specific strategies to help us achieve these objectives and effectively manage our operations which then lead on to our branch planning and work programs for individual staff.

We report on our performance against our corporate objectives under the following headings:

- reforming local government
- advising local government
- building relationships and communicating effectively
- driving success.

We then report on our work in developing our people and managing our resources in the next section called 'Our people and our resources' under the following headings:

- developing our people
- managing our resources.

We explain what we did this year and briefly outline what we plan to do in 2007–08. We also provide more detailed information on certain aspects of our work.

Reforming local government

Our objective is to 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.

Snapshot...

- completed 46 better practice reviews of councils to date
- distributed \$536 million in grants to councils within one business day of receipt
- held a Strategic Alliance Network conference in cooperation with LGSA and LGMA



In this section

WHAT WE DID IN 2006–07

- Implemented identified reform initiatives.
- Provided support to the Boundaries Commission and the Grants Commission.
- Researched reform options.
- Strengthened our internal capability to deliver sustainable sector reform.

OVERSEAS VISITS (PROMOTION)

NSW Local Government Boundaries Commission

NSW Local Government Grants Commission

WHAT WE PLAN TO DO IN 2007–08

What we did in 2006–07

Implemented identified reform initiatives

- 46 promoting better practice (PBP) reviews of councils have been completed, with a further 21 in progress.
- Released Position Paper "A New Direction for Local Government" in October 2006.

Provided support to the Boundaries Commission and the Grants Commission

- Provided administrative support to the Grants Commission, distributing a total of \$536 million in quarterly financial assistance grants to councils within one business day of receipt.
- Two boundary alteration proposals before the Boundaries Commission.

Researched reform options

- Held a Strategic Alliance Network conference in August 2006 to encourage other councils to enter into these arrangements in cooperation with LGSA and LGMA.
- Commenced a review of Resource Sharing Practice Note.

Strengthened our internal capability to deliver sustainable sector reform

- Conducted further training for our staff on core aspects of working for government to improve our accountability and effectiveness.
- Assessed submissions regarding Integrated Planning and Reporting options paper.

NSW Local Government Boundaries Commission

The Local Government Boundaries Commission is a statutory authority set up under section 263 of the *Local Government Act 1993*. It is responsible for 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 the factors that the Boundaries Commission must take into account when considering amalgamation proposals.

The Commission is appointed by the Governor and has four members. One member, the Chair, is nominated by the Minister for Local Government and one is an officer of the Department of Local Government nominated by the Director General. The two other members are appointed from the panel constituted under section 262(1) of the Local Government Act. The members of this panel are nominated by the Local Government and Shires Associations of NSW.

The current members of the Commission are:

- Mrs Edith Hall AM (Chair)
- Clr Leo Kelly OAM
- Clr Phyllis Miller
- Mrs Michelle Squire

On 3 June 2007, the Minister for Local Government referred to the Boundaries Commission a proposal for the alteration of the boundary between the Palerang and Goulburn Mulwaree local government areas. The Boundaries Commission is yet to meet to consider this proposal.

The Commission has one other matter before it, being a proposal affecting the City of Botany, Marrickville Council, Randwick Council and Rockdale City Council.

The proposal was submitted in August 2003 by Botany City Council and seeks to transfer to Botany City Council those parts of the Areas of the other Councils forming part of Sydney Airport and Port Botany.

The proposal does not have the unanimous support of the affected Councils.

Minor boundary alteration proposals

The *Local Government Act 1993* enables the Minister to refer boundary alteration or variation proposals of a minor nature to the Director General for examination and report.

4 minor boundary alterations were determined by the Director General in 2006–07.

They are:

- Area of Bathurst Regional and Area of Oberon—gazetted 20 October 2006
- Area of Glenn Innes Severn and Area of Tenterfield Shire—gazetted 21 July 2007
- Area of Blayney Shire and Area of Bathurst Regional—gazetted 25 August 2006
- Area of Upper Lachlan and Area of Goulburn Mulwaree—gazetted 13 July 2007

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

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 2006–07 was:

- Emeritus Professor Maurice Daly, chairperson
- Mr Grahame Gibbs, deputy chairperson
- Mrs Heather Wilton
- Clr 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 2006–07 was \$1,686,676,418. This was made up of \$1,168,277,369 for the general purpose component and \$518,399,049 for the local roads component. These amounts have been adjusted to take into account the actual changes in the annual CPI to March 2007, and the share of the national population to 31 December 2005, compared to those forecast by the Commonwealth.

The NSW share of the national entitlements was \$385,938,812 for the general purpose component and \$150,403,831 for the local roads component—a total of \$536,342,643. This represents a 3.39% 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 are generally held in conjunction with visits to council.

During 2006–07 the Commission:

- visited 31 councils to explain how the grants are 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 Northern Territory Grants Commission in October 2005.

For details of the financial assistance grant entitlements for 2006–07, please see page 117.

What we plan to do in 2007–08

- Complete further promoting better practice reviews of councils.
- Work with the Strategic Alliance Network to improve service delivery to their communities.
- Investigate implementation of options for integrated planning and reporting.

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Advising government

Our objective is to facilitate effective decision making for and within the local government sector.

Snapshot...

- The *Companion Animals Amendment Act 2006* commenced on 1 January 2007
- commenced an audit of pecuniary interest returns
- issued 64 circulars to councils
- continued the review of the *Swimming Pools Act and Regulation*
- *Companion Animals Amendment (Registration Exemption) Regulation 2006* was gazetted on 1 January 2007.



In this section

WHAT WE DID IN 2006–07

- Coordinated and provided timely and accurate advice to the state government on issues affecting local government.
- Provided a clear policy and legislative framework for local government.
- Provided advice and information to councils.

LEGISLATION ADMINISTERED

Changes to legislation

Pensioner rebate payments

Our publications

Circulars to councils

WHAT WE PLAN TO DO IN 2007–08

What we did in 2006–07

Coordinated and provided timely and accurate advice to the state government on issues affecting local government

- Monitored the local government sector and provided the Minister with high quality briefing notes and speech notes within set timeframes.
- Completed a review of the effectiveness of alcohol free zones by surveying councils.

Provided a clear policy and legislative framework for local government

- Continued the review of the Swimming Pools Act and Regulation and completed the first round of public consultation.
- Issued a position paper "Asset Management Planning for NSW Local Government".

Provided advice and information to councils

- Issued 64 circulars to councils and 29 publications.
- Issued guidelines on councillor expenses and facilities.
- Issued updated guidelines on compulsory acquisition of land by councils.
- Published a set of four brochures and fact sheets detailing the role of local government.
- Updated brochures providing information for cat and dog owners and published two new brochures detailing dangerous dog laws and dogs in rural communities.

Legislation administered

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

Changes in Acts and subordinate legislation

There were no amendments to the Local Government Act 1993 between 1 July 2006 and 30 June 2007.

Amendments to the Companion Animals Act

The *Companion Animals Amendment Act 2006* was commenced on 1 January 2007. The amendments provide councils with additional tools to effectively enforce the Companion Animals Act 1998 and Companion Animals Regulation 1999. In particular, the amendments enable council officers to control potentially dangerous dogs including dogs used or kept for hunting large game and dogs that display unreasonable aggression. These amendments were developed after extensive consultation with industry groups.

Changes to subordinate legislation

The *Companion Animals Amendment (Registration Exemption) Regulation 2006* was gazetted on 1 January 2007. The main objective of the proposed Regulation is to exempt working dogs (i.e. dogs used primarily for the purpose of droving, tending, working or protecting stock) from the registration and identification requirements of the *Companion Animals Act 1998* if they are ordinarily kept in the unincorporated area of the Western Division of NSW or on rateable land that is categorised as “farmland” in accordance with the *Local Government Act 1993*.

The sunset of the Regulations in relation to Companion Animals has been postponed for 12 months and will be remade before 1 September 2008.

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 main Act.

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 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. The level of concession has remained unchanged since 1989 and the rebate has been the same since 1994. 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 \$72.00 million in 2006–07, with councils reporting over 533,700 pensioner concessions being granted by NSW councils. The cost of the scheme is expected to increase in future years in line with the projected ageing population.

Although the total number of concessions granted by councils has increased by 65,000 since 2000–01, the level of payments to councils has remained relatively stable. This suggests a fall in the average level of rebate per concession. 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—that is, 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.

The table on page 122 shows the total pensioner rebate payments made to councils in 2006–07.

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 integrated planning and reporting, special variations, pensioner concessions and skills shortages. All the publications are available on our website.

Our 29 publications in 2006–07 were:

- Council reports of dog attacks in NSW–July 2004 to June 2005
- Restricted and Dangerous Dogs in NSW–Brochure
- Information for Dog Owners in NSW–Brochure
- Information for Cat Owners in NSW–Brochure
- Dogs in Rural Communities–Brochure
- Guidelines for the payment of expenses and the provision of facilities for Mayors and Councillors for Local Councils in NSW (May 2007)
- Asset Management Planning For NSW Local Government–A Position Paper
- Report of an Investigation in terms of Section 430 of the Local Government Act 1993 into Wagga Wagga City Council
- Council Rating And Revenue Raising Manual–January 2007
- Council Rating And Revenue Raising Manual–January 2007 –Summary of Changes
- Special Variation Guidelines
- Speech by the Minister for Local Government, the Hon Kerry Hickey MP, at the Local Government Association Conference, 30 October 2006
- A New Direction for Local Government–A Position Paper–October 2006
- Planning a Sustainable Future–Integrated Planning and Reporting For NSW Local Councils
- Why Do You Pay Rates–factsheet
- How to Access Council Information–factsheet
- Your Council–factsheet
- How to Have Your Say–factsheet
- How to Have Your Say–brochure
- Why Do You Pay Rates–brochure
- Your Council–brochure
- How to Access Council Information–brochure
- Restricted and Dangerous Dogs in NSW
- Dogs in Rural Communities
- Standard Contract of Employment: Senior Staff (other than General Managers) of Local Councils in NSW
- Standard Contract of Employment: General Managers of Local Councils in NSW
- DLG Guarantee of Service
- Guidelines For The Compulsory Acquisition Of Land By Councils
- Stormwater Management Services Charge Guidelines

Circulars to councils

During 2006–07 we issued 64 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.

14/06/2007 Circular 07–27	Approval Of Water Recycling Projects And Private Water Supplies
13/06/2007 Circular 07–26	Dog Attack Report—2004/2005
04/06/2007 Circular 07–25	Determinations Of The Local Government Remuneration Tribunal
01/06/2007 Circular 07–24	Rating Of Land Affected By The Removal Of Water For Valuation Purposes
31/05/2007 Circular 07–23	Information About Rating For 2007/08—Maximum Interest Rate On Overdue Rates And Charges
28/05/2007 Circular 07–22	Updated Guidelines For The Payment Of Expenses And The Provision Of Facilities To Mayors And Councillors—Additional Annual Reporting Requirements And Other Matters
16/05/2007 Circular 07–21	Variation Of General Income For 2007/2008
16/05/2007 Circular 07–20	Asset Management Planning For NSW Local Government
14/05/2007 Circular 07–19	Council Claims For Payment Of Pensioner Concession Subsidies—June 2007
09/05/2007 Circular 07–18	Report On Findings From 2004–2005 Social Justice Initiatives Survey
03/05/2007 Circular 07–17	Companion Animals Act 1998—Notice Of Intention To Declare A Dog To Be A Restricted Dog—Updated Version
30/04/2007 Circular 07–16	Companion Animals—Guideline For Approved Persons To Access The NSW Companion Animals Register
27/04/2007 Circular 07–15	Promoting Better Practice Reviews—Revised Checklist 2007

27/04/2007 Circular 07-14	Council Meeting Practice—Business Without Notice
27/04/2007 Circular 07-13	Updated Graffiti Website
27/04/2007 Circular 07-12	Business Continuity Plans
26/04/2007 Circular 07-11	Information About Rating For 2007/08—Fee For Section 603 Certificates And Boarding House Tariffs For Residential Rating
24/04/2007 Circular 07-10	Companion Animals Act 1998—End Of Transition Period
19/04/2007 Circular 07-09	Role And Responsibilities Of Councillors And General Managers Under The Local Government Act 1993 In Relation To Industrial Policy
11/04/2007 Circular 07-08	Closed Council Meetings
08/03/2007 Circular 07-07	Local Government Reform Proposals—Additional Time For Submissions
21/02/2007 Circular 07-06	Lifetime Registration Reminder Stickers For Certificates Of Identification
19/01/2007 Circular 07-05	Council Rating And Revenue Raising Manual—January 2007
15/01/2007 Circular 07-04	Adjustments To Notional Income In 2007/08 For Newly Rateable Crown Land: Applications Close 28 February 2007
04/01/2007 Circular 07-03	Companion Animals Amendment Act 2006—Hunting Dogs
04/01/2007 Circular 07-02	Companion Animals Act 1998—Revised Guideline On The Exercise Of Functions Under The Act
02/01/2007 Circular 07-01	Companion Animals—1 January 2007 Commencement Of Amending Legislation
22/12/2006 Circular 06-75	RE-ISSUE RE-ISSUE: Valuation Of Assets At Fair Value
12/12/2006 Circular 06-74	Council Claims For Payment Of Pensioner Concession Subsidies—February 2007
11/12/2006 Circular 06-73	Review Of The Swimming Pools Act 1992—Extension Of Closing Date For Submissions

01/12/2006 Circular 06-72	Compliance Of Radio Transmission Sites: Occupational (Employee) And Public Safety
28/11/2006 Circular 06-71	Public Swimming Pool Safety Survey
27/11/2006 Circular 06-70	Investment Requirements For NSW Councils
24/11/2006 Circular 06-69	Companion Animals—Commencement Of Companion Animals Amendment Act 2006 And Amending Regulation
23/11/2006 Circular 06-68	Applications For Ministerial Approval For A Special Variation To General Income
22/11/2006 Circular 06-67	Companion Animals Act 1998—Breed & Temperament Assessment Guidelines
15/11/2006 Circular 06-66	Local Government Reform Proposals
13/11/2006 Circular 06-65	Stormwater Charge Implementation Issues
07/11/2006 Circular 06-64	Inappropriate Use Of Council Resources
24/10/2006 Circular 06-63	Local Government Brochures And Fact Sheets
04/10/2006 Circular 06-62	Applying For Pecuniary Interest Exemptions Under Section 458 Of The Local Government Act 1993
03/10/2006 Circular 06-61	Annual Reporting Requirements Of Local Councils
20/09/2006 Circular 06-60	Local Government Skills Shortages Scholarship Program—Call For Applications
18/09/2006 Circular 06-59	Local Government Graffiti Survey
08/09/2006 Circular 06-58	Survey On The Implementation Of The Model Code Of Conduct For Local Councils In NSW
05/09/2006 Circular 06-57	Guidelines For The Payment Of Expenses And The Provision Of Facilities To Mayors And Councillors
05/09/2006 Circular 06-56	Formation Of Corporations And Other Entities— Assessment Criteria
31/08/2006 Circular 06-55	Review of the Swimming Pools Act 1992—Discussion Paper for Comment

31/08/2006 Circular 06–54	2006/2007 Council Claims for Payment of Pensioner Concession Subsidies and Pensioner Concession Households Data Collection
17/08/2006 Circular 06–53	Council Data Collection System For Seizures Of Dogs And Cats For 2006–2007
16/08/2006 Circular 06–52	Standard Contract Of Employment For Senior Staff (Other Than General Managers) In Force From 1 September 2006 And Publication Of Interactive Versions Of The Standard Contracts
16/08/2006 Circular 06–51	2006/07 Rating Return—Comprising: The Statement Of Compliance And Rates And Charges
15/08/2006 Circular 06–50	Walk To Work Day—Friday 6 October 2006
08/08/2006 Circular 06–49	New Guidelines For The Compulsory Acquisition Of Land By Councils
08/08/2006 Circular 06–48	NSW State Plan
26/07/2006 Circular 06–47	Stormwater Management Services Charge Guidelines
26/07/2006 Circular 06–46	Fraud Control In Local Government
25/07/2006 Circular 06–45	Strategic Tasks Guide 2006–07
20/07/2006 Circular 06–44	Councils Obligations To Enforce Dangerous Dog Provisions Under the Companion Animals Act 1998
20/07/2006 Circular 06–43	Financial Reporting 2006
20/07/2006 Circular 06–42	Assessment Of Financial Capacity Of Contractors
12/07/2006 Circular 06–41	Audit Of Annual Written Returns Of Interests Lodged Under Section 449 Of The Local Government Act 1993
10/07/2006 Circular 06–40	Code Of Practice For Plumbing & Drainage: Revised Edition
03/07/2006 Circular 06–39	Amendments to the Local Government Act 1993

What we plan to do in 2007–08

- Complete audit of pecuniary interest returns.
- Complete the review of the Swimming Pools Act and Regulation.
- Prepare an update of the publication 'So You're Thinking of Becoming a Councillor' in cooperation with LGSA.
- Release data on candidates at the 2004 local government elections.
- Work with the Electoral Commissioner to prepare for the 2008 general council elections.

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Building relationships and communicating effectively

Our objective is to work in partnership with our stakeholders across sectors to respond to the needs of local government, and provide accurate, timely and useful information on local government issues.

Snapshot...

- Issued updated brochures and fact sheets about local government
- started to deliver the Safe Pets Out There (SPOT) program into schools
- worked with the LGSA and the LGMA to hold a Promoting Diversity in Leadership in Local Government forum
- processed 12 FOI applications
- continued development work for our new website.



In this section

WHAT WE DID IN 2006-07

- Worked with key government agencies and peak bodies on local government matters.
- Improved the level of stakeholder involvement in key projects.
- Identified and developed new partnership opportunities to improve community outcomes.
- Enhanced the effectiveness of programs such as the companion animals program and the septic safe program.
- Developed and delivered training for the local government sector.
- Raised awareness about the role of local government.
- Ensured our website is user friendly, up to date, accurate and informative.
- Maximized the use of technology including videoconferencing.

Membership of advisory groups

Ethnic affairs priority statement

Freedom of information

WHAT WE PLAN TO DO IN 2007-08

What we did in 2006–07

Worked with key government agencies and peak bodies on local government matters

- Participated in inter-departmental committees covering areas such as Aboriginal affairs, wastewater management, alcohol and water and sewerage priorities.
- Represented local government on the backpackers taskforce and the NSW water safety taskforce.

Improved the level of stakeholder involvement in key projects

- Chaired the Local Government Accounting Advisory Group and consulted with industry stakeholders on financial reporting and accounting issues.
- Consulted regularly with LGSA and LGMA regarding key projects.

Identified and developed new partnership opportunities to improve community outcomes

- Commenced delivery of Safe Pets Out There (SPOT) Program in partnership with ACAC, Delta Society, Animal Welfare League NSW, RSPCA NSW and AVA.
- Continued work with Department of Planning, LGSA and LGMA on integrated planning and reporting.

Enhanced the effectiveness of programs such as the companion animals program and the septic safe program

- Commenced a review of the Environmental Health Protection Guidelines.
- Published updated information brochures for cat and dog owners.

Developed and delivered training for the local government sector

- Continued working with the LGSA on the development of a training program for councillors.

Raised awareness about the role of local government

- Published brochures and fact sheets on key local government issues such as how to have your say in council, why do you pay rates, and how to access council information.
- Processed 12 freedom of information applications and granted full or partial access to the documents requested for 6 of them.

Ensured our website is user friendly, up to date, accurate and informative

- Received a total of 718,260 visits to our web site—an average of 1,967 visits a day. Our online local government directory received 115,362 visits and our council search by region page received 97,445 visits.
- Continued development work for our new website to improve access to information in compliance with Government requirements.

Maximised the use of technology including video conferencing

- Trained all our staff on how to use videoconferencing equipment.

Membership of advisory groups

Local Government Accounting Advisory Group

Chair: S Glasson

Members: B Jenkins, M Sewell (part), W Taylor, S McBride, B Oyetunji, M Chorlton, J Gordon, S Samra, J O'Malley, M McAuliffe, Bill Carter (part), G Mottau (part), C Spreitzer (part)

Statement of function—to provide advice on the development and maintenance of accounting publications such as the Code of Accounting Practice and Financial Reporting and contemporary accounting and financial reporting practices in line with the Australian Accounting Standards. Undertake research into various accounting related issues to assist in the promulgation of best practice guidelines.

Rate Pegging—Committee of Advice

Members: R Woodward, G Gibbs, B Freeland

Statement of function—to provide advice to the Minister on the recommended annual percentage increase for local council annual general income (rate pegging percentage).

Temperament Assessment Advisory Committee

Members: R Burton, S Halley, S Collier

Statement of function—to advise the Director General of the Department of Local Government on the approval of people who will conduct temperament assessments of dogs that are predominately restricted breeds, and on related issues.

Ethnic affairs priorities statement

During the year the department's Social Justice Committee coordinated EAPS activities in the Department.

EAPS initiatives achieved in 2006/07 included:

- Joint organisation with the Local Government Managers Australia and Local Government and Shires Associations of a Promoting Diversity in Leadership in Local Government forum held at the Department in August 2006
- Publication on our website of report on findings from the 2004—05 Social Justice Initiatives Survey of local councils, including initiatives for people from Culturally and Linguistically Diverse (CALD) backgrounds
- 19 council social/community plans reviewed, including their EAPS—related components, as part of the Promoting Better Practice in Local Government Program
- Production and publication on our website of plain English brochures about the functions of local government.
- Organisation of a CRC run workshop for staff in August 2006 on the principles of multiculturalism and development of our EAPS 2007—2011
- A Harmony Day morning tea for staff in March 2007
- Development of our new 4—year EAPS 2007—2011 Forward Plan to align with our Corporate Plan 2007—2011 and development and submission to CRC of our EAPS 2005—06 Report
- Development of a DLG Social Justice Framework, including EAPS, as a Departmental resource.

EAPS initiatives planned for 2007/08 include:

- Launch and publication on our website of the Local Councils Multicultural Planning Framework and accompanying Kit and Guide for NSW local councils that is being developed jointly with the Community Relations Commission
- Publication on our website of Report on the Survey of Local Government Elected Members and Candidates for Elections held between March and December 2004, including information on candidates and councillors from CALD backgrounds
- Review of 20 council social/community plans, including their multicultural strategies, as part of the Promoting Better Practice in Local Government Program.
- Launch and publication of a DLG Social Justice Framework
- A Harmony Day event for Departmental staff in March 2008.

Our Ethnic Affairs Priorities Statement (EAPS) is our planning document which shows how we address the needs of the culturally and linguistically diverse (CALD) communities within NSW according to our charter.

The Department is a Community Relations Commission (CRC) designated 'EAPS Key Agency' because of our role in providing the legislative and policy framework for the local government sector. This role includes encouraging local councils to practise and promote the principles of multiculturalism within their local communities.

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 2006-07 we received thirteen new FOI applications, seven less than last year. Out of the applications we processed this year, four were granted access in full, two were granted partial access, five were refused and one was withdrawn. At the time of writing, one determination was outstanding. There were no major compliance issues or problems with these applications. There was also one internal review application about a determination we made. The following tables show how many FOI requests we received in 2006-07, what happened to the requests we completed, why we restricted some requests and how long it took us to process them. Only one application took longer than 40 hours to process and no applications were deferred.

Section A—Number of FOI requests

FOI requests	Personal	Other	Total
A1 New (including transferred in)	6	7	13
A2 Brought forward	–	–	–
A3 Total to be processed	1	1	2
A4 Total completed	6	7	13
A5 Transferred out	–	–	–
A6 Withdrawn	–	1	1
A7 Total processed*	6	6	12
A8 Unfinished (carried forward)	–	1	1

*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	2
B2 Granted in part	1	1
B3 Refused	4	1
B4 Deferred	–	–
B5 Withdrawn	–	1
B5 Completed	7	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—one requests

Section F—Notation of personal records—none in the past 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)	–	1
G4 Section 25(1)(a1) (diversion of resources)	–	–
G5 Section 25(1) (a) exempt	4	1
G6 Section 25 (1) (b), (c), (d) (otherwise available)	1	–
G7 Section 28(1) (b) (documents not held)	1	–
G8 Section 24(2)—deemed refused, over 21 days	–	–
G9 Section 31(4) (released to medical practitioner)	–	–
G10 Total	7	2

Section H—Costs and fees of requests processed during 2006–07.

	Assessed costs	FOI fees received
H1 All completed requests	\$1,995	\$1,605

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

Section I—Discounts allowed

Personal—2

Other—2

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	3	3
J2 22—35 days	3	–
J3 Over 35 days	1	2
J4 Total	7	5

Note: Does not include withdrawn request.

Section K—Processing time

Number of completed requests by hours taken to process.

Process hours	Personal	Other
K1 0—10 hours	6	1
K2 11—20 hours	–	2
K3 21—40 hours	–	1
K4 Over 40 hours	–	1
K5 Total	6	5

Note: Does not include withdrawn or unprocessed 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	–

What we plan to do in 2007–08

- Work with the LGSA to structure a councillor training package.
- Continue delivery of the 'Safe Pets Out There' (SPOT) program in NSW schools.

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Driving success

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

Snapshot...

Finalised 1225 complaints about councils ● completed 1 formal pecuniary interest investigation ● provided support to the Broken Hill City Council public inquiry ● considered 28 applications for special variations ● promoted long term asset management for councils ● released an options paper on integrating council planning and reporting.



In this section

WHAT WE DID IN 2006–07

- Implemented government programs to build council compliance capacity.
- Facilitated financial viability of the local government sector.
- Reviewed sector benchmarks and best practice guidelines.
- Improved the integration of council business planning and reporting.
- Examined opportunities for improving professional / technical capabilities across councils.

Membership of tribunals

Complaints about councils

Special variations

WHAT WE PLAN TO DO IN 2007–08

What we did in 2006–07

Implemented government programs to build council compliance capacity

- Received 1225 complaints about councils and finalised 1086 complaints.
- Completed 1 formal pecuniary interest investigation at Great Lakes Council and started another 3 investigations, one at Shoalhaven City Council and two at Kyogle Shire Council.
- Received two determinations from the Pecuniary Interest and Disciplinary Tribunal —2 breaches proven (Clr D'Amico, Lane Cove Council and Clr Stott, Ashfield Municipal Council).
- Provided support to the Broken Hill City Council public inquiry.
- Completed section 430 investigations into Port Macquarie Hastings Council and Wagga Wagga City Council.

Facilitated financial viability of the local government sector

- Reviewed the annual financial statements of all councils and county councils, and visited and provided feedback to councils who were performing poorly.
- Considered 28 applications from councils for special rating variations.

Reviewed sector benchmarks and best practice guidelines

- Assessed the financial and infrastructure issues identified by the Allan Inquiry.
- Released an options paper on asset management.

Improved the integration of council business planning and reporting

- Released an options paper on integrating planning and reporting.

Examined opportunities for improving professional / technical capabilities across councils

- Granted scholarships in local government planning in cooperation with the Department of Planning.

Membership of tribunals

Local Government Pecuniary Interest and Disciplinary Tribunal

Member: Mr Adrian Galasso SC

Statement of function—the Tribunal conducts proceedings into reports of complaints about alleged breaches of the pecuniary interest and conflict of interest provisions.

Local Government Remuneration Tribunal

Member: Ms Helen Wright

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.

Complaints about councils

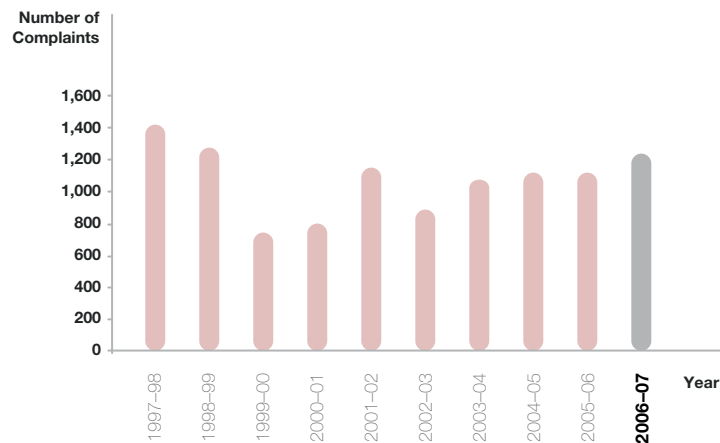
The complaints we receive about councils help us to monitor council operations and identify issues that may need attention. This in turn may lead to Departmental investigations and help identify issues for review during promoting better practice reviews. Complaints also help us to identify issues that indicate the need for changes to local government legislation or policy or a need for training, guidance or other best practice advice.

We received 1225 complaints in 2006–07, compared to 1107 in 2005–06 and 1105 in 2004–05. These complaints were spread over 131 councils.

Over half of all complaints/allegations related to 19 councils, or just 13% of all general purpose councils in NSW. We did not receive any complaints about 21 councils.

The total number of complaints received this year represents a moderate increase over the number received last year (in the order of 10%). This follows a 0.2% increase the previous year.

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



Financial year	1997 /98	1998 /99	1999 /00	2000 /01	2001 /02	2002 /03	2003 /04	2004 /05	2005 /06	2006 /07
No of complaints	1412	1285	738	788	1140	885	1069	1105	1107	1225

Table 2 Top 25 councils by complaints

COUNCILS	2006/07	% total	2005/06	Increase (Decrease)
Total All	1231	100%	1107	124
Total Top 25	709	57.6	502	205
Port Macquarie—Hastings	141	11.5	26	115
Wyong Shire	52	4.2	22	30
Port Stephens	50	4.1	10	40
Wagga Wagga	45	3.6	20	25
Shoalhaven City	43	3.5	12	31
Sutherland Shire	29	2.3	21	8
Hornsby	27	2.2	83	(56)
Wollongong	24	2.0	27	(3)
Gosford	24	2.0	27	(3)
Tweed Shire	23	1.9	15	8
Kempsey Shire	22	1.9	32	(10)
Great Lakes	21	1.7	66	(45)
Lithgow City	20	1.6	10	10
Maitland City	19	1.5	5	14
Cessnock City	19	1.5	10	9
Liverpool City	18	1.5	12	6
Byron Shire	17	1.4	10	7
Bankstown City	16	1.3	6	10
Ku—ring—gai	16	1.3	15	1
Randwick City	15	1.2	15	0
Manly	15	1.2	14	1
Shellharbour City	14	1.1	10	4
Rockdale City	13	1.1	19	(6)
Marrickville	13	1.1	0	13
Kyogle	13	1.1	15	(2)

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.

Port Macquarie Hastings Council was the most complained about council. Most of these complaints arose from concerns about the proposed Arts, Conference and Entertainment Centre that is now the subject of a public inquiry under section 740 of the Local Government Act.

Wyong Shire Council was the subject of significant numbers of complaints about caravan park management issues, while Port Stephens Council was the subject of a significant number of complaints about drainage issues.

We welcome the significant drop in complaints received about Hornsby and Great Lakes Councils.

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 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 councils or evidence indicating serious flaws in important council processes.

We assess all complaints received to determine whether we should make preliminary inquiries into the issues raised.

For 949 out of the total 1225 complaints received during 2006–07 (or 78%), we decided not to carry out more detailed review or preliminary inquiries after assessment. This proportion is the same as in 2005–06.

A total of 276 out of the 1225 complaints received during 2006–07 or 22% of the total proceeded to fuller review and, where appropriate, preliminary inquiries.

Categories of complaints

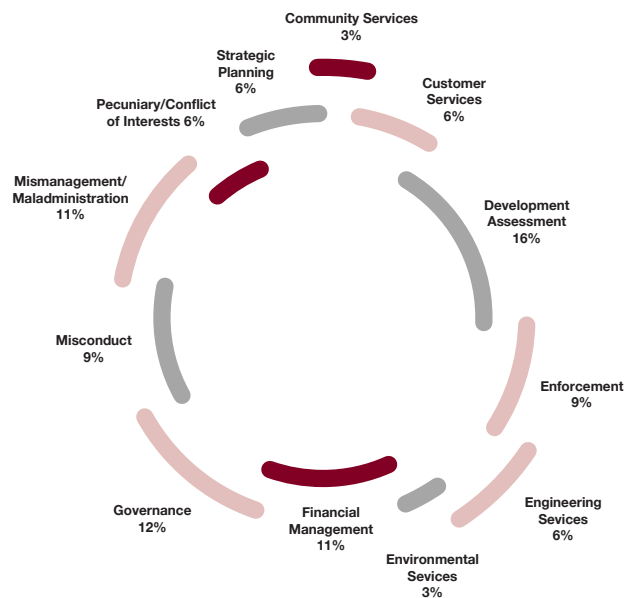
We categorise complaints according to the subject matter of the allegations. This enables us to monitor not only complaint numbers, but also trends in the areas of council operations that give rise to the greatest level of concern.

Most complaints in 2006–07 were about issues such as:

- town planning matters—these include complaints from applicants for development consent and from objectors and complaints about rezoning issues
- misconduct and pecuniary and/or conflict of interests matters—including allegations of breaches of the council's code of conduct
- governance issues—including issues about access to information and the conduct of council meetings.

- 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
- financial management—including rating, charges, budget issues and decisions on allocation of council funding
- complaints about operational services—including engineering services, environmental services and community services

Figure 2 Matters that were the subject of complaints in 2006–07



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

Pecuniary interest complaints

In 2006–07 we received 46 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.

The Table below details the activity associated with formal pecuniary interest complaints and investigations during 2006/2007 compared to the previous year.

Sections 1 and 2 relate to formal complaints under section 460 of the Local Government Act 1993 received and determined in the period.

Section 3 relates to formal investigations of pecuniary interest complaints under section 462 of the Local Government Act 1993 commenced and determined in the period.

Section 4 relates to determination of reports of investigations into complaints referred to the Pecuniary Interest and Disciplinary Tribunal under section 468 of the Local Government Act 1993.

Section 5 relates to the outcome of complaints referred to the Pecuniary Interest and Disciplinary Tribunal under section 482 of the Local Government Act 1993.

Table 3

Pecuniary interest matters		2005/06	2006/07
Section 1	Complaints not determined at 1 July	1	0
	Complaints received in year	3	3
	Complaints determined in year	4	3
	Complaints not determined at 30 June	0	0
Section 2	Complaints declined	4	3
	Complaints to investigation	0	0
Section 3	Investigations not complete at 1 July	3	2
	Investigations commenced in year	2	3
	Investigations finalised in year	3	1
	Investigations not complete at 30 June	2	4
Section 4	Reports undetermined by PIDT at 1 July	2	2
	Reports referred to PIDT in year	3	1
	Reports determined by PIDT in year	3	2
	Reports undetermined by PIDT at 30 June	2	1
Section 5	Determination by PIDT—proven	2	2
	Determination by PIDT—not proven	1	0

During 2006—07 we completed 1 formal pecuniary interest investigation at Great Lakes Council and started another 3 investigations, one at Shoalhaven City Council and two at Kyogle Shire Council.

The Pecuniary Interest and Disciplinary Tribunal determined two matters during 2006–07:

- Councillor D’Amico of Lane Cove Municipal Council
- Cllr Stott of Ashfield Municipal Council

Councillor D’Amico and Councillor Stott were both found to have breached the pecuniary interest provisions of the Local Government Act.

Outcomes

Although we do not investigate most of the complaints we receive, we try to provide complainants with advice about how best to deal with their complaint. This includes advice on how to pursue the matter with the council, or whether there are any legal remedies available.

Table 4 sets out the outcomes of the matters we finalised in 2006–07.

Outcome	No.
Advice/explanation provided—local issue	442
Advice/explanation provided—no evidence of maladministration	88
Alternative redress available	76
Information noted for monitoring role	45
Matter to be the subject of investigation/inquiry	22
No utility	210
Pecuniary interest—failure to provide further particulars	5
Pecuniary interest—matter to be investigated	3
Pecuniary interest—trivial or does not warrant investigation	48
Premature—complainant referred to council directly	26
Referred to another authority	29
Referred to council for investigation	16
Resolved by agency before intervention	33
Resolved to Minister’s or department’s satisfaction	43
Total complaints finalised in 2006–2007:	1086

For more detailed information about our investigations and inquiries, including copies of associated reports, please see our website at www.dlg.nsw.gov.au. There is also detailed information about our promoting better practice reviews on our website—including how we do the reviews and links to reports of all the reviews we have completed since the program started in 2004.

Special variations

Under s.508 of the Local Government Act, the Minister may give a council approval to increase 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 28 applications for special variations were submitted for consideration under s.508(2) for 2007–08. Of these, 25 were approved and 3 were declined.

A total of 6 applications for special variations were submitted for consideration under s.508A for 2007–08. Of these, 3 were approved, 1 was deferred pending further assessment, 2 were approved under s.508(2) for an increase in 2007–08 only. The remaining years will receive further consideration.

The table on page 126 identifies the councils that applied for a special variation for 2007–08. The amounts shown are the % increases sought and approved, and include the general variation (3.4%) and any allowable adjustments.

What we plan to do in 2007–08

- Recommend an agreed option on integrating council planning and reporting.
- Continue to promote long term financial planning and asset management for councils.

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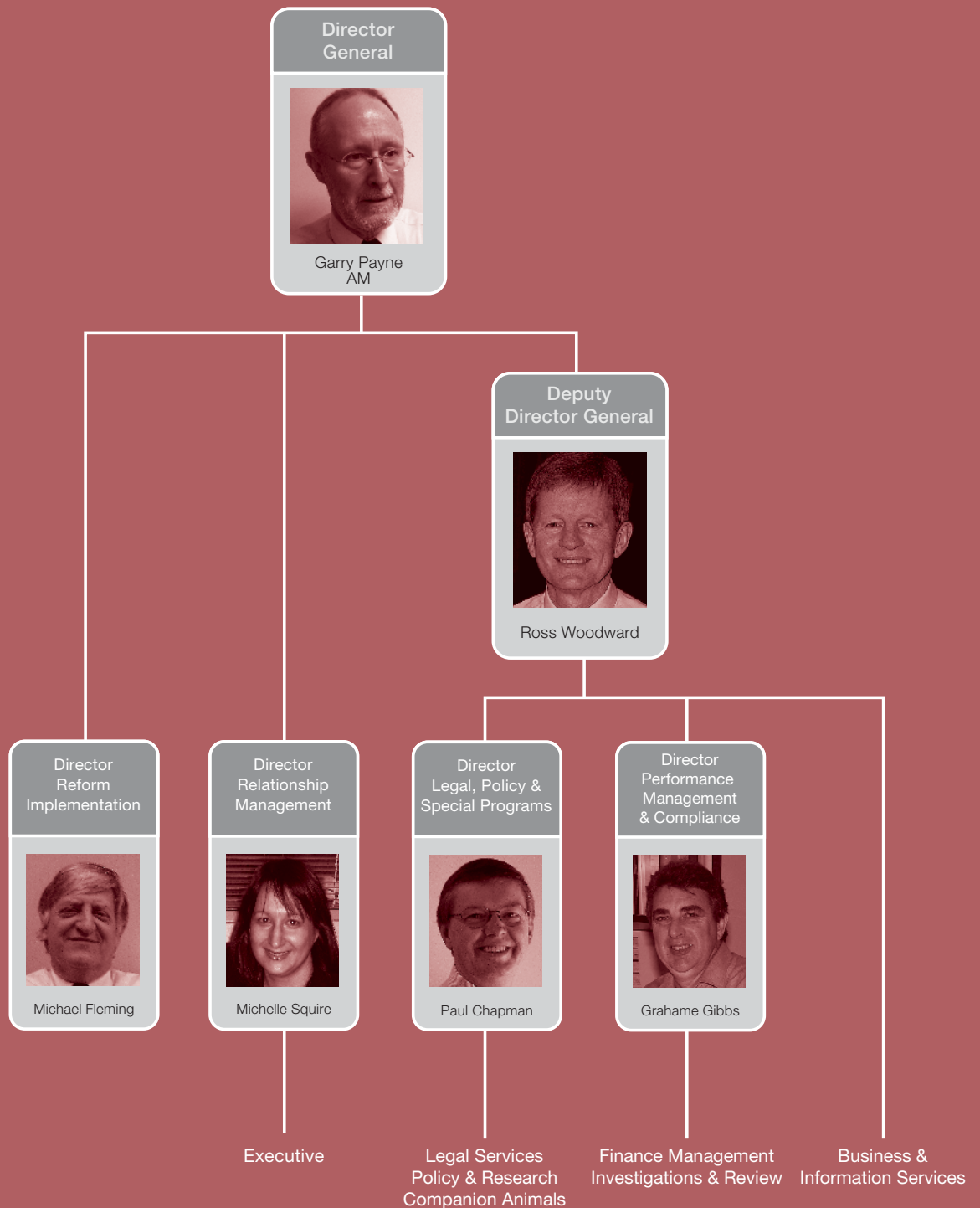
Our people and our resources



Contents

ORGANISATION CHART	76
SUMMARY OF OUR OPERATIONS	77
OUR MANAGEMENT TEAM	80
DIRECTOR GENERAL'S PERFORMANCE STATEMENT	81
DEVELOPING OUR PEOPLE	89
MANAGING OUR RESOURCES	101

➔ Our organisation



Summary of our operations

The Department of Local Government has six branches that work together to provide a policy and legislative framework for the local government sector. These branches are our executive branch, business and information services, 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 and Deputy Director General.

Business and information services

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

They also:

- manage the pensioner concession subsidy scheme
- develop and maintain computing systems to support the Department's mission and objectives
- coordinate all data collection activities for our business units
- maintain the department's website
- maintain computer systems infrastructure to support business objectives

Legal, Policy and 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 acquisitions for councils
- provide support to the Local Government Boundaries Commission
- prepare briefs on and present pecuniary interest matters before the Pecuniary Interest and Disciplinary Tribunal.

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.
- manage the companion animals program which aims to promote responsible pet ownership in accordance with the *Companion Animals Act 1998*.

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 the Local Government Accounting Code (AA527)
- identify benchmarking standards to encourage councils to adopt best practice opportunities
- prepare a report each year comparing the performances of councils using key 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 and reviews into councils and inquiries on pecuniary interest matters
- identify areas of local government administration that need more effective control procedures
- 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 AM BBus

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 &
Information Services**

Dennis Amey
BA, Grad Dip Inf Sys

Manager Executive Support

Anne Guzman
BA, MPS

**Manager Investigations
and Review**

Dominic Riordan
BA, LLB

**Acting Manager
Finance Management**

John Canadi
BBus, MBA

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

Director General's performance statement

Name : Garry Payne AM
Position: Director General Level 7
Period: 1/9/2006—31/8/2007

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 reform of the sector since commencement of the Government's Local Government Reform Program in September 2003. To date 46 Promoting Better Practice reviews of councils have been completed and a further 21 are currently underway.
- A number of councils have entered into resource sharing and strategic alliances where they can achieve better service outcomes and more efficient service delivery for their communities. The Department, LGSA, and LGMA held a Strategic Alliance Network conference themed Building Capacity through Collaboration and Commitment in August 2007.
- The Department has continued to monitor and support the 22 new councils constituted as a result of the 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.
- Continued consideration of issues identified by the Allan Inquiry into the financial sustainability of local government in NSW.
- Implementation of legislation to effectively manage pecuniary interest, valuation of land and water rights, waste removal, and dangerous dogs.
- The *Companion Animals Amendment Act 2006* and amending Regulation commenced on 1 January 2007. The amendments provide councils with additional tools to effectively enforce the *Companion Animals Act 1998* and *Companion Animals Regulation 1999*.

- Continued implementation of provisions of the *Companion Animals Act 2005*. The transition period (28 April 2006 to 27 April 2007) provided councils and owners of restricted dogs with a reasonable timeframe to ensure compliance with the legislation and in particular, the control requirements set out under section 56 of the Act.
- Continued oversight of Public-Private Partnerships (PPPs) assessment processes in accordance with legislation.
- Continued the major review of the *Swimming Pools Act 1992* and Regulation involving public consultation. NSW has seen a significant reduction in the number of tragic deaths of children in backyard swimming pools since the introduction of this legislation. Following release of new national standards, a further discussion paper will be released for public comment shortly.

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 the development of an Intergovernmental Agreement on local government, assessment of work choices impacts on NSW councils, and initiatives focussed on housing affordability and asset management.
- 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

- Continued development of Departmental capacity for increased investigatory activity and proactive performance management strategies, involving extensive training and project work in partnership with the sector.
- Continuation of the Promoting Better Practice initiative and commencement of an evaluation of its effectiveness. Trends emerging from reviews are being monitored to assist the Department to identify strengths and weaknesses in the sector.
- The Department, LGSA and LGMA hosted a conference attended by representatives of 21 strategic alliances, as well as members of Regional Organisations of Councils, and other cooperative arrangements. The Strategic Alliance Network is encouraging council efforts to form strategic alliances to share resources in order to provide improved and more efficient services to their communities.
- Commencement of the Safe Pets Out There (S.P.O.T) program to promote responsible pet ownership in partnership with a number of key companion animals stakeholders. This level of cooperation between all stakeholders and government is a national first. Since February 2007, the SPOT program has recruited over 200 volunteers and reached almost 24,000 school children from Kindergarten to Year 2. The program aims to reach more than 250,000 students in every New South Wales school by the end of 2009. A webpage and range of teaching and information resources have also been produced.
- 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.
- Commenced development of councillor training package in cooperation with LGSA.
- 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 and compliance

- Monitoring and compliance with local government legislation.

Outcomes

- The Promoting Better Practice initiative has continued to place greater emphasis on increasing the investigative capabilities of the Department and using the services of other professionals such as the Internal Audit Bureau. 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.
- Investigation of complaints and developmental work to assist councils establish effective complaints handling mechanisms has continued. 1225 complaints received during the 2006–07 financial year, compared to 1107 during 2005–06.
- Investigations into Wagga Wagga City Council and Port Macquarie Hastings Council completed.
- Public Inquiry into Broken Hill City Council completed. Public inquiry into Port Macquarie Hastings Council and second public inquiry into Brewarrina Shire Council commenced.
- Two matters determined by the Pecuniary Interest and Disciplinary Tribunal—both proven.
- Administration of Tweed Shire Council.
- Following Public Inquiries resulting in the dismissal of councillors, 5 Councils are currently under Administration: Liverpool City Council, Walgett Shire Council, Tweed Shire Council, and Warringah Council are under administration until September 2008 and Broken Hill City Council is under administration until 5 December 2009.
- Continued implementation of new 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.
- Standard contracts for general managers and senior staff developed in consultation with the sector are now in force.
- Significant role in managing local government involvement in private–public partnerships for major infrastructure projects.
- Early identification of councils experiencing financial difficulties and continued monitoring of council finances.
- Implementation of the Government's legislative amendments to increase responsible pet ownership and enforcement.

- Commencement of increased monitoring of councillor compliance with pecuniary interest requirements.
- Continued liaison with a number of industry groups.

Key accountability

Consultation and 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.
- Continuation of Ministerial Advisory Council to facilitate policy development.
- Enhanced Departmental capacity to lead development of best practice strategies and take a proactive approach to identify emergent sector issues.
- 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 associated with the Local Government Reform Program and the major refocussing of the Department's role in policy implementation.
- Successful passage and implementation of significant legislation associated with companion animals.
- Ongoing training activities undertaken on financial management.
- Rate increase for Councils limited to 3.4%.
- A total of 28 applications for special variations under section 508(2) were submitted for consideration for 2006–07. Of these, 25 were approved and 3 were declined.
- A total of 6 applications for special variations under section 508A were submitted for consideration for 2006–07. Of these, 3 were approved as sought, 1 was deferred pending further assessment, and 2 were approved under s.508(2) for an increase in 2007–08 only. The remaining years will receive further consideration.

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 on business and Ministerial writing to improve skills base and performance in relation to our Guarantee of Service targets.
- A financially responsible Department.
- Occupational health and safety issues managed successfully.
- Continued training on core aspects of working for government and skill development to support a proactive and flexible work culture.
- Continued implementation of business performance system.
- Regular reporting of achievements against corporate plan and improved focus and capacity of the Department's operational base.
- Comprehensive review and update of the Department's Corporate Plan undertaken in consultation with staff.
- Completion of Leadership Development Program for staff interested in pursuing a management position in future, with development of next stage of Management Development Program commencing shortly.



Garry Payne AM
Director General



The Hon Paul Lynch MP
Minister for Local Government

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Developing our people

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

Snapshot...

- Implemented a new staff induction package
- implemented our correspondence training project
- commenced an internal governance 'health check' of statutory requirements and best practice
- commenced reviews of staff performance agreements
- implemented a new flextime recording system.



In this section

WHAT WE DID IN 2006–07

- Develop and implement a strategic human resources plan.
- Regularly update our human resource policies and practices.
- Enhance staff capability through training.
- Implement the business performance system.
- Ensure a team approach to our work.
- Meet our obligations as a responsible employer.
- Support our staff with innovative technology.

Human resources

Equal employment opportunity

Occupational health and safety

Disability plans

NSW Government action plan for women

Key internal committees

WHAT WE PLAN TO DO IN 2007–08

What we did in 2006–07

Develop and implement a strategic human resources plan

- Entered into a new service level agreement with the Department of Arts, Sport and Recreation for HR services.
- Worked with the Department of Arts Sport and Recreation to achieve a consistent HR framework.

Regularly update our human resources policies and practices

- Completed a new induction package for staff joining the Department.
- Implemented a new flexitime recording system.

Enhance staff capability through training

- Provided a comprehensive training package to assist individual skills development and training for staff on Ministerial correspondence and business writing for Government.
- Provided a leadership development program for middle management.
- Provided OH&S training for managers.
- Provided OH&S consultation training for OH&S committee representatives.

Implement the business performance system

- Developed individual work plans for our staff.
- Reviewed and enhanced the Business Performance System—Information Manual.

Ensure a team approach to our work

- Continued to promote a project management and cross branch approach to projects to spread workloads more evenly.
- Formed a departmental electronic documents and records management user group with representatives from each branch.

Meet our obligations as a responsible employer

- Conducted regular OH&S inspections and updated our OH&S Management Action Plan.
- Developed a Social Justice Framework for the Department promoting a more inclusive society providing and encouraging equity, access, participation and rights for all people.

Support our staff with innovative technology

- Implemented enhanced internet security, filtering and management application.
- Upgraded the Department's electronic documents and records management system.

Human resources

Table 5 Staff employed in various categories

Category	2002–03	2003–04	2004–05	2005–06	2006–07
CEO/SES	2	2	2	2	2
Senior officers	2	2	3	3	3
Clerks 7-12	31	34	37	35	37
Clerks 3-6	4	11	11	11	13
Clerical officers	6	5	6	6	3
Legal officers	6	7	7	7	6
Total	51	61	66	64	64

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. As a result of recruitment action in the following two years, staff numbers were restored to full EFT levels. In response to the government's efficiency improvement plan, there was a slight reduction in effective full time staff in 2005–06.

The average sick leave for 2006–07 was 4.82 days, compared to 5.0 days and 4.2 days in each of the two previous years.

Table 6 Chief and senior executive officers

Remuneration level	CES/SES 2003–04	CES/SES 2004–05	CES/SES 2005–06	CES/SES 2006–07
1				
2				
3				
4		1	1	1
5				
6				
7		1	1	1
8				
Totals		2	2	2

The total remuneration package for Garry Payne AM, Director General of the Department of Local Government, SES Level 7 was \$383,600.

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

New flexitime system

This year we conducted an Internal Audit review of our staff flexitime and leave recording systems. A number of recommendations of the review were adopted that required enhancements to our systems. The new online flexitime recording system improves controls over approvals and better manages leave and overtime entitlements.

Employee relations

Our joint consultative committee (JCC) met on four occasions during the year to discuss workforce management issues.

The topics addressed included:

- Review of human resources policies including consultation processes
- Job evaluation procedures

Induction for new staff

This year we implemented a new staff induction package to ensure that all our staff receive consistent information about the Department and its operations.

The package includes material on a range of matters including information on facilities, emergency procedures, key policies, OHS and conditions of employment and entitlements.

Training

This year we provided a leadership development program for middle management aimed at developing the capabilities of staff in their capacity as supervisors, managers and leaders.

Industrial relations

On 16 February 2005 the NSW Industrial Relations Commission made the Crown Employees (Public Sector—Salaries 2004) Award by consent. The award included provision for an increase to salaries and related allowances of 4% from the first full pay period on or after 1 July 2005. This award increase took effect on the payroll of 14 July 2005.

The award provided for a further increase of 4% from the first full pay period on or after 1 July 2006. A memorandum of understanding between the government and the PSA provides for a further one-year award starting on 1 July 2007 and expiring on 1 July 2008. This provided for a further 4% increase from the first full pay period on or after 1 July 2007.

There were no formal grievances lodged in 2006–07. Minor concerns were resolved in accordance with our grievance handling procedures.

Equal employment opportunity

Table 7 Trends in the representation of EEO groups for full-time staff

EEO group	Government target	Public sector 03-04	DLG 03-04	DLG 04-05	DLG 05-06	DLG 06-07
Women	50%	51%	49%	59%	62%	61%
Aboriginal people and Torres Strait Islanders	2%	–	–	–	–	–
People whose language first spoken as a child was not English	20%	10%	8%	7%	8%	6%
People with a disability	12%	6%	8%	4%	5%	5%
People with a disability requiring work-related adjustment	7%	–	–	1.5%	3.1%	3.1%

Interpretation

We have achieved a steady increase in the employment of women and are well above the government's target and 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. We are also under the benchmarks for people with a disability and for people with a disability requiring work-related adjustment.

Table 8 Trends in the distribution of EEO groups for full-time staff

EEO group	Government target	Public sector 03-04	DLG 03-04	DLG 04-05	DLG 05-06	DLG 06-07
Women	100	89	88	84	83	84
Aboriginal people and Torres Strait Islanders	100	n/a	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	n/a
People with a disability	100	n/a	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	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.

Occupational health and safety

We are committed to providing a safe and healthy work environment for all employees and visitors.

To assist with meeting this commitment, our Occupational Health and Safety Committee meets regularly to advise on the best ways to ensure the health, safety and welfare of staff, visitors and contractors. The committee plays a key role in encouraging employees to work together to establish a safe and healthy working environment. It conducts regular workplace inspections and reports any risks identified to management, along with recommendations for remedial action.

During 2006–07 we:

- Updated our OH&S Management Action Plan
- Updated our OH&S Committee Constitution
- Ran fire warden training and regular building evacuation drills
- Provided WorkCover accredited OH&S consultation training for our OH&S committee representatives
- Provided OH&S training for managers meeting our target for the NSW Government's Working Together Public Sector OHS and Injury Management Strategy for 2005–2008.
- Conducted ergonomic assessments on workstations.

Disability plans

We are committed to ensuring that all our policies, procedures, guidelines and advice to the government enhances the opportunities that people with disabilities have to participate fully in society.

We also work to ensure that the local government sector is aware of its role in actively promoting the participation of people with disabilities in all areas, including local government decision-making.

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

Our offices provide access to staff and visitors with disabilities including reserved car parking, appropriate ramps, lifts, appropriate toilets and adjustable work stations. In 2006–07 we employed 64 staff, of whom 5% were staff with a disability.

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.

The Department's Social Justice Committee continued to promote a better understanding of social justice principles—including equity, access, rights and participation for people with a disability.

The Committee is currently finalising a social justice framework for the department and is reviewing our disability action plan as part of this process.

In 2006–07 our 'local government' work included:

- encouraging councils involved in the 'promoting better practice' review program to address the needs of people with disabilities in their local communities through the social/community planning process
- encouraging councils to adopt disability action planning, use the NSW government disability policy framework, and send their disability plans to the Human Rights and Equal Opportunity Commission.

NSW Government action plan for women

We are committed to being an equitable and inclusive place of work where women's participation and representation at all levels is supported and actively encouraged.

As the Department has a role in providing the legislative and policy framework for the local government sector, we also work to actively promote women's participation within the sector, particularly in decision-making roles such as councillor and senior management positions.

During the year the Department's Social Justice Committee and Spokeswomen Program coordinated activities that encouraged participation, representation and development for women employees of the Department including:

- Participation by seven Departmental female staff in an in-house Leadership Development Program. Several of the female participants have since been successful in gaining permanent or temporary positions at a higher grade
- An International Women's Day morning tea for staff in March 2007 at which the achievements of Departmental women were recognised through collegial awards.
- Holding of regular morning teas for female staff to network and raise issues of concern
- Participation by two female staff in the annual Going Public conference for women in the public sector in May 2007 and at other forums and seminars
- Development of a DLG Social Justice Framework, including a section on our Spokeswomen's Program and actions for women, as a Departmental resource
- Development of the Spokeswomen's Program Report 2006/07.

Some of our initiatives achieved focusing on the local government sector included:

- Joint organisation with the Local Government Managers Australia and Local Government and Shires Associations of a Promoting Diversity in Leadership in Local Government forum held at the Department in August 2006
- Publication on our website of a report on findings from the 2004-05 Social Justice Initiatives Survey of local councils, including initiatives for women
- 19 council social/community plans reviewed, including their components addressing the needs of women, as part of the Promoting Better Practice in Local Government Program

Initiatives for women planned for 2007/08 include:

- Publication on our website of the Report on the Survey of Local Government Elected Members and Candidates for Elections held between March and December 2004, including information on female candidates and councillors
- Review of 20 council social/community plans, including their strategies addressing the needs of women, as part of the Promoting Better Practice in Local Government Program.
- Development of a broad Women's Employment and Development Strategy 2007-2011 for the department that will incorporate Spokeswomen's Program activities
- Launch and publication of a DLG Social Justice Framework
- An International Women's Day event for Departmental staff in March 2008.

Key internal committees

Joint consultative committee

Chair: R Woodward

Members: F Bronneberg, S Spencer, M Stanfield, M Hely, W Forrester, S Gubb, D Riordan, T Lees

Statement of function—a forum for management, staff and the PSA to discuss industrial and other issues of interest.

Internal audit committee

Chair: R Woodward

Members: G Gibbs, A Leslie, L Taylor

Statement of function—to provide assistance and support to the Director General in the oversight and monitoring of the internal audit function of the Department, and to provide independent assurance on the adequacy and quality of internal controls, risk management and the Department's compliance framework.

Occupational health and safety committee

Chair: T Waters

Members: T Linow, G Hart, M McAuliffe, J Davies, D Amey, T Lees

Statement of function—to identify, monitor and 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.

Social justice committee

Chair: K Paterson

Members: G Colley, W Forrester, S Gubb, S Hartley, L Taylor, T Lees, M Fleming, L Brown

Statement of function—to more effectively coordinate and monitor the Department's corporate responsibilities in relation to social justice initiatives planning and reporting, promote social justice within the department, and provide recommendations to management about the implementation of social justice initiatives.

What we plan to do in 2007–08

- Upgrade our computers to Windows XP.
- Continue to review and update our human resources policies and practices.

Managing our resources

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

Snapshot...

- Updated our Guarantee of Service
- conducted quarterly business reviews
- helped staff process correspondence more efficiently by upgrading our EDRMS
- completed our threat and risk assessments and produced our statement of applicability to AS/NZ 7799.



In this section

WHAT WE DID IN 2006-07

- Prepared a new guarantee of service.
- Worked towards meeting our obligations under our guarantee of services.
- Prepared and implemented a new risk management plan for the department's operations
- Developed internal continuous improvement capability.
- Delivered our corporate goals within our budget.
- Reviewed and maintained the effectiveness of our electronic communication.
- Developed a communications technology security policy and plan for certification.
- Ensured formal internal communication mechanisms are in place and informal communication is encouraged.

Guarantee of service and consumer response

Risk management and insurance activities

Privacy management plan

Waste reduction

Government energy management policy

WHAT WE PLAN TO DO IN 2007-08

What we did in 2006–07

Prepared a new guarantee of service

- Completed a review and update of our guarantee of service.

Worked towards meeting our obligations under our guarantee of service

- Implemented a project to improve the quality of the correspondence we prepare, and assist staff to effectively manage the large volume of correspondence we receive.
- Involved all staff in our review of our guarantee of service.

Prepared and implemented a new risk management plan for the department's operations

- Held quarterly meetings of our internal audit and risk committee to monitor, and ensure the timely implementation of, review recommendations.
- Implemented recommendations from our review of our human resource practices, policies and procedures.

Developed internal continuous improvement capability

- Conducted quarterly business reviews against our operational plan and individual branch plans.

Delivered our corporate goals within our budget

- Delivered all our programs within the approved parliamentary appropriation.
- Exceeded our targets for paying our accounts on time in each quarter.

Reviewed and maintained the effectiveness of our electronic communication

- Commercial implementation of our information management and technology strategic plan.
- Upgraded our Electronic Document and Records Management System.

Developed a communications technology security policy and plan for certification

- Commenced certification to AS/NZ 7799.

Ensured formal internal communication mechanisms are in place and informal communication is encouraged

- Involved all staff in our business performance system and quarterly business reporting cycle.
- Held monthly management team and branch meetings to make sure all staff were kept informed of key issues and departmental activities.

Guarantee of service and consumer response

We are committed to improving our performance in relation to our guarantee of service, and embarked on a major training initiative during 2006/07 to address this.

This initiative has three key aims:

- To improve the quality of correspondence prepared by Departmental staff and make sure it is written in a plain English style that is accessible to, and appropriate for, a wide range of audiences.
- To help us effectively manage the large volume of correspondence we receive, meet our guarantee of service standards, and increase compliance with our resource kit for drafting officers and the Commonwealth Government style manual.
- To provide editorial support for both individual staff and members of the management team who are responsible for approving documents before they go to the Executive Branch and Minister.

During 2006–07 this involved a series of training sessions with branch staff, individual coaching and a broader review and update of precedent documents. In 2007–08 further stages at senior management level will commence.

We have also taken a number of actions to address our performance, including:

- a review and update of our internal 'Resource Kit for Drafting Officers' to provide clearer guidance to staff.
- Specific training on speech writing
- Increased management reporting on performance against our Guarantee of Service
- A review and update of our Guarantee of Service
- an upgrade of our Electronic Document and Record Management System.

Our operating context presents two significant challenges.

Since our relocation to Nowra we have faced considerable difficulties recruiting staff with appropriate skills and/or government experience. This is a challenge faced by most organisations operating in regional areas, which impacts more so due to our small size.

We also continue to receive a high volume of correspondence given increasing community interest in local government issues. During 2006–07 we processed 4944 items of departmental correspondence (up from 4753 in 2005–06), 4258 items of Ministerial correspondence (down from 5090 in 2005–06), and 36 Cabinet Minutes (down from 48 in 2005–06).

Table 9 Guarantee of service

Service quality measure	2005–06 Target	Actual	2006–07 Target	Actual	2007–08 Target
% of departmental correspondence answered within 4 weeks	70%	38.9%	70%	49.6%	70%
% of land acquisition notices approved within 90 days [^]	90%	100%	90%	100%	90%
% of leases and licenses for community land granted within 60 days [^]	90%	50%	90%	50%	90%
% of annual accounts extensions granted within 21 days	85%	68%	85%	68%	85%

[^] Processing time measured from full receipt of all documentation

While there is still further progress to be made, we are pleased to have achieved improved performance in relation to our guarantee of service during 2006-07 and congratulate the efforts of all staff to achieve this. We will continue to make significant efforts to meet our guarantee of service in this challenging environment in 2007–08.

During the year we also completed a review of our guarantee of service standards and released our new guarantee of service. This was a very valuable exercise to raise staff awareness and understanding of the importance of customer service principles, and confirm our business objectives.

We aim to provide accurate, 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, although complex matters may take longer to finalise.

We always include a contact name and telephone number in letters and encourage clients to contact us if they need more information. We consult on changes to policies or legislation affecting the local government sector and keep our clients up-to-date with any changes.

A full copy of our new guarantee of service follows.

Risk management and insurance activities

During 2006–07, we continued implementing our three year internal audit program to ensure an effective system of internal control over the financial and related operations of the Department.

Our internal audit committee meets at least quarterly and oversees the conduct of the internal audit program and the implementation of recommendations arising from the reviews.

This year we revised the charter of the Internal Audit Committee based on best practice for public sector governance as recommended by the Australian Standard on Corporate Governance. This resulted in:

- The role of the committee being expanded to include risk management responsibilities as reflected in the revised name for the committee - “Audit & Risk Management Committee”;
- The membership of the committee being expanded to include an independent external member;
- An obligation on the committee to report at least annually to the Director General on the work it has undertaken during the preceding year.

In 2006-07 internal reviews were conducted on a number of key operational activities. Internal controls were assessed for effectiveness and changes made to practices, policies and procedures as required.

This year we completed a revised Business Continuity Plan that pays particular attention to the influenza pandemic and the NSW Human Influenza Pandemic Plan.

Our insurance coverage is provided by the Treasury Managed Fund.

Privacy management plan

The role of the privacy officer is undertaken by the Department's Governance Coordinator. The function of the role is to provide advice and information to staff about 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.

During 2006, as part of managing the Department's ongoing privacy responsibilities and obligations, we conducted privacy workshops for all our staff. The workshops covered the privacy rights of individuals, as well as the principles relevant to all stages of handling personal and health information.

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. It also provides for the establishment of an ethics committee. The role of this committee is to review each research project to be undertaken by the Department to ensure that the project complies with the information protection principles set out in the Privacy and Personal Information Protection Act 1998 (PPIP Act).

The NSW Privacy Commissioner made a direction, under s.41 of the PPIP Act, exempting public sector agencies from compliance with some sections of the Act. This direction applies to the collection, storage, use and disclosure of personal information by agencies as part of their investigative functions. The exemption covers our investigations—where compliance with those sections would detrimentally affect the conduct of the investigation.

We did not receive any privacy complaints in 2006–07.

Waste reduction

We integrate waste reduction and purchasing policy (WRAPP) principles into all our operational 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
- reducing the volume of hardcopy publications by printing on CD and making extensive use of our internet site
- 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

We purchase products that contain recycled content whenever it is possible and cost-effective to do so. We also use photocopy paper that has at least 80% recycled content.

Our publications

During 2006-07 we used papers that met the following criteria.

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). This certification ensures wood used in paper production is exclusively from forests that guarantee renewability and respect for the eco-system.
- 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.

Government energy management policy

We are committed to policies and practices that aim to achieve low and sustainable levels of energy use and reduce 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 to reduce the solar heating load, and carbon monoxide sensors to control the exhaust fans in the car park. The building design uses heat generated by computers within the building to reduce the need for additional heating. Movement sensors in offices deactivate lighting when the offices are unoccupied.

The Cleaner NSW Government Fleet program, encourages the use of smaller, cleaner and less-polluting vehicles. This year we completed a three-year fleet replacement program to achieve the targets specified in our Fleet Improvement Plan.

We achieved an average fleet environment score of 12 out of 20, which meets the government target of 11 out of 20 by end of 2006–07.

What we plan to do in 2007–08

- Publish the report on local government elected members and candidates at the 2004 local government elections.
- Continue implementation of our performance management system.

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Our financial management



Contents

FINANCIAL OVERVIEW	114
GRANTS TO NON-GOVERNMENT ORGANISATIONS	115
CONSULTANTS	115
OUR PAYMENT PERFORMANCE	116
FINANCIAL ASSISTANCE GRANT ENTITLEMENTS	117
PENSIONER REBATE PAYMENTS 2006-07	122
SPECIAL VARIATIONS	126
AUDITED FINANCIAL STATEMENTS	129

Financial overview

The Department incurred expenses of \$87.6 million in 2006–07 across four main categories.

Salary and related payments	\$6.6 million (7.5%)
Other departmental costs	\$3.4 million (3.9%)
Payments from the companion animals fund	\$5.6 million (6.4%)
Grants and subsidies	\$72.0 million (82.2%)

Revenues collected totalled \$6.1 million, including \$5.7 million of registration fees paid to the companion animals fund. The net cost of services was \$81.5 million.

At 30 June 2007 the value of assets totalled \$8.4 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 2006–07 amounted to \$538.6 million.

Major assets

The Department holds no individual major assets. The collective net value of plant and equipment at 30 June 2007 was \$729,000 (\$855,000 in 2005–06). Computer and communication equipment form the majority of the value.

Credit card certification

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

Grants to non-government organisations

During 2006–07 we made six grants totalling \$15,000 to non-government community organisations under the program titles 'development, oversight and assistance to local government'.

Six payments of \$2,500 each were paid to the following councils for Scholarship programs: Berrigan Shire Council, Boorowa Council, Gundagai Shire Council, City of Lithgow, Moree Shire Plains and Tumut Shire Council.

Consultants

We engaged 9 consultants during 2006–07 at a total cost of \$85,392. There was one consultancy that exceeded \$30,000.

Consultant	Cost	Details
PricewaterhouseCoopers	\$45,000	Preparation of update to the code of accounting practice and financial reporting.
Total	\$45,000	

We spent \$40,392 on 8 consultancies of less than \$30,000 in the following areas.

Management services \$40,392

Our payment performance

Payment Performance Report

Financial Year 2006/07

Accounts payable performance

Quarter ending	Current \$	30 days \$	60 days \$	90 days \$
At 30 September 2006	1,120,871	37,292	3,636	2,945
At 31 December 2006	1,191,555	15,480	-	14,065
At 31 March 2007	500,350	-	-	10,158
At 30 June 2007	1,145,211	-	-	-

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

Payments on time

Quarter ending	Accounts paid on time		Amount paid on time	Amount paid
	Target %	Actual %	\$	\$
At 30 September 2006	85	96.23	1,120,871	1,164,744
At 31 December 2006	85	97.58	1,191,555	1,221,100
At 31 March 2007	85	98.01	500,350	510,508
At 30 June 2007	85	100.00	1,145,211	1,145,211

Our payment performance for the year exceeded the department's targets.

Format is in accordance with requirements of Treasury Circular TC 01/12

No interest was paid on overdue accounts.

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	2004-05	2005-06	2006-07
Albury City	4,528,527	4,635,994	4,941,061
Armidale Dumaresq	2,975,996	3,143,698	3,331,816
Ashfield Municipal	1,073,936	1,100,309	1,149,699
Auburn	1,866,694	1,963,815	2,101,635
Ballina Shire	2,912,055	2,992,286	2,981,692
Balranald Shire	1,980,952	2,060,631	2,105,291
Bankstown City	4,875,821	4,763,681	4,900,766
Bathurst Regional	4,028,503	4,210,910	4,475,744
Baulkham Hills Shire	3,756,138	3,948,381	4,129,230
Bega Valley Shire	4,718,879	4,988,571	5,187,657
Bellingen Shire	2,229,149	2,345,248	2,465,403
Berrigan Shire	2,711,060	2,847,567	2,991,986
Blacktown City	13,531,086	14,331,158	14,980,209
Bland Shire	4,248,471	4,403,204	4,496,052
Blayney Shire	1,555,741	1,638,603	1,716,224
Blue Mountains City	6,303,238	6,552,749	6,760,204
Bogan Shire	2,195,512	2,266,127	2,296,016
Bombala	1,170,282	1,225,304	1,274,637
Boorowa	950,533	1,010,881	1,052,038
Botany Bay City	943,569	949,057	985,562
Bourke Shire	3,049,270	3,135,724	3,151,212
Brewarrina Shire	1,992,099	2,040,475	2,047,028
Broken Hill City	3,197,760	3,419,379	3,639,211
Burwood	670,907	696,462	716,831
Byron Shire	2,274,115	2,249,334	2,246,996
Cabonne	3,048,304	3,136,045	3,239,867
Camden	2,004,045	1,970,668	1,966,290
Campbelltown City	8,124,652	8,282,424	8,519,281
Canada Bay City	1,427,962	1,500,744	1,564,136
Canterbury City	4,016,809	4,060,972	4,205,464
Carrathool Shire	3,169,604	3,195,557	3,225,182

Local Governing Body	2004-05	2005-06	2006-07
Central Darling Shire	2,810,692	2,892,285	2,909,988
Cessnock City	4,878,639	5,183,615	5,412,335
Clarence Valley	8,086,246	8,323,621	8,813,768
Cobar Shire	2,931,030	3,031,049	3,081,769
Coffs Harbour City	5,279,341	5,540,368	5,751,108
Conargo Shire	1,730,439	1,768,965	1,804,839
Coolah Shire	1,765,135	n.a.	n.a.
Coolamon Shire	2,132,342	2,210,334	2,265,996
Cooma-Monaro Shire	2,315,647	2,432,340	2,576,548
Coonabarabran Shire	2,454,357	n.a.	n.a.
Coonamble Shire	2,302,687	2,385,275	2,444,730
Cootamundra Shire	1,656,810	1,747,979	1,840,345
Corowa Shire	2,937,233	3,038,912	3,152,296
Cowra Shire	2,756,139	2,903,905	3,056,497
Deniliquin	1,520,025	1,569,337	1,657,432
Dubbo City	4,553,158	4,852,648	5,150,695
Dungog Shire	1,580,455	1,638,971	1,681,274
Eurobodalla Shire	5,132,095	5,351,564	5,369,437
Fairfield City	8,548,914	8,648,200	8,989,489
Forbes Shire	3,510,119	3,647,080	3,769,840
Gilgandra Shire	2,004,694	2,070,753	2,124,269
Glen Innes Municipal	1,054,872	n.a.	n.a.
Glen Innes Severn	n.a.	2,603,395	2,695,968
Gloucester Shire	1,358,395	1,417,021	1,478,629
Gosford City	7,851,734	7,865,800	8,089,714
Goulburn Mulwaree	3,398,505	3,532,910	3,665,108
Great Lakes	4,995,375	5,259,592	5,456,956
Greater Hume Shire	3,251,270	3,450,615	3,645,591
Greater Taree City	4,967,062	5,291,052	5,518,883
Griffith City	2,598,445	2,750,634	2,912,041
Gundagai Shire	1,192,799	1,259,927	1,324,199
Gunnedah Shire	2,713,527	2,822,648	2,954,602
Guyra Shire	1,539,355	1,601,804	1,662,392
Gwydir Shire	2,802,559	2,881,083	2,889,029
Harden Shire	1,713,455	1,767,942	1,826,402
Hawkesbury City	4,070,880	4,213,036	4,210,303
Hay Shire	1,611,588	1,668,566	1,742,176
Holroyd City	2,765,263	2,705,331	2,772,151
Hornsby Shire	3,594,112	3,723,872	3,839,549
Hunters Hill Municipal	324,585	338,968	348,744
Hurstville City	1,645,107	1,707,025	1,754,940

Local Governing Body	2004-05	2005-06	2006-07
Inverell Shire	3,676,877	3,871,491	4,014,967
Jerilderie Shire	1,444,769	1,477,670	1,501,787
Junee Shire	1,804,377	1,873,593	1,943,400
Kempsey Shire	3,944,985	4,170,249	4,358,691
Kiama Municipal	1,159,830	1,137,853	1,129,424
Kogarah Municipal	1,193,119	1,254,045	1,304,172
Ku-ring-gai	2,523,389	2,602,949	2,672,307
Kyogle	2,617,119	2,758,727	2,900,854
Lachlan Shire	4,944,007	5,114,110	5,197,760
Lake Macquarie City	12,197,589	12,526,249	12,729,043
Lane Cove Municipal	709,754	732,858	752,504
Leeton Shire	2,283,712	2,407,886	2,553,118
Leichhardt Municipal	1,368,002	1,335,555	1,327,279
Lismore City	4,731,946	5,026,506	5,283,857
Lithgow City	3,077,630	3,187,943	3,353,098
Liverpool City	6,692,007	6,983,736	7,194,471
Liverpool Plains Shire	2,187,699	2,277,742	2,375,929
Lockhart Shire	2,411,411	2,479,858	2,531,998
Lord Howe Island Board	126,235	130,705	135,361
Maitland City	4,449,769	4,860,840	5,184,731
Manly	843,781	871,861	893,453
Marrickville	3,245,345	3,145,607	3,094,018
Mid-Western Regional	4,259,693	4,247,282	4,455,987
Moree Plains Shire	4,072,266	4,158,908	4,223,792
Mosman Municipal	621,664	645,535	661,967
Murray Shire	2,198,101	2,339,732	2,472,820
Murrumbidgee Shire	1,047,597	1,081,255	1,120,974
Muswellbrook Shire	2,213,235	2,336,897	2,475,488
Nambucca Shire	2,571,775	2,716,393	2,826,000
Narrabri Shire	3,883,036	4,024,183	4,191,381
Narrandera Shire	2,688,825	2,799,018	2,879,782
Narromine Shire	2,606,940	2,705,706	2,794,105
Newcastle City	10,673,731	10,962,638	11,185,655
North Sydney	1,303,555	1,398,830	1,381,054
Oberon	1,595,710	1,655,363	1,729,374
Orange City	3,006,186	3,258,680	3,470,757
Palerang	2,134,965	2,213,232	2,232,855
Parkes Shire	3,610,748	3,802,429	3,988,498
Parramatta City	4,860,271	5,202,746	5,527,799
Penrith City	8,796,722	9,132,841	9,539,925
Pittwater	1,331,279	1,374,910	1,425,352

Local Governing Body	2004-05	2005-06	2006-07
Port Macquarie-Hastings	6,033,739	6,247,843	6,451,607
Port Stephens	4,132,990	4,272,644	4,332,301
Queanbeyan City	2,419,525	2,505,220	2,603,163
Randwick City	2,675,984	2,765,843	2,832,271
Richmond Valley	3,513,017	3,629,902	3,742,458
Rockdale City	2,067,691	2,148,234	2,212,862
Ryde City	2,228,162	2,299,570	2,360,304
Severn Shire	1,480,843	n.a.	n.a.
Shellharbour City	3,400,174	3,523,183	3,658,653
Shoalhaven City	9,205,365	9,339,884	9,272,291
Silverton Village Committee	21,185	21,937	22,673
Singleton Shire	2,273,103	2,432,800	2,571,859
Snowy River Shire	1,928,226	2,032,146	2,136,596
Strathfield Municipal	666,067	704,344	733,526
Sutherland Shire	4,880,066	5,030,308	5,176,184
Sydney City	3,517,591	3,686,614	3,921,114
Tamworth Regional	7,703,059	7,973,678	8,400,431
Temora Shire	2,022,243	2,120,678	2,207,534
Tenterfield Shire	2,695,895	2,825,366	2,982,875
Tibooburra Village Committee	47,574	49,261	50,916
Tumbarumba Shire	1,207,824	1,263,783	1,327,792
Tumut Shire	2,104,679	2,168,750	2,277,404
Tweed Shire	6,966,039	7,284,445	7,492,740
Upper Hunter (S)	2,922,268	3,174,333	3,279,199
Upper Lachlan	2,664,656	2,619,343	2,665,221
Uralla Shire	1,537,413	1,613,771	1,683,489
Urana Shire	1,361,408	1,400,890	1,431,925
Wagga Wagga City	6,376,256	6,863,172	7,278,121
Wakool Shire	2,272,055	2,349,282	2,422,022
Walcha	1,195,702	1,259,109	1,310,290
Walgett Shire	3,453,646	3,592,965	3,733,698
Warren Shire	1,527,409	1,577,100	1,604,924
Warrindah	3,113,167	3,231,446	3,340,040
Warrumbungle Shire	n.a.	4,404,374	4,510,225
Waverley	1,717,291	1,822,759	1,936,400
Weddin Shire	1,677,162	1,739,588	1,808,225
Wellington	2,536,365	2,639,846	2,731,679
Wentworth Shire	3,389,713	3,496,187	3,554,722
Willoughby City	1,414,909	1,472,773	1,514,189
Wingecaribee Shire	3,667,067	3,622,862	3,615,293
Wollondilly Shire	2,603,675	2,570,354	2,567,887

Local Governing Body	2004-05	2005-06	2006-07
Wollongong City	12,470,707	12,875,696	13,080,738
Woolahra Municipal	1,148,719	1,179,030	1,203,884
Wyong Shire	8,437,264	8,678,726	8,841,725
Yass Valley	2,172,896	2,350,812	2,377,281
Young Shire	2,330,843	2,461,393	2,583,673
Total Entitlements	500,158,037	518,771,235	536,342,643

Pensioner rebate payments 2006–07

Council	Oct-06	Feb-07	Jun-07	Total
Albury City Council	556,931			556,931
Armidale Dumaresq Council	244,258	30,822	32,118	307,198
Ashfield, The Council of the Municipality of	281,440		2,652	284,092
Auburn Council	419,654		3,114	422,767
Ballina Shire Council	522,699	65,883	136,828	725,409
Balranald Shire Council	30,740			30,740
Bankstown City Council	1,693,345		26,536	1,719,881
Bathurst Regional Council	490,851	4,376	4,191	499,418
Baulkham Hills, The Council of the Shire of	680,621	13,028	5,598	699,247
Bega Valley Shire Council	643,905		21,124	665,029
Bellingen Shire Council	272,426		1,230	273,655
Berrigan Shire Council	194,714		2,226	196,939
Blacktown City Council	1,565,502	45,662	13,591	1,624,756
Bland Shire Council	83,090	986		84,076
Blayney Shire Council	89,857	1,586		91,443
Blue Mountains City Council	732,587	8,324	6,542	747,454
Bogan Shire Council	39,172		59	39,231
Bombala Council	51,510	448	545	52,502
Boorowa Council	38,665			38,665
Botany Bay, The Council of the City of	330,848			330,848
Bourke Shire Council	24,735	458	351	25,543
Brewarrina Shire Council	9,300			9,300
Broken Hill City Council	461,214			461,214
Burwood Council	232,732		1,588	234,320
Byron Shire Council	397,473	18,986	13,060	429,519
Cabonne Shire Council	150,713		23,641	174,354
Camden Council	231,581	5,746	2,767	240,094
Campbelltown City Council	786,895	15,140	7,998	810,033
Canada Bay Council, City of	539,499		2,106	541,604
Canterbury City Council	1,260,353		17,762	1,278,114
Carrathool Shire Council			29,684	29,684
Central Darling Shire Council		15,818		15,818
Central Tablelands Water	14,236	28,238	14,239	56,712
Cessnock City Council	657,894			657,894

Council	Oct-06	Feb-07	Jun-07	Total
Clarence Valley Council	1,056,579	57,317	48,312	1,162,208
Cobar Shire Council	59,124		1,269	60,393
Coffs Harbour City Council	1,100,281	60,989	36,234	1,197,504
Conargo Shire Council			1,534	1,534
Coolamon Shire Council	58,398	868		59,266
Cooma-Monaro Shire Council	165,961		1,165	167,127
Coonamble Shire Council	59,220	1,445	7,475	68,140
Cootamundra Shire Council	125,616	60,824	15,516	201,956
Corowa Shire Council	251,692	3,575	1,873	257,140
Cowra Shire Council	206,495		66,849	273,345
Deniliquin Council	176,200		108	176,308
Dubbo City Council	435,281	21,017	12,039	468,337
Dungog Shire Council	133,001			133,001
Eurobodalla Shire Council	941,806	895		942,701
Fairfield City Council	1,542,449	22,161		1,564,611
Forbes Shire Council	164,094			164,094
Gilgandra Shire Council		71,462		71,462
Glen Innes Severn Council	185,573			185,573
Gloucester Shire Council	93,379		12,323	105,701
Goldenfields Water County Council		70,004	48,506	118,509
Gosford City Council	2,461,339		176,123	2,637,462
Goulburn Mulwaree Council	454,159	3,491	2,710	460,360
Great Lakes Council	646,957	3,008	2,552	652,518
Greater Hume Shire Council	132,758	7,513	1,386	141,656
Greater Taree City Council	724,583	8,569	6,992	740,144
Griffith City Council	257,603	21,863	17,915	297,382
Gundagai Shire Council	45,004	8,742		53,745
Gunnedah Shire Council	208,542		6,941	215,483
Guyra Shire Council	73,091			73,091
Gwydir Shire Council			118,576	118,576
Harden Shire Council	92,205			92,205
Hawkesbury City Council	387,908		3,434	391,342
Hay Shire Council	53,247			53,247
Holroyd City Council	777,994			777,994
Hornsby, The Council of the Shire of	824,206			824,206
Hunters Hill, The Council of the Municipality of		54,791		54,791
Hurstville City Council	697,162			697,162
Inverell Shire Council	348,462			348,462
Jerilderie Shire Council		18,997		18,997
Junee Shire Council		81,232		81,232
Kempsey Shire Council	684,002			684,002

Council	Oct-06	Feb-07	Jun-07	Total
Kiama, The Council of the Municipality of	186,087			186,087
Kogarah Municipal Council	441,287			441,287
Ku-ring-gai Council	398,690			398,690
Kyogle Council	187,269			187,269
Lachlan Shire Council	98,790			98,790
Lake Macquarie City Council	2,348,115	25,189		2,373,304
Lane Cove Municipal Council	140,611			140,611
Leeton Shire Council	178,237		1,088	179,325
Leichhardt Municipal Council	288,071			288,071
Lismore City Council	592,689	79,194	25,288	697,172
Lithgow Council, City of	457,575		5,536	463,112
Liverpool City Council	809,756		23,226	832,981
Liverpool Plains Shire Council	168,453	767	9,716	178,935
Lockhart Shire Council		35,103		35,103
Maitland City Council	622,268			622,268
Manly Council		194,173		194,173
Marrickville Council	497,391	10,236	3,483	511,111
MidCoast County Council	200,507	396,095	197,107	793,710
Mid-Western Regional Council	413,478		1,202	414,680
Moree Plains Shire Council	113,435			113,435
Mosman Municipal Council	83,375	241	1,032	84,647
Murray Shire Council	117,672	183	234	118,089
Murrumbidgee Shire Council	24,329		4,210	28,540
Muswellbrook Shire Council	173,488	909	181	174,578
Nambucca Shire Council	426,151	18,891	4,474	449,516
Narrabri Shire Council	186,647	2,024	1,248	189,920
Narrandera Shire Council	121,884			121,884
Narromine Shire Council	95,090	1,074	457	96,621
Newcastle City Council	1,773,527			1,773,527
North Sydney Council	168,308			168,308
Oberon Council	55,323			55,323
Orange City Council	529,154		57,290	586,444
Palerang Council	93,861			93,861
Parkes Shire Council	267,591	870	568	269,029
Parramatta City Council	1,043,423			1,043,423
Penrith City Council	1,141,409		7,162	1,148,571
Pittwater Council	337,891	2,778	1,602	342,271
Port Macquarie-Hastings Council	1,481,683	103,476	114,578	1,699,737
Port Stephens Council	677,052	6,474	7,123	690,649
Queanbeyan City Council	377,749		9,616	387,365
Randwick City Council	735,570		4,850	740,420

Council	Oct-06	Feb-07	Jun-07	Total
Richmond Valley Council	333,475	119,577	49,491	502,543
Riverina Water	48,849			48,849
Riverina Water County Council		78,848	73,227	152,075
Rockdale City Council	981,909		10,559	992,468
Rous County Council	10,930			10,930
Ryde City Council	769,753			769,753
Shellharbour City Council	657,637		11,670	669,308
Shoalhaven City Council	2,078,897	172,226	45,336	2,296,459
Singleton Shire Council	211,300	663	1,472	213,435
Snowy River Shire Council		165,649		165,649
Strathfield Municipal Council	181,151			181,151
Sutherland Shire Council	1,653,955			1,653,955
Sydney, Council of the City of	322,493			322,493
Tamworth Regional Council	1,002,920			1,002,920
Temora Shire Council		103,620	555	104,175
Tenterfield Shire Council	124,696	794	1,790	127,280
Tumbarumba Shire Council	55,235			55,235
Tumut Shire Council	202,633		375	203,009
Tweed Shire Council	1,770,152		87,216	1,857,367
Upper Hunter Shire Council	211,128	269	949	212,346
Upper Lachlan Shire Council	99,066	495		99,561
Uralla Shire Council	86,970			86,970
Urana Shire Council	16,396			16,396
Wagga Wagga City Council	598,521		1,720	600,240
Wakool, The Council of the Shire of	71,081			71,081
Walcha Council		39,270		39,270
Walgett Shire Council		1,109	1,235	2,344
Warren Shire Council	38,394			38,394
Warringah Council	935,846		2,161	938,006
Warrumbungle Shire Council	208,998			208,998
Waverley Council	346,769			346,769
Weddin Shire Council	61,541	4,873	2,365	68,780
Wellington Council	206,469			206,469
Wentworth Shire Council		85,420		85,420
Willoughby City Council	289,198		2,412	291,610
Wingecarribee Shire Council	509,948	98,653	92,460	701,061
Wollondilly Shire Council	262,453	3,037	2,643	268,133
Wollongong City Council	2,113,280	14,283	10,919	2,138,482
Woollahra Municipal Council	136,877		3,146	140,022
Wyang Shire Council	3,009,033	142,364	45,517	3,196,914
Yass Valley Council	129,073	852	803	130,728
Young Shire Council	224,839		2,094	226,932
Grand Total	67,369,556	2,743,945	1,890,761	72,004,262

Special variations

Special Variation applications received under Section 508(2) for 2007-08

Council	Purpose	% Sought (Including 3.4% rate peg)	% Approved (Including 3.4% rate peg)
Ashfield Municipal Council	Construction/redevelopment of the Ashfield Civic Centre.	9.80%	9.80%
Ballina Shire Council	Infrastructure, maintenance /renewal works.	7.15%	7.15%
Bega Valley Shire Council	To maintain current level of services.	9.76%	9.76%
Blayney Shire Council	Re-development of the Blayney Community Centre.	11.04%	3.40%
Bombala Council	Maintain on-going services and maintenance.	9.46%	9.46%
Byron Shire Council	To improve services and fund infrastructure renewal.	8.39%	8.39%
Dungog Shire Council	Infrastructure maintenance and renewal.	9.82%	9.82%
Great Lakes Council	Infrastructure works including community facilities.	9.68%	9.68%
Hawkesbury City Council	Infrastructure renewal including roads, parks, playgrounds and gardens.	9.50%	9.50%
Holroyd City Council	To fund a Special Infrastructure Levy for asset maintenance.	9.90%	9.90%
Hunters Hill Council	Capital works and asset maintenance.	7.54%	7.54%
Lake Macquarie Council	Infrastructure maintenance and renewal.	8.54%	8.54%
Lane Cove Council	To implement Council's Sustainability Action Plan	9.35%	9.35%
Lithgow City Council	To build an indoor swimming pool, gym, sports arena & associated buildings.	8.33%	3.40%
Liverpool City Council	To continue funding of Council's Environment Plan Project.	5.54%	5.54%
Manly Council	Infrastructure Levy for asset renewal and maintenance.	5.80%	5.80%
Marrickville Council	The Dulwich Hill Main Street Program.	3.41%	3.40%
Mosman Municipal Council	Infrastructure maintenance and renewal.	9.34%	9.34%
Muswellbrook Shire Council	Infrastructure maintenance and renewal.	9.44%	9.44%
Nambucca Shire Council	Urban street rehabilitation, rural roads rehabilitation and bridge reconstruction.	5.30%	5.30%
Newcastle City Council	Infrastructure rehabilitation and renewal.	9.95%	9.95%
North Sydney Council	Upgrading stormwater pipes, water recycling, repairs to seawalls & road upgrades.	9.95%	9.95%

Council	Purpose	% Sought (Including 3.4% rate peg)	% Approved (Including 3.4% rate peg)
Palerang Council	Road resheeting and resealing programs.	10.31%	10.31%
Randwick City Council	Infrastructure maintenance and replacement.	8.48%	8.48%
Rockdale City Council	Infrastructure maintenance and replacement.	8.40%	8.40%
Willoughby City Council	To assist in the repayment of a loan for the construction of 'Civic Place Project'.	5.17%	5.17%
Woolahra Municipal Council	Infrastructure maintenance and replacement.	9.69%	9.69%
Young Shire Council	Infrastructure maintenance and replacement.	6.37%	6.37%

Special Variation applications received under Section 508(2) for 2007-08

Council	Purpose	% sought each year		Amount approved each year (%)
Gilgandra Shire Council	Infrastructure works and maintenance	2007-08	18.5%	2007-08 10.9%
		2008-09	11.0%	
Gosford City Council	Civic Infrastructure Strategy	2007-08	9.48%	Not approved Further review
		2008-09	9.98%	
		2009-10	9.98%	
		2010-11	9.98%	
		2011-12	9.98%	
Richmond Valley Council	Community infrastructure	2007-08	10.06%	2007-08 10.06% Remaining years to be reviewed further.
		2008-09	7.5%	
		2009-10	7.5%	
		2010-11	7.5%	
		2011-12	7.5%	
Wagga Wagga City Council	Infrastructure works and maintenance	2007-08	5.63%	2007-08 5.63%
		2008-09	9.25%	2008-09 9.25%
		2009-10	9.25%	2009-10 9.25%
		2010-11	4.18%	2010-11 4.18%
		2011-12	4.18%	2011-12 4.18%
Wingecarribee Council	Infrastructure works and maintenance	2007-08	9.56%	2007-08 9.56% Remaining years to be reviewed further.
		2008-09	9.50%	
		2009-10	9.50%	
		2010-11	9.50%	
		2011-12	9.50%	
Wollongong City Council	Infrastructure works and maintenance	2007-08	5.54%	2007-08 5.54%
		2008-09	5.70%	2008-09 5.70%

Audited financial statements


Statement by Department Head

Year ended 30 June 2007

Statement by Department Head

Pursuant to section 45F of the *Public Finance and Audit 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 Regulation 2005 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 included in the financial statements to be misleading or inaccurate.


Garry Payne
Director General
16 October 2007



GPO BOX 12
Sydney NSW 2001
9275 7165
D0731682/0281

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

22 October 2007

Dear Mr Payne

STATUTORY AUDIT REPORT
For the Year Ended 30 June 2007
Department of Local Government

I have audited the financial report of the 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 2007. The Act requires that I send this report to the Department of Local Government, the Minister and the Treasurer.

This report is not the Independent Auditor's Report, which expresses my opinion on the Department of Local Government's financial report. I have enclosed the Independent Auditor's Report, together with the Department of Local Government's financial report.

Audit Result

I expressed an unmodified opinion on the Department of Local Government's financial report and I have not identified any significant matters since my previous Statutory Audit Report.

My audit is not designed to identify all matters that may be relevant to those charged with governance. Accordingly, there may be other matters of governance interest that did not come to my attention during my audit.

My audit is continuous and I may therefore identify new significant matters. If this occurs, I will write to you immediately.

Misstatements in Financial Report

The financial report contains immaterial misstatements as listed in the attached appendix.

Compliance with Legislative Requirements

My audit procedures are targeted specifically towards forming an opinion on the Department of Local Government's financial report. This includes testing whether the Department of Local Government has complied with legislative requirements that may materially impact on the financial report. The results of the audit are reported in this context. My testing did not identify any material instances of non-compliance.

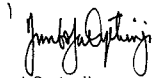
Auditor-General's Report to Parliament

Comment on the Department of Local Government'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 the Department of Local Government for review before the Report is tabled during November 2007.

Acknowledgment

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

Yours sincerely



A Oyetunji
Director, Financial Audit Services

Misstatements in Financial Report

Uncorrected Misstatements

Auditing Standards require that we report to you the following misstatements that management has determined are immaterial both individually and in aggregate to the financial report. From an audit perspective we agree with management's determination. Management must attach this schedule of misstatements to their Management Representation Letter.

These misstatements were discussed with management.

No	Nature of Uncorrected Misstatements in Order of Significance Impacting the Financial Report	Impact on	
		Operating Result Increase/ (Decrease) \$000	Net Assets Increase/ (Decrease) \$000
1	Understatement of payables and expenses not accrued	(38)	(38)
2	GST liability and GST receivable not included on invoice accrual (\$3,700)
3	Over accrual for NSW Audit Office fee	20	20
	Total Impact on the Financial Report	(18)	(18)

We did not detect any material disclosure deficiencies in the financial report.

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GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT
DEPARTMENT OF LOCAL GOVERNMENT

To Members of the New South Wales Parliament

I have audited the accompanying financial report of Department of Local Government (the Department), which comprises the balance sheet as at 30 June 2007, and the operating statement, statement of recognised income and expense, cash flow statement, program statement - expenses and revenues, and summary of compliance with financial directives for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Department as of 30 June 2007, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

Director General's Responsibility for the Financial Report

The Director General is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Department's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Department Head, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

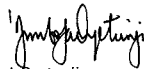
My opinion does *not* provide assurance:

- about the future viability of the Department,
- that it has carried out its activities effectively, efficiently and economically,
- about the effectiveness of its internal controls, or
- on the assumptions used in formulating the budget figures disclosed in the financial report.

Independence

In conducting this audit, the Audit Office has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.



A Oyetunji
Director, Financial Audit Services

22 October 2007
SYDNEY

Operating Statement for the Year Ended 30 June 2007

	Notes	Actual 2007 \$'000	Budget 2007 \$'000	Actual 2006 \$'000
Expenses excluding losses				
Operating expenses				
Employee related	2(a)	6,600	6,433	6,636
Other operating expenses	2(b)	8,554	7,128	7,110
Depreciation and amortisation	2(c)	279	304	297
Grants and subsidies	2(d)	72,159	76,500	73,005
Total Expenses		87,592	90,365	87,048
Less:				
Revenue				
Sale of goods and services	3(a)	2	56	3
Investment revenue	3(b)	373	328	337
Retained taxes, fees and fines	3(c)	5,704	4,500	5,046
Other revenue	3(d)	46	-	17
Total Revenue		6,125	4,884	5,403
Gain on disposal	4	-	-	5
Net Cost of Services	19	81,467	85,481	81,640
Government Contributions				
Recurrent appropriation (net of transfers)	5	79,954	84,383	80,690
Capital appropriation	5	150	150	150
Acceptance by the Crown Entity of employee benefits and other liabilities	6	327	329	501
Total Government Contributions		80,431	84,862	81,341
Surplus/(deficit) for the year	16	(1,036)	(619)	(299)

The accompanying notes form part of these financial statements.

Balance Sheet as at 30 June 2007

	Notes	Actual 2007 \$'000	Budget 2007 \$'000	Actual 2006 \$'000
ASSETS				
Current Assets				
Cash and cash equivalents	9 & 21	6,463	6,542	7,172
Receivables	10	1,212	1,196	1,196
Total Current Assets		7,675	7,738	8,368
Non-current Assets				
Plant and equipment				
- Plant and equipment	11	451	483	575
Total Plant and equipment		451	483	575
Intangible assets	12	278	218	280
Total Non-Current Assets		729	701	855
Total Assets		8,404	8,439	9,223
LIABILITIES				
Current Liabilities				
Payables	13	1,823	1,482	1,647
Provisions	14(a)	980	940	940
Total Current Liabilities		2,803	2,422	2,587
Non-current Liabilities				
Provisions	14(b)	8	7	7
Total Non-Current Liabilities		8	7	7
Total Liabilities		2,811	2,429	2,594
Net Assets		5,593	6,010	6,629
EQUITY				
Accumulated funds	16	5,593	6,010	6,629
Total Equity		5,593	6,010	6,629

The accompanying notes form part of these financial statements.

Statement of Recognised Income and Expense for the Year Ended 30 June 2007

	Notes	Actual 2007 \$'000	Budget 2007 \$'000	Actual 2006 \$'000
Total income and expense recognised directly in equity		-	-	-
Surplus/(Deficit) for the year	16	(1,036)	(619)	(299)
Total income and expense recognised for the year		(1,036)	(619)	(299)
Effect of changes in accounting policies and correction of errors		-	-	-

The accompanying notes form part of these financial statements.

Cash Flow Statement for the Year Ended 30 June 2007

	Notes	Actual 2007 \$'000	Budget 2007 \$'000	Actual 2006 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		(6,287)	(6,104)	(6,069)
Grants and subsidies		(72,160)	(76,500)	(72,990)
Other		(8,735)	(7,533)	(7,514)
Total Payments		(87,182)	(90,137)	(86,573)
Receipts				
Sale of goods and services		2	56	3
Retained taxes, fees and fines		5,664	4,740	4,807
Interest received		367	328	328
Other		490	-	575
Total Receipts		6,523	5,124	5,713
Cash flows from government				
Recurrent appropriations (net of transfers)	5	79,954	84,383	80,690
Capital appropriation	5	150	150	150
Cash reimbursements from the Crown Entity		-	-	-
Net Cash Flows from Government		80,104	84,533	80,840
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	22	(555)	(480)	(20)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of plant and equipment		-	-	5
Purchases of plant and equipment		(154)	(150)	(200)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(154)	(150)	(195)
NET INCREASE/ (DECREASE) IN CASH				
Opening cash and cash equivalents		7,172	7,172	7,387
CLOSING CASH AND CASH EQUIVALENTS	9 & 21	6,463	6,542	7,172

The accompanying notes form part of these statements.

Summary of Compliance with Financial Directives for the year ended 30 June 2007

2007

	Recurrent Appropriation \$'000	Expenditure/ Net Claim on Consolidated Fund \$'000	Capital Appropriation \$'000	Expenditure/ Net Claim on Consolidated Fund \$'000
Original Budget Appropriation/Expenditure				
Appropriation Act	84,383	79,954	150	150
Additional appropriations	-	-	-	-
s26 PF&AA - Commonwealth specific purpose payments	-	538,600	-	-
	84,383	618,554	150	150
Other appropriations/ expenditure				
Treasurer's Advance	-	-	-	-
	-	-	-	-
Total Appropriations/Expenditure/ Net Claim on Consolidated Fund (includes transfer payments)	84,383	618,554	150	150
Amount drawn down against Appropriation		618,554		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)

2006

Recurrent Appropriation	Expenditure/ Net Claim on Consolidated Fund	Capital Appropriation	Expenditure/ Net Claim on Consolidated Fund
\$'000	\$'000	\$'000	\$'000
84,195	80,690	150	150
-	-	-	-
-	520,747	-	-
84,195	601,437	150	150
-	-	-	-
-	-	-	-
84,195	601,437	150	150
	601,437		150
	-		-

Program Statement— Expenses and Revenues for the Year Ended 30 June 2007

	Program 1 *		Program 2 *	
DEPARTMENT'S EXPENSES & REVENUES	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Expenses				
Operating expenses				
Employee related	6,200	6,146	-	80
Other operating expenses	2,941	2,617	-	-
Depreciation and amortisation	279	297	-	-
Grants and subsidies	155	145	72,004	72,860
Total Expenses	9,575	9,205	72,004	72,940
Retained Revenue				
Sale of goods and services	2	3	-	-
Investment income	273	237	-	-
Retained taxes, fees and fines	-	-	-	-
Other revenue	46	17	-	-
Total Retained Revenue	321	257	-	-
Gain/(Loss) on sale of non-current assets	0	5	-	-
Net Cost of Services	9,254	8,943	72,004	72,940
Government contributions **	-	-	-	-
Net expenditure/(revenue) for the year	9,254	8,943	72,004	72,940
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	
2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
400	410	-	-	6,600	6,636
5,613	4,493	-	-	8,554	7,110
-	-	-	-	279	297
-	-	-	-	72,159	73,005
6,013	4,903	-	-	87,592	87,048
-	-	-	-	2	3
100	100	-	-	373	337
5,704	5,046	-	-	5,704	5,046
-	-	-	-	46	17
5,804	5,146	-	-	6,125	5,403
-	-	-	-	0	5
209	(243)	-	-	81,467	81,640
-	-	80,431	81,341	80,431	81,341
209	(243)	(80,431)	(81,341)	1,036	299
-	-	(538,600)	(520,747)	(538,600)	(520,747)
-	-	(538,600)	(520,747)	(538,600)	(520,747)
-	-	538,600	520,747	538,600	520,747
-	-	-	-	-	-
-	-	538,600	520,747	538,600	520,747
-	-	-	-	-	-

Notes to the financial statements

1. 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 Department of Local Government is a NSW government department. The Department of Local Government is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

These financial statements have been authorised for issue by the Director General on 2 October 2007.

(b) Basis of Preparation

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

- applicable Australian Accounting Standards (which include Australian equivalents to International Financial Reporting Standards (AEIFRS))
- the requirements of the Public Finance and Audit Act and Regulation and
- the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer.

Plant and equipment are measured at depreciated historical cost as a surrogate for fair value (note 1(k)). Other financial report items are prepared in accordance with the historical cost convention.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial report.

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

(c) Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards, which include AEIFRS.

(d) Administered Activities

The Department administers, but does not control, Commonwealth transfer payments through the Local Government Grants Commission (refer Note 7). It is accountable for the transactions relating to those administered activities but does not have the discretion, for example, to deploy the resources for the achievement of the Department's own objectives.

Transactions relating to the administered activities are not recognised as the Department's revenues and expenses, but are disclosed in the accompanying schedules as "Administered Revenues" and "Administered Expenses".

The accrual basis of accounting and applicable accounting standards have been adopted.

(e) Income recognition

Income is recognised at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income 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 income 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

Revenue from the sale of goods is recognised as revenue when the department transfers the significant risks and rewards of ownership of the assets.

(iii) Rendering of Services

Revenue is recognised when the service is provided.

(iv) Investment income

Interest revenue is recognised using the effective interest method as set out in AASB 139 Financial Instruments: Recognition and Measurement.

(v) 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 \$5.7m (\$5.0m in 2006), which is recorded as retained taxes, fees and fines.

A quarterly reimbursement is made to councils based on Register Reports for the quarter. A total of \$6.0m (\$4.9m in 2006) in expenses are recorded as other operating expenses and employee related expenses in the Operating Statement.

(f) 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), annual leave and paid sick leave that fall due wholly within 12 months of the reporting date are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 Employee Benefits. The Department has no long-term annual leave.

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 defined benefit 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 at present value in accordance with AASB 119 Employee Benefits. This is based on the application of certain factors (specified in NSWTC 07/04) to employees with 5 or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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.

(iii) Other Provisions

Other provisions exist when: the department has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Any provisions for restructuring are recognised only when an agency has a detailed formal plan and the agency has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

If the effect of the time value of money is material, provisions are discounted at 7%, which is a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

(g) 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.

(h) 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.

(i) Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Department. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

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

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

(j) Capitalisation Thresholds

Plant and equipment and intangible assets costing \$5,000 and above individually or forming part of a network costing more than \$5,000 are capitalised.

(k) Revaluation of Plant and Equipment

Physical non-current assets are valued in accordance with the “Valuation of Physical Non-Current Assets at Fair Value” Policy and Guidelines Paper (TPP 07-1). This policy adopts fair value in accordance with AASB 116 Property, Plant and Equipment and AASB 140 Investment Property.

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

Currently the Department's plant and equipment consists primarily of computer equipment which have useful lives of three years. The Department considers that as these are non-specialised assets with short useful lives their depreciated historical cost is 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.

For other assets, 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.

As a not-for-profit entity, 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.

(l) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, the Department is effectively exempted from AASB 136 Impairment of Assets and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

(m) Depreciation of Property, Plant and Equipment

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.

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

	2007 Years	2006 Years
Office Furniture	10	10
Plant & Equipment	7	7
Computer	3	3
Leasehold improvements	5	5

(n) Maintenance

Day-to-day servicing costs or 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.

(o) Leased Assets

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

(p) Intangible Assets

The Department recognises intangible assets only if it is probable that future economic benefits will flow to the Department and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is the fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Department's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Department's intangible assets, which consist of computer software, are amortised using the straight line method over a period of 3 years.

In general, intangible assets are tested for impairment where an indicator of impairment exists. However, as a not-for-profit entity with no cash generating units, the Department is effectively exempted from impairment testing (refer para (l)).

(q) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less any allowance for any impairment of receivables. Any changes are accounted for in the Operating Statement when impaired, derecognised or through the amortisation process.

Short term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(r) Impairment of Financial Assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the Operating Statement.

When an available for sale financial asset is impaired, the amount of the cumulative loss is removed from equity and recognised in the Operating Statement, based on the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in the Operating Statement.

Any reversals of impairment losses are reversed through the Operating Statement, where there is objective evidence, except reversals of impairment losses on an investment in an equity instrument classified as "available for sale" must be made through the reserve. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

(s) De-recognition of Financial Assets and Financial Liabilities—Year Ended 30 June 2007

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the agency transfers the financial asset:

- where substantially all the risks and rewards have been transferred; or
- where the agency has not transferred substantially all the risks and rewards, if the entity has not retained control.

Where the agency has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the agency's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

(t) Payables

These amounts represent liabilities for goods and services provided to the Department and other amounts, including interest. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(u) 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 Operating Statement and the Cash Flow Statement are generally based on the amounts disclosed in the NSW Budget Papers (as adjusted above). However, in the Balance Sheet, 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).

AASB101 Presentation of Financial Statements (prescribes the basis for presentation of the financial statements). AASB101 will be implemented for the year ending 30 June 2008.

(v) Accounting Standards Issued But Not Yet Effective

The following accounting standards issued but not yet effective have not been applied:

- AASB 7 Financial Instruments Disclosures (potentially more substantial risk related disclosures relating to credit, liquidity and market risk). AASB 7 will be implemented for the year ending 30 June 2008.
- AASB101 Presentation of Financial Statements (prescribes the basis for presentation of the financial statements). AASB101 will be implemented for the year ending 30 June 2008.
- AASB2007-4 Amendments to Australian Accounting Standards Arising from ED 151 and Other Amendments – to fully comply with IFRS. AASB2007-4 will be implemented for the year ending 30 June 2008.

(w) Comparative Figures

Where necessary, comparative information has been reclassified to enhance comparability in respect of changes in presentation adopted in the current year.

2. Expenses

(a) Employee related expenses

	2007 \$'000	2006 \$'000
Salaries and wages (including recreation leave)	5,536	5,345
Superannuation–defined benefit plans	114	109
Superannuation–defined contribution plans	330	321
Long service leave	214	384
Workers' compensation insurance	28	33
Payroll tax and fringe benefits tax	346	373
Overtime and meal allowance	32	71
	6,600	6,636

(b) Other operating expenses

	2007 \$'000	2006 \$'000
Operating lease rental expense		
- minimum lease payments	551	572
Auditor's Remuneration		
- audit or review of financial reports	37	37
Travelling and Subsistence	176	217
Motor Vehicle Expenses	109	79
Advertising and Publicity	14	10
Fees for Services (excl. Consultants)	264	170
Contractors	878	446
Consultants	83	266
Insurance	9	17
Maintenance	38	45
Postal and Telephones	161	141
Printing	68	64
Retainers and Fees	124	138
Companion Animals Payments	5,613	4,493
Relocation costs reimbursed to employees	-	22
Other	429	393
	8,554	7,110

(c) Depreciation and amortisation expense

	2007 \$'000	2006 \$'000
Depreciation – Plant and equipment		
Office furniture	21	21
Other Plant and equipment	46	44
Computer equipment	79	130
	146	195
Amortisation		
Computer software	90	64
Leasehold improvements	43	38
	133	102
Total depreciation and amortisation	279	297

(d) Grants & Subsidies

	2007 \$'000	2006 \$'000
Private-Public Partnerships	155	145
Pensioner Rebate Subsidies	72,004	72,860
	72,159	73,005

3. Revenue

(a) Sale of goods and services

	2007 \$'000	2006 \$'000
Rendering of services		
User Charges	2	3
	2	3
Total sale of goods and services	2	3

(b) Investment Revenue

Interest	373	337
	373	337

(c) Retained Taxes, fees and fines

Fees		
Companion Animals registration fees	5,704	5,046
	5,704	5,046

(d) Other Revenue

Miscellaneous revenue	46	17
	46	17

4. Gain on disposal

	2007 \$'000	2006 \$'000
Gain on disposal of plant and equipment		
Proceeds from disposal	-	5
Written down value of assets disposed	-	-
Net gain on disposal of plant and equipment	-	5
Gain on disposal	-	5

5. Appropriations

Recurrent appropriations	2007 \$'000	2006 \$'000
Total recurrent draw-downs from Treasury (per Summary of Compliance)	618,554	601,437
Less: Liability to Consolidated Fund (per Summary of Compliance)	-	-
	618,554	601,437
Comprising:		
Recurrent appropriations (per Operating Statement)	79,954	80,690
Transfer payments (refer Note 7)	538,600	520,747
Total	618,554	601,437
Capital appropriations		
Total capital draw-downs from Treasury (per Summary of Compliance)	150	150
Less: Liability to Consolidated Fund (per Summary of Compliance)	-	-
Total	150	150
Comprising:		
Capital appropriations (per Operating Statement)	150	150
Transfer payments	-	-
Total	150	150

6. 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:

	2007 \$'000	2006 \$'000
Superannuation	114	108
Long Service Leave	206	386
Payroll tax	7	7
	327	501

7. 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 \$538.6m (\$520.7m in 2006).

8. 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.

9. Current assets—cash and cash equivalents

	2007 \$'000	2006 \$'000
Cash at bank and on hand	6,463	7,172
	6,463	7,172

For the purpose of the Cash Flow Statement, cash and cash equivalents includes cash at bank and cash on hand.

Cash assets recognised in the Balance Sheet are reconciled to cash at the end of the financial year as shown in the Cash Flow Statement as follows:

Cash and cash equivalents (per Balance Sheet)	6,463	7,172
Closing Cash and Cash Equivalents (per Cash Flow Statement)	6,463	7,172

10. Current assets—receivables

	2007 \$'000	2006 \$'000
Interest receivable from Crown Entity	178	172
Retained taxes, fees and fines	890	850
Other receivables	144	174
	1,212	1,196

11. Non-current assets—plant and equipment

	Plant & Equipment \$'000
At 1 July 2006	
At Fair Value	1,613
Accumulated Depreciation and impairment	(1,038)
Net Carrying Amount	575
At 30 June 2007	
At Fair Value	1,678
Accumulated Depreciation and impairment	(1,227)
Net Carrying Amount	451
Reconciliation	
A reconciliation of the carrying amounts of plant and equipment at the beginning and end of the current reporting period are set out below (the Department does not own any property):	
Year ended 30 June 2007	
Net carrying amount at start of year	575
Additions	65
Disposals	-
Depreciation expense	(189)
Net carrying amount at end of year	451
At 1 July 2005	
At Fair Value	1,545
Accumulated Depreciation and impairment	(867)
Net Carrying Amount	678
At 30 June 2006	
At Fair Value	1,613
Accumulated Depreciation and impairment	(1,038)
Net Carrying Amount	575

Reconciliation

A reconciliation of the carrying amounts of plant and equipment at the beginning and end of the previous reporting period are set out below (the Department does not own any property):

	Plant & Equipment \$'000
<hr/>	
Year ended 30 June 2006	
Net carrying amount at start of year	678
Additions	130
Disposals	-
Depreciation expense	(233)
Net carrying amount at end of year	575

As discussed in Note 1(k) plant and equipment consists primarily of computer equipment which have useful lives of three years. As such the Department considers that depreciated historical cost is a surrogate for fair value.

12. Intangible assets

	Software \$'000
At 1 July 2006	
Cost (gross carrying amount)	413
Accumulated amortisation and impairment	(133)
Net Carrying Amount	280
At 30 June 2007	
Cost (gross carrying amount)	501
Accumulated amortisation and impairment	(223)
Net Carrying Amount	278
Reconciliation	
Year ended 30 June 2007	
Net carrying amount at start of year	280
Additions	88
Disposals	-
Amortisation (recognised in "depreciation and amortisation")	(90)
Net Carrying Amount	278
At 1 July 2005	
Cost (gross carrying amount)	342
Accumulated amortisation and impairment	(69)
Net Carrying Amount	273
At 30 June 2006	
Cost (gross carrying amount)	413
Accumulated amortisation and impairment	(133)
Net Carrying Amount	280
Reconciliation	
Year ended 30 June 2006	
Net carrying amount at start of year	273
Additions	71
Disposals	-
Amortisation (recognised in "depreciation and amortisation")	(64)
Net Carrying Amount	280

13. Current liabilities—payables

	2007 \$'000	2006 \$'000
Accrued salaries, wages and on-costs	49	76
Creditors	1,774	1,571
	1,823	1,647

14. Current/non-current liabilities—provisions

	2007 \$'000	2006 \$'000
(a) Current		
Employee benefits and related on-costs		
Recreation leave	828	800
Long service leave on costs	152	140
	980	940
Total Provisions	980	940
(b) Non-Current		
Long service leave on costs	8	7
	8	7
Total Provisions	8	7
Aggregate employee benefits and related on-costs		
Provisions – current	980	940
Provisions – non-current	8	7
Accrued salaries, wages and on-costs (Note 13)	49	76
	1,037	1,023

In addition to this the Department has a total liability of \$1.7m (\$1.6m in 2006) for long service leave for which the Crown assumes liability.

15. Restricted assets

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

16. Changes in equity

	Accumulated Funds		Total Equity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Balance at the beginning of the financial year	6,629	6,928	6,629	6,928
Total	6,629	6,928	6,629	6,928
Changes in equity – other than transactions with owners as owners				
Surplus/(deficit) for the year	(1,036)	(299)	(1,036)	(299)
Total	(1,036)	(299)	(1,036)	(299)
Balance at the end of the financial year	5,593	6,629	5,593	6,629

17. Contingent liabilities and contingent assets

There are matters where claims have been made against the department irrespective of whether litigation has actually commenced or, if commenced, would be likely to succeed. These amounts include potential liabilities which, the department is attempting to negotiate an out of court settlement. Claims comprise adverse comments in the reports of the Public Inquiry into councils. The total Contingent Liabilities are \$210,000.

There are no known contingent assets as at 30 June 2007.

18. Commitments for expenditure

(a) Operating Lease Commitments

	2007 \$'000	2006 \$'000
Future non-cancellable operating leases not provided for and payable:		
Not later than one year	641	619
Later than one year and not later than 5 years	308	254
Later than 5 years		-
Total (including GST)	949	873

The total commitments above include input tax credits of \$86,273 (\$79,313 in 2006) 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 State Fleet Services. At 30 June 2007 this arrangement applied to the entire departmental fleet of 9 vehicles.

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

There are no other expenditure commitments at 30 June 2007 (NIL 2006).

19. 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 (\$4.0m) and higher than budgeted revenue from the Companion Animals Program (\$1.2m). Partially offsetting this were higher employee related and other operating expenses (\$1.6m) primarily reflecting increased expenditure on the Companion Animals Program.

(b) Assets and Liabilities

Liabilities

The payables are \$0.3m over budget primarily due to higher than expected accruals at year end.

(c) Cash flows

The net cash flows from operating activities are \$0.075k worse than budget.

20. Material assistance provided

The Department has received no material assistance free of charge from any other party for the period ending 30 June 2007.

21. Financial instruments

The Department's principal financial instruments are outlined below. These financial instruments arise directly from the Department's operations or are required to finance the Department's operations. The Department does not enter into or trade financial instruments for speculative purposes. The Department does not use financial derivatives.

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 5.25% (4.75% in 2006) and during the year the average interest rates was 5.12% (4.54% in 2006).

Receivables

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. The credit risk is the carrying amount (net of any allowance for impairment). 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 allowance for impairment). 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.

Bank Overdraft

The Department does not have any bank overdraft facility.

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.

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

	2007 \$'000	2006 \$'000
Net Cash Flows (from)/used in Operating Activities	555	20
Cash Flows from Government/Appropriations	80,104	80,840
Acceptance by Crown Entity of employee benefits and other liabilities	327	501
Depreciation and amortisation	279	297
Increase/(decrease) in provisions	41	172
Increase/(decrease) in creditors	177	(65)
(Increase)/decrease in receivables	(16)	(120)
Net gain on sale of plant and equipment	-	(5)
Net Cost of Services	81,467	81,640

End of audited financial statements

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Index

Mandatory reporting requirements

Access to Services 11(1) (c) ARDA & 3(c) ARDR.....	174
Annual report costs TM 92/9 & 4 (f) ARDR.....	inside back cover
Committees, Boards 3(d)(i) & 3(d)(iii)ARDR	35-38, 56, 65, 99
Complaints 3(l)ARDR.....	66-71, 107
Consultants 3(j)ARDR	115
Contents 5(2)ARDR.....	1, 5, 31, 33, 41, 53, 63, 75, 89, 101, 113
Employee Costs 3(j)(ii)ARDR	136, 139, 142-143, 154
Equal Employment Opportunity 3(j2)ARDR & TC G1991/18	94, 97-98
Ethnic Affair Priority Statement TC 97/07	57-58
Financial Statements 9(l)(a)ARDA & 2BARDR.....	129-168
Freedom of Information 6(2)ARDA	58-60
Grants to non-Government Organisations 3(e)(i-v)ARDR	115
Guarantee of Prompt Service - Land Acquisition 3(m)ARDR	104-105
Human Resources 3(j)(i)ARDR.....	92-93
Industrial Relations 3(j)(iv)ARDR	93
Internal Control s9(l)(b1)ARDA	99, 106
Land Disposal 3(j3)(i-vi)ARDR.....	not applicable
Leave Entitlements Value 3(e)(iii)ARDR	not applicable
Legislation - administered 3(a)ARDR.....	43
Legislation - changes s11(1)(f)ARDA & 3(f)ARDR	44
Letter to Minister s11A ARDA.....	1
Major Works 3(h) (vii-viii) ARDR.....	not applicable
Management Performance 3(g) & 3(h)(ii) & (v) ARDR	11
Organisation Chart 3(d)(ii)ARDR.....	76
Overseas Travel 3(j)(vi)ARDR	none during 06/07
Payment Performance Report 3(n) & (o)ARDR TC 97/07	116
Performance Statement of Director General 3A(2)ARDR.....	81-87
Publications 3(k)ARDR52.....	46
Recruitment 3(j)ARDR.....	92, 94
Recycling Activities MR 27/31990.....	108-109
Research and Development 3(i) ARDR.....	not applicable
Risk Management and Insurance Activities TD 900.01	106
Senior Executive Service 3A ARDR & PM 92/4	2-3, 76, 80, 81-87
Staff - Principal Officers 3(d)(i)ARDR	76, 70
Staffing Statistics 3(j)(i)ARDR.....	4, 92
Summary of Operations s9(l)(c)ARDR & s11(l)(e)ARDA	77-79
Time for Provision of Services 34(m)ARDR.....	inside front cover

Annual Reporting Awards (ARA) criteria

Statement of the organisation's history and profile	Inside front cover, 1, 77-79
Mission/vision/purpose/values and specific objectives	Inside front cover, 32, 33-34, 41-42, 53-55, 63-64, 89-91, 101-103
Strategies for achieving objectives/outcomes.	34, 42, 54-55, 64, 90-91, 102-103
Highlights of the year at a glance.....	Inside front cover, 1, 2-3, 4
Important events from the current year and the outlook for the following year.....	33-34, 39, 41-42, 51, 53-55, 61, 63-64, 73, 89-91, 100, 101-103, 111
Performance measures and indicators, key financial and non-financial features covering performance over two years and percentage changes	4, 20-21, 66-67, 70, 92, 94, 105, 117-121
Summary of key stakeholder information..	Inside front cover, 1, 11, 35-38, 56, 65, 99, 172-173
Corporate governance issues	101-111
Concise financial report with relevant notes	129-168
Key information on each division	77-79
Senior executive personnel - including individual or collective photos of key staff, their experience, responsibilities and qualifications	2-3, 76, 80, 81-87
Measurement and disclosure of all forms of current and post-employment remuneration and benefits to directors and senior executives.....	not applicable
Organisation structure	76
Personnel issues - including training and development; industrial relations; equal employment initiatives; enterprise agreements; workforce details including full-time equivalents and an explanation for significant variations in staff numbers; union representation; wages and superannuation .	89-100
Occupational health and safety - including policies and procedures, lost-time injuries, any fatalities or serious injuries and significant breaches of occupational health and safety laws.....	95, 99
Comparative information for key financial and non-financial activities covering at least five (5) years, where possible	4
Index of contents	170-171
Locations of major activities - include maps (where appropriate), addresses, website, email, telephone and fax numbers	174
Availability of the report through print or electronic means, including the comprehensiveness and ease of access to information via the Internet.....	174

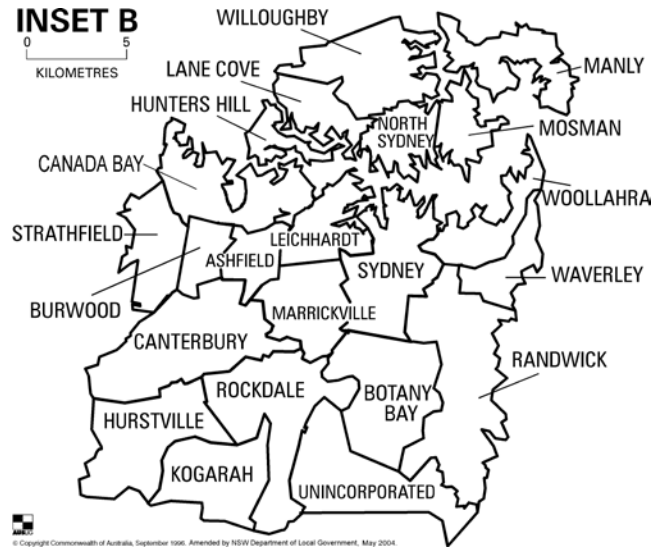
ARA Criteria Applicable to Specific Industries/Divisions.

DIVISION 6 - Legal, Regulatory and Administrative Organisation

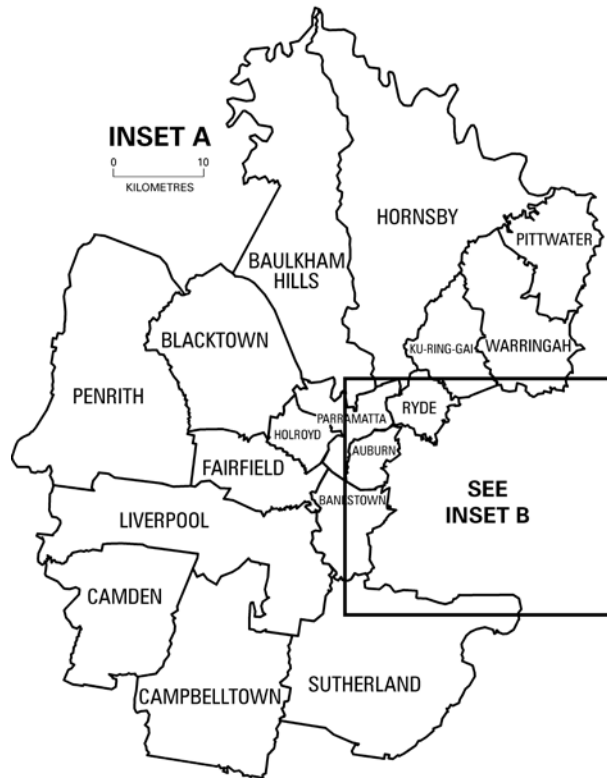
Role and scope of the organisation	Inside front cover, 1, 32
Key stakeholders.	Inside front cover, 1, 11, 35-38, 56, 65, 99, 172-173
Impact of legislation on the organisation's operations.	42, 43-44
How activities influence overall outcomes in the respective industry sector.	2-3, 5-30, 33-39, 41-42, 44, 54-57, 61, 64-65, 66-71, 73, 81-87

NSW councils

NSW Council Areas (Sydney Inner)



NSW Council Areas (Sydney Outer)



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