

ADMINISTRATOR MINUTE 1

Last Monday, Council was formally served by the Minister for Local Government, Notice of his intention to issue a Performance Improvement Order (PIO) under the Local Government Act – giving seven days to make any submissions. The Notice and a letter addressed to me from the Minister is included in the agenda giving notice of this meeting and will be formally attached to this Minute.

As Council already had an Extraordinary Meeting scheduled for the draft 2023/24 Financial Statements to be considered and released for Audit by the Audit Office of NSW, the Office of Local Government was advised that consideration of the Minister's Order would be on 9 September 2024.

The letter from the Minister notes that over the past three years there has been significant progress in establishing the new Council and that Council is now well placed to deliver the service and infrastructure that local communities need and deserve, both now and into the future.

To ensure the Administration legacy is not lost during the transition to an elected Council, the Minister advised that he is using his powers to create a clear expectation for the future governance and operation of the Wingecarribee Shire Council.

The Minister noted reasons for the proposed order are summarised below:

1. Council needs to keep its budget discipline to maintain its financial sustainability, particularly given its program of new water and sewer infrastructure at Moss Vale and Bowral tied to its housing strategy and the ongoing management of operational costs.
2. Council needs to ensure it maintains access to appropriate staff expertise and engagement to provide secure advice to the Councillors on financial, governance and regulatory matters.
3. Council needs to maintain its strong governance processes to give staff confidence in providing the best advice and options to ensure there is a clear strategy for service delivery, infrastructure investment and renewal, as well as planning decisions on future housing.
4. Council should only be changing strategic priorities with clear understanding of costs and have supporting strategies to ensure Council doesn't fund initiatives through either debt or inappropriate access of restricted funds, and
5. Council needs to continue to deliver and implement the changes required as part of the recommendations of the Glover Inquiry.

I am confident that the decision of the Minister will be well received having regards to residents past experience with the operation and conduct of the former Council – at both the political and operational levels. The Minister, in the Order, makes particular reference to the need for Council to deliver and implement the changes required as part of the recommendations of the Glover Inquiry (Wingecarribee Shire Council Public Inquiry) and after my time at the Council, I can assure

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residents that the Inquiry only scratched the surface and there is still much to be done - most of which is outlined in my End of Term Report.

The Glover Report highlighted the need for training of Councillors so they better understand their roles and responsibilities. In response to that recommendation, Council organised, with the assistance and support of the Office of Local Government, comprehensive Candidate Sessions earlier this year and it is most unfortunate that some of the lead candidates did not even bother to attend any session.

I support the proposed Performance Improvement Order and am of the view that it will be of great assistance to the fresh faces that will form the incoming governing body in providing leadership, good governance and financial sustainability.

Attached is my draft submission in response to the proposed Order dated 2 September 2024. It will be noted in the response that I have requested that the General Manager report to the Minister and Deputy Secretary on full details of the induction program and individual Councillors attendance at all sessions.

I formally move that the Minute be noted and that Council welcome the Proposed Improvement Order dated 2 September 2024 and the draft letter be adopted and forwarded to the Minister.

September 2024

The Hon. Ron Hoenig MP
Leader of the House in the Legislative Assembly
Vice-President of the Executive Council
Minister for Local Government
52 Martin Place Sydney NSW 2000

Via email: office@Hoenig.minister.nsw.gov.au

Dear Minister Hoenig

RE: Notice of Intention to Issue a Performance Improvement Order

I refer to your correspondence dated 2 September 2024, regarding your notice of intention to issue a Performance Improvement Order (PIO) to Wingecarribee Shire Council, under Section 438A of the Local Government Act 1993.

As you noted, Wingecarribee Shire Council is in a sound position and is continuing to deliver critical infrastructure, such as the Bowral and Moss Vale Sewage Treatment Plants, with an investment of over \$100M, to meet the needs of our community both now and into the future.

Financial sustainability is a challenge for many councils. Wingecarribee has applied prudent financial management whilst addressing a number of legacy issues as well as the ongoing impact of natural disasters.

The frequency and severity of natural disasters on Wingecarribee, an average of one every four months, or a total of 14 in five years, has had a significant impact on our community infrastructure, particularly roads. This means that the Shire is now equal first in NSW for the number of Natural Disaster Declarations experienced. In this environment, Council has allocated additional funds and forward funded works to ensure the safety of our community, whilst awaiting reimbursement from the State. At the end of the 2023/24 financial year this was approximately \$14.3M in forward funding. In this challenging financial setting, Council welcomes your intention to issue a PIO, setting clear expectations for the incoming Council in relation to financial oversight, discipline and transparency in financial reporting.

We're with you

I concur with your view that the PIO will serve the purpose of ensuring that the good work undertaken over the last 3.5 years is not lost in the transition to an elected Council. It will be very important that incoming councillors are able to represent their constituents effectively and can do so without adversely impacting the position of the Council now, or into the future. Actions required under 2.1.1 of the PIO regarding staffing will ensure that Council's effective operation is not unnecessarily disturbed through changes at the executive level and delegations.

The requirement for concurrence of the Deputy Secretary Office of Local Government will ensure that changes are only made if they contribute positively to the operation of the organisation. This will maintain stability at the executive level and will foster the constructive working relationships to be developed between Councillors and Council's leadership team. Actions required under 2.1.2 of the PIO regarding financial oversight and discipline are very pertinent as we work through the impacts of the natural disasters over the past few years and work with the NSW Reconstruction Authority for different solutions including a stronger focus on adaptation and betterment. The requirement to implement ongoing recommendations from the Public Inquiry, and the involvement of Council's Audit, Risk and Improvement Committee (ARIC) in governance oversight and changes to Council's priorities is necessary. I have discussed this aspect of your notice with the Chair of ARIC who has assured that the General Manager has been diligent in reporting matters to the Committee, and your action should only reinforce the important role the Committee undertakes.

The PIO will ensure that the incoming Council remains focussed on delivering commitments reflected in the Community Strategic Plan and maintains its focus at the strategic and policy level.

The actions regarding ongoing consideration of the relevant financial benchmarks, and the requirement to consider the impact of decisions on Council's long term financial sustainability, will mitigate the risk of the incoming Council making short term financial decisions that impact on its ability to continue to deliver services and infrastructure to future generations.

Governance and Council meeting practices requirements under 2.1.3 and 2.14 will support good governance and transparency in decision making and support the Council in the delivery of actions in the adopted Operational Plan, which includes key actions arising from the Local Housing Strategy. Council has worked over the past 3.5 years to take a future focussed and robust strategic land use framework to deliver housing locally, with both infill and new living areas. Under 2.1.3 (11) this work will be supported through the continued implementation of this work and the re-building of the community's confidence and trust in the ability of the Council to deliver.

The Organisational Road Map presented to Council in March 2022 sets out work that has been undertaken to rebuild the organisation and Council with a strong focus on the current community as well as provide for our future generations. The actions set out in Schedule 2



will support the continuation of this vital work. In addition, the reporting obligations of the General Manager under 2.3 of the Order will highlight Councillor and staff obligations to their statutory roles and responsibilities, hopefully ensuring that there is no repeat of the past Wingecarribee experience that was highlighted in the Glover Inquiry.

Council and the OLG invested considerable funds for the development and delivery of candidate sessions. Unfortunately, not all who have nominated for electable positions, attended these sessions, in fact some candidates did not attend any session. This is disappointing and as such it will be critical for all Councillors to attend all induction sessions. Notice was provided to candidates via a Council report on 19 June 2024 and this was further advised to the lead candidates by direct email 20 August 2024.

The Order notes the importance of finalising the recommendations of Commissioner Glover and the lack of understanding of the roles and responsibilities and the formation of respectful and professional relationship between Councillors and Council and the Executive. The comprehensive induction program developed includes a range of topics to enable Councillors to be effective in their roles. This includes aspects such as:

- Governance framework
- Roles and responsibility
- Legislative framework
- Strategic planning and policies
- Relationship building – both between the elected Council/ Councillors and the elected Council and Administration.

The Induction Program, whilst intense, will provide a balance between forming effective working relationships as well as understanding the tasks required to fulfil civic duties. The Induction Program is aimed at ensuring that the newly elected Council has the knowledge to effectively govern and sufficient time to form a constructive, cohesive and collaborative team environment focussed on a common purpose with shared values and goals. The program has been designed taking into account the recommendations and learnings from the Glover Inquiry.

Once again, thank you for your ongoing support in ensuring that Wingecarribee Shire Council is in the best position to deliver for current and future generations.

Yours sincerely

Viv May PSM
Administrator

