

Promoting Better Practice Program

REVIEW REPORT

ALBURY CITY COUNCIL

MARCH 2013



Premier & Cabinet
Division of Local Government

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EXECUTIVE SUMMARY

About the Review

A Promoting Better Practice Review of Albury City Council (the Council) was undertaken between 25-29 June 2012 by the Division of Local Government, Department of Premier and Cabinet (the Division). The Promoting Better Practice Program aims to assist in strengthening the local government sector by assessing performance and promoting continuous improvement. The reviews are designed to act as a 'health check' examining a number of areas:

- Strategic planning and reporting
- Governance
- Planning and other regulatory functions
- Financial and asset management
- Community engagement and social planning
- Workforce management

This report reflects the reviewers' findings at a point in time. It identifies better practice where it exists to both acknowledge the strengths of the Council and contribute to improvement in the Local Government sector. It also discusses key areas of the Council's activity that require improvement or development to meet its legislative obligations as well as meet community expectation.

About Albury

Albury is a major inland regional centre with valuable natural environmental assets such as the Murray River and wetlands areas. The Albury local government area is home to approximately 52,000 people and the city is the focal point for an estimated regional population of 100,000.

Albury City Council services the diverse needs of its community and broader regional catchment. A significant proportion (i.e.13%) of the population is estimated to be 65 years of age and over. The area is also characterised by the large 'outward migration' of young people who leave the area to pursue employment and other opportunities.

The Council is responsible for administering an area which covers approximately 306 square kilometres. It is classified as a medium Regional City (Group 4 Council) by the Division. In 2010/11 the Council spent \$95.3M.

Albury City Council is led by an elected body of nine councillors (including the Mayor) and is served by 466 full-time equivalent staff.

Albury City Council – Summary of key findings

The review finds that Albury City Council is performing very well in a number of areas, in particular land-use planning and community engagement. A number of better practices were identified within the community and recreation areas. However, Council's ongoing financial sustainability continues to be of concern.

Community strategic planning

Consistent with the planning and reporting framework for NSW local government, the Council has worked with the community to develop *Albury 2030 – A community strategic plan for Albury (Albury 2030)*. The plan sets out a shared vision:

'for a vibrant, safe and welcoming regional city, drawing inspiration and life from our heritage, strategic location and connection to the majestic River Murray.'

While it is acknowledged that the Council has strengthened its Community Strategic Plan and Community Engagement Strategy, the review team found that the Council's overall suite of integrated planning and reporting documents require further development.

Governance

Council's four year Delivery Program and annual Operational Plans are supported by a sound governance framework. Most systems and processes are of a high standard, meeting legislative obligations and allowing for efficient organisational performance.

Land-use planning and other regulatory functions

The Council also has a well developed framework to manage land-use planning and environmental management decisions and practices. The enforcement and compliance area complies with most requirements and generally operates at a good standard.

Asset strategies and practices, especially in relation to community land, require immediate action.

Financial and asset management

As mentioned earlier, the Council's ongoing financial sustainability, in particular ongoing budget deficits, is of concern. The Council is encouraged to continue to liaise with the Division to implement strategies to satisfactorily address this situation.

Community engagement and social planning

Achievements in the community engagement, community and recreation areas are of a high standard. Several initiatives have been recognised with an industry award.

Workforce management

The Council appears to have a positive culture with a motivated workforce. Strong, positive relationships have been established with the community it serves and with a wide range of partners both at the local and broader regional level.

Albury City Council – Next steps

The review team has made 14 recommendations to guide improvement in significant areas. These are set out within the draft action plan at the back of this report (see Part V). The action plan is to be completed by Council. Along with the Council's comments on the draft report, the completed action plan will be reproduced in the final report.

The final report is to be adopted by the Council to guide the implementation and monitoring of the recommendations in this report. Upon issue of the final report, the Division will advise whether it intends to monitor the implementation of the recommendations of the report or leave this responsibility with the elected body and senior management of the Council.

PART I. BACKGROUND

1 ABOUT THE REVIEW

Reviews of councils are undertaken by the Division of Local Government as part of its Promoting Better Practice Program.

Program objectives

By promoting better practices, the Division aims to:

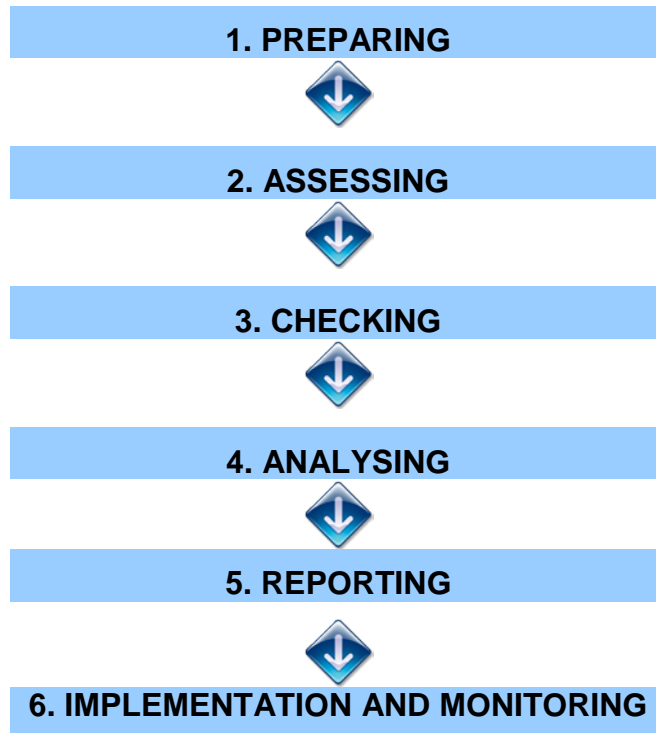
- work with councils toward strengthening the local government sector by assessing performance and promoting a culture of continuous improvement with an emphasis on:
 - strategic community planning
 - efficient and effective service delivery
 - quality governance and ethical conduct
 - financial sustainability.
- work cooperatively with councils to promote strong relationships within the sector.
- provide councils with feedback on areas requiring improvement or further development, and assist them in developing solutions.
- identify trends and issues arising from reviews to support policy and legislative changes for the local government sector.
- encourage and facilitate innovation by responding creatively to identified trends and issues.

Review Process

The reviews are designed to act as a 'health check', giving confidence about what is being done well and helping focus attention on key priorities. They are conducted by a review team from the Division of Local Government, and the resulting report reflects the findings of the review at a point in time. It does not include any progress which may have been undertaken or achieved since that time.

A risk-based approach is taken, targeting resources to areas identified as core matters for examination, and those matters considered to be important having regard to the local circumstances of an individual council. In other words, a review does not examine every aspect of a council's operations.

A review essentially involves six key steps as follows:



1. Preparing: This involves the completion of a comprehensive self-assessment checklist by the council and the examination of a range of documents by the review team.
2. Assessing: The review team examines local circumstances in order to understand the pressures on the council and how the council has sought to manage that environment.
3. Checking: The review team visit council to “reality check” what they are seeing or finding in the material received from the council. Activities usually include meeting with senior officers, talking with individual staff and councillors, observing a council or committee meeting and viewing systems or processes in action. Determining whether the council has frameworks in place to monitor its own performance is also important.
4. Analysing: Post visit, the review team examine a range of information obtained from council to determine whether this material is in line with applicable legislation, policy, guidelines and available good practice indicators.

5. Reporting: The scope of the review report is limited to identifying areas of better practice and areas requiring development as defined below.

Better practice	<ul style="list-style-type: none"> • Beyond or above minimum compliance requirements, published guidelines or in some way better than standard industry practice. • Innovative and/or very effective • Contributes to continuous improvement within the sector.
Requires development	<ul style="list-style-type: none"> • Does not satisfactorily meet minimum compliance and good practice indicators, and may impact negatively on the council's operations. • Significant improvement initiatives that are in progress and which need to be continued.

The review team prepares a draft report that includes recommendations which are set out within the draft action plan at the back of this report (see Part V). The Council is asked to provide comments on the draft report and complete the action plan. These will be reproduced in the final report.

6. Implementation and monitoring: As stated earlier, the final report is to be adopted by the Council to guide the implementation and monitoring of the recommendations in this report. Upon issue of the final report, the Division will advise whether it intends to monitor the implementation of the recommendations of the report or leave this responsibility with the elected body and senior management of the Council.

Albury City Council Review

The review team members were Ms Caroline Egberts, Principal Program Officer and Ms Sarah Gubb, Acting Senior Policy Officer - Finance.

The on-site component of the review took place from 25 to 29 June 2012. It involved the following activities:

- initial interviews with the Mayor and the General Manager
- interviews with a cross-section of staff
- observation of a meeting of the Council
- an individual meeting with a councillor

- a review of the Council's policies, other documents and systems
- presentations by the Executive Management Team to the review team and some councillors about achievements the Council considered better practice
- observation of the NSW Government Community Cabinet meeting held on 25 June 2012. The meeting provided further insight to current issues of concern to community members, service providers and the Council.

The review team would like to take this opportunity to thank the councillors and staff members who participated in the review and provided us with valuable assistance.

2 ABOUT THE COUNCIL AND THE AREA

Location and demographics

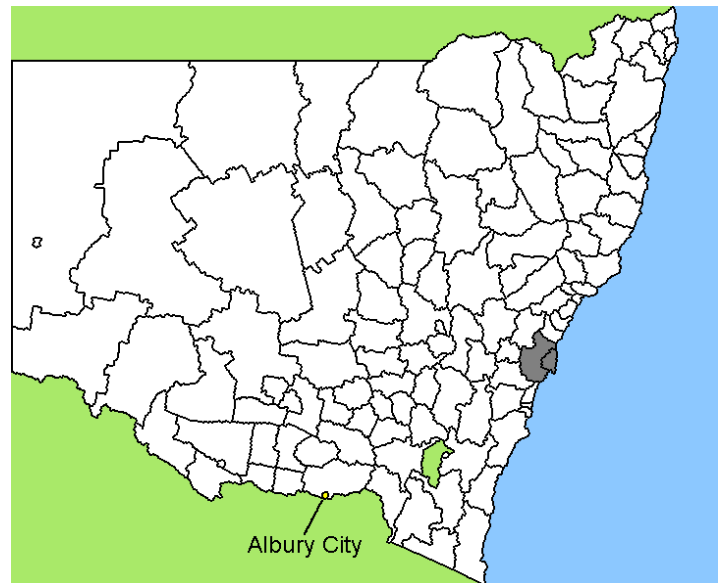
Albury is a major regional city in the southern Riverina, on the Murray River which has strong ties with the adjacent Victorian city of Wodonga. The local government area covers 305.9 square kilometres and is the smallest in the Murray region.

The traditional owners of the area were predominately the Wiradjuri people.

Key demographics are:

- Population: 51,539
- Population (2036): 56,628
- Average Age: 41
- Density: 168.5 persons per sq km
- Aboriginal and Torres Strait Islander people: 2.1%
- People from non-English speaking backgrounds: 4.47%
- People aged 60 years and over: 19%
- Young people aged 15 years and over: 19%

(Source: Australian Bureau of Statistics)



The city provides services for surrounding agricultural communities with an estimated population of 100,000.

Local issues

Albury has a diverse economy and is strategic hub for business, commerce, transport, health and education with a number of major industries, and tourism enterprises. The CBD is recognised as the retail and entertainment precinct for the regional area.

Albury's prominence as a regional centre and the overall development in the region can to a large extent be attributed to the *Albury-Wodonga Area Development Agreement* and the *Albury-Wodonga Development Corporation* (the Corporation). This unique initiative was established by the Commonwealth Government in 1973 in

partnership with the NSW and Victorian governments and Albury and Wodonga Councils.

The Corporation's objectives were originally to:

- coordinate urban land-use planning
- provide social, educational, cultural and recreational services and facilities
- provide incentives to attract industry and their employees
- acquire, sell and develop land for industry and residential uses
- provide public infrastructure.

The Corporation has discontinued its role as a land developer and is now concentrating on the disposal of its property assets by 2015.

The Council

Albury City Council has nine councillors including the Mayor. The Albury City Council election is 'undivided' (i.e. it is not divided into wards), meaning that electors in the local government area vote for all the councillors forming the council.

The Council employs 466 full-time equivalent staff. The organisation is divided into five directorates: Engineering, Economic Development and Tourism, Planning and Environment, Community and Recreation, and Corporate Services. The General Manager has direct responsibility for human resources, communications and executive services.

A range of information about Albury City Council is available on its website at www.albury.nsw.gov.au.

PART II. PLANNING A SUSTAINABLE FUTURE

This part of the review focussed on Council’s strategic intent and how it has involved its communities and other stakeholders in developing long-term strategic plans. The review assessed the clarity of Council’s strategic direction, whether its plans reflect a shared and realistic vision, as well as its overall approach to corporate planning. Monitoring and reporting of progress to promote continuous improvement was also an integral consideration with regard to Council’s performance in this area.

3 STRATEGIC PLANNING AND REPORTING

A planning and reporting framework for NSW local government has been introduced to improve local councils’ long-term community planning and asset management, as well as to streamline reporting to the community.

The framework aims to improve the sustainability of local communities by encouraging councils, residents and State agencies to work together on long-term plans. The Community Strategic Plan is supported by a Resourcing Strategy that includes long-term financial planning, asset management planning and workforce management planning. This is illustrated in the following diagram.



3.1 OVERVIEW OF STRATEGIC PLANNING

Albury City Council elected to be a Group 1 council for the purposes of implementing the Integrated Planning and Reporting (IP&R) framework. The Council submitted its suite of IP&R plans to the Division for review in July 2010. The Division undertook a review of the documents and provided the Council with feedback. The review identified that there was little evidence of integration between the component plans. In response to this, the Council developed an action plan to achieve the improvements suggested by the Division.

As part of this Promoting Better Practice Review, the Division examined the revised suite of documents to assess the progress and impact of the changes made by the Council. The review team acknowledges that the Council has made some progress in improving the documents. In particular, the improvements to the Community Strategic Plan, Community Engagement Strategy and better access to the plans on the Council's website are welcomed.

Nevertheless, the review team finds the relationship between the component plans fragmented, making them sometimes difficult to navigate and comprehend. A number of the plans lack clear explanations about how they fit together or how they contribute to delivering the community's vision and priorities, as set out in *Albury 2030 - A community strategic plan for Albury*. This requires priority attention.

The Council has recently established a full-time position of Corporate Planner to facilitate further improvements. Post the review team's visit, the incumbent of this position participated in a one-week professional development program related to integrated planning and reporting co-ordinated by the Division. The program was designed to enhance the skills of participants and provide opportunities to share knowledge, including lessons learnt and new developments in the area. The Council's Corporate Planner is encouraged to seek support from the Division if required.

The key strategic areas of the self assessment checklist completed by the Council were examined by the review team and are included in Table 1. Better practice examples and areas requiring further development are highlighted. These are discussed in more detail later.

Table 1: Strategic Planning and Reporting Assessment








Area of assessment	
Community engagement	
Community Strategic Plan	✓
Delivery Program	
Operational Plan	
Resourcing strategy	
<ul style="list-style-type: none"> • Workforce Management Plan • Long Term Financial Plan • Asset Management Plan 	

Table key:  = Better practice  = Requires further development ✓ = Examined

3.2 SIGNIFICANT OBSERVATIONS

Better practice

The review team did not identify any practices beyond or above minimum compliance requirements and good practice indicators.

Requires further development

Community engagement

Albury City Council’s website includes links to a Council report about *Albury 2030 - a draft Community Engagement Plan for Albury* and the document *Albury 2030 – What the workshops told us*. There is no clear sense of the extent to which the draft Community Engagement Plan was implemented, or how the community’s views were incorporated into *Albury 2030 - a community strategic plan for Albury*.

However, the team notes that Council’s community engagement practices have recently been strengthened. For example, it has prepared the *Albury 2036 Draft Community Engagement Plan* and *Albury 2036 Community Engagement Matrix*. These documents appear to be sound and are easily accessed from Council’s website. However, it appears that the Matrix (a one page document) is a key element

of the Community Engagement Plan. It is suggested that the two documents be combined.

The Delivery Program and Operational Plan

The Delivery Program is a statement of commitment to the community from each newly elected Council. The Operational Plan spells out the details of the Program – the individual projects and activities that will be undertaken each year to achieve the commitments made in the Delivery Program.

As outlined earlier, it is considered that the changes made to date by the Council have not resulted in improved Delivery Program and Operational Plan.

Resourcing Strategy

The Resourcing Strategy supports the Delivery Program and Operation Plan by providing or making sufficient resources available to deliver the commitments made. The Strategy consists of the Long Term Financial Plan, Workforce Management Plan and the Asset Management Plan.

Most of the improvements suggested in the Division's letter to the Council in January 2011 have not been completed. The most essential improvement required is the inclusion of more information about the purpose of each document in its introduction and an explanation of how that document relates to other documents in the framework. Put simply, the reader should have sufficient information to understand how the plans work together to deliver the community's vision.

The Council has developed the Albury City Council *Strategic Plans Register*. The register provides a comprehensive listing of the Council's documented approaches to deliver against the targets defined in a policy statement and/or a statement of direction. Each strategic plan has been ranked in a hierarchy as follows:

- Level 1** Key direction-setting documents for Albury and the Council

- Level 2** Mid-level direction-setting and planning, or a plan involving multiple sites and facilities

- Level 3** Site or facility-specific management plan, annual management plan or operational guidelines.

The register categorises the level of the plan and lists when it was adopted, the date it is to be reviewed and location of the plan. It contains hyperlinks to each document.

While the Register is potentially a useful internal coordination tool, the links between plans, and particularly to components of the IP&R framework, are not well demonstrated.

Recommendation 1

The links between the Council's suite of integrated planning and reporting documents are not clearly apparent. The documents should be presented in a more readable format to make them more accessible.

The Council's response

Recommendation 1

The review of the Community Strategic Plan (Albury 2030) occurred in 2012, and the new plan will be endorsed in February 2013 following public exhibition. The links to all Integrated Planning and Reporting documents have been redrawn and are now more apparent in the new plan. This work builds on the professional development programs that our Corporate Planner has attended and further work undertaken as part of a peer review of the Integrated Planning and Reporting work of Group 3 Councils.

It should be acknowledged that Council's original Community Strategic Plan was developed in the initial suite of Group 1 strategic plans, and as such was always going to be a work in progress. It is recognised that working with the community and revising the plans over time will continue to develop and produce a plan that by necessity changes and evolves over time to set out the community's targets and goals for the future. To this end AlburyCity commends a review and improvement process where relevant and with reference to the community.

The document now contains a snapshot of Albury, a demographic profile, information on the resourcing strategy and its links to Albury 2030. A colour coding system has now been instigated to highlight the quadruple bottom line through the four Albury 2030 themes. This has been consistently applied across, and will link with, the reviewed Delivery Program, Operational Plan and resourcing strategies.

The revised Delivery Program and Operational Plan formats have been adopted by the Management Executive Team and these will be used for the 2013-2017 four-year Delivery Program. The Integrated Planning and Reporting information is already on the website under 'Planning for Albury's Future'.

In regard to the finding *"that most of the improvements suggested in the Division's letter to the Council in January 2011 have not been completed"*, this is not correct. At the time of the review Council provided a document titled "Progress towards Actions from DLG letter dated 17 January 2011" which outlined the changes and revisions made in response to the Divisions recommendations. Many of the issues raised have been addressed or completed. It is suggested that a revision of this comment be included in light of the progress made.

With regard to the comments relating to Community Engagement it is acknowledged that there was a need for improvements to the awareness, relevance and reference made to community engagement across a variety of fronts and projects for Council. In 2010/2011 a commitment from senior management and Council to the IAP2 Community Engagement Framework led to the training of 20 senior people across Council in the five day IAP2 Certificate and the implementation of an internal policy. This has resulted in significant improvements in planning and conducting community engagement.

The recent community engagement program prepared for and undertaken with regards to the review of Albury 2030 is a significant improvement and referenced in the review report. The Community Engagement Matrix has been included in the draft revised Albury 2030 that is now on the website as part of the public exhibition process.

The Strategic Plans Register was intended to be an internal document. It is now being redesigned to align the strategic plans directly with the Albury 2030 themes.

On the AlburyCity website all the public strategic plans are listed under the appropriate Albury 2030 theme, with individual hyperlinks to each plan. This provides a clearer understanding of how the plans are linked together.

Review team comments

The review team acknowledges that the Council's original Community Strategic Plan was developed during the first phase of the implementation of the Integrated Planning and Reporting framework in NSW. This review report identifies progress made by the Council in this area and cites examples of particular improvements.

The finding "that most of the improvements suggested in the Division's letter to the Council in January 2011 have not been completed" refers specifically to the Council's Resourcing Strategy (ie the Long-Term Financial Plan, the Workforce Management Plan and the Asset Management Planning documents). Based on the information available at the time of the review, the Council's Long-Term Financial Plan, Workforce Management Plan and Asset Management Planning documents were not considered to be completed to the standard required.

PART III. DELIVERING AND ACHIEVING

This part of the review focussed on examining key structures, systems, processes and programs involved in delivering the stated outcomes of *Albury 2030* (the Community Strategic Plan). The review team considered the means by which Council:

- governs its day to day operations
- undertakes its planning and regulatory obligations
- manages its assets and finances
- involves the community
- recruits and retains its workforce.

4 GOVERNANCE

4.1 SCOPE

“Corporate governance refers to all the means by which entities are directed and controlled” (Standards Australia, HB401-2004:12). Corporate governance is important for councils because it:

- enhances organisational performance
- manages and minimises risks
- increases the confidence of the community and the local government sector in the organisation
- ensures that the organisation is meeting its legal and ethical obligations
- assists in the prevention and detection of dishonest or unethical behaviour.

4.2 OVERVIEW OF COUNCIL’S GOVERNANCE FRAMEWORK

The review team found that Albury City Council has a sound governance framework with most systems and processes being of the required standard to guide Council’s operations and meet its legislative obligations.

Consistent and proper meeting practices contribute to good public decision-making and increase Councils’ transparency and accountability to its communities. The decision-making processes of both the elected body and the executive management team appeared mature and constructive. The Council meeting attended by the review

team was well chaired and proceeded in an orderly manner to reach decisions relating to the items in the business paper. Two television screens in the council chamber made it easy for all, including those in the public gallery, to see Council's resolutions. Councillors and senior staff acted in accordance with standards set out in Council's Code of Meeting Practice and its Code of Conduct.

However, some councillors and staff members indicated that on several occasions in the past conduct at meetings had been "robust" and "not as orderly as the meeting observed". This was attributed to the behaviour of a minority of councillors. Despite this, the Mayor retained control of the meeting and decision-making was not compromised.

The proceedings reflected a good understanding of the respective roles of the members of the elected body and the staff. Councillor and staff interaction was described as positive and productive by councillors and staff.

The Council has developed most of the necessary policies, procedures, practices and systems essential to a sound governance framework. This contributes to enhancing its organisational performance, as well as minimising and managing risks.

It appears that the Council's officers are generally aware of their legal and ethical obligations and act accordingly. For example, the Albury City Council *Gifts and Benefits register* contained appropriate entries which reflected an understanding of the relevant clauses of the *Albury City Council Model Code of Conduct*.

In carrying out its business the Council has formed a number of strategic alliances. These include the Riverina and Murray Regional Organisation of Councils (RAMROC), Riverina Regional Cities Alliance, and the 'Evocities' campaign.

The key governance areas of the self assessment checklist completed by the Council were examined by the review team and are included in Table 5. Better practice examples and areas requiring further development are highlighted. These are discussed in more detail later.

Table 2: Governance Assessment










Area of assessment	
Ethics and values	
Code of Conduct	✓
Gifts and benefits	✓
Communications devices	✓
Disclosure Pecuniary Interests	
Business ethics	✓
Risk management	✓
Fraud control	✓
Business continuity	✓
Internal audit	Not examined in detail
Legislative compliance	✓
Legal services	✓
Procurement, disposal and tendering	
Privacy management	✓
Records management	✓
Access to information by the public	✓
Policy register	
Executive Management meetings/communication	
Delegations	✓
Council meetings	✓
Council committees (s355 and others)	
Councillor induction and ongoing training	✓
Expenses and facilities policy	✓
Councillor staff interaction	✓
Access to information by councillors	✓
Campaign donations	✓
Customer service/complaints handling	
Protected disclosures and internal reporting	✓
Information technology	Not examined in detail

Table key:  = Better practice  = Requires further development ✓ = Examined

SIGNIFICANT OBSERVATIONS

Better practice

Ethics and values

During the 2009 review of the Community Strategic Plan all staff members were invited to participate in focus groups. As part of that process the Council discussed Albury City Council's organisational values. Council's values, as listed on its website, are:

- *Working together* - through respect, listening, valuing all contributions and celebrating achievement and progress
- *Integrity* - through trust, honesty, openness and consistency
- *Courage and passion* - by giving encouragement and confidence to speak up, and leading with visibility and enthusiasm
- *New ideas* - by valuing knowledge and innovation
- *Loyalty* - through demonstrated commitment to, and support of, the organisation and the community.

The values were included in the 2011 *Code of Conduct and Equal Employment Opportunity Refresher Training* for all staff. The values are also included in Councillor induction sessions.

The results of the 2011 Employee Opinion Survey indicate a high level of understanding and support for Council's values (79%). The summary report states, "*Respondents frequently commented on Albury City Council's culture and values as being one of the things they like best about working for the organisation*".

Another example of better practice in this area was the Red Tape Campaign. Council's first guiding principle is quoted below:

Red carpet, not red tape:

- *We make sure that people are treated like valued customers, every time they interact with the Council's staff*
- *We untangle red tape and streamline systems*
- *We listen to our community and respond to its needs.*

An innovative internal communication campaign was developed and implemented over several months to achieve a cultural change which embraced this principle. A Red Tape Taskforce was established to coordinate the campaign. Red tape was made a 'crime' against organisational values. 'Detectives' were recruited from within the organisation and let loose to find instances of red tape and ways to cut it. Staff and team leaders were also creatively encouraged to forward their ideas about reducing red tape to a unique email address.

The campaign engaged staff and assisted them in identifying red tape in their work areas and streamlining systems to improve customer service and improve efficiency in service delivery. For example, during the first few months, 63 matters were logged with 34 of those resolved and all others in progress. Six months after its commencement, a staff survey was conducted which indicated a high level of support for the campaign and the improvements it had achieved. The campaign is ongoing and is part of the General Manager's regular performance appraisals.

In 2011 the campaign received a Government Communications Australia 'Communications Award'.

Policy Register

Council's policy register is well-structured and there is evidence of regular review. A template and guide on how to update a policy or procedure is available on the intranet for the use of all staff. Policies across a range of operational areas were examined. Most were found to be well-presented with headings, authorisation, identification data and review history consistent with the policy and template.

Customer service and complaints handling

Council's guiding principles expressly makes a commitment to customer service. Council's Customer Charter, Complaints Management Policy and Customer Service Procedure Manual provide a sound framework within which the Council's staff carry out their duties. Complaints and requests for service are defined then handled within a three-tiered review system.

Dedicated customer service officers operate a 'one-stop shop' Customer Service Centre at the Council's main office and at a Customer Service Centre integrated

within the Lavington Library. The Council also operates an ongoing Mystery Shopping Program to evaluate service levels.

During 2009 all staff attended customer service training. This training included instruction in how to use and maintain the Complaints Management Recording System. Team Leaders of all business areas are regularly updated about customer service issues at their monthly leader forums.

Not surprisingly, the results of the Employee Opinion Survey indicate a cross-section of employees have a high level of awareness and commitment to customer service. Statements in the survey relating to this area received a very positive response. For example:

- *Albury City Council has a strong emphasis on customer service (88% agree)*
- *The quality of service that Council provides to its customers is high (85% agree)*
- *We are continually improving the quality of our services (79% agree).*

Council's quarterly newsletter, *Accent*, is used to keep residents informed of Council's decisions, activities, events and programs. The newsletter is delivered to all homes and businesses in the Albury local government area via Australia Post.

In 2011 the Council conducted a community satisfaction survey. Overall satisfaction with the Council was 'moderate' to 'very high'. Significant improvements from previous survey results were recorded. A key improvement was satisfaction with the way contact with the customer was handled (up by 10%).

Requires further development

Pecuniary interest returns

Councillors and designated persons are required to accurately complete and lodge 'Disclosure of Interest' returns (section 449 of the Act). Failing to do so has the potential to undermine the community's confidence in the integrity of local government and the decision-making process.

The review team reviewed 'Disclosure of Interest' returns for councillors and a number of returns of the Council's senior managers. A number of returns require greater attention to ensure that they are completed as required. While some issues

were minor relating to the way the forms were filled out, other issues were more significant and may represent a breach of disclosure obligations under the Act. For example, the nature of interest in real property in some returns was not disclosed, or was described as “home” or “investment”, rather than owner, lessee or beneficiary. The nature of the interest may also be in whole or part of the property, and this must be specified.

The Division has issued various circulars and a self help guide to assist council officials to comply with their obligations relating to disclosure of interests and to ensure that accurate information is recorded.

Recommendation 2

Councillors and the Council’s senior managers are encouraged to refer to the ‘Self-help Guide for the Completion of Returns Disclosing Interests of Councillors and Designated Persons required under section 449 of the Local Government Act 1993’ which is available on the Division’s website.

Procurement, disposal and tendering

While the Council met most requirements in the area of procurement, disposal and tendering, there were two important areas where practices need to be improved:

- 1) The Council did not have a documented policy and procedure for the disposal of assets. Assets that are surplus to the requirements of the Council must be disposed of in a manner that achieves the net maximum benefit to the Council. Disposal of assets must be conducted with probity. The authority to dispose of the Council’s assets should be consistent with financial limits contained within the Delegations Register.

- 2) At the time of the review, the Council did not have a documented policy and procedure relating to the monitoring of contractor performance. These documents are required to ensure what the Council has contracted for is delivered and that its interests are protected. In particular, a clear policy and procedure will minimise misunderstandings and prevent small difficulties from becoming major problems and/or budget blowouts. During the review team visit, the Council advised that it intended to develop a policy and procedure to monitor and manage the performance of contractors which it engages.

Recommendation 3

The Council should develop and implement policies and procedures:

- a) for the disposal of its assets*
- b) to monitor and manage contractor performance.*

Executive Management Team (Manex)

All Directors and Managers reported that they work well as a team. All Directors advised that they communicate with their Managers/Team Leaders on a regular basis. For example, the key outcomes of Manex meetings are reported shortly after each meeting to Managers and Team Leaders, who then communicate these to their staff.

Detailed notes are kept of Manex meetings but are not made available to all staff. It is acknowledged that some of the material may refer to confidential personnel or commercial matters and therefore cannot be disclosed. However, it is considered better practice to provide a summary of the key decisions and the reasons leading to those decisions, and to make it available to all staff via the intranet.

The *Employee Opinion Survey July 2011* results indicate that the quality of communication and level of engagement between Manex and the Council's broader workforce could be improved.

Key survey results to illustrate this are summarised below:

- *Manex listens to people's ideas and suggestions for improvement (36% agree)*
- *Members of Manex are accessible (39% agree)*
- *The longer-term direction of the Council is well-communicated and explained to me (47% agree)*
- *Manex does a good job of looking for ways to improve the organisation (Work Organisation) (44% unsure).*

A number of comments were made in relation to a desire for greater communication between 'management' and the workforce, giving consideration to outdoor or remote staff, and in explaining the rationale behind decision-making.

The Executive Management Team has developed an action plan to address employee concerns raised in the survey. Strategies include ensuring Directors/Leaders have ongoing communication with staff regarding key organisational decisions and plans, and the development of an 'Internal Communication Strategy'.

Successfully engaging outdoor/remote staff remains a challenge across the local government sector. Outdoor/remote staff should be consulted to gain practical ideas and suggestions on how they could better be engaged and participate. These suggestions should be included in the Council's *Internal Communication Strategy* when it is developed.

Recommendation 4

The Executive Management Team should implement strategies to improve communication and engagement with a broader cross-section of the Council's employees, particularly its outdoor/remote staff.

The Council's committees

The Council's committees are provided with a constitution or charter which sets out their membership and function. However, they are not provided with a copy of the Council's Code of Conduct, documented procedures, or an operations manual and relevant training. These committees carry out important functions on behalf of the Council. Committee activities and the conduct of individual members should be undertaken consistent with the policies, procedures and practices of Council's governance and broader policy framework.

Recommendation 5

The Council's committees should be provided with a copy of the Council's Code of Conduct, documented procedures, operations manual and relevant training.

The Council's response

Recommendation 2

Council does provide a copy of the “Self help guide for the completion of Returns Disclosing Interests” to all designated persons at each annual return. In addition, Council staff prepared a Powerpoint presentation on how to complete the Returns and this was presented to Councillors in 2010 and 2011 at workshops. The matter was also discussed at the new Councillors induction program in September 2012. The Council officer responsible also actively oversees the returns and provides feedback when the return is not completed correctly. Further oversight will be provided in future to ensure all returns are completed in accordance with the Act, acknowledging that it is the responsibility of each designated person to ensure they meet their obligations.

Recommendation 3

It is acknowledged that Council does not have a formal policy or procedure for the disposal of assets. An assets disposal policy and procedures will be prepared for Council's consideration in 2013.

The monitoring of contractor performance is a practice that is regularly undertaken by contract or project managers without formal reference to a policy or procedure but rather with reference to contractual provisions or relevant national standards. AlburyCity will develop a formal policy and procedure for the monitoring of contractor performance to ensure that all future contracts deliver within expectations and without significant exceptions. This policy and procedure will be developed and adopted in 2013.

Recommendation 4

Council's senior Management Team is cognisant and supportive of good communication with all staff and support measures and strategies that will add value to the organisation's performance in this regard.

Measures have been implemented to improve the dissemination of information to all staff about key issues and decisions. To ensure strong communication is maintained with external sites and remote staff a number of initiatives have been introduced

and/or improved. This includes dissemination of key issues and decisions through structured management and staff meetings, more regular presence of senior staff in the field and informal gatherings to discuss points of interest and relevant topics.

An Internal Communications Plan has also been included as an action item in the recently adopted Corporate Communications Strategy. We will continue to monitor and review this through discussions with staff and future surveys.

Recommendation 5

In recent times the new Audit Committee external member has been provided with the Code of Conduct and relevant instruction. The last Committee to be established was the Sustainability Advisory Committee and all its members were provided with the Code of Conduct and relevant instruction. Council will provide the Code of Conduct, Code of Meeting Practice and relevant training to other external committee members of Council's advisory committees.

Council is currently preparing a policy on Section 355 Committees which includes documented procedures and the information members will receive.

Review team comments

Recommendation 2

The review team acknowledges the assistance provided to designated persons by staff of the Council in relation to completing their annual return, such as the provision of the self-help guide.

It is agreed, as stated in the body of this report, "that it is the responsibility of each designated person to ensure they meet their obligations". Recommendation 2 encourages each person to make use of the available resources to more effectively meet their obligations under the Act.

5 PLANNING AND OTHER REGULATORY FUNCTIONS

5.1 SCOPE

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

5.2 OVERVIEW OF PLANNING AND REGULATORY PRACTICES

Albury City Council has many effective planning and regulatory systems, processes and practices in place.

The Planning and Environment Directorate has 33 staff that perform the following functions:

- Town planning – statutory and strategic
- Compliance
- Building surveying and plumbing
- Sustainability.

Discussions with staff from across the directorate reflected a commitment to customer service and consultation.

Key elements of the framework which guides the Council's decisions around land-use planning in the city include:

- Albury Local Environmental Plan 2010
- Albury Land-Use Strategy 2007
- Economic Development Strategy 2009/2012
- Draft Biodiversity Strategy
- South Albury Strategy
- Albury and Lavington CBD Masterplans
- Hamilton Valley Strategy.

The Council's process for assessing development applications (DAs) was perceived as better practice. Noteworthy practice was identified in its enforcement and

compliance activities. The Council’s efforts in environmental management have been rewarded with several awards. These are discussed later.

The key planning and other regulatory areas of the self assessment checklist completed by the Council were examined by the review team and are included in Table 3. Better practice examples and areas requiring further development are highlighted. These are discussed in more detail later.

Table 3: Planning and Other Regulatory Functions Assessment








Area of assessment	
Strategic land use instruments	
Development applications process	
Contribution plans and planning agreements	✓
BASIX	✓
State of the Environment reporting	✓
Graffiti	✓
Enforcement	
Environmental management	
Companion animals	✓
Water safety (Swimming pools)	

Table key:  = Better practice  = Requires further development ✓ = Examined

5.3 SIGNIFICANT OBSERVATIONS

Better practice

Strategic land-use instruments

The Council’s efforts and innovation in the planning and environmental area (in particular in relation to its Local Environmental Plans) have been recognised by the Local Government and Shires Associations of NSW.

The Council has been awarded the following *Excellence in the Environment Awards 2010/2011*:

- *Koolest Skool Award – Natural Environment Policies, Planning and Decision-Making Award for Biodiversity Certification of Albury LEP2010*
- *Joint Overall Winner - Planning and Decision-Making Award for Biodiversity Certification of Albury LEP2010 – Natural Environment Policies*
- *Planning and Decision-Making Award Biodiversity Certification of Albury LEP2010 – Natural Environment Policies*

The Planning Institute of Australia awarded a commendation to the Council for the *Improving Planning Processes and Practices Award – Bio-Certification of Albury LEP2010* in its Planning Excellence 2011 New South Wales Awards.

Another better practice example in this area is the Thurgoona Wirringa Precinct Structure Plan. It is a blueprint to guide the growth and development of the Albury local government area to cater for an estimated 50,000 additional residents over the next 50 years.

The plan was a result of comprehensive long-term planning and significant community engagement. Its development was guided by a representative steering committee. Community members were encouraged to participate in the inception of the project, ongoing project work, and during the exhibition phase. Input to the plan was coordinated from across the whole of the Council, as well as from relevant government agencies. Forward planning ensured the necessary physical and human services infrastructure was in place upfront or early in the development of the precinct.

Development applications (DAs)

This is an area where the Council demonstrates a consistently high level of performance.

The Council reported that 99% of DAs are determined by staff under delegated authority. This reflects a clear understanding of the respective roles and responsibilities of councillors and staff in the planning process to enhance greater efficiency in the processing of applications.

The Council's turnaround times for DAs are excellent. The Department of Planning and Infrastructure's *Local Development Performance Monitoring: 2010-11* report indicates that the 'DLG Group 4 Averages' mean gross time for determining DAs was 62 days and the net time average was 37 days. Albury City Council's average is significantly better at 34 days (gross time) and 22 days (net time).

Some of the initiatives which allow the Council to achieve a high quality output in this area include:

- a well defined planning framework
- a 20-day target in its Customer Service Guarantee
- a pre-lodgement service to assist applicants to lodge their DA(s)
- a series of fact sheets, standard forms and checklists which are available to assist applicants and staff with the process
- applicants being able to track online the progress of their DA. This has reduced demands on staff allowing them to focus on efficient assessment
- a proposed trial for the auto-generation of s149 certificates (Environmental Planning and Assessment Act)
- regular monitoring and review.

The Council undertook an audit of its DA and contributions processes during 2008/2009. It plans to use the *Development Assessment Internal Audit Tool* (Independent Commission Against Corruption) to carry out another audit shortly.

Enforcement

In recent years there has been an increase in the regulatory and enforcement responsibilities of all councils. A combination of greater community expectations, changes to legislation and improved enforcement tools, as well as the need to ensure transparent and consistent decisions, have made for a challenging regulatory landscape.

In November 2008 the Council adopted its *Enforcement Policy*. The policy documents its approach to dealing with allegations about unlawful and regulated activities including the regulation of development activity, pollution control, parking regulation, natural resource management, environmental health and companion animals. The policy is well structured and easy to read. Criteria are provided to guide whether an investigation is warranted, whether enforcement action is required and if

so, the most appropriate option to address the activity. The Policy encourages prompt, consistent and effective enforcement with a high priority given to education, intervention, negotiation and mediation.

A skills audit of all enforcement and compliance staff was undertaken in 2008. An extensive training program has been tailored to meet the needs of each staff member and continues to be implemented on an ongoing basis.

Under section 159 of the Local Government Act, councils may prepare a local orders policy to specify criteria that need to be considered when giving an order. A number of different Acts also give local government the power to issue a statutory order which can be included in a local orders policy. The purpose of such a policy is to supplement the legislative provisions to provide improved guidance and added transparency. The Council's compliance team is currently building upon its *Enforcement Policy* to prepare a local orders policy.

Environmental management (sustainability)

One of the four key themes of *Albury 2030* is to achieve an enhanced natural environment. In 2010, the Council established a dedicated Sustainability and Environment Team consisting of three staff. One of the key roles of the team is to work closely with all departments of the Council to incorporate sustainability and environment principles and considerations into standard operating procedures.

The team also works closely with the community through outreach, education and awareness-raising activities. With the guidance of the Sustainability Advisory Committee and following extensive community consultation, the *Albury - Our Future* strategy was developed. The strategy defines “the sustainable Albury City Council” and covers the following themes:

- governance of the strategy
- environmental management
- economic development
- infrastructure and technology
- households, business and industry
- social and cultural heritage
- monitoring, evaluation and reporting.

The Council believes the strategy provides a strong platform for future action to consolidate and improve natural areas and assets across the whole of the city.

Water safety (swimming pools)

Under the *Swimming Pools Act 1992*, councils have a responsibility to take such steps as are appropriate to ensure they are notified of the existence of all swimming pools within their area. This Act also requires councils to promote awareness within their area of the requirements of the Act in relation to swimming pools and water safety.

The Council has in place the following:

- A well presented and easy to read *Requirements for Domestic Swimming Pools* booklet to encourage compliance with the Act and promote water safety.
- Water safety is promoted at relevant community venues. For example, the *Protect Your Pool, Protect Your Kids DVD* is used as the basis of regular community awareness sessions.
- Awareness raising articles in its newsletter to residents, such as “There’s more to a safe pool than just a fence”.
- The Council maintains a Swimming Pool Register and monitors pools that have been approved but not finalised.

The Council is currently assessing a program called *E-view* to identify "unapproved" pools or pools it has not been notified about.

Requires further development

No matters requiring development were identified in this area.

The Council's response

Albury City takes great pride in our performance with regard to development assessment this relies on a culture that cuts across all areas of the organisation, not just Town Planning and Building Surveying, but includes Engineering Services, Community & Recreation, Corporate Services, Economic Development, Councillors and the community.

AlburyCity is committed to the growth and development of the City, to this end active and relevant strategic planning including Biocertification of the Albury LEP have provided greater certainty and more clearly defined parameters for developers, residents and the community alike.

The planning and building system can work within the framework provided but this is based on strong relationships and clear expectations between Councillors, staff and the community.

Recognition should be given to the culture of AlburyCity which relies on the principal “Red Carpet and Not Red Tape”. This has been embodied in the processes and procedures that relate to planning and development assessment. Without this the high levels of performance and the successful outcomes may not necessarily have been, or continue to be, achieved.

6 FINANCIAL AND ASSET MANAGEMENT

6.1 SCOPE

Under its charter, the 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.

6.2 OVERVIEW OF THE COUNCIL'S FINANCIAL AND ASSET MANAGEMENT

Councils in NSW are required to provide services, facilities and infrastructure through the effective and efficient use of resources. Albury City Council's net operating result before capital amounts has been in deficit for the past five years (\$34.1M cumulative). In addition, the Council's proposed results for the next three years also forecast deficit results, with the Council's general fund forecasting deficit results for the next ten years. With these results, it is not evident how the organisation will achieve long-term financial sustainability.

The Division monitors the financial performance of all councils. Where necessary, issues or trends of concern are raised with individual councils. The Division met with representatives of the Council to discuss its financial performance in May 2012. As a result of these discussions the Council indicated that it intended to introduce measures to reduce budgeted expenditure by \$700,000 per annum.

Financial position

Table 7 sets out consolidated results to provide an overview of the Council's financial performance. In addition to the comments above, it should be noted that the Council's budgeted results have also been in deficit for the past four years.

The indicator of unrestricted current ratio (UCR) is a measure of a council's ability to meet its financial obligations, such as paying for goods and services supplied. A ratio of between 1.5:1 and 2:1 is satisfactory and shows that a council has sufficient liquid assets on hand to meet its short-term liabilities. The Council has a UCR of 1.46:1 which has decreased from its UCR of 1.68:1 in 2008/09.

The Council's debt service ratio (DSR) has slowly increased over the past five years to 7.05% at 30 June 2011. This will continue to rise in line with the Council's

proposed borrowings over the next four years. The Council's outstanding long-term debt amounted to \$44 M in 2010/11, and is forecast to rise to \$66.5M in 2015/16.

Table 4 Albury City Council consolidated financial results

Consolidated results	2010/11	2009/10	2008/09	2007/08
Income Statement (Fin Performance)	\$'000	\$'000	\$'000	\$'000
Rates and annual charges	36081	41131	39255	38228
User charges and fees	34150	27234	22877	20303
Interest and investment revenue	2135	2289		37
Other revenue	2562	1955	1801	1689
Grants and contributions for Op purposes	10163	8750	9863	9215
Grants and contributions for Cap purposes	7239	11797	9335	12628
Net gain from asset disposal	206	4576	335	
Share of interests in joint ventures etc	0	78	28	89
Total income from continuing operations	92536	97810	83494	82189
Employee costs and on-costs	33517	32350	29425	27303
Borrowing costs	3096	3062	2527	1741
Materials and contracts	22937	18834	20984	19175
Depreciation and amortisation	24371	23403	23576	20476
Impairment				
Interest and investment losses			355	
Other expenses	11396	11125	8144	10220
Net loss from disposal of assets				73
Share of interests in joint ventures and associates	11			
Total expenses from continuing operations	95328	88774	85011	78988
Operating result from continuing operations	-2792	9036	-1517	3201
<i>Budgeted net operating result for the year</i>	<i>-4399</i>	<i>-8422</i>	<i>-6002</i>	<i>-4501</i>
Net operating result for the year before grants and contributions for capital purposes	-10031	-2761	-10852	-9427

Asset management

While the Council's four-year average infrastructure renewal ratio (IRR) is 78%, in the past two years the Council has only achieved 35% and 55% respectively. The Council should aim to achieve an average IRR of 100% over a five-year period to ensure that its assets are being renewed at the rate at which they are deteriorating.

The Council estimates \$30.354M is required to bring its assets to a satisfactory standard, which includes water assets requiring \$12.6M, sewer \$8.7M and roads \$6.4M. Further, the Council did not fully fund its required annual asset maintenance

by an amount of \$557,000 in 2010/11 and has no internally-restricted reserves for infrastructure renewals.

The Council’s Auditor stated in the 2010/11 financial statements that “*Council’s long-term ability to maintain and renew its asset base could be impaired if ongoing losses are reported.*”

The key finance and asset management areas of the self assessment checklist completed by the Council were examined by the review team and are included in Table 5. Better practice examples and areas requiring further development are highlighted. These are discussed in more detail later.

Table 5: Financial and Asset Management Assessment






Area of assessment	
Financial management	
Asset management	
Land assets	
Council businesses	✓
Council involvement in companies, partnerships, corporations, co-operatives, and joint ventures	✓
Insurance	✓

Table key:  = Better practice  = Requires further development ✓ = Examined

6.3 SIGNIFICANT OBSERVATIONS

Better practice

The review team did not identify any financial and asset management practices beyond or above minimum compliance requirements and good practice indicators.

Requires further development

Financial management

1. Financial position

The Council adopted the 2012/13 budget on 28 May 2012. However, it has not yet identified the proposed reduction of \$700,000 in expenditure as indicated in its meeting with the Division in early May.

An examination of recent Manex meeting indicates that aspects of the Council's financial and budget position were discussed. However, the extent to which these matters were discussed within the context of the Council's Long-Term Financial Plan and the financial challenges facing the Council is not clear. Also it was not apparent from interviews with staff and councillors that there was an overall awareness of the Council's financial position or any proposed measures to improve this situation.

The need to reduce budgeted expenditure by \$700,000 each year to improve the Council's sustainability into the future is a responsibility of the whole organisation. Councillors, staff and the community should be made aware of the need to introduce and implement measures to reduce expenditure, as well as to reduce the Council's forecast deficits.

The Council is encouraged to undertake a full expenditure review and advise the Division of its proposed strategy to improve its financial position as a matter of priority. A full service review should provide a constructive opportunity to raise awareness of the Council's financial position. As part of this review, a comprehensive cost analysis of expenditure should be undertaken including full lifecycle costs in an effort to improve the Council's financial position. It is suggested that a review also be undertaken of all macro and micro programs and services, and their associated costs. Prior to implementing any new service or asset, it will be necessary for the Council to undertake a comprehensive cost analysis, including full lifecycle costs, a cost-benefit analysis, and consideration of the impact on the Council's long-term financial plan and financial position prior to commencement.

The Council is proposing to undertake a review of business plans for the Airport and Cemetery, with a draft business plan for the Entertainment Centre currently underway. The Council has also identified the need to carry out service reviews. It is

appropriate that all business entities of the Council be reviewed in this way, with a particular focus on those activities that are running at a loss.

The Division's Performance and Compliance Team will continue to liaise with the Council to improve the Council's financial position.

Recommendation 6

The Council should undertake a full service and expenditure review as a matter of priority and advise the Division's Performance and Compliance Team of its proposed strategy to improve its financial position as soon as practicable.

2. Long-Term Financial Plan

Information in the Council's ten-year Long-Term Financial Plan (LTFP) appears different to information for the same period in the adopted four-year Delivery Program. It is expected that the net operating result (bottom line) for the same period will be the same across these documents. The Council should also ensure the LTFP includes all necessary requirements, that is:

- at least three scenarios
- it has clear links to other strategic planning documents
- the adopted annual budget is consistent with the LTFP.

Engineering staff acknowledged there is a need to 'fine tune' the links between asset management documents and Council's other integrated planning documents.

Recommendation 7

The Council should improve the links between Council's Long-Term Financial Plan and Asset Management Plans and all other integrated planning and reporting documents.

3. Delegation of donations

The Council's 'Delegation Authority' allows the General Manager to approve minor subsidies and donations. Under s377 of the Act, Councils are unable to delegate this function. The Council also appears not to have a donation policy publicly available to ensure this process is open, fair and transparent.

Recommendation 8

The Council should review its Delegation Authority in accordance with the Act, and make publically available a Donations Policy.

Asset Management

The Council's annual financial statements indicate that it has held no internally restricted reserves for infrastructure renewal since 2006/07, when it held only \$800,000. The Council's long-term financial and asset plans do not contain any long-term strategies to address this deficit. The Council has a current special variation to general income in place and a portion of this is for the construction of new assets which will require additional funds for ongoing maintenance for the duration of their life.

The Council currently does not have an asset disposal policy, but is proposing to develop one this year. The Council has not undertaken any process of asset rationalisation.

The Council's Auditor noted that the asset data for sewer, water, bridges, drainage and footpaths has not been subject to a comprehensive review in conjunction with the engineering staff for validity for a number of years.

The Council has implemented the transfer of its road assets data to the Conquest system and is currently in the process of transferring the remaining asset classes' data to the same system. As part of its Asset Management Strategy, The Council intends to implement a total asset management system. The Council should also ensure that asset condition assessments are undertaken. This information should then form part of the Council's overall strategic direction in relation to the maintenance, management and funding of assets.

Recommendation 9

The Council is encouraged to continue improving its Asset Management Strategy and practices to address the issues identified.

Land Assets

The Division's review of the Council's financial statements for 2010/11 revealed that it had not separated operational and community land, nor did it have a land register available to the public. The Council advised that it has rectified this situation since being notified of the discrepancy. However, Council's land register does not meet the necessary requirements as outlined in section 53 of *Local Government Act 1993* in relation to leases and licences.

The Council's Plans of Management for community land are not accessible on Council's website. These plans appear to be generic and do not give a clear indication to the community of the process the Council undertakes for the management of community land. The plans do not appear to be up to date.

A number of issues associated with the management of the Council-owned land and the Council's land register have been identified. Examples include:

- The Council-owned land leased to the Albury Wodonga Equestrian Association, recorded in Council's current land register as community land, appears to have been leased for a period of 29 years commencing in 2009 (outside the maximum 21 years available without an express approval from the Minister to grant an estate over 21 years).
- A number of parcels of community land appear to be occupied without a lease or licence, or under leases or licences for which the current term appears to have expired.
- There is duplication of properties appearing on the Council's land register and it is unclear if the Council has current Plans of Management in place for all of its community land.

The Council should review its current community land holdings to ensure that all land classified as community land is covered by a current Plan of Management, and that all community land is occupied under a current lease or licence granted in accordance with the requirements of the *Local Government Act 1993*. The Division is aware that the Council is proposing to update the Plans of Management by 2013. This revision should consider whether current generic plans should be amended to

more clearly indicate that they relate to parcels of community land with the same categorisation, facilities and management requirements.

The Council is encouraged to consult with the Performance and Compliance Team of the Division when resolving these issues.

Recommendation 10

As a matter of urgency, the Council should ensure its land register, leases and licences comply with all relevant requirements of the Local Government Act 1993 by 30 December 2012.

Recommendation 11

The Council should have made significant progress in updating its Plans of Management by June 2013.

The Council's response

Recommendation 6

It has been clearly acknowledged by Albury City on a number of occasions and especially in discussions or representations made to the Division of Local Government that Council is giving greater consideration to the long term financial plan.

Council outlined a preliminary proposal and commitment to reduce ongoing recurrent expenditure for 2012/13 with an initial target of \$700,000 included in the Operational Plan. This has been achieved and exceeded with \$1.2Million identified as recurrent savings. This was formally recognised in the September 2012 quarterly budget review recently adopted by Council. This is but one of a number of steps required and proposed to be implemented by Albury City to address long term financial sustainability.

In recent years Council has conducted the following productivity improvement work:

1. 2007 Micro review and service levels review
2. 2008 Revenue action plan (non rates)
3. 2009 Further micro reform
4. 2010 Corporate Plan Red Tape campaign

5. 2011 Further efficiency reviews
 6. 2012 \$700K target for reduced recurrent expenditure, achieved \$1.2M
 7. 2013 Fresh service and efficiency review.
-
1. The 2007 Micro review and service levels review produced one-off savings of \$500K and recurrent annual savings of \$400K. Examples include a revised stationery ordering system, fuel efficiency in the fleet, more paying sponsors to sponsor events, and extending the life of water infrastructure.
 2. The 2008 Revenue action plan (non rates) resulted in \$2.1M in additional annual recurrent income when all actions were implemented. Examples include paid airport car parking, increased landfill fees for commercial garbage, introducing a credit card merchant fee, and the sale of industrial land.
 3. The 2009 Further micro reform program reduced Overtime by \$157k in 08-09 and \$153K in 09-10. Reductions in casual staff resulted in \$180K savings in 08-09 and \$121K in 09-10. During this period, \$1.05M in savings was achieved through other efficiencies such as reduced recruitment advertising costs, reduced public notice spend, water saving initiatives on sports fields, increased cemetery / crematorium income through a range of value added services, reduced paper usage, reduced workers compensation premium, ongoing implementation of technology (virtualisation), and conversion to a road rehabilitation regime. Council also withdrew from the Upper Murray Regional Library Service leading to recurrent savings after the initial transition costs.
 4. The 2010 Albury City Corporate Plan led to the Red Tape campaign. Staff identified areas where Council could improve the customer experience including use of plain English in communication, Online DA tracking, and stream lined services at Customer Service. There was also a staff restructure at the stadium, the Compliance Team and Albury Entertainment Centre. Council also expanded the Family Day Care (FDC) service to include Corowa Shire's FDC scheme to create economies of scale.

5. The 2011 further efficiency reviews included a Kiosk Review and action plan, further functionality for Online DA Tracking and Self checkout at the libraries.
6. In 2012 a target of \$700K in recurrent savings was set in the budget. This target was exceeded with \$1.1M identified for General Fund and \$113K identified for Water and Sewer funds. These savings were adopted in the September Quarterly Budget Review.
7. 2013 Updated Service and efficiency review framework.

Since July 2012, the Management Executive Team have worked through a process to identify the targets and timelines for achieving a balanced income statement, determine the criteria for assessing options to achieve the targets, and identify the possible areas for service and efficiency reviews that best meet the agreed criteria. This will be discussed with the Council at a February Council workshop.

TCorp Assessment

Albury City's financial indicators and financial plans have recently been reviewed by the NSW Treasury Corporation. The report makes the following comments in regards to Council's longer term sustainability:-

- *“Council has forecast rates and annual charges to increase at relatively conservative levels and therefore the forecast operating result could improve*
- *Council's capital expenditure is marginally below levels required to maintain their assets at an acceptable level however Council has advised that they will address this as their asset management plans are updated*
- *Council needs to increase its focus on asset renewal*
- *Council needs to limit expenditure on new non commercial projects as such projects have an on-going adverse impact on Council's expenses*
- *Council's DSCR and Interest Cover Ratio are above benchmark for the entire forecast period which indicates Council should have the capacity to undertake the additional borrowings forecast for future capital works.”*

This report identifies key areas for improvement as well as strengths for Council to take advantage of such as capacity for further borrowings and conservative

estimates for future earnings. Taking into account these comments, targets and objectives there is evidence for long term sustainability of Albury City Council.

In regards to the commentary regarding the unrestricted current ratio in the Financial Position Section of this report, the TCorp report also notes:

The Unrestricted Current Ratio has been above the benchmark of 1.5x in three of the four years indicating Council had sound liquidity. The ratio was marginally below benchmark in 2011 at 1.46x and increased significantly to 3.15x in 2012 following the completion of stage one of Volt Lane car park early in 2012.

Reply to General Commentary on Financial and Asset Management

1. Finance and Asset Management Systems and Practices

Albury City does not support the review team's view that there are no financial and asset management practices beyond or above minimum compliance requirements and good practice indicators.

Albury City has long been recognised for the development and implementation of its asset management systems. The accuracy and robustness of Council's asset management systems ensures that the depreciation is accurately quantified, despite this contributing to a deficit operating budget.

Council has worked very hard on the development of internal systems and packages to improve both the efficiency and efficacy of financial planning and budgeting. Of particular note is the work undertaken this year to develop a long term financial planning model for forecasting and calculating electricity expenditure across all Council facilities and operations. This is a significant component of our overall expenditure and an internal working party has developed a system that will reduce our exposure to uncertainty with regards to electricity budgeting.

The finance systems provide a real time position of the individual ledgers to responsible officers and the end of month financial position is published to management within three days after the final day of the month.

A further element that we believe is better practice is our low outstanding debt ratios. With an average of less than 3% outstanding debts this is well below benchmark levels and continues to reflect better practice for the industry.

2. Manex Financial Planning

The Review report makes the following observation:

“Copies of recent Manex meeting notes provided to the review team indicate that the Council’s financial and budget position appeared not to be on the agenda or discussed. In interviews with staff and councillors, it did not appear that they were aware of the extent of the Council’s financial challenges.”

This is disputed and it is requested the comment be deleted or at the very least substantiated with evidence to support this finding.

The Management Executive Meetings did discuss financial management matters every week from January 2012 to May 2012 in accordance with an adopted budget timetable. The agenda item changed names as each week there was a different emphasis, e.g. it was variously called Payroll budget, New Initiatives, Donations, Community Bank projects, Water and Sewer pricing, Fees and Charges etc. In addition, once a month the Management Executive Meetings includes the agenda item called the Monthly Management Report. The Finance Group Leader attends these discussions. The Monthly Management report is a comprehensive document which includes a financial package. Financial sustainability is a significant part of the discussion each month. The Quarterly Budget Reviews are also noted on the Manex agendas.

Furthermore, the Service and Efficiency Review has been a standing agenda item for the Management Executive meetings since July 2012.

3. Community Awareness

Council does not agree with the Review Team’s observation that Council may not be conveying the full extent of its financial position in its publications to the community. Council’s statutory financial results are a matter of public record as are the Audit comments, the Council’s annual reports, the Quarterly Budget Reviews, the annual adoption of the Operational Plan and Four Year Delivery Program, and the Internal

Audit Committee minutes. All of these documents, as well as the officer's accompanying reports, have referenced Council's deficits and the difficulties these present.

Recommendation 7

With regard to the statement that "Information in the Council's ten-year Long-Term Financial Plan (LTFP) is significantly different to information for the same period in the adopted four-year Delivery Program", the LTFP and Delivery Program are consistent in content and bottom line results always match, however two differing formats are used for the Income Statement (Operating Result).

The LTFP and Four Year Delivery Program indicate as follows:

First 4 years Net operating result before Capital grants.

YR1	Yr2	YR3	YR4
(\$4724)	(\$2257)	(\$546)	\$2660

Years one to three are noted as loss results with year 4 noted as a surplus.

The same data runs both formats for the results. The data is not held in two different data bases.

The adopted annual budget has traditionally been displayed in the internal management accounts format which differs from the Annual Statements Format as internal costs and associated internal income are allocated in order to show the true cost of running Council Programs. These internal transactions are netted off in the statutory accounts format.

Council notes the Division's recommendations and will publish only in LTFP format in the future as that is in the statutory accounts format.

Scenarios had been included in the 2011-2012 version of the LTFP, but had not been included in the 2012-2013 version, as the Special Variation to Rate Income had been adopted and had set the course for the next 3 years. The scenarios will be reinstated for the 2013-2014 version.

Recommendation 8

Council is currently preparing a Financial Assistance Policy and notes the issues regarding General Manager's delegations.

Recommendation 9

In regard to the following statement in the draft report Council provides the response below. "The Council's auditor noted that the asset data for sewer, water, bridges, drainage and footpaths has not been subject to a comprehensive review in conjunction with the Engineering staff for validity for a number of years".

It is outlined in the *DLG Circular to Council No. 12-09 Fair Valuation – Infrastructure, Property, Plant and Equipment* that "AASB 116 states that assets should be revalued every three to five years, unless there has been a material difference." Albury City has been valuing Infrastructure assets at Fair Value since 1997 and reviewing these valuations every year since that time. This methodology substantially exceeds the requirements of AASB 116.

One of the methods Council uses to review values of infrastructure assets is indexation. Albury City uses independent experts AssetVal to determine an appropriate indexation of Building and Land Assets and for all other infrastructure assets Rawlinson's Building Price Index. The values that are indexed have been based on actual costs or estimated asset costing using local material/labour pricing and experience of Albury City Engineering staff. An index will only be applied when Council staff assess there has been no material change in the asset value. If an index is determined not to be appropriate a full review will be undertaken. This process has been determined in consultation with Council's external auditors and there will not be more than 5 years between each review.

It should be noted the NSW Reference Rates Manual for the Valuation of Water Supply, Sewerage and Stormwater Assets was published in 2003. The NSW Office of Water has indexed these values annually for the 9 years since that time.

Albury City is currently working with an independent consultant to review Council's revaluation processes going forward. This project includes:

- a peer review of infrastructure unit rates and lives;
- comparison of these rates and lives against other similar Councils;
- identification of areas of residual value; and
- development of systematic process to review unit rates and asset lives.

The recommendations of this review will be implemented in consultation with Council's Finance Team and external auditors.

Council has identified funding in the 2013/14 financial year for a full revaluation of Building and Land Assets.

Recommendations 10 and 11

Council's Land Register will be updated to include relevant leases and licences.

Council's Plans of Management will be made available on Council's website, although it should be noted they have always been available to the public on request. Council's Plans of Management are due for review and this is planned to occur by December 2013. An appropriate allocation of resources (staff time and independent review) will be allocated in the 2013/14 budget.

The review report identifies a lease to the Albury Wodonga Equestrian Association Inc (AWEAI) and notes that this lease contravenes the provisions of the Local Government Act. This is because the original lease was between the Albury Wodonga Equestrian Association and the Albury Wodonga Development Corporation for a 99 year period. This lease states that the Lessor means the Albury-Wodonga Development Corporation or its successors and assigns. As part of the Albury Wodonga Development Corporation's transition to winding up in 2009 there was a Transfer under the Real Property Act to AlburyCity Council. The lease remains as originally struck unless altered or varied. Council's legal advisers have spoken with the DLG about this case and the legal officer at the DLG is of the opinion (and we agree) that as soon as Council enters into any variation of the current lease this constitutes a "grant" of a lease. If Council is deemed to have "granted" the lease, it will be in breach of Section 46(3) of the Act as the term of the lease (together with any options to renew) exceeds the maximum 30 years. Council is currently considering this advice. The Equestrian Association situation was a very unusual

case given its previous ownership by a Federal Government corporation. Council is not aware of any other leases that exceed statutory time limits.

Council is methodically working through a process to ensure all occupied land has a lease or licence. This process has received considerable resourcing for several years to improve record keeping and compliance. Work will continue.

Review team comments

The review team acknowledges the progress of the Council on a number of recommendations since the completion of the on-site review, and notes significant progress on others.

The statement in relation to the discussion of financial matters in Manex meetings in the general commentary about financial and asset management issues has been amended in the body of this report to clarify the review team's perceptions.

The key message is that improving the Council's financial position should be a priority of the senior management team and reflect a whole-of-council approach. Also, the community should be kept informed of the key financial challenges, potential impacts on the implementation of the Community Strategic Plan, and measures to address these via a range of forums and documents.

The Council's efforts toward giving greater consideration to the Long-Term Financial Plan and improving its financial position are noted. Consistent with recommendation 6, the Council is asked to provide the Division with further information in relation to these initiatives. More importantly, information about the outcomes or impacts of these initiatives in terms of improving the Council's financial position would be appreciated.

The Council's response has clarified that the lease with the Albury Wodonga Equestrian Association was established with the Albury Wodonga Development Corporation prior to the land coming into the Council's ownership. The Council may wish to include additional detail in its updated land register to better inform the public of the history behind the granting of this lease.

7 COMMUNITY ENGAGEMENT AND SOCIAL PLANNING

7.1 SCOPE

A council's charter requires that a council:

- provides services after due consultation
- engage its stakeholders in the development, improvement and coordination of local government (for example, councillors, members of the public, users of facilities and services, and council staff)
- actively promotes the principles of multiculturalism
- plans, promotes and provides for the needs of children
- keeps the local community and State government informed about its activities.

7.2 OVERVIEW OF COMMUNITY ENGAGEMENT AND SOCIAL PLANNING

The Council is performing well in the community and social planning areas. The Council has many appropriate policies, processes and practices in place. Participation at its recreation and cultural venues is high. The Community and Recreation Directorate has 56 full-time and 54 part-time staff who perform the following functions:

- Community development
- Cultural services
- Children's services
- Parks and recreation
- Leisure
- Indigenous employment/skills development (Wagirra Team).

The Council has developed a social and community plan which is linked to its Community Strategic Plan. This plan contains strategies for most social justice groups such as children, people with disabilities and older people.

The areas relating to community engagement and social planning covered in the self assessment checklist completed by the Council were examined by the review team and are included in Table 6. Better practice examples highlighted. No areas requiring further development were identified. These are discussed in more detail later.

Table 6: Community Engagement and Social Planning Assessment

Area of assessment	
Social and community planning	✓
Ageing population	✓
Community participation and engagement	★
Communication policy	✓
Annual report	✓
Cultural planning	★
Multiculturalism	★
Tourism	★
Economic development	★

Table key: ★ = Better practice ▲ = Requires further development ✓ = Examined

7.3 SIGNIFICANT OBSERVATIONS

Better practice

Community participation and engagement

1. Listening to the community

As noted earlier, the Council carried out a *Community Satisfaction Survey* in 2011. Overall satisfaction with the Council was ‘moderate’ to ‘very high’. Significant improvements from previous survey results were recorded. This included improvements in:

- the way in which contact with the customer was handled (up 10%)
- satisfaction with swimming pools (up 11%)
- protecting native vegetation (up 9%)
- satisfaction with sewer services (up 17%)

- library/museum/cultural opportunities (up 14%).

2. Community wood-fired oven

The Community Wood-Fired Oven is “a place to come together to cook, to share, to learn and to eat.” The Oven is well-located in a park near the Murray River and the Albury Swim Centre.

Launched in October 2006, the Oven is funded and maintained by the Council. It is fired every second Sunday for free community use. An Oven Coordinator is on hand to assist community members. A basic policies and procedures manual has been developed for all users of the facility.

- A brochure has been prepared to promote the availability of the Oven. As indicated earlier, the oven received an Excellence Award in 2009 from Parks and Leisure Australia. *Community Wood-Fired Oven, Excellence Award 2009 - Program-Project-Practise-Event*, Parks and Leisure Australia

3. Midnight Basketball

Midnight Basketball is a national social inclusion program that helps young people identify and embrace positive opportunities. A compulsory workshop (the motto is “No workshop – No jumpshot”) promotes essential life skills including teamwork, healthy eating and financial literacy.

Participation has been high with tournaments attracting around 50 young people. A number of local community and service groups, as well as private sponsors, are assisted by Council to deliver this innovative program”.

4. The Wagirra Trail

The Wagirra Trail is a long-term project launched in 2007 to create opportunities for residents and visitors to enjoy the ‘Murray River Experience’, which encompasses 1200 hectares of parklands and wetlands. In particular, the project will improve access to stretches of the river that currently cannot be reached and identify sites of Aboriginal significance.

In 2010 the Council commenced an Indigenous employment and training program to construct a 70km trail linking key sections together. The team, led by a local indigenous man, consists of five trainees and two leading hands who are receiving training in construction and horticulture. Significant progress has been made and the Council reports that the program has been well-received by the community.

5. Indigenous people

In addition to the Wagirra Trail - Indigenous employment and training program the Council is involved in facilitating the provision of a range of activities. These are outlined in the Council's social and community plan. The Council also won the *Aboriginal Local Government of the Year Award* - Local Government Aboriginal Network NSW.

6. Efficiency and productivity measures related to community participation

Through its 'Warm Season Grass Program' the Council has installed in 49% of its sporting grounds new varieties of turf and telemetry (data gathering) systems to improve efficiency and provide significant costs savings. For example, this program has resulted in up to 70% savings in water use, and increased usage capacity.

The Council no longer participates in a regional library. The *Standalone Library Service* has made \$285,000 savings per year, after initial collection items purchase and increased grant funding. The Council also states that outreach services have increased. The introduction of self-checkout has yielded an initial \$20,000 savings.

Cultural Planning

Along with providing cultural services through the Albury Art Gallery, LibraryMuseum, Lavington Library and Albury Entertainment Centre, the Council supports cultural development through a number of avenues including conferences and projects, public art, planning and advocacy.

In consultation with the community, The Council has successfully prepared a *Cultural Precinct Masterplan* and a *Murray River Experience Master Plan*. These plans both result in coordinated planning to best utilise these areas.

The Council has won the following awards for its cultural planning and activities:

- *10 Year Urban and Public Art Strategy Integrated Cultural Policy Award 2011 - Local Government and Shires Associations of NSW*
- *Write around the Murray Festival 2011 Cultural Award - Library and Information Services (Division B), Local Government and Shires Associations of NSW*

Tourism and economic development

The Council demonstrates a solid commitment to economic development and tourism. This function is represented in the executive management team by the Director of Economic Development and Tourism and is supported by two staff. An *Economic Development Strategy* and *Tourism and Destination Marketing Strategy* linked to the *Albury 2030* strategic plan guide activities in this area.

In September 2010 the Council launched Evocities, a major marketing campaign that highlights the lifestyle, work and investment opportunities available in Albury (and six other NSW regional centres). Each participating ‘Evocity’ has dedicated resources to the campaign to attract people living in metropolitan Sydney to move to these regional cities. The Commonwealth government also provided funding for the first year. The campaign is also financially supported by the NSW Government and corporate sponsors.

In June 2012, the Council extended its participation in the Evocities program until 30 June 2015.

Requires further development

No matters requiring development were identified in this area.

The Council's response

Albury City is extremely proud of our Community and Recreation and Economic Development and Tourism directorates for the strong community projects, services and functions that they perform or provide. It is pleasing to note that many of the services that we provide and promote are being recognised for the strong contribution that they make to our community.

The review of Albury 2030 has reinforced the value that our community places on these services and functions as well as the aspirations that they have for the future. Council will continue to seek improved ways and means of working with our community and providing these services across the myriad of groups, communities of interest and locations in the City.

Council would like to clarify a point with regard to the Midnight Basketball Program. It would be more appropriate to say that “a number of local community and service groups, as well as private sponsors, are assisted by Council to deliver this innovative program” rather than working together with the Council. This is to acknowledge that the community groups have been the primary drivers of the program.

Review team comments

The point of clarification in relation to the Midnight Basketball Program is noted and has been amended in the body of the report.

8 WORKFORCE MANAGEMENT

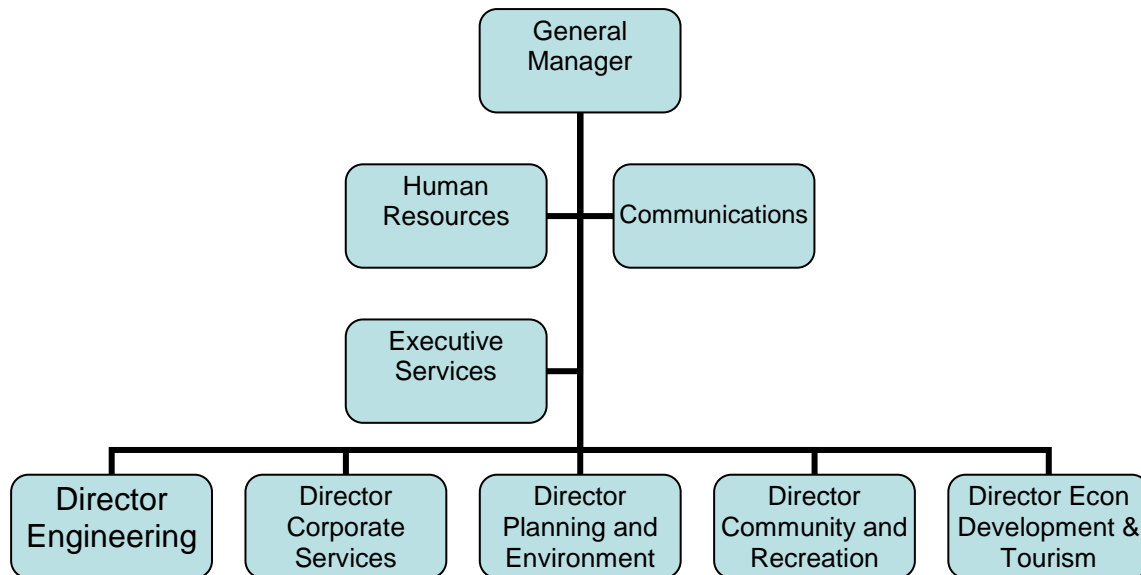
8.1 SCOPE

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

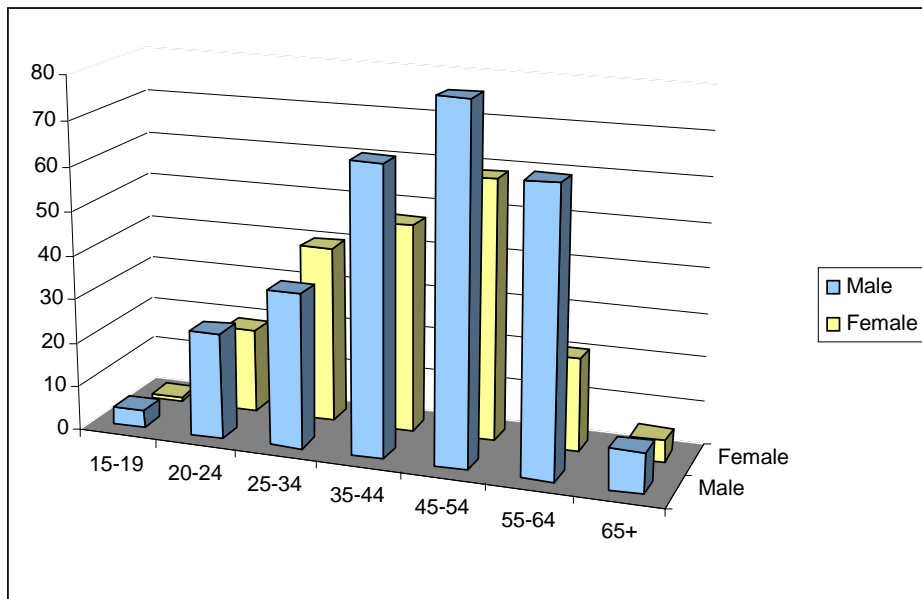
8.2 OVERVIEW OF THE ORGANISATION

As outlined in Diagram 1 below Albury City Council has five directorates. The functions of human resources, communications and executive services are the direct responsibility of the General Manager.

Diagram 1. Albury City Council Organisation Chart



At 30 June 2011, the Council employed 466 full-time equivalent staff, with employee costs and benefits totalling \$33.517M. The number of employees has increased from 443 in 2008-09, ranking the Council the third largest council within the DLG group 4 councils. The group average for full-time equivalent staff is 303, with average costs being \$21.841M. The Council has 99 staff members aged over 55 years, with a number of staff having more than 20 years service. Diagram 2 provides an overall profile of Albury City Council’s workforce.

Diagram 2. Albury City Workforce Profile

8.3 OVERVIEW OF WORKFORCE RELATIONS

Overall, the Council appears to have a positive organisational culture with a motivated workforce. The majority of staff interviewed reported that they enjoyed working for the Council. Staff across the organisation appear to be committed to delivering quality customer service.

A council's Workforce Management Strategy forms part of its Resourcing Strategy, helping to meet the community's priorities and aspirations as expressed in the Community Strategic Plan, by having the right people in the right places with the right skills doing the right jobs at the right time. The development of an effective workforce strategy will enable the Council to plan its future workforce needs to deliver goals, focus on the medium- and long-term and also provide a framework for dealing with immediate challenges in a consistent way.

The Council has developed a *Workforce Management Strategy*. The Strategy contains a *Human Resources Operational Plan* which identifies the specific activities and initiatives that underpin the Strategy. Council acknowledges that further work is required to better link this Strategy to the Delivery Program and the Long-Term Financial Plan. The revision of the Workforce Management Strategy is scheduled for completion by 30 December 2012.

The workforce management areas of the self assessment checklist completed by the Council were examined by the review team and are included in Table 7. Better practice examples and areas requiring further development are highlighted. These are discussed in more detail later.

Table 7: Workforce Management Assessment








Area of assessment	
Workforce Management Strategy and Planning	 
Employee surveys	
Employment contracts	✓
Consultative Committee	✓
Recruitment and selection	
Job descriptions and evaluation	✓
Employee remuneration	✓
Enterprise bargaining	✓
Equal Employment Opportunity	✓
Staff induction	
Grievance management	✓
Work Health and Safety	✓
Secondary employment	✓
Exit of staff	✓

Table key:  = Better practice  = Requires further development ✓ = Examined

8.4 SIGNIFICANT OBSERVATIONS

Better practice

Workforce management strategy and planning

In 2011, the Council received the LGMA *Management Excellence Award for Excellence in Workforce Management in Local Government*.

The Council's comprehensive '*Grow our own*' – *Traineeship program* began in 2007. It was developed to respond to:

- skills shortages for core local government functions
- difficulties in attracting and retaining skilled professionals
- competition with private sector employers to obtain suitable staff
- an ageing workforce.

Ten percent of the Council's workforce consists of trainees (there are 47 identified trainee positions across all areas of the Council). Tenure is guaranteed for the period of training with all study costs funded by the Council.

As described in the Community and Consultation section, in 2010 the Council commenced an Indigenous Employment and Training Program in construction and horticulture. The trainees have been constructing playgrounds and a walking track along the Murray River. These staff initially had their own supervisor and works depot, but after 12 months were integrated with the rest of the workforce.

The Council received funding from a special variation to rates and grant funding for this project. However, if continued grant funding is not obtained, the program will not continue at the completion of the current traineeships.

The strong commitment to traineeships has been a key strategy in promoting Council as an employer of choice.

Employee Survey

The Council undertakes an employee opinion survey on a regular basis (approximately every two years). The results of the survey assist the Council in determining areas of better practice as well as areas requiring remedial action. There was an 84% response rate to the 2011 survey. This represents a very high level of engagement with employees. Key results from the survey were that:

- 83% of staff said they enjoyed working for the Council
- 77% of staff said the Council was a good place to work
- 88% of staff believe the Council is committed to delivering quality customer service
- 72% of staff value the benefits and conditions offered by the Council.

Areas which staff felt required improvement included:

- the management of poor performance within the organisation
- communication between management and the workforce. This included explanation of rationale for decisions made. (Staff perception in relation to Manex is covered in section 5 Governance).

Requires further development

Workforce management strategy and planning

The Council has developed a four-year Workforce Management Strategy as part of the suite of documents that are a requirement of the Integrated Planning and Reporting framework. The Strategy and the Council's Delivery Program should be linked, but this is not apparent.

The Council is currently undertaking a review of the Strategy and associated workforce management plans to address this shortcoming. It is also developing workforce planning tools. It is anticipated that these tasks will be completed by December 2012.

Recommendation 12

The review of the Workforce Management Strategy and associated plans should ensure that the links with the Council's Delivery Program and Long-Term Financial Plan are apparent.

Recruitment and selection

The Council's *Recruitment and Selection Procedure 2009* states "it is not an essential requirement that applicants address the selection criteria". In the Employee Opinion Survey only 39% of employees believed "the recruitment process was efficient and resulted in excellent candidates being hired." This may indicate a perception that selections are not made on the basis of merit, as required by section 349 of the Act. The Council stated in the self assessment check list, that it does not have a specific definition of merit so it is unclear how it can ensure merit selection.

Recommendation 13

The Council should develop a clear definition of merit to ensure that recruitment and selection is carried out in accordance with the Act.

The Council's revised *Recruitment and Selection Procedure 2009* it states "the General Manager has a delegation to change the organisation's staff structure". This statement is inconsistent with sections 332 and 335 of the Act and the Council's *Delegations of Authority* adopted in December 2010.

Recommendation 14

The Council should review the statement regarding the General Manager's delegation in its 'Recruitment and Selection Procedure 2009' to better align it with the Act and the Council's 'Delegations of Authority'.

The Council's response

Recommendation 12

During the DLG's visit Council confirmed that the Workforce Management Strategy (WFMS) was in the process of being reviewed and this review is continuing. In light of the comments by the DLG regarding the linking of the WFMS with the Delivery Plan and Long Term Financial Plan it is now planned for the review to be completed by June 2013 to ensure alignment with the other IP&R documents that will be endorsed at this point in time.

Recommendation 13

As part of the initial response to the DLG review, Council identified in the checklist that whilst the selection policy/procedure does not contain a specific definition of merit, the issue of merit was covered in the documents. The Recruitment and Selection Policy and Procedure in their entirety clearly reflect a merit based approach and further analysis of these documents will reveal a number of areas where the issue of merit is identified – specifically in the opening paragraph of the Recruitment and Selection Procedure.

In addition, the absence of a requirement to address the selection criteria does not mean that the selection process is not merit based. It is perhaps worthwhile to examine clause 6.2 of the Recruitment and Selection Procedure in its entirety rather

than only one aspect. Clause 6.2 reads “*Applications are to be short listed against the selection criteria and are based solely on the application. It is **not** an essential requirement that applicants address the selection criteria in their application, however applicants are encouraged to provide sufficient detail specific to the requirements of the job and key selection criteria as outlined in the position description*”. This clause clearly states that all applicants are assessed against the Selection Criteria in the Position Description, based on the information they provide in their application, including their covering letter, their resume, or a response to the selection criteria.

It is also inappropriate to suggest that the results of the employee opinion survey regarding “the recruitment process being efficient and results in excellent candidates being hired” indicate a perception that selections are not based on merit. It is noted that this view formed by the Review Team was not discussed during the visit. It should also be noted that discussions with staff following the release of the survey results, revealed that they felt the recruitment process was too cumbersome, especially for internal candidates and in fact a more streamlined approach should be investigated by Council. This would appear to be at odds with the view formed by the Review Team.

It is Council's view that the content of the Recruitment and Selection Procedure and the process itself is what ensures a merit based approach to the selection process not simply a definition in the document. Notwithstanding this, the various aspects of the procedure that already make reference to a merit based approach have been summarised into a definition of merit which has been included in the Definitions section of the procedure. This definition reads:

Merit Based Selection

An open and transparent process where applicants for the position are assessed according to their abilities, qualifications, experience and work performance as they relate to the duties of the position.

Recommendation 14

The current management structure has been approved by Council, and will be reviewed again following the appointment of a General Manager in January 2013.

Having regard to Council's obligations and to better reflect the intent of its approach, the wording in the Recruitment and Selection Procedure has been amended as below.

The General Manager is the only officer who has delegation to approve recruitment for permanent and temporary positions, and to approve changes to a position or its placement within the overall approved organisation structure.

Council will also give consideration to reviewing its delegations to reflect the wording of the Recruitment & Selection Procedure.

Review team comments

The Council's response has clarified its approach to complying with section 349 of the Act, which requires appointments to be on merit.

It is noted that a definition of merit has since been included in the 'Definitions' section of the Council's Recruitment and Selection Procedure. The review team agrees that recommendations 13 and 14 are complete and this has been recorded in the Action Plan in Part V of this report.

PART IV. RISK RATING OF RECOMMENDATIONS

The recommendations made in this report are listed in the Action Plan in the following section. The review team have given each recommendation a notional ranking using the risk matrix below. The Council is encouraged to use the matrix to confirm or change the risk ranking provided in the action plan.

		CONSEQUENCE		
		Significant <i>Significant risk to the operations of council and if not addressed could cause public outrage, non-compliance with council's statutory responsibilities, severe disruption to council's operations and council's ability to meet its goals.</i>	Moderate <i>Moderate risk to the operations of council and if not addressed could cause adverse publicity, some disruption to council's operations and council's ability to meet its goals.</i>	Minor <i>Minimal risk to the operations of council, little disruption to council's operations and will not limit council's ability to meet its goals.</i>
LIKELIHOOD	Almost certain	High	High	Medium
	Possible	Medium	Medium	Low
	Rare	Medium	Low	Low

Risk factors to be considered could include:

- Reputation
- Compliance with statutory requirements
- Fraud/corruption
- Financial
- Legal liability
- OH&S

PART V. ACTION PLAN –

The Action Plan is to be completed and adopted by the Council to guide the implementation and monitoring of the recommendations in this report. The reviewers have allocated notional priority rankings using the risk rating analysis in the previous section. The Council is encouraged to review and revise these, if necessary.

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
1 <i>The links between the Council's suite of integrated planning and reporting documents are not clearly apparent. The documents should be presented in a more readable format to make them more accessible.</i>	High	a) Reformat the CSP to demonstrate links	a) November 2012 for draft. Feb 2013 for final version adopted by Council	a) Corporate Planner	a) Draft CSP reformatted and endorsed by Council for public exhibition until February 2013.
		b) Reformatted delivery program and operational plan	b) May 2013	b) Director Corporate Services Corporate Planner Finance GL	b) Revised formats have been developed and endorsed by the Management Executive.
		c) Reformat Strategic Plans Register to identify the links	c) December 2012	c) Governance Team Leader	c) Work completed.

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
<p>2 <i>Councillors and the Council’s senior managers are encouraged to refer to the ‘Self-help Guide for the Completion of Returns Disclosing Interests of Councillors and Designated Persons required under section 449 of the Local Government Act 1993’ which is available on the Division’s website..</i></p>	<p><i>High</i></p>	<p>a) All Councillors and staff provided with “Self-Help Guide” and new Councillors advised of requirements through induction process in 2012.</p> <p>b) Provide a more rigorous oversight of returns to ensure requirements under the Act are met</p>	<p>a) July 2013</p> <p>b) November 2012</p>	<p>a) Governance Team Leader</p> <p>b) Governance Team Leader</p>	<p>a) Completed for 2012 induction process.</p> <p>b) Completed.</p>

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
<p>3 <i>The Council should develop and implement policies and procedures:</i> <i>(a) for the disposal of its assets</i> <i>(b) to monitor and manage contractor performance.</i></p>	<p><i>Med</i></p>	<p>a) Policy and procedure for Disposal of Assets to be developed and adopted.</p> <p>b) Policy and Procedure for Acquisition and Disposal of Land to be developed and adopted.</p> <p>c) Policy and procedure for Managing Contractor Performance to be developed and adopted.</p>	<p>a) June 2013</p> <p>b) February 2013</p> <p>c) August 2013</p>	<p>a) Team Leader Fleet and Procurement</p> <p>b) Director Corporate Services</p> <p>c) Team Leader Fleet and Procurement</p>	<p>a) Draft prepared.</p> <p>b) Draft prepared.</p> <p>c) Initial scoping and preparation works commenced.</p>

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
<p>4 <i>The Executive Management Team should implement strategies to improve communication and engagement with a broader cross-section of the Council's employees, particularly its outdoor/remote staff.</i></p>	<p><i>Med</i></p>	<p>a) Improve communication with all staff regarding major or significant decisions.</p> <p>b) Develop Internal Communications Plan</p>	<p>a) Immediately</p> <p>b) April 2013</p>	<p>a) Manex</p> <p>b) Group Leader Communications</p>	<p>a) Completed. Manex initiated improved communication process with all Managers and Team Leaders to encourage direct dissemination of information to all staff in early 2012.</p> <p>b) Draft prepared.</p>

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
<p>5 <i>The Council's committees should be provided with a copy of the Council's Code of Conduct, documented procedures, operations manual and relevant training.</i></p>	<p><i>Med</i></p>	<p>a) Council committee's to be provided with Code of Conduct and Code of Meeting Practice and relevant training.</p> <p>b) Develop a Section 355 Committee Policy which includes information required, procedures and responsibilities</p>	<p>a) June 2013.</p> <p>b) February 2013</p>	<p>a) Governance Team Leader</p> <p>b) Governance Team Leader</p>	<p>a) Awaiting new Code of Conduct. New Committee members provided with Code of Conduct in 2011 and 2012.</p> <p>b) Draft developed.</p>
<p>6 <i>The Council should undertake a full service and expenditure review as a matter of priority and advise the Division's Performance and Compliance Team of its proposed strategy to improve its financial position as soon as practicable.</i></p>	<p><i>High</i></p>	<p>Service and Efficiency review to be undertaken of all Council services and functions.</p>	<p>Commenced February 2013 and completed by June 2015.</p>	<p>Manex</p>	<p>Initial targets and framework developed by Manex. Presentation to Council at February workshop.</p>

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
<p>7 <i>The Council should improve the links between all integrated planning and reporting documents.</i></p>	<p><i>High</i></p>	<p>a) Methods to more explicitly link the Asset Management Strategy with the Long Term Financial Plan (LTFP) will be identified.</p> <p>b) The LTFP will include scenarios in the 2013-2014 version.</p> <p>c) The Financials will be presented in statutory format only</p>	<p>a) July 2013</p> <p>b) June 2013</p> <p>c) June 2013</p>	<p>a) Asset Team Leader, Finance Group Leader, Corporate Planner</p> <p>b) Finance Group Leader</p> <p>b) Finance Group Leader</p>	<p>a) Due to commence.</p> <p>b) June 2013</p> <p>c) June 2013</p>
<p>8 <i>The Council should review its 'Delegation Authority' in accordance with the Act, and make publically available a Donations Policy</i></p>	<p><i>Med</i></p>	<p>a) Develop and implement a Financial Assistance Policy</p> <p>b) Delegations amended as part of Delegations Review following Council elections</p>	<p>a) April 2013</p> <p>b) April 2013</p>	<p>Director Corporate Services</p> <p>Governance Team Leader</p>	<p>a) Draft policy developed. Software package purchased.</p> <p>b) Revised Delegations framework being prepared.</p>

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
<p>9 <i>The Council is encouraged to continue improving its asset management strategy and practices to address the issues identified.</i></p>	<p><i>Med</i></p>	<p>a) Completion of asset management transition to Conquest</p> <p>b) Independent review of depreciation rates</p>	<p>a) February 2013</p> <p>b) December 2012</p>	<p>a) Asset Management Team Leader</p> <p>b) Asset Management Team Leader</p>	<p>a) Underway.</p> <p>b) Independent Consultant progressing work</p>
<p>10 <i>As a matter of urgency the Council should ensure its land register, leases and licences comply with all relevant requirements of the Local Government Act 1993 by 31 December 2012.</i></p>	<p><i>High</i></p>	<p>a) Council's land register and Plans of Management comply with requirements of the Local Government Act 1993.</p> <p>b) Amend AWEAI lease</p>	<p>a) December 2013</p> <p>b) June 2013</p>	<p>a) Parks and Recreation Team Leader and Governance Team Leader</p> <p>b) Director Economic Development & Tourism</p>	<p>a) Initial reviews undertaken and changes implemented including Plans of Management on the website.</p> <p>b) Review of legal obligations and preparation of a Council report.</p>
<p>11 <i>The Council should have made significant progress in updating its Plans of Management by June 2013.</i></p>	<p><i>Med</i></p>	<p>Plans of Management reviewed.</p>	<p>December 2013</p>	<p>Director Community and Recreation</p>	<p>Initial review undertaken and program of works identified.</p>

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
<p>12 <i>The review of the Workforce Management Strategy and associated plans should ensure that the links with the Council's Delivery Program and Long-Term Financial Plan are apparent.</i></p>	<p><i>Med</i></p>	<p>a) Review of Workforce Management Strategy underway including links to other IP&R documents</p> <p>b) Draft 2013 Delivery Program will include information and links regarding workforce management issues</p>	<p>a) June 2013</p> <p>b) June 2013</p>	<p>a) HR Group Leader</p> <p>b) HR Group Leader, Corporate Planner, Finance Group Leader</p>	<p>a) Review commenced.</p> <p>b) Discussions commenced.</p>
<p>13 <i>The Council should develop a clear definition of merit to ensure that recruitment and selection is carried out in accordance with the Act.</i></p>	<p><i>Med</i></p>	<p>Definition developed</p>	<p>June 2012</p>	<p>HR Group Leader</p>	<p>Complete.</p>
<p>14 <i>The Council should review the statement regarding the General Manager's delegation in its 'Recruitment and Selection Procedure 2009' to better align it with sections 332 and section 335 of the Act and Council's Delegations of Authority</i></p>	<p><i>Med</i></p>	<p>Recruitment Selection Procedure amended</p>	<p>June 2012</p>	<p>HR Group Leader</p>	<p>Complete.</p>