

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

challenges improvement innovation good governance

REVIEW REPORT

MARRICKVILLE COUNCIL

MARCH 2006

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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.

A review will necessarily constitute a limited review 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.

Marrickville Council Review

Marrickville Council was asked to complete a strategic management assessment and a structured checklist on key council practices. The review team, comprising Senior Investigations Officers Aleksandra Valda and Katrina Annis-Brown of the department's Investigations and Review Branch, analysed the completed self-assessment and checklist prior to commencing the on-site review process.

The on-site review of council was conducted from 20 to 22 July 2005. The review was based on council's response to the self-assessment of its corporate arrangements and capacity. This assessment asked council to respond to four critical questions of its capacity to determine priorities, deliver and improve:

- How has council determined its ambitions and priorities?
- How do these ambitions and priorities drive 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?

The review examined council performance across a range of functions. Several modules of practice checklists have been used in assessing council functions and checking its compliance. Council's response to these checklists has been used as a guide for the on-site review and for testing how council determines and delivers its priorities and measures its achievements.

The on-site review consisted of an entry briefing for the Mayor, General Manager and senior managers; discussions with managers and staff; attending council committee meetings; the review of a number of council's policies and other documents; and a closing meeting with the General Manager and Director Corporate Services.

The review team prepared a draft report, which was submitted to council's general manager for comment in October 2005. Council's general manager provided comments on the report by letter dated 22 November 2005, and which is reproduced in Chapter 7 of this report. These comments have been taken into account in preparing this final report.

2. EXECUTIVE SUMMARY

Marrickville Council is complying with its statutory obligations and is performing well in meeting its responsibilities under the council's charter as is required under section 8 of the *Local Government Act 1993*.

Council has a clear focus on providing for the needs of its communities and seems to be working well with those communities. It recognises and is sensitive and responsive to the needs of the local area. Councillors, council managers and staff work with each other and in partnership with the community, community groups, non-government organisations, and State and Commonwealth Government agencies for the betterment of the Marrickville community and the natural and built environment. Council is also reflective of its own practices and works on continuous improvement of its people, systems and processes.

Council has a strong tradition of consulting with and tailoring services to the needs of people of Aboriginal and Torres Strait Islander origin; people with disabilities; young people; older people; people from diverse cultural and linguistic backgrounds; women; gay, lesbian, transgender and intersex people; ex-prisoners and people on temporary protection visas. Strategies have been developed for the integration of the residents of Marrickville South into the council community.

Council has a system of consultative committees that provide an opportunity for the community to engage with council. The terms "belonging" and "the with factor" feature prominently in council's vision and seem to guide the way council engages with its community.

It is evident that council has experienced a period of significant change and improvement since the last management review was conducted by the department in 1992. Following restructures in 1992 and 1996, all recommendations of the 1992 review appear to have been implemented.

A number of emerging areas such as risk management, water management and the need for affordable housing solutions are being addressed, where applicable in concert with neighbouring councils, or on a regional basis, through the Southern Sydney Regional Organisation of Councils.

The integration of planning and delivery of strategies and programs occurs at the 'whole-of-council, whole-of-community' level across four key council themes or key results areas: Marrickville people, Marrickville built environment, Marrickville natural environment and Marrickville council. This integration is also noticeable across reporting lines, from the strategic and management plan level through to individual staff performance and development plans.

This integration of functions and accountabilities across organisational themes and key results areas is referred to as 'the Marrickville Model' and seems to be the basis of council being awarded the Bluett Memorial Award in 2003. The Model has a strong emphasis on innovation and communication. It ensures that council provides value-for-money services, as well as programs to build community strength and encourage active citizenship.

Financially, council is in a satisfactory position. Council's auditors report that all financial indicators have improved and stand above the accepted industry benchmarks.

Council appears to be planning well in managing its current and future infrastructure requirements. It was commendable to note that council has undertaken a number of condition audits on its infrastructure and is pursuing strategies to address identified issues. In doing so, council follows the State and regional trends.

Consultations with community are underway for the development of the new aspirations and strategic plans for council area. This process will build on the existing strategic plan and determine council's longer-term aspirations. The new strategic plan will provide a framework for council's management plans, operational plans, as well as for individual staff performance and development plans.

Council has implemented a number of strategies to attract and maintain and motivate its workforce.

Council is to be commended for its ability to identify and address problems and to meet its statutory requirements, through the councillors, staff and the community working together. The review team was impressed with the manner in which the council has made itself an employer of choice. Some of these strategies are discussed further in the report, in the Workforce Relations section.

In summary, this report recommends the continuance of council's systems and practices and makes some suggestions to improve its effectiveness.

Chapter 3 of the report lists recommendations the review team arrived at throughout the stages of the review process. Chapter 4 provides information about the context in which the council operates. Chapter 5 discusses council's ambitions, priorities and future focus. In the Delivering and Achieving Chapter (Chapter 6), areas of council operations that are working well and areas for improvement are commented on in the areas of governance; planning and other regulatory functions; asset and financial management; community and consultation; and workforce relations. Chapter 7 summarises council's response to the opportunity to comment on the review team's draft recommendations, with Chapter 8 summarising the areas of strength and challenges the council faces.

3. RECOMMENDATIONS

Council's ambitions, priorities and future focus

1. Council should continue the process of developing its strategic and operational framework in consultation with the community, council and stakeholders with a view of having a longer-term aspirations plan and the 2006-2011 strategic plan in place in 2006.
2. Council should continue with the integration of its planning framework across the identified key results areas, and any emerging areas, with the 'whole-of-council, whole-of-community' approach to securing outcomes.
3. Council should continue to reflect on its own practices and its staff's capacity to deliver outcomes and to adopt innovative and value-adding practices to support its ambitions, priorities and future focus.
4. Council should continue to revisit its strategic priorities on a management plan cycle basis.
5. Progress in relation to achievements in identified priorities should continue to be reported quarterly to council and community; via the performance appraisal system for individual staff; and annually through council's annual report.

Governance

6. Council should consider establishing a regular periodic policy review program to support its good governance framework and ensure consistency with current legislative requirements and prevailing best practices in local government. Council strategic documents should indicate the review date.
7. Council should make the code of conduct available to all contractors and tenderers, in addition to the statement of business ethics.

8. The *We value your feedback* brochure should be placed on council's web site in addition to other consultation and feedback forms.
9. Council should continue to clarify the difference between complaints and requests for service for councillors who by not distinguishing between the two processes may place additional expectations on council resources.
10. Council should include in its complaint reporting to management and councillors, where warranted, evidence of recommendations for changes to relevant council procedures or policies that are the subject of the complaint.
11. Council should continue its program of induction and ongoing training for councillors and that training modules continue to be kept up-to-date to address any emerging issues both in council practices and in the change of the legislative and/or policy context.
12. Council should continue to ensure that pecuniary interest returns are completed accurately.
13. Council should examine the costs and benefits of taking advantage of the recent amendment to the *Local Government Act* to make a reduction in the number of councillors.

Planning and regulatory functions

14. Council should further develop the system for electronic lodgement and tracing of development applications and of the system's interfacing with other council systems.
15. Council should develop an enforcement policy (suggestion: a good starting point may be NSW Ombudsman's *Enforcement Guidelines for Councils*).

16. Council should ensure that residents are informed as to how they may report alleged breaches and non-compliance.

Asset and financial management

17. As part of its financial planning processes, council needs to address the question of whether it is investing adequate funds in infrastructure maintenance over the medium term.

Workforce relations

18. Council should continue the current processes towards the creation of an integrated HR strategy for council.
19. Council should conduct periodic staff satisfaction surveys to test its position on issues affecting staff.

4. CONTEXT

This chapter describes the context in which the council operates, including the suburbs that make up the council area, population characteristics and trends, land zoning, population density, councillors experience and political affiliation, and council functional structure. The information presented has been found in the Australian Bureau of Statistics 2001 census information, in the Department of Local Government Comparative Information on NSW Local Government Councils 2003/2004, and in council documents.

Marrickville local government area encompasses the suburbs of Dulwich Hill, Lewisham, Petersham, Marrickville, Stanmore, St Peters, Sydenham, Tempe, Enmore and parts of Newtown and Camperdown. It is located in Sydney's inner west, between 4 and 10 kilometres from the city centre.

In June 2003 council had an estimated population of 75,991¹ people. There has been a population decline of 3.4% in Marrickville LGA in comparison to the 1996 Australian Bureau of Statistics census. It is estimated that larger families tend to move to bigger and more affordable homes in other parts of Sydney. 1.35% of population is estimated to be of Aboriginal and Torres Strait Islander origin² and 30.16% of culturally and linguistically diverse backgrounds. The top five birthplace countries in Marrickville in 2001 were Vietnam, Greece, United Kingdom, New Zealand and China.

In 2001 there were 105 people with a disability living in licensed boarding houses in the Marrickville LGA. Based on the 1998 survey of Disability, Ageing and Carers reported to council's Community Services Committee meeting of 14 September 2004, 12,290 persons (or 16.2% of population) identified as having some kind of disability. It is estimated that there are over 7,000 gay men and lesbians living in the Marrickville LGA.

¹ Source: DLG Comparative Information for NSW Local Government Councils 2003/04.

² This number is estimated to be an under-estimation – reports from workers in community organisations indicate a higher and growing number of ATSI people in Marrickville area.

In terms of age structure of the council area, in the 2001 census, young people made up 14.9% of Marrickville population. At the same census 7,438 people aged 65 years and over lived in the LGA. Jackson's NSW Local Government Population Ageing project³ indicates that in 2004, with 10.3 % of population aged 65+ years, Marrickville is NSW 134th oldest LGA and that by 2022 it will be the 152nd oldest.

The same forecast indicates that by 2022 the LGA population is projected to decline in size by 2.7% - its youth and working age populations are projected to decline, while, as elsewhere in NSW, its elderly population will grow by 18.5%.

Marrickville LGA has high rates of workforce participation compared to NSW as a whole, with an LGA average of 80.2% of women aged 20-39 engaged in the labour force.

There has been a shift in the predominant occupations of residents within the LGA. In 1996 there was an almost equal number of professionals to intermediate clerical workers, with the proportion of professionals almost doubling in 2001.

The median income for residents of Marrickville Council was \$493.75 per week (ranging between \$717 in Camperdown and \$346 in Marrickville South), compared to an average for Sydney of \$400 - \$499.

Council land is zoned⁴ as residential, general and neighbourhood business, general and light industrial, open space/private open space and special uses, including railway zone and reservation zone.

Council's population density is 4,605.52 people per square kilometre, higher than Sydney's average of 330 per square kilometre.

Overall, Marrickville Council area is characterised by the features of an older inner city suburb: significant enhancement of the almost disappeared native bushland in

³ Jackson, Dr. Natalie, 2004, *Population Ageing in New South Wales and its Local Government Areas*, University of Tasmania.

⁴ Source of information: Marrickville Local Environmental Plan 2001, consolidated 26 October 2004.

the Cooks River area; high population density; and diverse community. Council, in consultation with its communities, translates its role into key activity areas: Marrickville Built Environment; Marrickville Natural Environment; Marrickville People; and Marrickville Council.

The council has twelve elected councillors across four council wards. Five councillors declare affiliation to NSW Greens Party, four to Australian Labor Party and three are independents. While some councillors have been on council for several terms, the majority of councillors have been elected for the first time at the 2004 local government elections. Councillors have stayed relatively strategic as to their role.

The council's general manager, Ms Candy Nay, has been with the council for the past 13 years, the last two as general manager. Council's total staffing numbers are 490 equivalent full time staff. Council's organisational structure comprises four divisions:

- Corporate Services (administration, legal, finance, employee services and information technology)
- Development and Environmental Services (health and building inspections, environmental monitoring, town planning and strategic planning)
- Community Services (communication and cultural services, community development, family and children's services, recreation and libraries) and
- Technical Services (engineering and civil works, maintenance, property management, landscaping, waste and recycling, parks reserves);

Council's salary budget for 2003/2004 was \$30.54 million.

5. COUNCIL'S AMBITIONS, PRIORITIES AND FUTURE FOCUS

This part of council's assessment focuses on: the clarity of council's ambition; its 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. The views expressed by review team were arrived at by examining council documents and in discussions with the Mayor, General Manager, Director Corporate Services and other senior staff.

What is working well

Council has undertaken a process to identify its vision and priorities and has involved the community and staff in this process. Council's vision and priorities are identified in a range of its strategic documents and drive the council's objectives and performance targets.

Council considers that its role is to exercise leadership and build community strength through fulfilling its vision for Marrickville to be a great place for all people. To realise this vision council has identified the following goals:

- to achieve value-for-money in serving its communities (that is, finding better ways of doing its job and providing better services);
- to achieve sustainability – in building community prosperity, council expresses commitment to ecologically sustainable development;
- to build social capital by increasing community confidence; and
- to promote the concept of citizenship (rather than clients) in its decision making and service delivery.

To facilitate the achievement of the above goals council has adopted six organisational values:

1. strategic thinking in its planning processes and in managing issues;
2. seeking innovative approach to improving efficiency of its programs;
3. maintaining positive internal communication and contributing to council's public image;
4. maintaining citizen focus by establishing regular consultative process with communities and building partnerships;
5. effectively managing its performance to achieve service standards; and
6. facilitating teamwork within council to provide and maintain productive work environment and better outcomes for the communities.

As indicated previously, this vision, role, goals and organisational values are collectively referred to as the "Marrickville Model". They are realised through a range of council plans:

- Strategic Plan
- Management Plan
- Social and Community Plan, including Recreation Plan, Cultural Diversity Plan, Safety Development Control Plan, Youth Strategies Plan and Access Action Plan under the Disability Discrimination Act
- Local Environmental Plan
- Companion Animals Management Plan
- Local Action 21 plan for achieving environmental sustainability
- Occupational Health & Safety, Injury and Environmental Management (SAFE) System which includes strategies for managing risks associated with council activities
- EEO plan

Council's priorities are further hierarchically translated into business plans for each division and section and are built into individual staff performance and delivery plans.

Council's strategic planning is aligned with long-term financial and asset management planning. Council has developed a 10 year financial model which has informed its management planning and budget process.

The development of council plans which articulate its ambitions, priorities and focus is achieved through an extensive consultative process with council staff, councillors, community and stakeholders.

Council's aspirations plan and new strategic plan, which are currently under development, are intended to integrate all of the plans listed above.

The realisation of council plans is monitored through a system of performance indicators including high level strategic indicators through to more detailed activity level measures. On a practical level, council's senior staff meet fortnightly to review performance. In addition, performance is reported on in monthly and quarterly management plan reports and financial reports to council.

Council also ensures the outcomes are communicated to the community. In addition to meeting its statutory reporting obligation, council presents information in its publication *Marrickville Matters*, in a weekly column in local newspapers, through advertising and media releases, on-hold messages and in relevant areas of its web site.

Overall, council demonstrates a good strategic focus and a sense of commitment to its identified goals, values and strategies to achieve and communicate achievements.

6. DELIVERING AND ACHIEVING

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

There is clear evidence that council has a culture and structure that enable sections of the council, elected councillors, community and other stakeholders (such as neighbouring councils, peak bodies, relevant government and non-government agencies) to work together to achieve corporate objectives. This is underpinned by council's values, vision and goals. It should be noted that recommendations made by the review team are mostly contained in sections of the report titled "What is working well". The recommendations should be seen as a possible avenue for taking good council performance to the next step of better practice.

6.1 Governance

"Corporate governance refers to all the means by which entities are directed and controlled." (Standards Australia, HB401-2004:12). Sound governance practices enhance organisational performance; provide a framework for the management and minimisation of risks; increase community and industry confidence in the organisation; ensure that an organisation meets its legal and ethical obligations; and assist in the detection and prevention of dishonest or unethical behaviour.

In addition to the governance framework overview, the review assessed the following aspects of council's governance practices:

- *values and statement of business ethics;*
- *risk management and internal controls;*
- *decision-making processes;*
- *council meetings;*
- *monitoring and review;*

- *access to information.*

What is working well

Governance framework overview

It was evident to the review team that there is commitment within council to developing and continually testing and improving its governance framework.

Ethical behaviour at council appears to be important – this is reflected in the development, adoption and commitment by councillors and staff to the council’s code of conduct. The code is broader than the department’s Model Code to suit local needs. Council’s commitment to and exploration of better practice in its governance framework is also demonstrated in the development and adoption of a range of other corporate documents including:

- Our Standards of Conduct and Ethics (a brochure)
- Honesty, Integrity, Responsibility (brochure)
- Protected Disclosures Act (brochure)
- Fraud and Corruption Prevention Strategy (policy document)
- Declaration of Conflict of Interest (form)
- Application for Permission to Engage in Outside Work (form)
- Declaration of a Gift, Benefit and Acceptance of Free Meals (form)
- Avoiding Conflict of Interest (memo)
- Conflict of Interest Policy (policy document)
- Disclosure of Pecuniary Interest (policy document)
- Internal Reporting Policy (policy document)
- Councillors’ Access to Information (policy document)
- Payment of Expenses and Provision of Facilities to Councillors (policy document)
- Records and Archives Policy (policy document)
- Records and Archives Disaster Management Plan (policy document)
- Privacy Management Plan (policy document)

- Statement of Business Ethics (policy document)
- Register of delegations (policy document)
- Code of Meeting Practice (including amendments of March 2005) – policy document
- Complaints Handling Procedure and Associated customer feedback form (policy document)
- Information Systems Security Management Procedures and Policy Handbook (policy document)

Most of the above documents are up-to-date and, where relevant, cross-referenced to other relevant policies. The review team recommends that key policy documents which support its governance framework be reviewed periodically for consistency with current legislative requirements and prevailing best practices in local government (*Recommendation 6*).

The review team had a limited opportunity to test the full extent of the application of all of the above policies. However, on the basis of discussions with councillors, council managers and staff, attendance at committee and council meetings and from assessment of a random sample of ‘documents in action’, it appears that council has a strong commitment to adopting principles and acting upon the advice and guidance provided by the Ombudsman, the Independent Commission Against Corruption and the department.

Role of councillors

Councillors and council staff appear to have a clear understanding of their respective roles within council. During interviews the Mayor, General Manager and other senior managers confirmed their commitment to the delineation between the mainly strategic role of councillors in setting the direction for council and policy development, with day-to-day management responsibilities remaining with council’s General Manager, other senior managers, supervisors and staff.

Overall, 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 community. During the review, the review team attended council committee meetings and was impressed with the atmosphere of mutual respect among councillors and with the relevance of discussions.

Values & statement of business ethics

Clearly formulated and widely accepted organisational values are essential to organisational success. They are an important way in which the leaders of an organisation can communicate to the rest of the organisation and the community what the organisation stands for.

Marrickville Council has a strong statement of values contained in its strategic and management plans as well as in a range of other documents. As discussed in chapter 5 above (under the heading Council's Ambitions, Priorities And Future Focus), council values underpin its longer and medium-term vision and goals. Values have been determined in consultation with community and stakeholders. The adopted values have been built into the overall spirit of all other corporate documents. In addition, council appears to have effective strategies for attracting and retaining people who will not only undertake the duties required of the position, but 'add value' to the organisation and what it stands for. This is consistent with commitment to the principles and practices of:

- strategic thinking in planning processes and in managing issues;
- seeking innovative approach to improving efficiency;
- maintaining positive internal communication and public image;
- maintaining citizen focus and building partnerships;
- effectively managing performance; and
- facilitating teamwork within council.

Commitment to ethical behaviour is reflected strongly in the statement of values.

In addition, council has a statement of business ethics to support its many dealings with its public and private sector partners. This short document covers key issues around the values council stands by and what its business partners need to be aware of and uphold when doing business with council.

Code of conduct

Council's new code of conduct has been adopted under the *Local Government Act*, including recent amendments to the disciplinary provisions of the Act.

Marrickville Council has acted quickly to adopt a new code of conduct which appears to be consistent with the Model Code. It has supplemented its own code with a range of specific provisions which are specific to council's circumstances. The code contains cross-references to other relevant council policies.

Council has organised compulsory introductory training and annual refresher courses for all councillors and staff in the principles and application of the code of conduct. In the statement of business ethics and complaints policies, members of the public are given information regarding available courses of action if a breach of the code is suspected. The code is made available to contractors and tenderers on request.

Council should make the code of conduct available to all contractors and tenderers, in addition to the statement of business ethics. (Recommendation 7) While the code is referenced in the statement of business ethics, providing the code to contractors and tenderers may strengthen even further council's statement of commitment to ethical practices.

Complaints handling

An effective complaint 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.

Council defines complaints in a straightforward way, and distinguishes them from initial requests for service and matters defined in specific legislative provisions and other corporate policies (e.g. corrupt conduct, competitive neutrality, conflict of interest etc.). The policy provides the timeframe for investigation and resolution of complaints and a hierarchy for investigating complaints of different nature. There is also one level of internal review. Council's policy includes time turnarounds. Council advertises its policy through the guarantee of service type brochure titled "*We value your feedback.*" The review team recommends that this brochure be placed on council's web site in addition to other consultation and commentary forms. (Recommendation 8)

In discussion with the review team, council staff mentioned that some councillors understand the handling of complaints and requests for services as one and the same process. Council may benefit from continuing to clarify the difference between complaints and requests for service for councillors who by not distinguishing between the two processes may place additional expectations on council resources. (Recommendation 9)

Summaries of complaints by division are reported to management and then council in a de-identified manner and monitored against council's benchmark. The review team recommends that the reporting of complaints to management and council includes, where warranted, evidence of recommendations for changes to relevant council procedures or policies that are the subject of the complaint. (Recommendation 10)

Councillor induction

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 them with the activities and functions of the council they are serving and the legislative framework in which they operate. The program should ensure that councillors are made aware of their general legal responsibilities as elected members and their obligations of disclosure under the pecuniary interest provisions of the *Local Government Act*.

Council has a comprehensive training program for new councillors as well as refresher training modules. This practice is commended. The review team recommends that this practice continues and that the training modules continue to be kept up-to-date to address any emerging issues both in council practices and in the change of the legislative and/or policy context. (Recommendation 11)

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. Marrickville Council has a detailed, recently reviewed policy for the payment of councillors' expenses and provision of facilities to councillors. It complies with recent departmental advice contained in circular 04/60.

Management plan

Councils are required to prepare a 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 require certain particulars to be included in

council's draft management plan. The draft management plan must be exhibited in accordance with section 405 of the Act.

The review team examined council's management plan for 2005-2008. The plan involved extensive community consultation and is generally in accordance with the *Local Government Act* and Regulations.

In addition to the widely used methods for obtaining community input into the plan, some of the innovative methods used by Marrickville council include: stalls on the main street, surveys in shopping centres; consultation in main community languages; letterbox drop of *Marrickville Matters* inviting comments; handing out brochures at train stations; writing to all council consultative committees.

Information technology protocols

Council has reviewed its information technology strategic plan and has well defined protocols for the use of computers and other communication devices. This is consistent with the Australian/New Zealand Standard 7799 and with the Premier's direction for management of IT. This practice is encouraged and supported by the review team. Relevant council staff have informed the review team that council has developed a mechanism for assessing the value for money that it gets from its investment in IT. As a result, most of the council IT resources are leased, allowing for quick upgrades of technology.

Risk management and internal controls

A risk management plan provides 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 plans for specific areas such as a comprehensive risk assessment and avoidance procedures in the SAFE (Safe And For the Environment) program, a fraud and corruption prevention policy and a plan to manage the impact of disasters and critical incidents on its operations. However,

council does not have an overall plan to guide its risk management activities in other areas of council activities and operations. Instead, council participates in the metropolitan general risk management strategy and has completed a risk self-assessment checklist.

Risk assessment and management under the SAFE program is undertaken by people who do the work. Another commendable component of the 'whole-of-council' approach to the creation of a safety minded culture is the expectation that the person who identifies a hazard will also manage it. For injury management, supervisors take immediate responsibility. Since the implementation of the program the number of person-days lost to workplace injury has been reduced from 2,500 in a six months period to around 200 in the same period. Council's target in terms of injuries in workplace is zero injuries.

In summary, council's philosophy of 'taking the risk away' is commended.

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 systems in place that capture these key elements. Council's Principal Solicitor and Manager Administrative Services have responsibilities for keeping abreast of all new enactments of and amendments to legislation that impact on council operations, activities and the duties of individual council staff. These officers actively review the State Government Gazette, the Local Government Association Circulars and circulars from government departments. They maintain and update all relevant loose-leaf services. They collate relevant information and provide guidance and reference points to council senior management and staff affected by amendments and the introduction of new legislation.

Challenges to improve

Pecuniary interest returns

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, as to not do so has the potential to seriously undermine the community's confidence in the integrity of local government and the decision-making processes.

The review team conducted a review of pecuniary interest returns. Generally they were satisfactory. However, the standard of the returns varied. One return was undated. Councillors need to be reminded to use block letters or to type their

responses and to explain the nature of the conflict in more definitive terms (rather than, for example: “home” or “pecuniary”).

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 also crucial to the system.

It is important that all councillors and staff who are identified as designated persons complete the pecuniary interest returns accurately. Council should continue to ensure that this happens. (*Recommendation 12*)

Number of councillors

Marrickville Council currently has twelve councillors. The *Local Government Act 1993* has recently been amended to enable councils to apply to the Minister for Local Government for a reduction in the number of councillors. Public notice must be given of the application and submissions may be made to the council. The application from council can only be made within twelve months after the commencement of the amendment.

Council should examine the costs and benefits of taking advantage of the amendment to the legislation to make a reduction in the number of councillors. (*Recommendation 13*).

6.2 Planning and 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 its 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*
- *Graffiti removal*
- *Companion animals*
- *Water safety*
- *Enforcement*

What is working well

Review of environmental planning instruments

Council is required by section 73 of the Environmental Planning and Assessment Act 1979 to keep its planning instruments and policies, such as local environmental plans and DCPs, "under regular and periodic review".

Marrickville Council's LEP was adopted in 2001 and reviewed and consolidated in 2004. There is evidence that the Plan is kept under regular review and that further review is planned pending the release of the new template for the State Government's Metropolitan Strategy. There is also an ongoing review of other planning instruments, some determined by the council's review policies, others

based on priorities. Planning policies are regularly updated on council's web site – council has a dedicated staff member who monitors and immediately updates amendments.

Because of the specific location of some parts of the Marrickville Council area under the Sydney Airport flight path, provisions are made within the LEP relating to development within areas affected by aircraft related noise (clause 28). Such developments must take into consideration the guidelines provided in Australian Standard AS 2021-2000-Acoustics-Aircraft noise intrusion-Building siting and construction.

In addition, the LEP makes provisions for heritage conservation, environmental management and social planning provisions (e.g. community safety, retention of low-cost rental accommodation and accessibility).

There is evidence that council actively integrates strategies in its management plan with planning instruments. This is reported through updates on the planning service's work program and managers' performance agreements.

Integration of various council plans

The department has been encouraging a strong and sustainable local government sector that meets changing community needs. The department provides policy and legislative framework to local government in NSW so that councils are able to deliver quality services to their communities. A major corporate priority for the department for 2005 and beyond is to work with councils to better integrate their planning, service delivery and reporting.

Marrickville Council is well positioned for this initiative given council's vision, goals and values and the 'whole-of-council' approach to planning and delivery matters. A fine example of the integrated planning in action is the community land management plan for Steel Park.

This plan of management has both internal cohesion and links to council corporate goals; council open space policy (eg. Cooks River Foreshores Strategic Plan), recreational planning policies (eg. bicycles strategy, accessible pathways strategy). It also takes into consideration the local community demographics (e.g. Marrickville Council Social Plan). The plan considers future uses of the park by means of a working party. For different areas (eg. recreation, sense of community, heritage) the plan sets the objectives, performance targets, means to achieve, priority and method of assessment of performance.

Determination of development applications

Council has developed a clear set of criteria to assist staff in deciding which DAs 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. In addition, in June 2004 council introduced a policy whereby councillors register interest in applications. In the last year, there were 28 expressions of interest with one call up.

Council has consistently determined a smaller number of development applications than its group average. This is explained by the nature of its built environment.

Council’s mean time for determining development applications for 2003/2004 is 76.275 calendar days. This time frame is above the statutory requirement of 40 days, but below the group’s average of 78.41 days. By way of comparison, within the same group Fairfield and Randwick Councils are well below the average with 42.05 and 43.70 days respectively, while Parramatta and Ku-ring-gai councils take on average 159.89 and 134.42 days to determine a development application.

In addition to the issues of nature and complexity of the DAs, council has the approach of assisting applicants as much as possible in lodging a good quality application. It also gives applicants the opportunity to amend development

⁵ DLG, 2005, *Comparative Information on NSW Local Government Councils 2003/2004*

applications rather than to refuse them – this can have implications for processing times.

Management and council receive regular reports on DA processing times.

Council has a comprehensive Development Notification Policy (DCP 39) and there is evidence that the policy is being complied with.

Electronic lodgement and tracking system

Council is currently developing a system which is expected to enable the move to e-business in lodging and tracking development applications. The system – Proclaim – is being tailored and customised as staff are getting used to using it. It will interface with other systems used by council (TRIM, GIS and Finance 1). The system provides an individual log on number to applicants that will enable them to trace their own application. All relevant factors are being considered in the development of the system, such as owner's consent. Proclaim serves as a register of complying developments and has the ability to adjust section 94 contributions payable annually taking into account inflation and increased cost incurred by council.

The review team recommends further development of this system and its effective interfacing with other council systems. (Recommendation 14)

Recruitment and retention of planning staff

Councils have experienced difficulties in attracting and retaining planning staff due to the competitive market place caused by a uniform shortage of qualified planners across NSW.

Marrickville Council has conducted a market review of salaries for planners. Council also offers attractive working conditions, including the disabling of the development of any 'toxic' work environment. The turnover of planning staff in council is low. At present one senior planning position is vacant and being recruited.

In response to the chronic shortage of health and building surveyors, council has attracted final year graduates with a guarantee of employment.

It is pleasing to see council addressing the problem head on and finding solutions that directly address the problem experienced elsewhere.

BASIX

BASIX is the Department of Planning's new building sustainability index, applicable to the council's area from 1 July 2005. BASIX requires 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 have prepared well for the implementation of the new requirements. Council has updated its development application forms and informs the public of the new requirements via two forms: one for staff and one for applicants.

State of the Environment Reporting

Local government plays a significant role in environmental management. A local State of the Environment Report provides a summary of the attributes of the local government environment and the human impacts on that environment. It also provides a public record of the activities of government, industry and the community in protecting and restoring the environment.

Council currently includes its State of the Environment Report in its annual report. This document is easy to read and covers the themes that are required to be included in the report.

Council has made improvements to the State of the Environment Report and Environment Management Plan. In 2003 the Agenda 21 strategy, developed in 1997,

was updated into Marrickville Local Action 21. This has been done following extensive consultation with the community. Broader partnerships have been developed than those required by statute.

A good example is RiverLife – Sustainable Water Environments project being undertaken by Marrickville Council and Monash University. This project aims to develop a new way of planning for sustainable water management in urban environments such as Marrickville. Sustainability is understood as reduced reliance on potable water brought in from outside the catchment; appropriate use of water (e.g. using potable water for drinking only); reducing impact of stormwater on waterways; and reducing the amount of waste water leaving the catchment that may cause pollution in other locations (e.g. ocean outfalls). A number of people have been involved in the project and local solutions have been identified. Council continues to consult with the community on issues affecting the Illawarra (South Marrickville) sub catchment.

Council also has a number of volunteer programs – there are currently three bush care groups operating.

Education is seen as a key component of environmental sustainability. Learning for sustainability is a major council initiative.

The review team was impressed with the enthusiasm of staff working in the Environmental Services section, as well as with staff in other areas of the council.

Council's SAFE program integrates occupational health and safety with environmental awareness. Training in SAFE is compulsory for all staff, contractors and visitors. The review team has received a briefing on the program and SAFE procedures.

Graffiti removal

The graffiti removal program is another good example of the 'whole-of-council' approach to managing issues and delivering services. This program is managed by the Community Services division, in cooperation with technical and ranger services. It is a corporate program.

There is a documented system of citizens' requests for graffiti removal and the authority for their coverage which is returned to council.

What is generally a problem has been turned by Marrickville Council into the "Beating Graffiti" project in which experienced airbrush artists mentor young people in dedicated spaces in the art of graffiti creation. This project has been funded by the Crime Prevention Division of the NSW Attorney General's Department and resulted in a series of postcards. Attached below are two fine examples of Marrickville graffiti art.





Companion Animals

Council has a draft Companion Animals Management Plan. The preparation of the plan involved a number of interested parties. The group was chaired by the Director Development and Environment Services. Council also has a range of education programs; tries to resolve issues that are the subject of complaints with community; and reports dog attacks to the department.

Council uses a private contractor for the provision of pound services for both cats and dogs. Council has a policy that the first point of call for duly identified stray companion animals is to return them to their owners before they are taken to the pound. It also has a hardship/payment plan program for people who cannot afford to pay the pound keeping fees.

Council has a policy of zero tolerance to owners not picking up their dogs' droppings.

There are four leash free areas for exercising dogs in the council area, two of which are open at all times.

Water safety

Council has two swimming pools. The management of both facilities is outsourced. Monthly inspections of the pool are conducted and maintenance reports submitted to council.

The swimming pools program is managed by the community services section of the council – this is another example of council's community orientation and corporate approach to issues and program management.

Challenges to improve

Enforcement

There is evidence that council has been issuing penalty infringement notices and orders under its relevant enforcement powers following well documented procedures and with an understanding that, in the longer-term, enforcement must be supported by education to achieve lasting outcomes. The indication that this approach is working well is the reduced number of orders issued in the last three years: 147 in 2002, 118 in 2003 and 55 in 2004.

However, council does not have a policy to guide staff in relation to enforcement and prosecutions and does not provide information to the public on how to report non-compliance and alleged breaches.

As council is obliged to ensure that different standards and legislation are complied with, it should ensure that it has a policy in this area of its operations. Given its statutory obligation in areas of public health and safety, the council should also ensure that residents are informed as to how they may report alleged breaches and non-compliance. This may enable council to more effectively monitor these key areas of responsibility and thus reduce the risk of non-compliance for residents. Enforcement Guidelines for Councils issued by NSW Ombudsman may be a good starting point. (Recommendations 15 and 16)

6.3 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*
- *Insurance*

What is working well

Operating Results & Trends

Council has made operating surpluses before and after capital items for the past four years. For the period 2003/04, surplus before and after capital items stood at \$8.8M and \$14.3M respectively. The 2003/04 surplus was unusually high because of a \$6.8M gain from asset sales. Council has managed excellent operating results for the past 4 years.

Budgeted vs Actual Results

Actual surplus before capital items in 2003/04 was \$8.8M compared to a budgeted deficit of \$1.1M. The huge discrepancy was due to unbudgeted gain from asset sales mentioned earlier. The actual surplus after capital items for the same period was \$14.3M compared to a budgeted surplus of \$3.5M. During the periods 2002/03 and 2001/02 the actual results after capital items were surpluses of \$10.3M and \$4.8M compared to budgeted surpluses of \$3.4M and \$3.2M respectively.

Liquidity and Cash Position

Council's unrestricted cash ratio (UCR) for the 2003/04 period was 2.71. For the period 2002/03 and 2001/02 it was 2.52 & 2.20 respectively. The UCR measures the

adequacy of working capital and the ability to satisfy obligations in the short term. It does not include externally restricted activities such as water, sewer or specific grants. A good UCR is greater than 2. A ratio of 1.5 to 2 could be of concern if other indicators are not adequate. A ratio of 1.5 is considered unsatisfactory. Council's unrestricted cash for the periods 2003/04, 2002/03 & 2001/02 were \$9.1M, \$7.4M and \$4.3M respectively.

Collection of rates and annual charges

The Rates & Annual Charges Outstanding Percentage (RACO%) in 2003/04 was 2.91. The RACO% assesses the impact of uncollected rates and charges on liquidity and the efficiency of debt recovery. A benchmark for city and coastal councils is less than 5% while a benchmark for rural councils is less than 10%.

Debt

The Debt Service Ratio (DSR) in 2003/04 was 4.2%. This indicator assesses the degree to which revenues from ordinary activities are committed to the repayment of debt. A DSR of less than 10% is good. A DSR ratio from 10% to 15% is considered borderline and a DSR or more then 15% is considered to be of concern.

Auditor's Comments

"Council is considered to be in sound and stable financial position. All indicators have improved and stand above the accepted industry benchmarks."

Compliance with the Accounting Code & Annual Report

For 2003/04, Council is fully compliant with both the Accounting Code and the Local Government Act in terms of what it is required to disclose in the Annual Report.

Special Variations

Council last applied for a special variation (SV) in 2000/01 and was granted 7.59% for 5 years for footpath infrastructure restoration. Council has indicated that it will apply for a further special variation for 2005/06.

Total loans outstanding as at 30 June 2004 were \$16.6M of which \$7.8M was raised in the 2003/04 financial period.

Timeliness of Submission of Financial Statements

Council has always submitted its financial statements to the department in a timely manner.

Assets Management and Infrastructure Maintenance

Council's infrastructure assets are in reasonable condition. The written down value (WDV) of Council's assets for 2003/04 period are as follows:

- Roads, Bridges & Footpaths - 66%
- Stormwater Drainage - 54%

The department considers that WDV below 50% may be a cause for concern. Council's estimated costs to bring assets to satisfactory condition were \$37.246M in 2003/04. Estimated annual maintenance was \$9.191M whereas program maintenance was \$9.116M. No internally restricted funds were set aside for infrastructure replacement in 2003/04.

While council's infrastructure assets may currently be in reasonable condition, gaps between estimated and program maintenance have the potential to pose significant long-term challenges for council, particularly in circumstances where it has no restricted funds for infrastructure replacement. This is an issue council should to address as part of its forward financial planning. In doing so, council needs to weigh the costs of investing in infrastructure renewal over the medium term against the potential costs of failing to do so over the long term. (Recommendation 17)

Council is currently developing an integrated asset management system. The system has been in the making for the past three years. At the time of the review team's visit, the implementation of the system was planned for the next month. The intention of having an integrated asset management system in place is to transfer individual knowledge into corporate capability. The system will also provide a level of

consistency in the management of all council assets. The review team was impressed with a brief demonstration of the Asset Master system and its interfaces with the Geographical Information System (GIS) and other systems.

Council has in place a rolling program for reviewing the condition of its assets. Council publishes a three-year program and plans broadly 10 years ahead.

Council has undertaken the rationalisation of its assets in the past three years: four council depots have been rationalised into a single depot; the number of residential properties has also been rationalised from 33 to one; as well as council owned car parks.

Council's community orientation is reflected in the existence of the Pedestrian Access and Mobility Plan for the council area.

The expenditure on assets is reported to the community by way of council's Annual Report as well as in Marrickville Matters as needed.

Acquisition of land and use of open spaces

Council has a preference for the negotiated purchase of properties rather than compulsory acquisition. One property has recently been purchased to be converted into open space. A report to council was being prepared at the time of the review about the use of open spaces. Open space in the council area is a combination of community land and crown land.

Another encouraging example of turning what could have been a problem into a success is council's treatment of the Tempe tip. Following a \$17.5M remediation order by the then Environment Protection Agency, council created Tempe Lands, which includes a wetland reserve, a golf driving range and a dog off-leash area and community recreation reserve.

Section 94 contributions

Section 94 contributions are separately identified in the Proclaim system and linked to the Finance 1 system. The majority of funds go towards open space, some relating to improvements and embellishment of the existing open spaces. In planning for section 94 contributions council is also mindful of the increase over time on maintenance of new assets. Council therefore tries to make parks and open spaces as low maintenance as possible as funds received under section 94 are limited. The overall treatment of section 94 contributions within council is to get the money out as soon as possible after it has been received.

Use of Information Technology

As indicated above, council has a comprehensive information systems/technology strategy in place to support its corporate goals. In this sense council follows best practice as defined by the Premier's Department and in the AS 7799 which stresses the need for an IT security framework that includes an information management system and supporting policies and procedures. Council is continuously reviewing the system to reflect the changing nature of technology.

As indicated previously, council has integrated and created interfaces between some of its applications and is working on the creation of a standard operating environment.

In terms of security, council has an off site storage and a fireproof storage on-site, as well as a business continuity plan that council enable it to continue operations within a week of a total disaster.

Council's information technology strategy has been formulated with stakeholders; it forms part of the council management plan. The achievements against key result areas are reported to the executive and council.

6.4 Community & 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 specifically looked at:

- *Council's social planning and service delivery activities to meet the diverse needs of the community*
- *Methods of consultation that council uses to keep the community informed of councils activities and encourage participation in local decision making.*
- *Access to information*

What is working well

Council's community focus

"Successful communities are communities where people like living, feel included, share a sense of pride and ownership, feel safe, have good access to services and support, and have many opportunities to socialise and mix with other citizens. That is what we call 'social capital'." (From the *Review of Outcomes* in the council's Strategic Plan.)

The review team found that two terms best capture the spirit of council's community focus: 'belonging' and 'the WITH factor'. These terms feature prominently in council's social and community plans and in the spirit of council's focus. The overall focus of council's community services has been to achieve diverse and inclusive communities with services and facilities that are accessible and relevant to all citizens.

Council appears to have a good understanding of the profile of its communities and has consistently conducted inventories of its community needs and corresponding services and facilities.

The indicators of council's achievements in this regard have been measured through the 2002 community satisfaction survey focusing on feelings about:

- quality of life,
- social harmony,
- social activity and
- belonging.

The percentage of people who have expressed positive attitudes in these areas has been consistently growing.

The Community Services team works closely with other council areas, as well as with a large number of community partners and interagency groups, in the planning and provision of services to communities in the local government area.

Community and social planning

Belonging in Marrickville – A Social Plan for the Marrickville Local Government Area has been prepared after extensive community consultation. The consultation followed council's best practice guide for consulting with community, including with Aboriginal and Torres Strait Islanders, people from non-English speaking backgrounds, people with a disability, young people, older people, women and shift workers. In addition, gay, lesbian, transgender and intersex people, ex-prisoners, people on temporary visas and residents from Marrickville South were recognised as social justice principles target groups.

In consulting with its communities around social planning council has used a number of its consultative committees; surveys; focus groups; community forums; customer

feedback; service contract performance reviews; research into service trends; as well as informal assessment through networking (eg. BBQs, local festivals and daily interactions with staff).

The plan meets all statutory and departmental guideline requirements.

There is sufficient evidence that council's social planning process is linked to council's management and strategic planning process, as well as to other council plans:

- Recreation Strategic plan
- Safety in Marrickville plan
- Safety Development Control plan
- Safe Needle and Syringe Disposal report
- Marrickville Youth Strategy
- Inner East Affordable Housing Strategy
- Boarding House Forum Workplan
- Draft Aboriginal Child Youth and Family Strategy
- Cultural Diversity plan
- Public Art Strategy
- Inner West Regional Housing and
- Marrickville Local Action Agenda 21.

Asset management strategies are closely linked to community strategies.

Information about achievements against social plan targets are reported through the management reporting process and included in council's annual report.

The review team was impressed with the manner in which council keeps abreast of new initiatives. For example, the proposal to adopt the National Framework for Women was included in the council's corporate services committee business papers shortly after the department issued council circular 05-28. Following brief meaningful discussion, the resolution was passed to adopt the Framework.

Community participation

Council maintains a very high level of community participation in its social planning and other planning processes. This is achieved through a variety of means listed above. Council has had a Memorandum of Understanding with the local Aboriginal Land Council since 1994.

Following the election of the new council, a smoking ceremony was organised to mark council's commitment to Aboriginal Australians. The art structure, "Gift Given", is a testimony of council's role in the recognition of the live and vibrant Aboriginal culture. Council also recognises that income generation is a major necessity within the Aboriginal community and employs Aboriginal workers in both identified and non-identified positions.

Council has an active youth program realised through several delivery strategies in various areas of council services and is in the process of organising a Kids Council which will get primary school children to report back to school principals on how the programs are working.

Council tests ideas for the social and management plan through a variety of means, including through the citizen panel, street and telephone interviews.

For example, council has recently conducted a telephone survey into the reading habits of 300 people belonging to various ethnic communities. This information has assisted council in the development of strategies for the involvement of these communities.

Access to information and informing the community

Section 12 of the Local Government Act identifies documents that are available for the public to inspect free of charge. Council can impose a charge for reasonable copying costs.

Council provides information to the public regarding how they can access council information. Council clarifies with members of the public seeking access to information which information is freely available.

Council has a reasonably open document and information access policy. It processed 19 requests for information under the freedom of information provisions last year and 7 the year before. Council charges a small retrieval fee to recover archived material.

Council maintains an easy to navigate website with up to date information on council policies and activities, including council business papers and minutes. Council provides for on-line rates payments and for customer request and complaints.

Printed information about a range of subjects in different formats is made available through council facilities, its libraries and visitor information centres.

Council has a weekly column in local newspapers, places ads on the radio and in the ethnic press and prepares briefing notes for councillors which can be circulated to their electorates.

Council provides information in key community languages. Multilingual information in multiple scripts is placed on rate notices, feedback forms, train timetables, housing approval guides, various community services information sheets (eg. garbage/waste/recycling collection forms, meal service forms) and at the back of Marrickville Matters newsletters. Council also employs identified multilingual staff. Council's library catalogue, membership forms and signage throughout the library are presented in multiple community languages.

Council's annual report is clear and easy to read. The version presented on the website is split into separate documents to make it easier to download and therefore more accessible.

Affordable housing initiatives

Council has developed a plan for the provision of more affordable housing options in the council area. Council also participates in a broader strategy which is being developed by several partners.

Council has worked closely with the Department of Housing and local housing association on various initiatives. For example, there is an initiative that the management of boarding houses and public houses properties be transferred to experienced community housing providers.

Council further participates on the Inner East Local Government Housing Initiatives Forum, maintains liaison with the (former) Department of Infrastructure, Planning and Natural Resources around SEPP 10 and assesses social impact of all development controls.

Council is also exploring opportunities for joint venture capital projects, joint advocacy roles and community education.

6.5 Workforce Relations

All employers have legislative responsibilities in relation to their staff. The *Local Government Act* and the *Local Government (State) Award* impose additional requirements on councils. Importantly, a council's charter requires it to conduct itself as a responsible employer.

The review examined on a number of council's human resources systems and looked at the relevant strategies, policies, procedures and reporting. Sufficient evidence was obtained to allow us to provide a commentary on the following matters:

- *Human resources strategy*
- *Occupational health and safety practices*
- *Recruitment and equal employment opportunity selection processes*
- *Knowledge management practices – a learning organisation approach*
- *Consultation processes*
- *Grievance management*

Overview of the organisation

Following the department's 1992 management overview, Marrickville Council undertook a structural review. A further organisational restructure was undertaken in 1996 which is the basis of the council's current organisational structure. The new structure enabled the council to transform itself. A new management team was appointed that would develop council values, new ways of operating, demonstrate long-term commitment to the organisation and achieve efficiencies. Innovation, the willingness to make a difference and adding value have been the dominating themes of the council's brand of selection and retention of staff. Organisational self-reflection, development and improvement are seen as one of the four key result

areas for council, together with Marrickville built environment, Marrickville natural environment and Marrickville people.

What is working well

Human resources strategy

All councils are exposed to a number of workforce issues, such as:

- the shortage of specialised skills in certain areas, such as in the area of planning
- an ageing workforce
- a change in workload for certain sections as council's and government priorities change
- increases in career opportunities outside the area.

All councils should develop 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 issues of:

- council's ageing workforce,
- the provision of a plan of succession for key positions, and
- increase opportunities for apprenticeships, cadetships and traineeships to address these concerns.

A human resources strategy can integrate and guide council's overall human resources effort, particularly in the areas of recruitment and retention and staff training and development. A strategy of this kind may be stand alone or may be integrated into council's overall corporate strategy. The key is to ensure that, consistent with the council's view on the future direction of the organisation, planning is underway to support that direction at the human resources level. Such a strategy is a key part of effective modern strategic management. Its importance is underlined

by the requirement to report annually in the management plan on council's human resource activities (section 403(2)).

Council is in the process of developing a coordinated Human Resources (HR) Strategy utilising an expert consultancy.

The process is looking at integrating two broad areas: (1) transactional HR activities (such as payroll, delivery of support services to the organisation) and (2) transformational HR strategies (that is, succession planning, retention, focus on high-risk areas, total employee relation management).

It is intended that this review should go beyond standard award conditions by extending some of the benefits and opportunities and introducing more flexible working arrangements. It is envisaged that this strategy should be ready for implementation by July 2006.

The review team recommends that this process continue (Recommendation 18) and that council should have the integrated human resources strategy in place as scheduled to guide and support its practices.

Workers compensation costs

As indicated elsewhere in this report, council has faced large workers' compensation premiums in the past. Council has implemented the SAFE program which has reduced these premiums through risk identification and management, staff training and making information readily available to staff.

*A learning organisation – knowledge management*⁶

As indicated previously, in a number of areas council is moving away from being dependent on individual people, towards the creation of systems based organisational capacity.

As part of this process council has implemented several programs including:

- a leadership program for council managers called Marrickville Forum to reinforce and develop council's values and strategic direction
- leadership program for staff who have shown interest in corporate matters beyond their immediate work area
- structured mentoring program
- graduate uptake program
- competency standards (which include staff member's self assessment in addition to supervisor's assessment)
- annual learning and development calendar and six-monthly detailed learning and development program.

Occupational health and safety

Council has an impressive plan for risk identification, assessment and control as well as a supporting education and training program.

In addition, council has a number of proactive initiatives for promoting healthy lifestyle. It offers a free annual flu vaccination program, offers discounted fitness and gym programs, encourages healthy eating, conducts a series of health talks by professionals and has programs to increase awareness of all aspects of achieving and maintaining a healthy lifestyle.

Council's occupational health and safety procedures are well documented and accessible.

⁶ Knowledge management is understood in a broader sense as the attribute of organisational capacity rather than in the narrow meaning of knowledge storage and indexing.

Safety targets have been arrived at in consultation with staff and stakeholders. Council has a program of performance measures, evaluation and reporting on OH&S targets and workers compensation and rehabilitation claims and strategies.

Recruitment and equal employment opportunity

Council follows the standards promoted by the Public Employment Office of the Premier's Department when recruiting staff. Recruitment panels are comprised of only trained persons, with a mix of genders and people outside the division for which the recruitment is conducted participating on the panels.

Council has developed an impressive Equal Employment Opportunity Management Plan and regularly reports on achievements as part of its management reporting.

The structure of the workplace reflect the composition of the Marrickville community.

Two recruitment files were checked. Both files indicated the selections had been undertaken in a manner consistent with council's policy and procedure.

Consultative committee

Council has established a consultative committee in accordance with the *Local Government (State) Award 2004*. The aim of the consultative committee is to provide a forum for consultation between council and its employees. The functions of the consultative committee are about day to day management issues such as award implementation, training, job redesign, performance management systems and hours of work. Examination of the relevant files indicated to the review team that the constitution and operations of the committee are consistent with award requirements.

Grievance management

Council has a documented procedure for the management of grievances. There have been three unfair dismissal claims in the past five years, none as a result of a grievance process. Council has not undertaken a systematic staff satisfaction survey. An annual staff survey has been conducted on the SAFE system. In addition, council has various focus groups in different areas and involves staff in building strategies around issues that affect them. Information gathered in staff exit interviews is also used to inform council staff strategies. Council contends that the level of industrial harmony is an indicator of staff satisfaction. The review team recommends that council consider conducting periodic staff satisfaction surveys to test its position on issues affecting staff. (Recommendation 19)

7. COUNCIL'S RESPONSE

Council responded to the draft report on 22 November 2005. A copy of the response is attached below. Council's suggestions have been considered and incorporated in the final report.

CITIZENS' SERVICE CENTRE

TEL: (02) 93352222
FAX: (02) 93352029
TTY: (02) 93352025 (Hearing Impaired)
EMAIL: council@marrickville.nsw.gov.au

OUR REF: 3512-02



ADMINISTRATIVE CENTRE

2-14 FISHER STREET PETERSHAM
ADMINISTRATION TEL: (02) 93352000
PO BOX 14 PETERSHAM 2049
DX 3910 - ANNANDALE
ABN: 52 659 768 527

YOUR REF: A21818

22 November 2005

Mr Garry Payne
Director General
Department of Local Government
Locked Bag 3015
NOWRA NSW 2541



Dear Mr Payne

Draft Report - Promoting Better Practice Review - Marrickville Council

Thank you for the opportunity to participate in the Local Government Reform Program – Promoting Better Practice. The comprehensive review process, adapted from other successful international models, provides Council, management and staff with an assessment of our own strategies, systems, processes and values against international best practice. Understandably, I am very pleased with the overall review findings and look forward to sharing these with our community, Councillors, management and staff.

My personal thanks are extended to the review team, Aleksandra Valda and Katrina Annis-Brown. While the review process is demanding on participants it is equally demanding on those undertaking the review. Their prior research in relation to Council operations was obvious and their professionalism throughout the review provided a sense of confidence in the many people within Council who participated.

Without being critical, the Executive Summary did not in my view fully convey the sense of confidence in Council's operations that was apparent from reading the report in its entirety. At Ministerial level in particular, the Executive Summary may be the area upon which most attention is directed for an indication of the overall health of Council's operations. An opening that includes terms like 'broadly complying', 'appears to meet its responsibilities' and 'appears to be working well with those communities' does not adequately reflect the overall findings of the review and places in doubt the Department's confidence in the capacity of the review process to provide more definitive observations. I have confidence that the review process has sufficient integrity to be able to make more definitive statements and would welcome some thought being given to tightening or preferably deleting a limited number of words in the Executive Summary.

Having said that, I agree with the overall findings of the review. I have already arranged for a number of the recommendations to be implemented and will report on progress when requested for an action plan for implementation.

I offer the following specific comments or minor corrections in relation to the report:


**Local Government Reform Program - Promoting Better Practice Program
Marrickville Council
Final Report**

- page 17, fourth paragraph - please note Council also presents information through advertising and media releases.
- page 27 - reference is made to some pecuniary interest returns being lodged late. Council is not aware of any returns being late and would be grateful for clarification on which returns the Department is referring to.
- page 32 - it is unclear what is meant by "...disabling of a toxic work environment." It would be appreciated if this could be clarified within the report.
- page 47 - briefing notes are prepared to ensure Councillors are aware of issues relevant to the business of Council. They are not designed for circulation to be public. Reference to 500 mouthpieces is unclear in this context.
- page 49 - the report refers to Council undertaking a structural review following the Department's 1992 Management Overview. While Council implemented an organisational restructure/change following the Departmental Overview, there was a further organisational restructure in 1996 which is the basis of the current organisational structure.
- page 31, paragraph five - it is also Council's practice to give applicants the opportunity to amend development applications, rather than to refuse them. This can have implications for processing times.
- recommendation 8 - it should be noted that Council already has a citizen feedback mechanism on our website.
- recommendation 9 - the Report refers to feedback about Councillors not understanding the difference between 'complaints' and 'requests for service'. I am unsure what feedback you are referring to and our Senior Staff team does not believe that this is an issue for Councillors that requires training. To enable the recommendation to be examined it would be appreciated if the Review Officers could contact me to discuss this issue further.
- recommendation 12 - please note that Council already uses the Department's Circular 04/16 to assist designated persons to complete their pecuniary interest returns by providing a copy of the Circular in the package sent out to designated persons for completion of the return and will continue to do so.

I have also attached some purely grammatical or typographical errors for your attention.

Once again, let me thank you for our participation in the review program. It has been extremely beneficial to all involved.

Yours sincerely,



Candy Nay
General Manager

TYPOGRAPHICAL / REFERENCE ERRORS

Page Number	Position	Description of Error
14	Paragraph 3	The General Manager has been with Council for a total of 13 years, not 12 as mentioned
14	First Dot Point	Reference to 'Human Resources' should be changed to 'Employee Services'
26	Last Paragraph	Reference to 'Manager, Corporate Development' should be changed to 'Manager, Administrative Services'
30	Second Last Paragraph	'Steel Park' is spelt incorrectly
36	Paragraph 1	The reference to the 'Director, Planning and Environment' should be changed to 'Director, Development and Environmental Services'
41	Paragraph 4	The numerical reference to the value of the remediation order should be clarified as 'millions'
41	Paragraph 4	Reference to: <ul style="list-style-type: none"> • 'Tempe Reserve' should be 'Tempe Lands'; • the 'Golf Course' should be changed to the 'Golf Driving Range'; and • the 'Community Recreation Centre' should be changed to 'Dog Off-Leash Area and Community Reserve'.
45	Last Paragraph	Reference to the 'Social Committee' should be changed to the 'Corporate Services Committee'

8. SUMMARY- WHAT'S WORKING WELL & CHALLENGES

COUNCIL'S PRIORITIES AND FOCUS

What is working well

- Clear vision, goals and values determined in consultation with community.
- Clear idea of council's role in fulfilling its vision.
- 'Whole of council, whole of community' approach to achieving corporate outcomes.
- Priorities translated from the highest level corporate plan down to section business plans, managers' performance plans and individual staff work and development plans.
- Strategic plan linked to long-term financial and asset management plans.
- Elaborate system of performance indicators – from highest level strategic to more detailed activity level measures.
- Outcomes monitored by council and communicated to community.

GOVERNANCE MODULE

What is working well

- Commitment to ethical behaviour and best practice governance principles defined in council values.
- Exemplary code of conduct.
- Well designed induction and refresher training program for councillors and staff on the code of conduct.
- Clearly defined strategic role of councillors.
- Strong statement of business ethics.
- Well defined and accessible complaints handling policy and practices.
- Well formulated policy on councillors' expenses and facilities.
- Commitment to consultation with community in preparing and testing ideas for strategic and management plans.
- Well defined protocols for the use of information technology.
- Risk management plans for specific areas of council operations, with the philosophy of taking the risk away where possible.
- Good practice for keeping abreast with legislative changes and their impact on council operations.

GOVERNANCE MODULE (cont)

Challenges to improve

- Regular periodic review of council policies and indicating the date of the last review.
- Clarification for some councillors that requests for services and complaints are different processes.
- Reporting on complaints to include, where relevant, recommended changes to council policies and/or procedures that are the subject of the complaint.
- Continued support for councillors in completing their pecuniary interest returns.
- Consider impact of the initiative to reduce the number of councillors.

PLANNING AND REGULATORY MODULE

What is working well

- Ongoing review of planning instruments, aligned with broader processes; immediate updates on council's web site.
- Integration of management plan and other council plans with planning instruments.
- Inter-linkages between particular plans of management and council's strategic goals.
- Developed a clear set of criteria to assist staff in determining which development applications should be referred to council.
- Strategies for assisting applicants in lodging applications.
- Regular reporting on DA processing times.
- Comprehensive notification policy.
- Development of electronic lodgement system.
- Various systems 'talk'.
- Strategies to attract and retain staff.
- Strategies for enabling a 'non-toxic' work environment.
- Complying, comprehensive and improved State of the Environment report.
- Environmental sustainability taken seriously and built into council's culture and processes.
- Several environmental volunteer programs.
- Community education recognised as a key component of achieving sustainability.
- Council's overall propensity to turn challenges into successes (e.g. the creation of Tempe Lands, Beating Graffiti program).
- Companion animals management plan in place and supporting education programs.

PLANNING AND REGULATORY MODULE (cont)

What is working well (cont)

- Alternative dispute resolution approach to cat/dog complaints.
- Provision of facilities for cats as well as for dogs.
- Strategies for returning lost pets to owners and a hardship/payment plan for releasing impounded animals.
- Well documented procedures for issuing orders and penalty notices.

Challenges to improve

- Consider strategies for improving development applications determination times.
- Consider preparing an enforcement manual for staff and providing information to community on how non-compliances can be reported.

ASSET AND FINANCIAL MANAGEMENT

What is working well

- Achieved operating surpluses in the past four years.
- Satisfactory unrestricted cash ratio and rates and annual charges outstanding percentage.
- Favourable auditor's assessment.
- Compliance with accounting code and annual report requirements.
- Timely submission of financial statements to the department.
- Development of integrated asset management system.
- Various systems 'talk'.
- Rolling program for reviewing condition of assets.
- Rationalisation of assets undertaken.
- Preference to negotiated acquisitions of land.
- Comprehensive information system/technology strategy.

Challenges to improve

- Need to address the question of whether it is investing adequate funds in infrastructure maintenance over the medium term.

COMMUNITY, COMMUNICATION AND CONSULTATION

What is working well

- Strong community focus.
- Partnership and corporate approach to issue and program management.
- Commitment to community consultation.
- Move towards integrated planning and linkages.
- Strong relationship with local Aboriginal community.
- Active youth program.
- Transparency of operations – access to documents.
- Interesting and easy to navigate web site.
- A range of information available in community languages via a variety of means.
- Quick responsiveness to innovative initiatives (e.g. National Framework for Women, affordable housing solutions).

WORKPLACE RELATIONS

What is working well

- Reflection on own practices and preparedness to improve.
- A learning organisation approach.
- Strategies to reduce workplace incidents.
- SAFE system.
- Sound recruitment practices.
- Inspiring EEO management plan.

Challenges to improve

- Staff satisfaction survey