

challenges improvement innovation good governance

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

## **REVIEW REPORT**

### **ASHFIELD MUNICIPAL COUNCIL**

**DECEMBER 2008**



**Department of Local Government**

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## 1. ABOUT THE REVIEW

### **Review objectives**

The Promoting Better Practice review program is a review process that has a number of objectives:

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

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

### **Review process**

The review process was developed after extensive research into council performance measurements in Australia and overseas. There are essentially five steps in a review - preparing, assessing, checking, analysing and reporting. The review team examines local circumstances in order to understand the pressures on council and how the council has sought to manage that environment.

The process involves a Department of Local Government (DLG) review team evaluating the effectiveness and efficiency of the council's operations and giving feedback. This involves checking compliance, examining appropriate practices and ensuring that council has frameworks in place to monitor its performance.

The results of reviews are analysed and fed back to the elected council, the Director General of the Department of Local Government and the Minister for Local Government.

### Ashfield Municipal Council Review

**Ashfield Municipal Council** was asked to complete a strategic management assessment and a comprehensive set of checklists about key council practices. The review team examined these and a range of other source documents prior to visiting Council, in order to gain a preliminary understanding on the pressures on Council and how the Council has sought to manage that environment.

The strategic management assessment tool asked Council to respond to four critical questions:

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

Steve Woods, a Senior Risk Management Consultant acting for the Department of Local Government conducted the on-site component of the review from 25 February to 29 February 2008.

The on-site review involved a meeting with Council's mayor and General Manager, conducting interviews and meeting with senior staff, attending a council meeting and the review of a number of Council's policies and other documents and visits to a number of Council facilities/worksites.

Following the on-site review, further analysis was undertaken. Council management was then provided with the opportunity to respond to the review's preliminary findings.

This report details the review's findings, recommendations and Council's initial response. The Department expects councils to formally respond to the review process, to prepare an action plan to address agreed issues and to provide progress reports on the implementation of the action plan.

## **2. EXECUTIVE SUMMARY**

Ashfield Municipal Council is doing a good job in terms of strategic and operational focus, especially in regards to integration of its mission and principal activities in the face of escalating demands for enhanced infrastructure and services.

Council adopted a Strategic Plan in November 2006 with the title of "Ashfield Towards 2010". This plan includes a mission, a set of values, a list of major challenges and seven principal activities, each with their own vision, strategic objectives and priorities. Council's mission is "to service the people of the Municipality of Ashfield equitably, effectively and efficiently, to create a better environment and quality of life, as well as satisfy the expressed needs of the community within the limits of the resources available."

The seven principal activities, or key results areas, are as follows:

- Our community well being
- Our economy
- Our housing and urban environment
- Our natural environment
- Our transport and accessibility
- Our sport, recreation and culture, and
- Our organisation.

The major challenge for Council is its ability to respond to community service demands in view of past decisions not to increase rates and not to borrow funds to address ageing infrastructure.

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However, Council is moving forward with key initiatives including commencement of the Civic Re-development Project, upgrading the Ashfield Aquatic Centre and employment of an Economic Development Officer.

Council is committed to sound financial management and improving services to its community. It is also a strong supporter of sharing resources with surrounding councils and has recently become a full member of SSROC where significant benefits are available in terms of economies of scale for member councils.

Council's financial position appears to be good and it has key elements of a good financial planning framework. It has provided for an operating surplus for 2007-2008 of \$85K. Deficits of \$183K and \$96K are forecast for 2008-2009 and 2009-2010, respectively, mainly due to loan repayments attributable to the Civic Centre redevelopment project.

Council is developing an Infrastructure Asset Management Plan and systems in line with a new integrated planning framework.

Council's Bridging Social Plan 2007-2008 is well written, easy to read, meets the requirements of the Guidelines and provides an excellent summary of the social issues facing the LGA and Council's response to them.

Council has also been proactive in reviewing its development planning procedures with an aim of reducing processing times and is developing a Human Resources Strategic Plan to ensure that it has the human resource capability to achieve its objectives in the future.

Council involved community stakeholders in the preliminary design concept for the Civic Centre and has recently conducted its first annual community survey.

Council does not have a Risk Management Plan and we have recommended that Council should promote the establishment of a Risk Management strategy via regional alliances or through SSROC and then develop a Council-wide structured and integrated Risk Management Plan to cover all business risks across Council.

Council also does not have an Internal Audit Committee and we have recommended that Council should promote the establishment of a Regional Internal Audit Committee after completion of the Risk Management Plan. The Regional Audit Committee should also share resources in employing a Regional Risk and Internal Audit Manager who can then develop a Regional Internal Audit Plan to address issues of highest risk.

Overall governance, planning, asset & finance management, community & consultation and workforce relations controls were assessed as satisfactory.

In summary, the Council has strong and clear leadership that is well positioned to strategically address the future needs for the LGA.

### **3. RECOMMENDATIONS**

*It is recommended that:*

#### *Governance*

1. *Council should include in its next Management Plan references to consulting the community regarding environmental protection, as per clause 199(1)(c).*
2. *Council should promote the establishment of a Risk Management strategy via regional alliances or through SSROC and then develop a Council-wide structured and integrated Risk Management Plan to cover all business risks across Council – financial, operational, customer service oriented, safety, security, environment, technical.*
3. *Council should promote the establishment of a Regional Audit Committee which could share resources in employing a Regional Risk and Internal Audit Manager who can then develop a Regional Internal Audit Plan to address issues of highest risk.*
4. *Council should promote the completion of a systematic fraud risk assessment as part of the above Regional Risk and Internal Audit initiative.*
5. *Council should promote development of a Regional legislative and regulatory compliance program to ensure that all of Council's obligations are being met.*

#### *Regulatory Affairs*

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6. *Council should continue to periodically revisit the option of introducing an IHAP to consider matters such as Councillor DAs, DAs that councillors are objecting to as well as any other potentially controversial developments, requests for review (Section 82A) and objections to modifications to development consents (Section 96).*
7. *Council should ensure that the review of the Section 94 Contribution Registers is assigned a high priority.*
8. *For its next State of Environment Report council should include evidence of community consultation.*
9. *Council should develop a Companion Animals Management Plan to comply with the Companion Animals Regulation 1999.*
10. *Council should develop a Waste Management strategy for the LGA, as soon as practicable.*

#### *Asset and Financial Management*

11. *Council should continue to monitor performance of Public Roads to ensure that there is no increase in the shortfall of estimated maintenance requirements and actual expenditure.*
12. *Council should regularly monitor and report performance of the ELE ratio to Council to ensure that direct contributions of future operating surpluses to the ELE are actioned.*

### *Community and Consultation*

13. *Council should develop a customer service charter, a set of customer service standards and a monitoring system, as a high priority.*
14. *Council should develop formal Tourism or Economic Development Plans as a high priority.*
15. *Council should consider developing a reconciliation statement with the local Aboriginal community, as soon as practicable.*

### *Workforce relations*

16. *Council should develop its Human Resources Strategic Plan and update its EEO Plan, as a high priority.*
17. *Council should collate its succession plans for key positions as part of its new Human Resources Strategic Plan.*

## **4. CONTEXT**

Ashfield LGA is situated in the inner west of metropolitan Sydney, just six kilometres from the CBD. It is 8.3 kilometres in size and is bordered by the LGAs of Canada Bay in the north, Burwood in the west, Leichhardt in the east and Canterbury and Marrickville to the south.

The municipality is crossed by four strategic transport arteries - Parramatta Road, the City West Link, the Hume Highway and the Inner West railway – and includes the suburbs of Ashfield, Summer Hill, Haberfield, the eastern part of Croydon and the fringes of Croydon Park, Hurlstone Park and Ashbury.

The original inhabitants of the Ashfield area were the Wangal Aborigines and the first Europeans settled the area for farming in 1794.

During the first half of the nineteenth century the amount of road traffic between Sydney and Parramatta and Liverpool gradually increased and Ashfield became a location for staging inns to service the mail coaches. The resultant employment of tradesmen for this work led to creation of a village community. With the railway arriving in 1855 Ashfield population grew to over 1000 by 1866.



Ashfield was proclaimed a municipality on 29 December 1871 and the first Council meeting was held on 15 February 1872.

One of the early landowners was a Robert Campbell who named his estates “Ashfield Park” and based on this early association Council applied and was granted a Coat of Arms by Lord Lyon in 1983. This Coat of Arms is based on the Campbell motto “Agite Pro Viribus” or “Act according to your strength”.

Today the main employment of the LGA is the small business and retail sectors with employment-related development constrained by available land and environmental factors.

The population of Ashfield is 40,247 and is one of the most culturally diverse municipalities with 42.6% of the population born overseas.

The main ethnic groups are Chinese and Italian and the changing demographics show the population shifting to the older profile. Unemployment is 4.3%.

Council is moving forward with its \$10M Civic Centre re-development project following approval of the special rate increase from the Minister for Local Government. Plans include doubling the size of the Library, a larger and more accessible Customer Service Centre, a Youth Centre, Children’s health facilities, refurbished Administration facilities and more community meeting rooms.

The Council has twelve councillors representing four wards with the Mayor and Deputy Mayor elected annually by their fellow councillors.

## **5. COUNCIL’S AMBITIONS, PRIORITIES AND FUTURE FOCUS**

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



## **What is working well**

### *Strategic and Operational Focus*

Ashfield Municipal Council is doing a good job in terms of strategic and operational focus, especially in regards to integration of its mission and principal activities in the face of escalating demands for enhanced infrastructure and services.

Council adopted a Strategic Plan 2006-2010 in November 2006 with the title of “Ashfield Towards 2010”. This Strategic Plan includes a mission, a set of values, a list of major challenges and seven principal activities, each with their own vision, strategic objectives and priorities. Council’s mission is “to service the people of the Municipality of Ashfield equitably, effectively and efficiently, to create a better environment and quality of life, as well as satisfy the expressed needs of the community within the limits of the resources available.”

The seven principal activities, or key results areas, are as follows:

- Our community well being
- Our economy
- Our housing and urban environment
- Our natural environment
- Our transport and accessibility
- Our sport, recreation and culture, and
- Our organisation.

The Strategic Plan is linked to the Management Plan via a coding system. Each key result area and value is reflected through these plans.

The major challenge for the Council is its ability to respond to community service demands because of decisions by previous Councils not to increase rates and not to borrow funds to address ageing infrastructure. However, Council is moving forward with key initiatives for 2007-2008 being the commencement of the Civic Re-development Project, upgrading the Ashfield Aquatic Centre and employment of an Economic Development Officer.

Council involved community stakeholders in the preliminary design concept for the Civic Centre and has recently conducted its first annual community survey.

Council has developed a 10-year Financial Plan and has begun to turn around its financial position through responsible management of available funds and is looking at ways to reduce costs and share resources with other councils. It has recently become a full member of SSROC and is working with surrounding councils on sustainability programs for the Parramatta and Cooks Rivers, Greenway corridor, Inner West Recycling and Bushcare projects, providing youth theatre projects and regional youth week activities.

Council is currently reviewing its LEP and has received a \$90K funding contribution from the NSW Department of Planning. It has also completed Plans of Management for its two principal recreation spaces, Ashfield Park and Pratten Park, and is developing a new integrated planning framework, Town Centre Strategy, Asset Management Plans and a Human Resources Strategic Plan.

Council has received a number of awards in recent years including a “Cities for Climate Protection” milestone 3 recognition at the LGA Conference in November 2007, a Sydney Region Sustainable Water Challenge award in 2003 and an Excellence award for Risk Management in 2000.

By maintaining the current strategic and operational focus together with responsible management, the way forward for Ashfield Council should be successful.

### ***Future challenges and focus***

#### *Ageing population*

Responding to, and planning for, the major changes and service demands, that will be created by Australia’s ageing population, will be a major challenge for all levels of government.

Between 2004 and 2022 Ashfield's population is projected to decline in size by 4.1 per cent. Both its youth and working age populations are projected to decline in size, while its elderly population will grow substantially.<sup>1</sup>

Approximately 14.9 per cent of the Ashfield population is currently aged at 65+ years and this is projected to grow to 19.4 per cent by 2022. At an average increase of 0.25 percentage points per year, this "force of ageing" is slightly slower than that projected for Greater Sydney (0.28). Ashfield's 85+ population is projected to increase from 2.6 to 3.7 per cent of the population.

Ashfield currently has a labour market entry/exit ratio of 1.3 meaning that it has 13 people at labour market entry age (15-24 years) to every 10 approaching retirement age (55-64 years). This ratio is expected to decline to 0.9 by 2022.

Reflecting these trends, Ashfield's total working age population (15-64 years) is projected to fall from its current 70 per cent of the population, to around 68 per cent by 2022 and to decline in size by 6.9 per cent.

This will have an impact on the demand on services, facilities and infrastructure and all aspects of council's operations.

The Local Government and Shires Associations have produced 'Planning the Local Government Response to Ageing'. This paper is intended to offer a framework to assist councils to begin to plan for the population ageing unique to their area by:

- providing information on what is happening with the general population trends and access to population projection information for each local government area
- providing information on the existing and likely diversity amongst older people
- providing evidence on what population ageing means for all roles that councils perform, and
- encouraging councils to examine their numbers and proportion of older people and their rate of population ageing, in conjunction with the evidence on impacts, and to identify what roles they may need to change.

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<sup>1</sup> Jackson, N.O. (2004) NSW Local Government Population Ageing Project

Ashfield Municipal Council is using this paper in its planning process and the Bridging Social Plan 2007-2008 includes twenty strategies for older people identified following a community consultation with local residents on 3 November 2006.

Council has also developed a new access and mobility DCP, facilitates a monthly Seniors Committee and a quarterly Access Committee.

Progress in relation to these strategies is reported on a quarterly basis via the management plan reports as well as annually in the Council's Annual Report.

## **6. DELIVERING AND ACHIEVING**

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

### ***Overview***

Council is committed to good governance, sound financial management and improving services to its community and is also taking this approach to major expenditure such as the Civic Centre Re-development project and upgrading the Aquatic Centre.

It is also a strong supporter of sharing resources with surrounding councils and has recently become a full member of SSROC where significant benefits are available in terms of economies of scale for member councils.

Council is developing an Infrastructure Asset Management Plan and systems in line with a new integrated planning framework.

Council has provided for an operating surplus for 2007-2008 of \$85K with deficits of \$183K and \$96K forecast for 2008-2009 and 2009-2010, respectively, mainly due to loan repayments.



Council's Bridging Social Plan 2007-2008 is well written, easy to read, meets the requirements of the Guidelines and provides an excellent summary of the social issues facing the LGA and Council's response to them.

Council has also been proactive in reviewing its development planning procedures with an aim of reducing processing times and is developing a Human Resources Strategic Plan to ensure that it has the human resource capability to achieve its objectives in the future.

## **6.1 Governance**

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

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

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

### ***What is working well***

#### *Ethics and values*

Council has developed a set of values for its customers, community and staff that is published on its website and included in its Strategic Plan, Annual Report and Management Plan, on community noticeboards, at the Library and at the Customer Service Centre. These values are also aligned to the Key Principles included in its Model Code of Conduct.



Council adopted is current Model Code of Conduct on 23 August 2005 and provides a copy to all new staff and councillors on commencement in induction sessions. The code is included on Council's website and employees are sent reminders via email of their obligations under the code. The Code is published as a "document set" with the attached procedures:

- Interaction between Councillors and Council Staff
- Protected Disclosures
- Gifts Register
- Use of Council Property, and
- Handling Code of Conduct Complaints.

The above procedures were reviewed and controls assessed as satisfactory.

Council has a Statement of Business Ethics for business dealings between Council, the private sector and other parties.

#### *Pecuniary interests*

The *Local Government Act 1993* (the Act) sets out the parameters that must be adhered to when councillors and staff have a conflict between their public duty and private interests that constitute pecuniary interests.

The Act requires that councillors and designated staff complete and lodge disclosure of interest returns.

Council maintains a register of disclosure of interest returns by councillors and designated persons, as prescribed by section 449 of the Act.

A review of the forms submitted by Councillors to disclose pecuniary interests and other matters for 2006-2007 found that they are fully compliant with the Act.

The Council has adopted a Code of Meeting Practice which includes a section on conflict of interests addressing disclosure and participation. A Disclosure of Interest



form is used to register conflicts of interest, reference is made in Council Meeting minutes and the form is placed on personnel files for future reference.

*Payment of expenses and provision of facilities to councillors*

Council has recently reviewed its Councillor Expenses and Facilities Policy and had it approved by Council on 12 February 2008. Review of the Policy indicated that it adequately met statutory guidelines.

*Councillor Induction and on-going training*

Council has an induction manual and training program for elected members.

Council does not have an ongoing program of training for its elected members but Councillors are made aware of training workshops and their attendance is encouraged. Councillors also receive the Local Government and Shires Association Weekly Circulars informing them of current issues and training opportunities.

*Complaints handling*

Council has a Complaints Handling Policy, receives regular reports from its customer request management system and has recently established a review of all customer service protocols including complaints.

In the last two years the NSW Office of the Ombudsman has received eight complaints regarding Council but nothing of any significance. These matters were discussed with the General Manager and all were noted as resolved.

The ICAC has also received nothing significant for reporting purposes in the last two years regarding Council and a local ICAC Reporting of Possible Corrupt Conduct policy is in place.

*Management plan*

Each year council is required to prepare a draft Management Plan with respect to its activities for at least the next 3 years and its revenue policy for the next year.



Sections 403 and 404 of the Act and the *Local Government (General) Regulation 2005* (the Regulation) requires certain particulars to be included in the draft Management Plan. The draft Plan was exhibited in accordance with section 405 of the Act.

The Council's current Management Plan was examined and found to be in accordance with the relevant provisions of the Act and Regulations, except that there is no reference to consulting the community regarding environmental protection as per clause 199(1)(c). It would be good business practice to include this in the next Management Plan. (*Recommendation 1*)

Council monitors the implementation of the Management Plan through quarterly reports to council.

#### *Annual report*

A review of Council's annual report against statutory requirements revealed a good level of compliance.

#### *Procurement and tendering*

Council has a Procurement Policy and Procedures manual and are currently reviewing their tendering practices.

A small sample of tenders and contracts noted that controls were satisfactory, in general.

#### *Information Technology*

Council has completed an IT Services Review and has developed an Information Technology Strategic Plan to manage its IT systems and assets. It also has a Disaster Recovery and Business Continuity Plan which will be reviewed in parallel with the new Civic Centre redevelopment project.



### ***Challenges to improve***

#### *Risk management and internal audit*

A Risk Management Plan provides Council with a framework to proactively identify and manage generic and specific risks.

Council does not currently have a Risk Management Plan but plans to develop one in the next six months. This matter was discussed with management and it is recommended that Council should promote the establishment of a Risk Management strategy via regional alliances or through SSROC and then develop a Council-wide structured and integrated Risk Management Plan to cover all business risks across Council – financial, operational, customer service oriented, safety, security, environment, technical. (*Recommendation 2*)

Council includes internal audit as part of its Budgets and Operations review committee. However, it does not have a separate Internal Audit Committee and it is recommended that Council should also promote the establishment of a Regional Internal Audit Committee after completion of the Risk Management Plan.

The Regional Audit Committee should share resources in employing a Regional Risk and Internal Audit Manager who can then develop a Regional Internal Audit Plan to address issues of highest risk. (*Recommendation 3*)

#### *Fraud control*

Council does not have a Fraud Control Policy and this should be developed, as part of the above Regional initiative. (*Recommendation 4*)

#### *Legislative and regulatory compliance*

Management monitors legislative and regulatory compliance through a number of controls such as the DLG finance calendar, for example, and reports all non-compliance and any fines incurred to Council.

However, Council does not have a compliance program in place to ensure that all obligations are being met. Development of a compliance program should also be a regional initiative. (*Recommendation 5*)

## **6.2 Planning and other regulatory functions**

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

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

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

### ***What is working well***

#### *Strategic planning instruments*

Council has an overall strategic planning framework in place for land use, employment and economic development. The strategy has the following components:

- *Local Environmental Plan 1985 and amendments*
- *Town Centre Strategy,*
- *Ashfield DCP*
- *Residential Development Strategy 1997-2017*
- *Open Space Strategy 1997, and*
- *Various Heritage Conservation studies 1997-2005.*



Council integrates and links its Management Plan with its LEP, DCP, strategies and State of the Environment Report (SoE). Progress of action plans are reviewed and reported on a quarterly basis.

*Development application process*

Council is committed to effective pre-lodgement development application (DA) advice with meetings and agendas scheduled to provide a clearer understanding of the processes and timeframes involved and, if necessary, to assist applicants by providing information so that proposals can be assessed as quickly and efficiently as possible. Minutes are taken of these meetings of key points raised for later reference, if necessary.

Council has recently employed a consultant to review its planning and assessment procedures and the consultant has recommended new processes to enable Council staff to undertake detailed review of proposals before they are formally accepted for processing and determination.

Council does not presently have an independent hearing and assessment panel (IHAP) as a forum for objectors and applicants on DAs. Discussions with senior management indicated that Council uses urban design consultants to independently assess any potentially controversial DAs and has a mediation policy which is used formally and informally to resolve issues of concern.

Council assessed 306 DAs in 2006-2007 valued at \$43.3M (and a further 79 Section 96s) has a monitoring system in place to enable DA's to be easily located at any point during processing.

Council's DA processing performance has recently been rated the 3<sup>rd</sup> slowest in NSW by the NSW Department of Planning in their Local Development Performance Monitoring report with an average of 151 days for 2006-2007 and 2<sup>nd</sup> slowest for residential alterations and additions of 156 days.

It would be good business practice for Council to continue to periodically revisit the option of introducing an IHAP to consider matters such as Councillor DAs, DAs that councillors are objecting to as well as any other potentially controversial



developments, requests for review (Section 82A) and objections to modifications to development consents (Section 96). (*Recommendation 6*)

Turnaround times are also reported to council on a quarterly basis. Eighty-four per cent (84%) of DAs are dealt with under delegated authority.

Council applies the ‘stop the clock’ provisions of the EP&A regulation (clause 109-112) in accordance with these regulations.

#### *Section 94*

Council has adopted Section 94 Plans for Community Facilities, Public Car Parking and Open Space and Recreational Facilities contributions.

Review of the Section 94 Contribution Registers noted that some of the contents required attention by management, as they can be viewed by developers, local media or ratepayers. The Community Facilities contribution register has a negative balance and a small number of gaps in address and other details were noted.

These matters were discussed with management who indicated that they were currently reviewing the Section 94 Contribution Register contents. This review should be assigned a high priority in light of recent media attention. (*Recommendation 7*)

#### *State of the Environment Reporting*

Council’s current State of Environment (SoE) supplementary report 2006-2007 complies with DLG Guidelines and provides a “snap shot” review of a number of environmental factors affecting the LGA and is presented in a clear manner that is easily understandable.

However, the SoE report has little evidence of community consultation and resources care currently being assessed to complete this. (*Recommendation 8*)

#### *Graffiti removal*

Graffiti is a big issue in the LGA and Council has an excellent graffiti removal register with digital images pursuant to section 67A (2) of the Act.



### ***Challenges to improve***

#### *Enforcement and prosecution*

Management uses its “Authority” based customer request management system for reporting and investigating complaints of regulatory non-compliance or unauthorised development.

Council has a formal Enforcement Policy, inclusive of prosecutions adopted on 27 May 2008.

#### *Companion Animals*

The adoption of a Companion Animals Management Plan is recognised as good practice. Council provides a whole range of community education programs for companion animals but does not currently have a Companion Animals Management Plan to comply with the *Companion Animals Regulation 1999*. (*Recommendation 9*)

Council has a Declaration of Dangerous Dog Procedure and reports all attacks promptly to the Department in the prescribed format, using the Dog Attack Data Collection Form on the internet.

#### *Waste Management Strategy*

Council has a Corporate Waste Management Plan and guidelines contained in the Ashfield DCP but no formal strategy document. It would be good business practice to develop a Waste Management strategy for the LGA. (*Recommendation 10*)

### **6.3 Asset and financial management**

Under its charter, Council has a responsibility to raise funds for the purposes of carrying out its functions. This can be achieved by the fair imposition of rates, charges and fees, borrowings and grants. The Council is also the custodian and trustee of public assets and must effectively account for and manage these assets. A review was conducted of a range of aspects of Council’s practices in the areas of:

- *Financial management*
- *Asset management*
- *Insurance.*

### ***Overview of financial position***

Council forecasts an operating surplus for 2007-2008 of \$85K in its Management Plan but has had operating deficits before capital items for the last five years.

Council is in a sound position in the opinion of its external auditors, has cash and investments of \$8M, a surplus of net assets and sufficient working capital available to manage its operations.

Council is taking on debt to assist in financing its Civic Centre redevelopment project and has forecast deficits of \$183K and \$96K for 2008-2009 and 2009-2010, respectively, mainly due to loan repayments, but these borrowings should represent manageable debt.

### ***Liquidity and cash position***

Council's unrestricted current ratio (UCR) was 2.4 in 2006-2007 and represents an improvement from the previous year of 1.49.

The UCR measures the adequacy of working capital and the ability to satisfy obligations in the short term. A good UCR is considered to be greater than 2.

Council's Rates and Annual Charges Outstanding Percentage (RACO%) was adequate at 1.78%. The RACO% assesses the impact of uncollected rates and charges on liquidity and the efficiency of debt recovery.

Council had no debt in 2006-2007. A DSR of less than 10% is good. However, Council is preparing a Debt policy as part of its next Management Plan.

### ***What is working well***

Council's overall financial position appears to be sound. Council has begun to introduce key elements of a good financial planning framework and long-term asset planning for its infrastructure.

Council measures its performance against predetermined standards to assess the financial health of the organisation. Performance measurement is also reported in the Council's Management Plan and Annual Financial Statements.

#### *Asset management planning*

Council's Management Plan 2007-2008 includes completion of an Infrastructure Asset Management Plan for scheduled maintenance of local roads, footpaths and cycle ways and establishment of an Asset Management System that monitors infrastructure performance, usage levels and maintenance needs.

"Public Roads" is identified in Special Schedule No. 7 as the asset class requiring replacement programs and management should continue to monitor performance to ensure there is no increase in the shortfall of estimated maintenance requirements and the actual spend. (*Recommendation 11*)

Council has recently employed an Infrastructure Manager and purchased and implemented AIMS under the Authority suite.

Council's has an asset maintenance program and maintains a detailed asset register.

Council has also recently completed draft Plans of Management for all its principal parks and an Aquatic Centre Plan is under development.

#### *Long Term Financial Plan*

Following completion of its Strategic Plan, Council developed a Ten (10) Year Financial Plan which has been used as the basis of the Management Plan and Budget for 2007-2008. The Financial Plan with the forecast of on-going surpluses



over future years after loan payments indicates Council's commitment to sound financial management.

### ***Challenges to improve***

#### ***Staff Entitlements***

Employee Leave Entitlements (ELE) is only cash funded to 14% by internal restricted reserves. This is considered to be too low, even allowing for expected turnover of staff.

Discussions with senior management indicated that Council has approved direct contributions of future operating surpluses to the ELE and it would be good practice for senior management to regularly monitor and report performance of this to Council. (*Recommendation 12*)

### **6.4 Community & Consultation**

A council's charter requires that a council:

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

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

#### *The methods council uses to involve and determine the views of its community*

- social and community functions of Council
- annual reporting
- cultural planning
- principles of multiculturalism



- reporting to the community and keeping the State government informed about its activities.

### ***What is working well***

#### *Social and community planning*

Council's Bridging Social Plan 2007-2008 is well written, easy to read, meets the requirements of the Guidelines and provides an excellent summary of the social issues facing the LGA and Council's response to them.

The information in the Social Plan identifies the issues affecting the seven target groups as well as a further range of other areas such as local arts and culture, housing and community facilities. It also links to the Strategic Plan.

Council's Annual Report and Management Plan also tie in well with the Social Plan.

#### *Community Survey*

In May 2007 Council undertook its first annual community survey involving three hundred (300) resident telephone surveys, focus groups and sixty (60) local businesses. The aim of the study was to assess resident satisfaction with delivery of Council services, measure the relative importance of a variety of local issues and support Council to guide future planning. The outcome was an Action Plan which was endorsed in September 2007.

Council regularly receives progress towards delivery of this Action Plan.

Council also publishes an annual Community Report as a condensed version of the Annual Report with sections including a message from the Mayor, financial affairs, revitalising the Ashfield Town Centre, improvements to roads and parks and community events. A monthly publication called "The Bulletin" is also available to Councillors and the community to keep them informed about various initiatives and issues and the General Manager publishes a weekly newsletter to Councillors called "In Touch".



### *Cultural planning*

Council has a Cultural Plan 2007-2012 which lists the cultural assets and resources of the LGA, Council's initiatives and facilities available, a cultural vision and an Action Plan including strategies.

Foremost among the strategies is to continue the Youth Theatre project with four neighbouring councils having MOUs in place with Ashfield and to continue the Thirning Villa Artist in Residence Program which has been a success to date.

Council also has a Local Ethnic Affairs Statement and a Statement supporting the NSW Charter of Principles for a Culturally Diverse Society. A number of Council publications are available in languages other than English, most notably in Chinese and/or Italian.

### *Customer Service*

Council does not currently have a set of specific customer service standards. Council should develop a customer service charter, a set of customer service standards and a monitoring system. These actions should be assigned a high priority.  
*(Recommendation 13)*

### *Tourism and economic development*

Council does not currently have formal Tourism or Economic Development Plans in place but has recently employed an Economic Development Officer to begin the process of developing Plans.

A number of Economic Development workshops for local business and professional people have been scheduled to target issues relevant to local precincts within the LGA and these should lead to development of formal plans. These plans should be given a high priority. *(Recommendation 14)*

### ***Challenges to improve***

#### *MoU with local Aboriginals*

Council does not have a MOU with the local indigenous community or Aboriginal Land Council. It may be good community practice for Council to consider developing a reconciliation statement, as soon as practicable. (*Recommendation 15*)

### **6.5 Workforce Relations**

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

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

- human resources strategy
- consultative committee processes
- job descriptions and job evaluation
- recruitment and selection processes
- employee remuneration
- staff development
- grievance management
- occupational health and safety
- secondary employment.

#### ***Overview of the organisation***

The Executive Management Group is made up of the General Manager and three Directors: Corporate and Community Services, Planning and Environment and Works and Infrastructure Services. The council employs 175 FTE staff – 78% of the workforce is aged 25-54 and 22% aged 55 and over. Women represent 43% of staff.

The total salary expenditure for 2005-2006 was \$10.4 million, which was 0.5% under budget. The value of overtime paid during the last financial year was \$269K.



### ***What is working well***

#### *Human resources strategy and policy framework*

Council has a HR Operational Plan and a solid policy and procedural framework to ensure that it has the human resource capability to achieve its objectives.

However, it currently does not have a Human Resources Strategic Plan and this is scheduled for commencement in June 2008. Council is also reviewing its EEO Plan in concert with this. Both these tasks should be assigned a high priority.  
*(Recommendation 16)*

Council has an Induction Handbook and Diversity and Equity in Employment, Performance Management, Occupational Health & Safety Risk Management, Recruitment and Selection and Remuneration and Reward policies and procedures.

#### *Recruitment and selection*

Council ensures that selections are made on the basis of merit, as required by section 349 of the Local Government Act 1993, by the following:

- all advertisements and position descriptions clearly outline the qualifications, and both essential and desirable criteria required, and
- all applicants are selected for interview based on a culling process.

All position descriptions carry a Person Specification which is used as a selection criteria tool for preparing interview questions and any pre-employment tests. All interview decisions are then based on the merit of these answers and test results.

All positions within the Council have written position descriptions and all employees have copies of their respective position descriptions. Council has a policy and practice for the reviewing of position descriptions at the time of vacancy as well as at the time of employee appraisal.

### *Occupational health and safety*

Council has a well-developed OH&S policy and procedural framework and has a practice of conducting systematic OH&S site risk assessments.

The number of workplace incidents for 2006-2007 was twenty six (26), eight (8) of which resulted in Workers' Compensation claims.

### *Employee surveys*

Council undertakes periodic employee surveys with all employees and annual performance reviews provide an opportunity to comment on employment opportunities.

### ***Challenges to improve***

#### *Succession planning*

Council does not have formal Succession Plans for key positions/personnel but has undertaken some planning since the organisation structure was reviewed in 2006 and this has led to further operational changes. Discussions with senior management indicated that some formal plans will be developed by June 2008 and it would be good business practice to collate these as part of the new Human Resources Strategic Plan. (*Recommendation 17*)

## 7. COUNCIL'S RESPONSE

File Ref: G05/35  
Contact: Ken Gainger  
Tel: 9716 1901

8 September 2008

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



### Ashfield Municipal Council

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Dear Garry,

#### Subject: Draft Promoting Better Practice Review Report

I would like to thank the Department for inviting us to participate in the Promoting Better Practice Review. Council considers this review an important element of our on-going process of improvement and reform. At our meeting August 2008 Council received the Draft Report and adopted the attached response to your recommendations.

Over the past three years Ashfield Council has made significant steps in building an organisation that is open, active, consultative and learning. As part of these endeavors we have actively consulted with our community on key projects and services, initiated an annual community survey, pursued resource sharing opportunities with other Councils, worked towards best practice business solutions and regularly reviewed our operational performance.

The review document provides a well balanced overview of the state of local government in Ashfield with many positive insights into the challenges and efforts of our organisation. With the exception of the comments and response noted in the attachment, we accept the draft review report.

I would like to express my appreciation for the work undertaken by Mr Steve Woods, Senior Risk Management Consultant acting for the Department in conducting the review.

In keeping with our commitment to on-going improvement, Council developed and is implementing a Better Practice Plan and has already actioned a number of the draft recommendations. We will submit an updated Action Plan to the Department on finalization of the report, as requested.

Yours sincerely,

  
Ken Gainger

GENERAL MANAGER

**ASHFIELD COUNCIL RESPONSE  
PROMOTING BETTER PRACTICE REVIEW REPORT**

**PART 1: Recommendations**

**Governance**

**1. This recommendation has been actioned, see attached 1.**

In February 2008 Council prepared and posted on our website a Statement of Business Ethics - for business dealings between Ashfield Council, the private sector and other parties.

**2 (i). This recommendation has been actioned, see attached 2.**

Management Plan 2008/12 includes a statement with respect to proposed borrowings, as resolved 17 June 2008.

**2 (ii) Agreed.**

The process for preparing the comprehensive SoE has been built into the development of Council's Strategic Plan, in line with the Department's new integrated planning and reporting framework. As such the SoE will be subject to extensive community consultation. This will be reported in the next Management Plan.

**3. This recommendation has been actioned, see attached 3.**

A new Declarations of Interest Form has been developed and new procedural requirement for completion and filing of this form built into our procurement procedures. Further to this being a requirement for tendering (\$150,000 and over), this new requirement has been built into all procurement valued at \$10,000 and over.

**4 – 7. Agreed**

Council has recently taken up full membership of the SSROC and is active in promoting regional alliances. We are currently developing a proposal to SSROC to consider regional arrangements for risk management and internal auditing functions (committee and/or staff) including fraud risk assessment and development of a compliance checklist. Notwithstanding this, a commitment to develop a broad based, council-wide risk management strategy was published in the 2008/12 Management Plan and work has commenced on scoping the project.

**Regulatory Affairs**

**8. Agreed**

Council has commenced discussions with Canterbury Council with respect to accessing their IHAP, for controversial and/or complex development applications. The outcome of further discussions with regard to the feasibility of such an arrangement will be reported to Council.

**9. Agreed**

A review of the S94 Contributions register is scheduled for early 2008/09 as part of a comprehensive review of finance operating policies and procedures.



**10. Agreed**

Please refer to Recommendation 2(ii).

**11. This recommendation has been actioned, see attached 4.**

Council adopted Enforcement Policy (inclusive of prosecutions) on 27 May 2008.

**12. Agreed**

A draft Companion Animal Plan has been prepared by staff and is scheduled to be presented to Council for consideration by December 2008.

**13. Agreed**

Council is currently working with both the Inner West Waste Reduction and Minimization Group and SSROC Waste Group in development of regional strategies and initiatives. Council will develop our local strategy in line with the work of regional initiatives and neighboring Councils. A commitment to develop an Ashfield Waste Management Strategy was published in the 2008/12 Management Plan.

**Asset and Financial Management**

**14. Agreed**

Council has commenced work on development of a Sustainable Asset Management Strategy. To date a series of 7 asset class discussion papers have been presented to Council including a paper on roads. This work is being conducted as part of the integrated planning framework and as such be linked to the 10 year financial plan. This commitment was published in the 2008/12 Management Plan and identified as a key strategic issue for Council.

**15. Agreed**

Based on previous advice from Council's auditor, Council adopted a policy position in relation to the allocation of operating surpluses into the ELE reserve. As part of the preparation of 2008/09 budget a 3 year plan to build the reserve to industry standard at 20% has been put in place.

**Community and Consultation**

**16. This recommendation has been actioned, see attached 5.**

Council adopted a Communication Policy and Strategy at the meeting held 10 June 2008 and subsequently adopted a Community Engagement Policy and Toolkit at the meeting held 8 July 2008. In practice Council has been actively engaging with its community on a number of key projects in accordance with the IAP2 Brisbane Declaration principles for the past 2 years.

**17. Agreed**

A commitment to develop a Customer Service Charter and suite of standards was published in the 2008/12 Management Plan. Work has commenced and is scheduled to be presented to Council for consideration by December 2008.

**18. Agreed**



In late 2007 Council employed our first Economic Development Officer. The emphasis of this role to date has been on research, business liaison, information seminars and issues identification. A commitment to develop an Economic Development Strategy was published in the 2008/12 Management Plan.

**19. Agreed**

At meeting held 2 June 2008 Council's Advisory Committee on Local Indigenous, Multicultural and Ethnic Affairs (LIMEAC) discussed strategies to increase level of representation and consultation with the local indigenous community. The Department's recommendation will be referred to LIMEAC for consideration.

**Workforce Relations**

**20 - 21. Agreed.**

Council is currently seeking quotations from HR consultants to provide assistance in development of comprehensive HR Strategy. The specification includes work on EEO Management Plan and succession planning. A copy of the consultants brief is attached.

**PART B. Comments/corrections to the body of the report.**

p16. Council *has prepared* a Statement of Business Ethics - for business dealings between Ashfield Council, the private sector and other parties. (refer to recommendation 1)

P29. Council is not intending to use consultants to develop our customer service charter or standards, this will be conducted in-house. We are, however, seeking the assistance of a consultant to develop our HR Strategy (refer to recommendation 20-21).

p30. Development of a Human Resources Strategic Plan is *scheduled for commencement* in June 2008.

pp33-35 In the summary table 'What's Working Well and Challenges' that enforcement and prosecution be moved out of challenges (refer to recommendation 11)



Council provided its response to the draft report on 8 September 2008. Council advised of the requirement to amend part of the text to correct two inaccuracies. Changes have been made to the text at the appropriate places to correct these.

Council responded to all the recommendations in the report. Some of the responses provided information as to what action Council intends to take. This information is not reproduced in this report and should be incorporated into the action plan that Council is required to complete after it has tabled the review report. Council's response to relevant recommendations of the report that required amendment are reproduced and addressed below.

Four recommendations have been removed and one recommendation has been altered as a result of Council's feedback. The recommendations that have been removed, including council's response in relation to each recommendation are as follows:

### **Recommendation**

*“1. Council should complete its Business Ethics policy for behaviour appropriate for business dealings with Council, as soon as practicable.”*

### **Council’s response**

*“In February 2008 Council prepared and posted on our website a Statement of Business Ethics – for business dealings between Ashfield Council, the private sector and other parties.”*

### **Recommendation**

*“3. Council should include all declarations of conflicts of interest of staff involved in the tender/contract assessment process and the recording of individual panel member evaluation results in supporting files.”*



### **Council's response**

*“A new Declarations of Interest Form has been developed and new procedural requirement for completion and filling of this form built into our procurement procedures. Further to this being a requirement for tendering (\$150,000 and over), this new requirement has been built into all procurement valued at \$10,000 and over.”*

### **Recommendation**

*“11. Council should adopt its draft Enforcement and Prosecutions as a high priority.”*

### **Council's response**

*“Council adopted Enforcement Policy (inclusive of prosecutions) on 27 May 2008.”*

### **Recommendation**

*“16. Council should develop a Communication Strategy for community consultation as soon as practicable.”*

### **Council's response**

*“Council adopted a Communication Policy and Strategy at the meeting held 10 June 2008 and subsequently adopted a Community Engagement Policy and Toolkit at the meeting held 8 July 2008. In practice Council has been actively engaging with its community on a number of key projects in accordance with the IAP2 Brisbane Declaration principles for the past 2 years.”*

The recommendation that has been altered, including council's response in relation to this recommendation is as follows:



## **Recommendation**

*“2. Council should include in its next Management Plan the amount of any proposed borrowings, as per section 404 (1) and references to consulting the community regarding environmental protection, as per clause 199 (c).”*

## **Council’s response**

*“Management Plan 2008/12 includes a statement with respect to proposed borrowings, as resolved 17 June 2008.*

Council should be congratulated for commencing action on a number of the recommendations in this report prior to its finalisation.

## 8. SUMMARY- WHAT'S WORKING WELL & CHALLENGES

### COUNCIL'S PRIORITIES AND FOCUS

*What is working well*

- strategic and operational focus.

*Challenges to improve*

- ageing population.

### GOVERNANCE

*What is working well*

- ethics and values
- pecuniary interests
- payments of expenses and provision of facilities to councillors
- councillor induction and on-going training
- complaints handling
- management plan
- annual report
- procurement and tendering
- information technology

*Challenges to improve*

- risk management and internal audit
- fraud control
- legislative and regulatory compliance.



## REGULATORY

*What is working well*

- strategic planning instruments
- development application process
- section 94
- state of the environment reporting
- graffiti removal

*Challenges to improve*

- companion animals
- waste management strategy.

## ASSET AND FINANCIAL MANAGEMENT

*What is working well*

- liquidity and cash position
- asset management planning
- long term financial plan.

*Challenges to improve*

- staff entitlements.

## COMMUNITY, COMMUNICATION AND CONSULTATION

*What is working well*

- social and community planning
- community survey
- cultural planning
- customer service
- tourism and economic development.

*Challenges to improve*

- MoU with local Aboriginals.



## WORKPLACE RELATIONS

### *What is working well*

- human resources strategy and policy framework
- recruitment and selection
- occupational health and safety
- employee surveys.

### *Challenges to improve*

- succession planning