

**Local Government Reform Program -
Promoting Better Practice**

challenges improvement innovation good governance

REVIEW REPORT

MAITLAND CITY COUNCIL

SEPTEMBER 2005



Department of Local Government

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1 ABOUT THE REVIEW

Review objectives

The Local Government Reform Program - Promoting Better Practice is a review process that has a number of objectives:

- to generate momentum for a culture of continuous improvement and greater compliance across local government
- to provide an 'early intervention' option for councils experiencing operating problems
- to promote good governance and ethical conduct principles
- to identify and share innovation and good practice in local government
- to enable the department to use review information to feed back into its work in identifying necessary legislative and policy work for the local government sector.

Review process

The review process was developed after extensive research into council performance measurements in Australia and overseas. The review process is based upon a range of models including:

- the UK Audit Commission council inspection model
- the ICAC corruption resistance reviews
- LGMA/ICAC governance health check
- LGMA financial health check
- previous programs conducted by the Department of Local Government.

Promoting Better Practice is designed to encourage improvement in the way councils conduct their activities and to ensure good governance. Promoting Better Practice is also about monitoring performance of councils.

Reviews also have a wider role in the development of local government services across the state and identifying the need for future action or legislative change by the department.

A review involves a review team evaluating the effectiveness and efficiency of the council's operations and giving feedback. This involves checking compliance, examining appropriate practices and ensuring that council has frameworks in place to monitor its performance. The results of reviews are analysed and fed back to the elected council, the Director General of the Department of Local Government and the Minister for Local Government.

There are essentially five steps in a review - preparing, assessing, checking, analysing and reporting. The review team examines local circumstances in order to understand the pressures on council and how the council has sought to manage that environment.

It is expected that a review will only “scratch the surface” of council operations. The analysis of the corporate self-assessment and the practice checklist, as well as the activities undertaken during the review visit, give reviewers a reasonable picture of the council's operations and future strategic direction.

Reviews act as a “health check”, giving confidence about what is being done and helping to focus attention on key priorities.

Maitland City Council Review

Maitland City Council was asked to complete a strategic management assessment and a checklist of key council practices. The completed self-assessment and checklist were analysed by the review team prior to commencing the on-site review process.

Senior Investigations Officers Carole Medcalf and Keith Coates comprised the review team, and conducted an on-site review of council from 14 March 2005 to 16 March 2005.

The review was based on council's response to the self-assessment of its corporate arrangements and capacity. The department was interested in council's response to four critical questions of its capacity to improve:

- How has council determined its ambitions and priorities?
- How do these ambitions and priorities drive the council's services and resources?
- How does council use its corporate capacity and systems to drive forward the organisation in an ambitious, challenging yet managed way?
- How does council measure the progress it is making with its agenda to ensure that its priorities are delivered and that service improvement is achieved?

In order to review council, it is necessary to examine its performance across a range of functions. A number of modules of a practice checklist have been developed to assist council in assessing its functions and checking its levels of compliance. Council's response to the checklist is used as a guide for the on-site review and tests how council has set about delivering its priorities and measuring its achievements.

The on-site review consisted of a briefing with the Mayor and General Manager, conducting interviews with other council staff, and the review of a number of council's policies and other documents. The review team forwarded a draft report to council in June 2005. Council made a number of comments on the draft report, which have been taken into account in preparing the final report.

2 RECOMMENDATIONS

Strategic Direction

1. Council should take steps to better promote its existing corporate plan. Council should also undertake a process to develop a longer term strategic plan to integrate its various existing long term plans. Council may wish to use existing community consultation processes and the department's own strategic assessment tool in developing and refining this long-term strategy for the city, involving staff, councillors and the community in the process.

Governance

2. Council's induction training program for councillors should be modified to include material about:
 - the legal and political context of local government, including a familiarisation with the relationships between the three sectors of government;
 - the legal and ethical responsibilities of an elected member; and
 - teamwork skills, including conflict resolution.
3. Council should adopt a fraud control policy to assist in decreasing the risk of council falling victim to corrupt practices.
4. Council should continue to provide information to councillors and designated staff on the completion of pecuniary interest returns should include information to enable them to complete the form accurately and in a timely way. Council should ensure councillors and designated staff use the correct forms that comply with the Regulation and should consider providing a specific training session for councillors on pecuniary interest requirements.
(Refer to the department's circular 04/16: Pecuniary Interest Returns)
5. Council should ensure for all tender processes that:

- A record is kept on the relevant tender file, confirming that the tenders in question were opened in accordance with clause 16 of the Local Government (Tendering) Regulation.
 - The relevant tender file contains a copy of the tender requirements including the tender assessment criteria and matrix.
 - The advertisement relating to a particular tender is kept on the relevant tender file.
 - A record of all requests for documents is kept on the tender file.
 - A record of the tender assessment's panel members is kept on the tender file.
 - A record of the staff involved in preparing and issuing tender documents is kept on the tender file.
 - Documents provided to tenderers include information relating to interaction with councillors (including a prohibition on contacting councillors).
6. Council should review and improve its complaints handling system, having regard to the NSW Ombudsman: Complaint Handler's Toolkit (2004) and the Department of Local Government Practice Note No.9 Complaint Handling in Councils (1995).
7. Council should examine its delegations to ensure they are current and relevant, particularly its delegation to enter and inspect a building or premises currently granted to the Mayor.
8. Council should ensure that adequate training is provided to section 355 committee members on the code of conduct and in their relevant area of operation.
9. Council should amend its section 252 expenses and facilities policy to preclude the provision for reimbursement of the expenses of a councillor's spouse, in line with departmental circular 04/60.
10. Council should include, in its draft management plan, more information on stormwater activities including :

- a. Relevant characteristics of the area or region in which the activity is to be conducted; if any, and
 - b. Council's evaluation of possible methods of dealing with any pressures, problems and issues in the area in which the activities are to be carried out, if any.
11. Council should develop an appropriate internal reporting policy and protected disclosures management system that provides clear advice and guidance to staff on making a protected disclosure. Council should also provide information on protected disclosures and internal reporting during induction training for both councillors and staff.
12. Council should ensure it closely monitors how its funds are spent when it uses private companies for the provision of specific services, and should ensure it continuously monitors contractor performance so that it can appropriately intervene should performance not be in accordance with contract requirements and community or council requirements.

Regulatory Functions

13. Council should implement a system that ensures it complies with section 73 of the Environmental Planning and Assessment Act 1979 regarding the review and updating of its LEPs, DCPs and its planning policies.
14. Council should develop a policy to guide staff regarding its enforcement and prosecution operations, including the issuing of penalty infringement notices and orders and enforcing environmental standards. Further, council should ensure residents of Maitland are informed as to how they can report breaches and non-compliance in those areas to council and the possible outcomes of such reports.
15. Council should establish a companion animals advisory committee to oversee the development of a companion animals management plan and to identify the future direction of these services.

Assets and Financial Management

16. Council should develop a long-term asset management plan, to allow it to forward plan its asset maintenance requirements and to seek funds to address its asset maintenance shortfall.

Community, Communication and Consultation

17. Council should review its community facilities and develop a strategic management plan to ensure adequate provisions are made in line with community needs and requirements.
18. Council should update its community profiling and other related data in order to anticipate community needs in a fast developing area.

Workplace Relations

19. Council should develop its OH&S policies and procedures at the earliest possible opportunity to ensure it complies with its legislative requirements.
20. Council should develop a long term workforce plan that is designed to ensure that council's human resources needs are integrated with council's strategic and operational priorities. It should look at succession planning and increased opportunities for apprenticeships, cadetships and traineeships. It should also deal with changes in the workplace and the impact on different parts of the organisation.

3 CONTEXT

Maitland City Council (MCC) is located in the heart of the Lower Hunter Valley, on the floodplains of the Hunter and Paterson Rivers. Its close proximity to the port service in Newcastle and the extensive coal mining developments in the mid to upper Hunter, combined with its accessibility to tourism activities such as the Hunter wine region, has led to its development as a major sub-regional centre.

The total area of MCC is 396 square kilometres. It has a total Local Government Area population of 53,803 (2001 census), representing an increase of 7.7% since the 1996 census. MCC has the third highest ratio of population to councillors in the Hunter, behind Lake Macquarie and Newcastle LGAs.

Maitland City Council is one of the 12 councils of the Hunter Region of Councils. In 2002-2003 council determined the second most development applications in the Hunter region at 2,211, more than double the group average for councils in its comparative group. In the same period, MCC had the fifth highest average residential rate and average farmland rate in the Hunter region as well as the second highest business rate (behind Newcastle). Council spent below average for the Hunter region on the following services: environmental management and health (4th lowest), recreation and leisure services and community services (lowest in the Hunter region).

MCC had an operating surplus of \$3.796 million in 2003-2004 before capital items, which was a significant increase on the previous year mainly as a result of assets disposal and increases in user charges and fees.

In 1997, following a public inquiry, the elected council was dismissed and an administrator was appointed. Elected representatives returned following the September 1999 ordinary council elections.

MCC has regularly commissioned a community survey to assess views of council performance. The community satisfaction rating for council was 57% satisfied in 1997 (the year council was dismissed) and 74% in 2000-2002.

4 COUNCIL'S AMBITIONS, PRIORITIES AND FUTURE FOCUS

This part of council's assessment focussed on: clear ambition; a focus on communities and services; ownership of problems and willingness to change; a shared and realistic vision; a sustained focus on what matters; improvement integrated into day to day management; flexibility and innovation; capacity and systems to continue to deliver performance improvement.

What is working well

Maitland is claimed to be *"a safe and healthy city,...(offering)...a quality lifestyle, a vibrant and sustainable future (with) ..a proud and involved community."* Maitland City Council states it aims *"to achieve Local Government excellence...through:*

- *Responsive, cost effective and efficient services*
- *Sustainable development*
- *Open and accountable administration*
- *Commitment to consultation, customer service and best practice management."* (Council's web-site)

There are close and effective links between the council's corporate plan, which sets out council's vision and medium term goals, and the management plan, which sets out activities against the various corporate goals.

Council is planning up to 10 years ahead in areas such as road maintenance and pavement management and 3-5 years in other areas. This is predicated on the perceived needs of an increased population, based on estimated growth rate of 2.4% per annum.

Council has also developed some longer term land use strategies. It has set aside industrial land and worked with developers under a settlement strategy that plans for the future increases in the population base and developing further employment opportunities. Council's aim is to ensure local infrastructure supports future economic and cultural needs and to establish industrial estates, attractive and open to potential developers.

Council has engaged consultants to identify a tenancing strategy in the CBD. This strategy will identify appropriate businesses for the current vacant commercial properties thereby contributing to the creation of a more vibrant CBD. Council is also undertaking inner city beautification works to enable residents and visitors to take full advantage of some of the inner city's more attractive aspects.

Challenges to improve

Council's corporate plan, while providing a basis for a long term strategy and for effective integration of council's plans, currently has only a five year focus. The plan is not available on council's website. As perhaps the key document in setting out council's plans for the future, it deserves to be much better promoted.

The corporate plan appears to be a means of making operational strategic goals set out in the corporate plan. What is not clear is the existence of a set of strategic goals for the longer term, although many will be reflected in existing longer term instruments such as council's land use strategies.

Council's existing consultative processes have assisted it to identify community needs. We suggest that council use both these processes and the department's strategic self assessment tool as a basis for a process involving staff, councillors and the community in developing a fully integrated longer term strategy (dealing with the next 10 – 20 years) for the city. (Recommendation 1)

Further improvements in the development of community services should go hand in hand with the long term strategy that council appears to have developed with regard to some of its areas of operation. The social needs of the area also need to be supported by local infrastructure.

Council has identified the need to further develop the inner city "identity" and will need to pursue this with some thought and careful planning.

Council's customer service and consultation processes need some further attention if they are to meet council's identified aims. Council's complaints handling system in its existing form is preventing council from responding to residents concerns properly.

Further, it deters residents from making complaints or offering suggestions that may assist council to meet its stated aims.

It also impacts on the perceived openness and accountability that council is obviously working to achieve by the information available to the community on the web site, in the library and through a number of other avenues.

5 DELIVERING AND ACHIEVING

This part of council's assessment focussed on: capacity and systems to deliver performance improvement; defined roles and responsibilities and accountabilities; delivery through partnership; modern structures and processes; strong financial management; resources follow priorities; performance information; risk managed appropriately; open to external challenge.

5.1 Governance

“Corporate governance refers to all the means by which entities are directed and controlled.” (Standards Australia, HB401-2004:12) Corporate governance is important because it enhances organisational performance; manages and minimises risks; increases the confidence of the community and the industry in the organisation; ensures that an organisation is meeting its legal and ethical obligations; and assists in the prevention and detection of dishonest or unethical behaviour.

A review was conducted of a range of aspects of council's governance practices including:

- *Ethics and values*
- *Risk management and internal control*
- *Council's decision-making processes*
- *Monitoring and review*

What is working well

Good Governance

Councillors and council staff appear to have a clear understanding of their respective roles within council. In interview, the mayor and general manager clearly indicated an understanding of the delineation between the role of the councillors in policy development and the day-to-day management responsibilities of council remaining with the general manager.

The review team was impressed by the professional approach demonstrated by council's senior staff management team and the apparent willingness of both staff and the elected body to work together in the interests of the city.

Hunter Councils Limited, Hunter Integrated Resources Limited and Hunter Resources Recovery Limited.

Council has formed strategic alliances (via the formation of limited companies) with a number of other Hunter councils in key areas such as records management, the provision of recycling services, the provision of training and the processing of domestic waste. The companies in question have established business plans providing guidance and direction in relation to the management of these council activities and provide a cost effective solution for these activities. They also have established facilities, which the contributing councils, including Maitland, use and it is anticipated that other councils will start to use the facilities as well, thereby reducing the current contribution of the member councils. Council is working cooperatively and proactively with other councils within the region.

Legislative compliance

A fundamental principle of good public administration is that public officials comply with both the letter and the spirit of applicable law. No public official has an unfettered power or discretion.

To facilitate compliance with legal requirements, councils and their senior staff should ensure that:

- Management commitment to compliance is clear and unequivocal;
- The legal requirements which apply to each activity for which they are responsible are:
 - identified (including updates reflecting changes to the law), and
 - documented (preferably in detail, but as a minimum by reference to relevant provisions);
- All staff are kept fully informed, briefed and/or trained about the key legal requirements relevant to their work;
- Staff are made aware of the potential repercussions of non-compliance with legal requirements that apply to them; and
- Record keeping systems and practices that capture evidence of compliance and non-compliance are in place.

Council has a system in place that captures these key elements. Council's Finance and Administration Group Manager has responsibility for keeping abreast of all new

enactments and amendments to current legislation that impact on council operations, activities and the duties of individual council staff. This officer actively reviews the State Government Gazette, the Local Government Association Circulars, circulars from government departments and maintains and updates all relevant loose-leaf services. This officer collates the information and provides summaries and reference points to staff affected by amendments and the introduction of new legislation.

Induction training for councillors

New councillors require induction training to equip them with the skills required to properly carry out their duties and allow them to be effective members of council's elected body. To assist councillors in achieving these goals, councillor induction training should familiarise councillors with the activities and functions of their council and the legislative framework in which they operate. The program should also ensure that councillors are made aware of their general legal responsibilities as an elected member and their obligations of disclosure under the pecuniary interest provisions of the Local Government Act.

Council has developed an induction training program for its elected representatives. The program is generally well balanced, succinct and spread over a number of training sessions, so that the information provided is easily digested.

The topics covered include:

- The roles and responsibilities of councillors and staff;
- An overview of the organisation;
- Customer service and complaints handling;
- Decision making (including meeting procedures);
- The key functional areas of council operations.

To provide new councillors with a more complete range of skills, council should also look at providing training and guidance to councillors in the following areas:

- The legal and political context of local government (including a familiarisation with the relationships between the three tiers of government);
- The legal and ethical responsibilities of an elected member; and
- Teamwork skills (including conflict resolution). (Recommendation 2)

Challenges to improve

Risk management and internal control

A risk management plan provides council with a framework to proactively identify and manage generic and specific risks so that ethical behaviour and practice can be promoted.

Council has individual risk management procedures for specific areas such as trees, roads, footpaths and signs. However, council does not have an overall plan to guide its risk management activities in other areas of council activities and operations, nor does it have a fraud control policy. Further, council does not have a disposal policy guiding the disposal of its assets.

Lack of appropriate risk management policies exposes council to what are unidentified and unmanaged risks to its operations. The failure of council to adopt a fraud control policy increases the risk it will fall victim to corrupt practices. *(Recommendation 3)*

Pecuniary interest

The Local Government Act sets out the parameters, which must be adhered to when councillors and staff have a conflict between their public duty and private interests that constitutes a pecuniary interest. The Act requires that councillors and designated staff complete and lodge disclosure of pecuniary interest returns. It is important that councillors and staff observe these requirements.

Not doing so has the potential to seriously undermine the community's confidence in the integrity of local government and the decision-making processes.

We conducted a review of pecuniary interest returns. Generally they were satisfactory. Some newly councillors used a now superceded "Section 449(3) Return" form that, while adequate in terms of the requirements of the Regulation, is not correct. The standard of the returns varied. Common issues include failing to use block letters or to type responses and failing to include the word 'nil' where no entry is made.

The Local Government Pecuniary Interest and Disciplinary Tribunal has pointed out the need for councillors (and designated staff) to give due care and attention to the accuracy, detail and content of the disclosures required in returns. The need for legibility is crucial to the system.

It is important that councillors and staff who are identified as designated persons complete the pecuniary interest returns accurately and in a timely way. Council already uses the information provided in the department's circular 04/16 to prepare information for staff and councillors to assist them in completing their returns. It is appropriate for council to reinforce this by arranging or conducting a training session in for councillors on pecuniary interest requirements. (*Recommendation 4*)

Tendering

During the course of the review process, the review team was advised that council entered two contracts that exceeded the (then) \$100,000.00 threshold prescribed by section 55 of the Local Government Act 1993. We were further advised that council had utilised the tendering process in relation to the two relevant contracts. The contracts in question relate to the supply of bitumen products for road resealing and the purchase of a landfill compacter.

The review team reviewed the files relating to these tenders and found that in the main, the tendering requirements as prescribed by the Act and the Local Government (Tendering) Regulation 1999 had been followed. However, the review team did note the following records were lacking:

- A record of all requests for tender documents kept on the tender file
- A record of council decision regarding either "open" or "selective" tendering methods

A record of the documented tender assessment criteria and matrix

- A copy of the relevant advertisement
- A record of the tender assessment's panel members.
- A record of the staff involved in preparing and issuing tender documents

- The tender documents provided to tenderers did not appear to include information relating to interaction with councillors (including a prohibition on contacting councillors).

Council should ensure that all tenders comply with better practice tendering by ensuring details of this kind are recorded on files. (*Recommendation 5*)

Complaints handling

An effective complaints handling system is an essential part of the provision of quality council services. It is one method of measuring customer satisfaction to provide a useful source of information and feedback for improving the council's service.

The review team noted the following concerns with council's present complaints handling system:

- There are no performance targets or a guarantee of service in relation to turnaround times for responding to complaints;
- Complaints are not dealt with separately from requests for service;
- The reporting of complaints to management and council does not include evidence of recommendations for changes to relevant council procedures or policies that are the subject of the complaint (where warranted);
- Council's complaints handling policy (or details of the complaints handling system) are not readily available to members of the public.

Council should adopt a complaints handling system that reflects the best practice in this area (and also addresses the concerns canvassed above). Council should consider utilising the following resources to achieve this goal. The NSW Ombudsman: Complaint Handlers' Toolkit (2004) and the Department of Local Government: Practice Note No. 9 Complaint Handling in Councils (1995). (*Recommendation 6*)

Delegations

The power of delegation is an important tool that assists council officers to carry out the functions of council in an effective and timely manner. Delegations need to be made in accordance with sections 377 – 381 of the Local Government Act.

Council has delegated the power to enter and inspect a building or premises to the Mayor. This is clearly an operational function. As such, council should ensure that this power is delegated to the general manager. Council should review this delegation and then review its other delegations to ensure that no other operational matters are delegated to the Mayor. *(Recommendation 7)*

Section 355 committees

Section 355 committees are an important way in which council exercises its functions. Council has a number of section 355 committees. At the time of the review, the review team did not view any constitutions or charters setting out membership, functions and delegations for each of these committees. Council has since provided copies of procedure/operational manuals and a code of conduct for the members of committees, as was recommended in the draft review report. It is also suggested that council provide adequate training for committee members in relation to their relevant area of operation and the requirements of the code of conduct. *(Recommendation 8)*

Section 252 policy – councillor expenses and facilities

A policy on the payment of expenses and provision of facilities to the Mayor, Deputy Mayor and councillors is a requirement under section 252 of the Local Government Act. Council's policy has recently been reviewed. However, the policy document provided to the review team still provides for the reimbursement to councillors' partners for costs incurred in attending functions and conferences. Council's revised policy was reviewed on receipt by the department after the review. Although the policy refers to official functions, this still falls outside of the provisions of s252.

Council should further review this policy having regard to the department circular 04/60, which states that policies under this section cannot make any provision for the reimbursement of the expenses of councillor's partners. If council wishes to maintain support to councillors' spouses attending official functions, it will need some other mechanism for doing so outside the section 252 policy. *(Recommendation 9)*

Management planning

Each year council is required to prepare a draft management plan with respect to its activities for at least the next 3 years and its revenue policy for the next year. Sections 403 and 404 of the Local Government Act 1993 and the Local Government (General) Regulation 1999 require certain particulars to be included in council's draft management plan. The draft management plan is to be exhibited in accordance with section 405 of the Act.

The review team examined council's draft management plan for 2004-2005. The draft plan is generally in accordance with the Local Government Act and Regulations. However, there are some minor omissions that require greater detail in order to comply with the Local Government (General) Regulation. Specifically, the draft management plan should contain more information on activities relating to stormwater management (in accordance with clause 28 (1) of the Regulation), specifically including:

- Particulars in relation to the relevant characteristics of the area or region in which the relevant activity is to be conducted (in accordance with clause 28(2) of the Regulation); or if no activity is proposed, that is stated, and
- Council's evaluation of possible methods of dealing with any pressures, problems and issues in relation to the area in which the activities in question are to be carried out, if any (in accordance with clause 28(2)(b) of the Regulation).

(Recommendation 10)

Internal reporting system

Council does not have an internal reporting system to support staff with disclosures under the Protected Disclosures Act 1994. Council should develop an appropriate policy and system that provides clear advice on:

- making a protected disclosure; and
- what to do with a protected disclosure.

Council should also provide information on protected disclosures and internal reporting during induction training for both councillors and council staff. This training should be provided on a regular and ongoing basis. *(Recommendation 11)*

In 1988 a mall was constructed within Maitland's CBD. At the same time council levied a special rate to be paid by commercial property owners within that area. The rate was utilised for the marketing and promotion of the CBD and in particular the mall.

A company, CBD Limited, was also created at this time to run the marketing campaign. Council was not a shareholder of this company. However, from time to time a number of councillors were board members of CBD Limited. The shareholders and the majority of board members were local business and commercial property owners. The monies raised by the relevant special rate were utilised by this company for its administration costs and the marketing of the mall and CBD.

CBD Limited was the successful tenderer when the contract for the marketing of the CBD was renewed in 1993 and 1998. By the time the contract came up for renewal in 2003, the administration costs had escalated and the funds left for the actual marketing were dramatically reduced. For this reason and the nature of the marketing pursued by the company, the contract was not renewed and council took over the running of the marketing operation.

CBD Limited was subsequently wound down and left debts of approximately \$30,000.00. As the vast majority of its creditors were local business people and as the special rate had been used to fund the full operation, council felt obliged to pay the outstanding debts. This level of indebtedness suggests that council could have been more timely and responsive in its monitoring of CBD Limited regarding how the funds generated by the special rate were spent. As stated above, council now has the carriage of the marketing of the CBD and has a consultant conducting a study of the area and providing advice as to how best to market and promote the area.

Councils should be mindful of their obligations (under the charter) to effectively account for and manage the assets for which they are responsible, including monies raised by special rates.

In the future, council should ensure that funds raised for a specific purpose are utilised correctly. If this involves the use of private companies for the provision of specific services, then council must monitor, on an ongoing basis, how the funds are being spent. (*Recommendation 12*)

5.2 Regulatory Functions

Council exercises regulatory functions in relation to a range of activities within its area. The efficiency and probity of council's regulatory functions is important for effectively managing council's responsibilities and for preserving public trust in council and its staff. Regulation is important to achieve a wide range of social, economic and environmental goals.

A review was conducted of a range of aspects of council's regulatory practices including:

- *Council's planning instruments and policies*
- *Development assessment*
- *Section 94 plans*
- *Environmental management*
- *Enforcement practices*

What is working well

Determination of Development Applications

Council has developed a clear set of criteria to assist staff in deciding which DA determinations are referred to council. Councillors "call up" DAs as the exception rather than as a rule. This indicates that councillors are aware of their role and the role of staff in the determination of DAs.

For the year February 2004 to January 2005 council's mean time for determining development applications is 19 calendar days. This time frame is well below the statutory requirement of 40 days.

Retention of planning staff

Council is responsible for determining development applications for the council area. In most instances, councillors have limited knowledge or expertise in planning matters. For this reason councils delegate authority for planning matters to appropriate planning staff.

Council presently has vacancies in four planning positions from its total of 11 specialist planning positions. Council's Group Manager for Planning and Regulation stated that it is very difficult to attract planning staff to regional areas and to retain such staff due to the competitive market place caused by a uniform shortage of qualified planners across NSW.

Having identified the problem of attracting and retaining planning staff, council has set about identifying solutions to this problem. Council is presently seeking legal advice in relation to employing people under a form of indentured traineeship in which the trainee would have a return of service obligation. It is pleasing to see council addressing the problem head on and finding solutions that not only directly address the problem at hand but also promotes the employment of people within the local area and assist in containing the spiralling costs of offering higher wages to attract and retain staff.

BASIX

BASIX is the Department of Infrastructure Planning and Natural Resources' new building sustainability index, which will apply to the council's area from 1 July 2005. BASIX will require all proposed single dwellings and dual occupancies to meet specified standards in relation to solar orientation, water collection, water re-use and water saving devices. Each development must have a BASIX certificate at the time a development application is lodged with council.

Council appears to be well prepared for the implementation of these new requirements. Council is preparing a training course for its staff in April or May in conjunction with DIPNR. Council has also commenced updating its development application forms and is preparing media releases and notifications to inform the public of the new requirements.

Challenges to improve

Review of LEPs and DCPs

In accordance with section 73 of the Environmental Planning and Assessment Act, council is required to keep their local environmental plans and development control plans under regular and periodic review to ensure conformity with the Act.

Council has indicated that it does not have an approved program for the review and updating of its LEPs, DCPs and its planning policies. Council should implement a system that ensures it meets its obligations under section 73 of the Act. *(Recommendation 13)*

Enforcement

There is evidence that council has been issuing penalty infringement notices and orders under its relevant enforcement powers. However, council does not have a policy to guide staff in relation to enforcement and prosecutions. Further, council does not provide information to the public on how to report non-compliance and alleged breaches.

As council is obliged to ensure that environmental standards and legislation are complied with, council should ensure that it has a policy in this area of its operations. Given its statutory obligation into areas of public health and safety, the council should also ensure that the residents of Maitland are properly informed as to how they may report alleged breaches and non-compliance. This will enable council to more effectively monitor these key areas of responsibility and thus reduce the risk of non-compliance for residents. *(Recommendation 14)*

Companion animals

The adoption of a companion animals management plan is recognised as good practice. Council does not currently have such a plan. A plan would provide council with an opportunity to identify the future direction of these services and strategies to meet the challenges faced in providing these services.

Many councils establish a companion animals advisory committee to oversee this plan. Council should consider such a committee as part of its structure. *(Recommendation 15)*

5.3 Asset & Financial Management

Under its charter, council has a responsibility to raise funds for the purposes of carrying out its functions. This can be achieved by the fair imposition of rates,

charges and fees, borrowings and grants. The council is also the custodian and trustee of public assets and must effectively account for and manage these assets.

A review was conducted of a range of aspects of council's practices in the areas of:

- *Financial management*
- *Asset management*

Overview of financial position

Council has made operating surpluses (before capital items) for each of the past five years. The surplus before capital items for 2003/04 was \$3.796 million. The unrestricted current ratio for council as at 30 June 2004 was 2.02:1. This indicator is a measure of council's ability to meet its current financial obligations. A ratio of 1.5:1 is considered satisfactory: a ratio of 2:1 or better is generally viewed by the industry as good.

Council's debt service ratio for 2003/04 was 4.25%. This indicator assesses the degree to which revenues from ordinary activities are committed to the repayment of debt. There is no set benchmark for the debt service ratio given debt is influenced by a range of factors including the level of growth in a local government area.

The rates and annual charges outstanding percentage assesses the effectiveness of a council's revenue collection. The percentage of rates and annual charges that are unpaid at the end of the year is a measure of how well a council is managing debt recovery.

For the financial year 2002/03 council had an outstanding rates and annual charges percentage of 7.26%. For the financial year 2003/04 this percentage decreased to 5.36%. Council's measures have ensured that this indicator has decreased to a satisfactory level.

Council applied for, and was granted, a special variation in rates of 5.07% in 2000/2001. They also applied in 2003/2004 but were unsuccessful. In 2002/2003 council had slightly higher than average residential rates to comparative councils, with average rates of \$597.63 compared to \$564.69 for the group.

Council levied higher rates for both farmland and business categories in comparison to councils in the same category. Average farmland rates were 45% higher than the group average and the average business rates were 34% higher than the average for comparable councils.

What is working well

Council's overall financial position is deemed to be satisfactory. Council has a number of key elements within a good financial planning framework. As noted below, this framework would be enhanced by long term asset planning for its infrastructure by asset class. While assets such as roads are obviously well planned for in the long term, other asset classes have not had the same attention. Each of the asset classes plays a role in assisting council to achieve its stated aims making the city a well rounded place.

Council's ordinary activities revenue per capita income is \$599.17 and its expenditure is \$588.38, indicating council is spending responsibly and within its means.

Challenges to improve

Asset management planning

Although Council has a long term strategy to manage its road and related assets council has not developed a comprehensive Asset Management Plan. This has not allowed council to forward plan all of its asset maintenance requirements, such as community facilities, and to seek funds to address its other specific asset maintenance shortfall. Council should develop a long term Asset Management Plan. *(Recommendation 16)*

5.4 Community, Communication & Consultation

A council's charter requires that a council:

- Provides services after due consultation
- Facilitates the involvement of councillors, members of the public, users of facilities and services and council staff in the development, improvement and coordination of local government
- Actively promotes the principles of multiculturalism
- Plans, promotes and provides for the needs of children, and

- Keeps the local community and State government informed about its activities

The review of council's activities in this area looked at:

- The methods council uses to involve and determine the views of its community
- Access to information
- Interaction between councillors and staff
- Social and community functions of council
- Annual reporting
- Cultural planning
- Ethnic affairs obligations
- Reporting to the community and keeping the State government informed about its activities

What is working well

Council's community focus

Maitland City Council has been declared the sixth city of the Arts and council has already commenced work on the significant development of a Regional Art Gallery.

Council's social plan meets the requirements of the department's guidelines and there is some evidence that the social planning process is linked to council's strategic planning process. Council has included relevant information about the social plan in its annual report and management plan. Council appears to focus on community development and advocacy work.

Community feedback

Council uses a range of methods to obtain feedback from its community, including a householder survey, focus groups, community forums and informal assessments through networking. Council regularly consults the community on planning and policy issues.

Community information

Council maintains and updates a website. The community directory, social plan and profile are available at a cost to ratepayers and community organisations.

Information is made available through council facilities, its libraries and visitor information centres.

Challenges to improve

Community and consultation

Council is aware that its current commitment to community services does not compare favourably with its commitment to some other parts of the organisation. While a financial commitment has been made to smaller branch libraries in recent times, the main library needs to be upgraded. Council's commitment to continuing to improve community facilities should include the central library. (*Recommendation 17*)

Council community profiling and other data requires updating in order for council to better anticipate community needs in what is a fast developing area. Without more information about its community council is not in a position to adequately plan for long term needs of the community. In order to collect informative data council also should engage with the community in a way that is currently lacking. Working with state and federal government grant providers could enhance this part of council's activities. (*Recommendation 17*)

5.5 Workplace Relations

Councils have a number of legislative responsibilities in relation to their role as an employer. Council is required to conduct itself as a responsible employer.

A review was conducted of a range of aspects of council's workplace relations practices including:

- Consultative committee processes
- Job descriptions and job evaluation
- Recruitment and selection processes
- Employee remuneration
- Equal employment opportunity
- Staff development
- Grievance management
- Occupational health and safety
- Secondary employment

Overview of the organisation

Maitland City Council previously had a structure of General Manager, 3 Group Managers, 2 Executive Managers and 13 Managers in a workforce of 282.9 Full Time Employees. The Group Managers have responsibility for Service Planning and Regulation, Finance and Administration and City Works and Services.

What is working well

Employee survey

Council has conducted an employee opinion survey of all staff on a wide range of issues for several years. There were generally positive results for the council and the results should assist with the development of future human resource policies and planning.

Work experience programs

Council has utilised a number of work placement programs to provide experience to young people in a variety of its work sites. These programs are to be commended especially given the role of council as an employer in the region and the local unemployment rate for young people.

Skills and performance based salary system

Council has a skill and performance based salary system that is linked to the requirements of clause 7 (iv) of the Local Government (State) Award. The award requires councils to introduce a salary system based on skills and competency based progression. The council has developed a system that links employees' skills, performance review and training needs that are then identified in individual training plans. This has allowed for skills to be acknowledged and employees to have an opportunity to learn and develop in the organisation.

Challenges to improve

Occupational Health and Safety

The minutes of the OH&S committee indicate that some matters are taking considerable amounts of time to be rectified or to be addressed. Council is still developing some policies that are legislative requirements and should be in place,

such as policies dealing with workplace violence, smoking, bullying and harassment.
(Recommendation 19)

In addition, not only the personal cost to workers but also the significant increase in council's workers compensation premiums (from approx \$600,000 to \$1.6 million) are sufficient reasons to address these issues as a matter of urgency. The increase may have been avoided or been significantly less had an adequate policy and procedures framework been in place and been implemented to address occupational health and safety matters. Council was informed of the increase at the end of last financial year. Since then it appears that the figures have been monitored and revised downward and council needs to be mindful of its ongoing responsibility in this area.

Workforce planning

Council needs to consider a long-term workforce plan that looks at the staffing needs of each section of council and allocates staff according to workload and priorities. The long-term plan should also address the issue of council's succession planning and increase opportunities for apprenticeships, cadetships and traineeships.
(Recommendation 20)

Workforce Management

There were some concerns expressed to the review team that competency assessments are taking longer than some employees thought was reasonable (in some cases up to three months). Some staff mentioned that productivity expectations by council had increased. Management indicated that staff decreases were offset by a significant decrease in some of the work areas, and that changes in technology would also assist workers in the performance of their duties. Regular staff consultation would be an effective way of managing these issues.

The review team was impressed by the senior management team's apparent cohesiveness, in terms of working co-operatively toward a common goal. Each senior staff manager spoken to was aware of other staff responsibilities and how they were working. It is important to carry that throughout the organisation to ensure that as many staff as possible are involved in the management planning processes

to inform all senior staff of the impact of their combined decision making on other positions in the organisation. It was not clear if, and how, that happened.

Overall, staff spoken to across a number of locations considered council a good place to work, opportunities were there for training and progression and council was acknowledged as being prepared to take some risks to achieve good things for the city.