Local Government Reform Program - Promoting Better Practice

good governance

innovation

improvement

challenges

REVIEW REPORT

AUBURN COUNCIL

APRIL 2007

dlg **Department of Local Government**

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1. ABOUT THE REVIEW

Review objectives

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

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

Reviews act as a "health check", giving confidence about what is being done well 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.

Auburn Council Review

Auburn 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 of 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?

Mr Lewis Rangott, a Senior Corruption Prevention Officer from the Independent Commission Against Corruption (ICAC) joined with Mr Paul Terrett, Senior Investigations Officer with the Department of Local Government, and conducted an on-site review of the council from 18 September to 21 September 2006.

The on-site review involved a meeting with council's mayor and general manager, meeting council's senior staff, conducting interviews, attending two council meetings, and reviewing 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 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

Auburn Council is a well-managed organisation. It enjoys excellent community satisfaction and is proactive in its approach to achieving continuous improvement. Council has good governance practices in place, which filter through into all areas of operations, including its policies and procedures.

The council has experienced significant change in the last two years. A challenge for council is the need to manage this change and to communicate with all levels of the organisation to embrace the change and to share its goals throughout the council. While it was evident that senior staff understood the council's future vision, this was not translated at lower levels, which added to a reluctance to change by some areas of council.

The council has a strong strategic approach to its future needs, and this strategic focus is integrated throughout the organisation. The review revealed that there is a mature approach by both council management and elected officials to decision-making. There is a shared vision for the council and its staff and councillors work proactively together to achieve the council's goals.

Council needs to take action to prepare a long-term asset management plan together with a comprehensive infrastructure maintenance program.

Council lacks a long-term financial plan identifying alternative sources of revenue, a long-term rates strategy and reserves for capital works.

Council has made major changes in the operation of its Planning and Environment Department since 2005. These improvements have resulted in positive results for the council.

Council faces a future challenge with an ageing workforce. Council needs to develop a formal workforce succession planning process to identify changes that may occur to its workforce and actions to address them in the future, including recruitment against skill deficiencies, the transfer of skills, etc.

Council has a very strong community service focus. Council understands its community and has a comprehensive suite of community services and activities to meet the diverse needs of the community.

In summary, the council has strong and clear leadership that is well positioned to strategically address the future needs of the Auburn Council area.

3. RECOMMENDATIONS

Strategic

1. As a matter of priority, council should develop a long-term financial plan that aligns with and supports its strategic directions, corporate planning model and asset management processes.

2. Council should consider developing a sister city relationship with a rural council.

3. Council should identify areas where it delivers services well and investigate the provision of these services to neighbouring councils.

Governance

4. The General Manager and Mayor should provide all councillors with a copy of departmental circular 04/16, which provides extensive advice on how to correctly complete written returns of interests.

5. Council should develop a fraud policy and carry out fraud and corruption prevention risk assessments on a regular basis.

6. Council should develop a comprehensive risk management plan to enable it to identify and manage all significant risk issues facing council in the pursuit of its objectives.

7. Council should include the requirements of the *Protected Disclosures Act 1994* and internal reporting procedures in on-going training programs for staff and councillors.

8. Council should ensure that when its meetings are closed, the minutes comply with the requirements of section 10D of the *Local Government Act 1993*.

9. Council should review its records management systems to ensure compliance with the *State Records Act 1998*.

10. Council should develop a system of managing councillor records that relate to the conduct of council business.

Regulatory

11.   Council should introduce a graffiti removal register pursuant to section 67C of the *Local Government Act 1993*.

12.   Council should continue to provide councillors with regular updates on the volume and nature of development applications being lodged and determinations made by staff under delegated authority.

13.   Council should update its Section 94 Developer Contribution Plans to integrate them with existing strategic plans and population targets.

14.   Council's review of its current section 94 accounts should:

  *   identify how all existing developer contributions can be lawfully spent

  *   be forwarded to the Department of Local Government for information.

15.   Council should develop and implement a local approvals policy in line with section 158 of the *Local Government Act 1993*.

16.   Council should examine the need to develop and implement a local orders policy in line with section 159 of the *Local Government Act 1993* (having regard to the number of orders it issues under the Act).

17.   Council should develop an enforcement and prosecutions policy to guide its enforcement activities as well as provide information to the public on how to report non-compliance and unauthorised development.

18.   Pursuant to section 5 of the *Swimming Pools Act 1992*, council should take steps to ensure that it is notified of the existence of all swimming pools within the LGA.

19.   Council should consult further with the community and environmental groups in developing council's State of the Environment Report.

20.   Council should develop and implement a companion animals management plan, which includes related community education programs.

Financial and Asset Management

21.   Council should investigate the development of a rates hardship policy.

22. Council should prepare a long-term asset management plan together with a comprehensive infrastructure maintenance program.

23. The general manager should arrange for a project plan to be developed and implemented for the updating of council's asset register, the completion of condition assessments and the updating of asset valuations. Implementation of this plan should be monitored by the general manager and reported to council on at least a quarterly basis.

24. Council should use the updated information on its assets to develop a long-term asset management strategy, and should develop and adopt a policy for the replacement of plant.

25. The asset management plan should be linked to council's long-term financial strategy.

26. Council should again consider the costs and benefits of employing a specialist grants officer.

27. Council should develop business plans for its four business activities.

28. Council should review its current IT platform/database to ensure that communication within and between departments is seamless, ensuring that there is organisation-wide access to all relevant information.

29. Council should prepare a plan of management for the Auburn Botanical Gardens, which canvasses the options for additional revenue and private sector involvement.

Community and Consultation

30. Council should provide its section 355 committees with a procedure or operations manual that outlines their role.

31. All section 355 committees should have a charter setting out their membership, functions and delegations.

32. Council should consider converting some of its internal committees into formal section 355 committees.

33. Council should distribute its regular newsletter to all households in the council area, possibly with its rate notice reminders.

34.   To complement its complaints policy and demonstrate its commitment to customer service, council should develop and adopt a guarantee of service for its key customer service activities, including responding to telephone calls, emails and correspondence.

35.   Council should include an appropriate means of reporting on its performance, where warranted, and recommend changes to relevant council procedures that are the subject of regular complaints.

36.   Council should investigate a tourism strategy with other LGAs in western Sydney.

Workforce Relations

37.   As the Consultative Committee's aim should be to provide for two-way communication between management and staff, council should nominate alternative management representation to replace the two councillors currently on the Committee and should revise the constitution to comply with clause 27 of the Local Government (State) Award 2004.

38.   Council should update its EEO management plan and better integrate it with council's management plan and annual report. Data collection to support the measurement of performance indicators in the revised plan should also be commenced.

39.   Communication with staff on council changes and the strategic direction of the council should be improved.

40.   Council should investigate using the Australian Business Excellence Framework processes to improve employee interaction.

41.   Council should prepare and adopt a secondary employment policy.

42.   Council should develop a long-term workforce or succession plan that looks at the staffing needs of each section of council and allocates staff according to workload and priorities.

4.   CONTEXT

Auburn Council is located approximately 17km west of the Sydney CBD and covers the suburbs of Auburn, Lidcombe, Berala, Homebush Bay, Newington, Regents Park and Silverwater. It shares boundaries with Parramatta, Bankstown, Strathfield and Canada Bay Councils.

In 2004, council had an estimated population of 62,676. At the time of the 2001 census, 52.2% of the population was born overseas and 65% spoke a language at home other than English. The Auburn LGA has relatively high unemployment (6.4% in 2004) and based on the ABS's 2001 index of socio-economic disadvantage, was the second most disadvantaged council area in Sydney.[1]

Auburn Council area has a projected population of 84,000 by 2020. This will place a greater demand for new dwellings and increased demand for medium and high-density dwellings. It is anticipated that redevelopment will occur on government-released lands, large industrial sites and along the Parramatta Road Corridor.

Auburn LGA comprises a variety of land uses. Older suburbs such as Auburn and Lidcombe are well established and have few sites that are not already developed. However, Newington and Homebush Bay are new residential areas, created in part as a result of the Sydney Olympic Games. The Auburn LGA has a mix of residential, retail and commercial/industrial uses as well as open space.

In addition to the main Olympic Park precinct, the Auburn LGA also houses distinctive features such as the Rookwood Cemetery, Silverwater Correctional Centre, Auburn Hospital and Auburn Botanical Gardens. Five CityRail stations (Auburn, Lidcombe, Berala, Regents Park and Olympic Park) also lie within the council's boundaries.

Auburn Council has twelve councillors elected across two wards. Council's General Manager, Mr John Burgess, commenced employment with the council in March 2005. Council's total staffing numbers are 276 equivalent full-time staff, up from 236

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[1] ABS catalogues 1379.0.55.001 and 2039.0

in 2001. In addition to the General Manager's division, council's organisational structure comprises three main divisions:

- Business and Finance (finance, administration, purchasing, property management, information technology, customer services)
- Works and Services (library services, child care, roads and footpaths, drainage, assets, parks and recreation, traffic, community services)
- Planning and Environment (environmental and land use planning, development assessment and compliance, regulatory control of pollution, noise, companion animals and public health).

For the year 2005/06, it is estimated that council will report an operating surplus of $6.4 million and a small total budget deficit of $65,036. For 2006/07, the estimated operating surplus is $5.9 million and total budget surplus is $77,062. This is based on total income and expenses of approximately $52 million.

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.

Auburn 2030 – Strategic Plan

The council has built the foundations for a strong strategic approach to respond to its current and future challenges. Despite a diversity of community needs, council has set a clear, shared vision for a better council area until 2030.

The vision and strategic goals supporting the vision are set out in council's *Auburn 2030* – Strategic Plan. It covers the 25-year timeframe from 2006. The strategic plan is informed by a number of other key strategic documents. It puts in place seven broad cross-functional programs that sit under each of council's corporate goals. These seven programs are:

- an inclusive and culturally engaged Auburn
- a connected safe and accessible Auburn
- an environmentally sustainable Auburn
- a healthy and active Auburn
- a liveable and distinctive Auburn
- an economically thriving Auburn
- a well-managed and accountable Auburn.

Council intends to develop a cascading set of performance indicators to measure progress towards the achievement of the strategic plan by June 2007.

Council's vision and strategic objectives for the Auburn local government area appear well integrated with its current management plan. For instance, council has re-formatted its management plan to align with the vision and strategic objectives of the Corporate Strategic Plan with its more operational goals and business activities.

A shared understanding and collaborative approach to implementing these strategies, goals and objectives was apparent at more senior levels of council during the on-site visit. All senior managers interviewed by the review team were able to articulate the broad vision and strategic directions and then link them to the specific goals and activities of their business unit. However, staff at other levels of the organisation did not show a full understanding or acceptance of the strategic direction.

Council's progress in relation to meeting its priorities is monitored through its quarterly management plan reporting and quarterly financial reports. This system along with regular staff performance review creates the capacity to be flexible.

Council recently won a management excellence award from the Local Government Managers Australia for *Auburn 2030* Key Performance Indicators.

Long-Term Financial Planning

While council has built the foundations for a strong strategic approach, councillors and management acknowledge that council does not have a long-term financial strategy to underpin its strategic and corporate planning model.

In a context where traditional sources of income are generally declining and costs are increasing, Auburn Council needs to identify the renewal and maintenance of existing community assets as a major priority.

Council also needs to develop a comprehensive asset management policy/program. However, the extent to which the program can be applied is inevitably reliant upon the availability of resources.

As a matter of priority, council's Strategic Plan, management plan and evolving asset management processes should be integrated with a long-term financial plan. This financial plan should identify matters such as alternative sources of revenue, a long-term rates strategy, and the establishment of reserves for capital works and anticipated demand for community facilities. **(Recommendation 1)**

Many of the challenges raised in this report are identical to those being faced by other councils. While the council is working co-operatively with its neighbours, there

remains scope for the council to learn from other councils and to re-think how it delivers certain services. The review team encourages council to consider developing a sister city relationship with a rural council, to develop professional and cultural ties. (**Recommendation 2**) Council should also identify what services it performs well in delivering and consider opportunities of providing these services to neighbouring councils. (**Recommendation 3**)

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.

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 local government sector 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*

Corporate values and strategic statements

Council has adopted a clearly articulated set of corporate values and strategic statements. These are reflected in its annual reports and its corporate plans. They inform its operations and are integrated into its decision-making processes. These include a vision statement, a mission statement and a statement of values.

Council has also adopted a set of corporate goals. These underpin the broad programs set out in the strategic plan. Council developed a set of key performance

indicators (KPIs) to assist measurement of its performance against its previous corporate goals.

Integrated Planning Framework

Council has developed an integrated planning framework that ensures that council's plans are tied from the Auburn 2030 to service unit business plans, operating budgets and capital budget. In each of these sections there is a description of the parameters within which staff are required to work and the documentation that must be completed.

INTEGRATED PLANNING FRAMEWORK
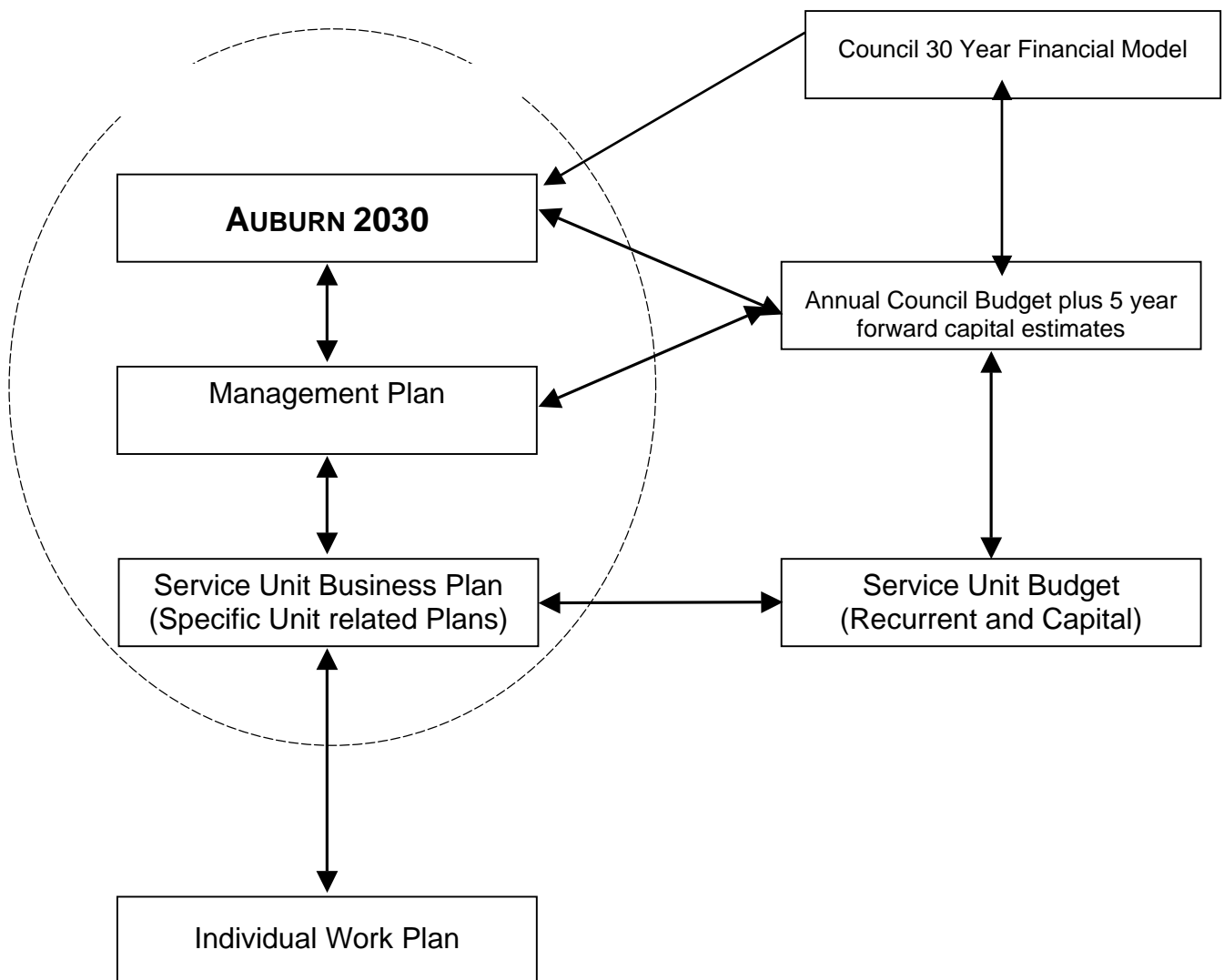
Annual report

Under section 428 of the *Local Government Act 1993,* council must prepare an annual report within five months of the end of each financial year. The annual report must contain certain prescribed information.

While the information contained in the body of the report concerning council's performance of its principal activities is clearly set out, detailed and informative, it could be more clearly linked with Auburn 2030 so council's performance can be more clearly assessed against the goals set in that plan.

Delegations

Council must review its delegations during the first twelve months following an ordinary election. Auburn Council has done so. In addition, delegations are regularly reviewed as staff duties change or new incumbents start. There is a comprehensive enquiry and reporting system on delegations, by delegation title, number, position, activity and category. This system is linked to the employee information system. The printout of particular delegations given to staff members identifies the source of authority, the description/limits of the delegation, the financial limit of the delegation and the date it was issued. There is a clearly identified process for granting and revoking delegations. This is considered to be good practice.

Pecuniary interest returns

Chapter 14 of the *Local Government Act 1993* sets out the parameters that must be adhered to when councillors and staff have a conflict between their public duty and private pecuniary interests. The Act also requires councillors and designated staff to lodge disclosure of interests returns. Part 8 of the Regulation prescribes the information required to be included when lodging returns.

The review team examined the most recent returns and found them to be generally of a good standard. However, we suggest council review its administrative processes for the completion of disclosure of interests returns to ensure that they accurately reflect signing and lodgement dates. Council could provide all councillors and

designated staff with a copy of departmental circular 04/16 and the recent Pecuniary Interest Guidelines to assist them in completing their returns. (**Recommendation 4**)

Risk management and internal control

Risk management is about the systematic identification, analysis, evaluation, control and monitoring of risks. Councils are exposed to a wide range of risks as a consequence of their diverse functions. It is important that councils manage their risk exposure.

While risk cannot be entirely eliminated, councils should aim to establish a risk aware culture. Council indicated in its draft response to the review that it has been developing a culture that encourages and supports risk management.

Councils need to continually work towards establishing structures, processes and cost effective controls that reduce the council's risk profile. In doing so, councils need to be mindful that there should be a balance between the cost of managing risk and the benefits expected from engaging in an activity that has inherent risks.

One aspect of effective risk management is ensuring legislative compliance. To facilitate compliance with legal requirements, councils and their senior staff should ensure that:

- management commitment to compliance is clear and unequivocal
- the legal requirements that apply to each activity for which they are responsible are:
  - identified (including updates reflecting changes to the law), and
  - documented (preferably in detail, but as a minimum by reference to relevant provisions)
- staff are aware of where/how council's current policies and procedures can be accessed
- all staff are kept fully informed, briefed and/or trained and reminded of the key legal and policy requirements relevant to their work

- staff are made aware of the potential repercussions of non-compliance with legal requirements that apply to them and council

- record-keeping systems and practices that capture evidence of compliance and non-compliance are in place.

Council should keep these issues in mind as it implements the recommendations of this report.

The development of internal audit processes is also important. Council does not appear to have undertaken any fraud risk assessment. Nor does it have a fraud control policy or strategy. Changes to the Australian Auditing Standard 210 (AIS210) now require all external auditors to obtain a written representation from management that the organisation has systems to deal with fraud risks. (**Recommendation 5**)

It is recommended that council develop and implement a risk management plan. In doing so, it should develop and adopt a policy to facilitate legislative compliance and incorporate a disaster recovery and business continuity plan. (**Recommendation 6**)

Protected Disclosure

Council does not have an adequate process in place to assist councillors and staff with disclosures under the *Protected Disclosures Act 1994.* Council should develop a new process that facilitates such reporting and which provides the requisite protection and information for councillors and staff. (**Recommendation 7**)

Council meetings

The review team observed two council meetings during the on-site review. We also reviewed council's code of meeting practice, business papers and minutes.

Where council determines that a matter should be dealt with in confidential session, sections 10A to 10D of the *Local Government Act 1993* outline the requirements for closing meetings.

At the time of the on-site review, the grounds for closing the meeting, as contained within section 10A(2) of the Act, were not being stated as required under section 10D(2). Specifically, the information required by section 10D(2)(a) and (c) was not included in the grounds.

In deciding whether or not a matter should be discussed in closed session, council should ensure that it applies the public interest test as required by section 10D of the Act. The general manager can help facilitate this by ensuring that reports discuss why he considers that dealing with the item in open session will not be in the public interest. A full explanation is required. (**Recommendation 8**)

Council uses a projector to display each council resolution at the front of the council meeting. This facilitates transparency and assists the councillors to be clear on the motions they are considering. It is a good practice that other councils may wish to emulate.

Council has adopted the practice of moving items as "Matters Determined without Further Debate" on the business paper. This allows the council to determine those matters which will be adopted 'en globo'. This assists in council meetings operating smoothly and avoids undue delays where councillors agree with the officers' recommendations. This practice is encouraged.

Section 252 policy

All councils are required to annually adopt a policy on the payment of councillors' expenses and the provision of facilities to councillors pursuant to section 252 of the Act. A council must not pay any expenses or provide any facilities otherwise than in accordance with its section 252 policy. Councils are required to report on the expenses paid and the facilities provided in their annual report. Council has a section 252 policy.

Records management

The *State Records Act 1998* requires councils to make and keep full and accurate records of their activities. It also requires councils to establish and maintain a records

management program that conforms to best practice standards and codes. The review identified several opportunities for council to improve its record keeping practices. The council appeared to have an awareness of a number of these prior to the review and was proposing to take appropriate action.

Various sections of council maintain separate record systems, some paper based and others electronic. Council should ensure that its records management systems are integrated and should provide training to relevant staff (including all "indoor" staff) on records management and the need to comply with the *State Records Act 1998*.

A good records management policy should incorporate information about, and procedures for, community access to records under section 12 of the Local Government Act. While the Act provides for access, it is important to note that the Act also imposes an obligation on the Public Officer of council to assist people gain access. A well-written policy and straightforward procedures can be a practical way of assisting the public gain access.

Council should make the required changes to its record keeping practices, to facilitate compliance with the State Records Act, to ensure that its record systems support the needs of the organisation and to facilitate community access. (**Recommendation 9**)

Council should also ensure it has a system for managing councillors' records that relate to the conduct of council business. (**Recommendation 10**)

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 its responsibilities and for preserving public trust in Council and its staff. Regulation is important to achieve a wide range of social, economic and environmental goals.

A review was conducted of a range of aspects of council's regulatory practices including, but not limited to:

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

Review of Planning Function

In 2005, council commissioned an independent review of the operation of its Planning and Environment Department. The review was completed in December 2005 and made 27 recommendations. These recommendations addressed:

- a "fast track" mechanism
- improved assessment tools (such as checklists)
- standardised assessment reports and templates, ensuring coverage of section 79C of the *Environmental Planning and Assessment Act 1979 ("the EP&A Act")* and plan/zone objectives
- improved standard conditions
- review of delegations
- greater use of formal Compliance Certificates and Occupation Certificates
- consideration of a "Development Panel" as a decision-making unit between individual officers and council.

The development application files examined by the review team adhered to the recommendations made by the independent review and were underpinned by a sound, auditable assessment process.

Council has also introduced a new software system (GEAC Pathways) that allows managers in the Planning and Environment Department to track the status of individual development applications, which has improved overall accountability among the development assessment staff.

In terms of strategic planning, council is in a position to produce a new local environmental plan (LEP) in line with the standard instrument that has been mandated by the Department of Planning. Council is currently preparing new plans for its key town centres, which will ultimately be reflected in a new LEP. At the time of writing, a new Lidcombe Town Centre Strategy was about to be put before council. The successful consultation process followed for this strategy is to be used as a model for future town centre plans.

The strategic planning staff also undertake council's management planning role, which means that land use strategies are well integrated with the *Auburn 2030* document.

Councillors did not appear to be adequately informed of development applications before council. Councillors should be provided with a list of all development applications being dealt with under delegated authority.

Food Inspection

Council's inspection of food premises is another area that is working well. Council estimates that there are approximately 270 food premises within its boundaries in addition to regular temporary food outlets associated with community events.

In addition to having dedicated Environmental Health Officers performing an enforcement function for food premises, council conducts regular information

seminars for operators of food premises and provides free information including fact sheets in foreign languages.

Graffiti

The review team also received several positive reports about council's graffiti abatement program. However, it was noted that council did not have a graffiti removal register pursuant to section 67C of the *Local Government Act 1993.* (**Recommendation 11**)

Development Applications

Compared with other areas of Sydney, Auburn Council receives few objections to development applications. A relatively transient population[2] and a well established need for additional economic development appear to contribute to this. This tends to remove some of the community pressure from council and its Planning and Environment Department. Concerns about overdevelopment that might be present in other areas tend not to arise to such an extent in Auburn.

The review team was advised that councillors are seldom contacted directly by applicants or objectors in relation to individual development applications. Consequently, councillors rarely, if ever, use their call-up powers to revoke delegations to staff in respect of development applications.

Despite this, it is important that councillors have an understanding of the volume and nature of development applications being lodged. While there is no need for more development applications to be decided at council meetings, it is important that councillors be able to discharge their representative and oversight functions, set out in section 232 of the *Local Government Act 1993*[3].

In the weeks prior to the review, council had just commenced a process of providing individual councillors with the details of specific development applications and

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[2] Council's SOE Report 2004/05 states that 30% of residents in multi-unit dwellings change residence over a 3-6 month period. The SOE Report notes that this also contributes to problems with illegal dumping of rubbish and low rates of household recycling.
[3] Council reports that approximately 95% of development applications are delegated by Council to staff for determination.

determinations. It is desirable that this practice continues. Previously, this information was only provided to councillors on request.

Council already has a policy in place for dealing with enquiries lodged by councillors on behalf of residents, which is integrated with its Customer Request Management System. This is a good method for recording and responding to representations from individual councillors and should continue. (**Recommendation 12**)

Town Planning

A major challenge for council will come when population densities start to increase. The Department of Planning has set Auburn Council a target of approving an extra 19,000 dwellings by 2030 (Auburn Council press release 25 July 2006). This represents a 90% increase on the 21,225 dwellings reported for the area in 2005.

This will require an increase in the number of high and medium density housing developments in areas where single detached houses have been the traditional built form.

Council is well advanced in updating its strategic plans and Development Control Plans for its major town centres. However, council's infrastructure will come under increasing pressure from expected population growth. As detailed later in the report, there is a significant asset maintenance shortfall as well as an existing acute shortage of car parking. A lack of open space for recreation is also likely to become an issue as the population grows.

Section 94 Contributions

In order to fund and maintain infrastructure, council will need to rely on developer contributions levied under Part 4, Division 6 of the EP&A Act. Council currently has seven section 94 contributions plans that apply to development within its boundaries. These plans were all adopted prior to the introduction of council's *Auburn 2030* strategic plan and its latest population targets. There is currently an urgent need for council to identify funding sources for the targets set out in *Auburn 2030* and council's other strategic plans.

If these plans are not updated, future development may end up cross-subsidising current development and/or council may have insufficient funds to maintain and replace its assets. Council's Management Plan has already identified numerous engineering capital works to be funded through contributions plans that are not yet in place. (**Recommendation 13**)

It is also important that the correct levies be applied to each development and that the applied levies are collected and accounted for.

Auburn Council's Annual Report for 2004/05 indicates that as at 1 July 2005 it had $9.942 million in unspent section 94 contributions. A review commissioned by council found that "*Council holds a considerable sum of monies representing contributions received as far back as 1993*" and "*no reasonable guarantee could be provided to indicate that all contributions received and expended had been appropriately recorded in the Register*".

Council staff have provided assurances that section 94 contributions are now being correctly levied, accounted for and spent. However, in terms of historical development approvals, there is a need to identify those unspent funds that may have been misallocated. This will allow council to demonstrate compliance with the EP&A Act when applying these monies to capital projects.

Council's internal auditor and planning staff are conducting a review of existing section 94 accounts and the funds therein. This was due for completion by December 2006. (**Recommendation 14**)

Brighter Future Initiative

Council is in partnership with the Sydney Olympic Park Authority to create the Solar City project. Council plays a leading role in implementing and facilitating energy efficient and solar lighting, solar barbeques, renewable technologies and planning instruments that promote energy efficiencies.

The council and the Authority worked together and reviewed the existing planning instruments. They developed the future Masterplan for the "Vision 2025 township" at Sydney Olympic Park and Auburn Council via review of its existing Development Control Plans. This has the potential to deliver a combined and holistic response to sustainable design which addresses energy and water conservation, increased uptake of renewable technologies, focus on sustainable materials selection including waste reduction and recycling rates.

Enforcement and Compliance

The Review Team also examined Council's enforcement and compliance functions. Some of the key enforcement issues in Auburn Council are:

- illegal dumping of rubbish
- abandoned vehicles
- car parking
- illegal and non-compliant building
- food handling and preparation
- graffiti abatement
- companion animals
- swimming pools.

Auburn Council's compliance activities appear to rely heavily on the diligence of certain key managers and staff. It is noted that council has neither a local approvals policy nor a local orders policy and no program for ensuring compliance with approvals. If certain key enforcement staff were to leave council, it would be difficult to maintain the compliance program at the level it is currently functioning. (**Recommendation 15**)

Auburn Council also has a history of illegal and non-compliant building activity. Until recently, this was exacerbated by poor record keeping practices among Auburn Council building inspection staff. To further improve performance, council should examine the need for a section 159 Local Orders Policy, and should in any case develop an enforcement and prosecutions policy. (**Recommendations 16 & 17**)

State of the Environment Reporting

Council uses the Department of Local Government's environmental guidelines *"State of the Environment Reporting by Local Government"*. Council has prepared a comprehensive State of the Environment (SOE) report pursuant to section 428(2)(c) of the Act. The report appears to meet the requirements of the Local Government (General) Regulation 2005.

The SOE report is used as key background information in the development of each management plan. Recommendations contained within SOE reports are considered in future management plans. Indicators will be linked to the management plan that will help reporting on the achievements against those indicators.

Council does not use a formal consultation process with the community in the development of its SOE report. Instead it seeks advice from informal environmental networks. Under the current SOE report, the community has a formal role in monitoring changes in the environment. (**Recommendation 19**)

BASIX

Council has put in place measures that ensure compliance with the BASIX certification system. BASIX involves all proposed single dwellings and dual occupancy dwellings meeting specific standards in relation to solar orientation, water re-use and water saving devices. Each development must have a BASIX certificate at the time that a development application is lodged with council. Information and educational material is available during the assessment process about the requirements of complying with BASIX. During pre-lodgement discussions, applicants are advised that they must comply with BASIX legislative requirements.

Swimming Pools

The *Swimming Pools Act 1992* requires council to promote awareness of the requirements of the Act in relation to private swimming pools within the council's area.

Auburn Council does not currently have a compliance program to ensure it is notified of all swimming pools in its area, and that swimming pools comply with the *Swimming Pools Act 1992*. However, council follows up and investigates complaints about improperly fenced pools and takes appropriate action to require upgrading.

Council is of the opinion that it is neither practical nor reasonable for it to inspect the thousands of household pools throughout the city. Council instead invests resources in promoting pool safety and advising pool owners of their obligations.

Council is not fully complying with the requirements under the *Swimming Pools Act 1992*. Council should take steps to ensure compliance. (**Recommendation 18**)

Companion Animals

The primary aim of the *Companion Animals Act 1998* is to provide for the effective and responsible care and management of companion animals. The adoption of a local companion animals management plan can assist a council in achieving a balanced relationship between companion animals, humans and the environment. Such a plan also provides council with an opportunity to identify the future direction of these services and strategies to meet the challenges faced in the provision of these services.

Council does not have a companion animals management plan. Anecdotal evidence suggests that there is a need for such a plan to address issues with the ownership and control of companion animals. It is recommended that council prepare and adopt a companion animals management plan. (**Recommendation 20**)

The companion animals management plan should identify strategies that council will pursue in meeting its obligations under the Companion Animals Act. This includes, but is not limited to, community education, enforcement, environmental and community amenity strategies. Council also has an obligation under section 64 of that Act to seek alternatives to that of euthanasia and if practicable, adopt any such alternatives. Strategies should be linked to, and monitored through, the council's management plan.

6.3   Asset & Financial Management

Under its charter, council has a responsibility to raise funds for the purposes of carrying out its functions. This can be achieved by the fair imposition of rates, charges and fees, borrowings and grants. The council is also the custodian and trustee of public assets and must effectively account for and manage these assets.

Overview of financial position

Council has incurred operating surpluses before capital items for at least the past 5 years. The amount of the surplus before capital items has increased from $685,000 in 2000/01 to $4,200,000 in 2003/04. Results after capital items have ranged from surpluses of $3,800,000 in 2000/01 to $14,000,000 in 2004/05, due mainly to an increase in grants and contributions from $3,100,000 to $10,300,000.

Budgeted vs Actual Results

	Before Capital		After Capital	
	Budget	**Actual**	**Budget**	**Actual**
2004/05	$5.572M	$3.704M	$7.981M	$14.012M
2003/04	$4.581M	$4.234M	$7.188M	$12.063M
2002/03	$4.914M	$2.466M	$7.593M	$5.991M

The main reason for the variance in result after capital in 2003/04 and 2004/05, were larger than expected developer contributions relating to drainage and parking.

Liquidity and cash position

Council's unrestricted current ratio (UCR) for 2004/05 was 5.67. For the periods 2003/04, 2002/03 and 2001/02 it was 3.76, 3.58 and 3.49 respectively. The UCR measures the adequacy of working capital and the ability to satisfy obligations in the short term. It does not include externally restricted activities such as water, sewer or specific grants.

Council's unrestricted cash for the periods 2004/05, 2003/04 & 2002/03 were $8.209M, $9.732M and $7.799M respectively. The Rates and Annual Charges

Outstanding Percentage (RACO%) in 2004/05 was 3.2%, a decrease from 3.39% in 2003/04 and 4.37% in 2000/01. The RACO% assesses the impact of uncollected rates and charges on liquidity and the efficiency of debt recovery. A benchmark for city and coastal councils is less than 5%. The Debt Service Ratio (DSR) in 2004/05 was 2.77%, and was 2.78% in 2003/04. This indicator assesses the degree to which revenues from ordinary activities are committed to the repayment of debt. A DSR of less than 10% is good.

Council's ELE is cash funded to 11% by internal restricted reserves. This is considered low as a percentage of 20% is considered adequate. However, council's ELE% has been in the range of 8% to 12% over the past 5 years. Council may have a specific policy on cash funded ELE. With approximately 21.3% of the staff over 55 years old, the provision for ELE is something council should monitor as part of its long term financial planning (see Recommendation 1).

Auditor's Comments

The indicators show that Council is in a sound and stable financial position. All indicators have improved against the previous period and stand better than industry benchmarks.'

History of Special Variations

Council applied for a special variation increase of 13.5% ongoing in 2006/07 for road rehabilitation, which was not approved. Council previously sought and was granted 8.3% in 2002/03 for town centre revitalisation for 3 years and 6.6% in 2005/06 for the continuation of town centre revitalisation for 6 years. The above percentages include the general variation percentage.

Business Activities

Council has declared 4 business activities: golf course, child care, aged units and advertising signs. All businesses except the advertising signs have produced a deficit for the last 2 years.

Council budget process

It was noted that at the time of the review that council had not revised its budget outcomes, despite not being granted the requested (and budgeted) special variation.

It is the role of council to clearly assess the allocation of funds and programs to provide employees and ratepayers with a clear set of programs that will be undertaken in the financial year.

In view of the concerns raised in this part and the variations reported on the previous page, council's commitment to budget setting and financial management is open to question. Council should take steps to rectify this budget deficit for the current year to show the anticipated budget outcomes.

Pensioner Rates and Hardship Policy

Section 577 of the *Local Government Act 1993* allows council to extend concessions to avoid hardship in relation to its rates and charges. Council does not have a rates hardship policy in place. However, the issue is considered in the debt recovery policy. Given the demographics of the area (a large aged population and high unemployment rate) this issue should be considered when council reviews the debt recovery policy. (**Recommendation 21**)

Assets Management and Infrastructure Maintenance

Asset management is a systematic process to guide the planning, acquisition, operation and maintenance, renewal and disposal of assets. Its objective is to maximise asset service delivery potential and manage related risks and costs over their entire lives. It involves effective coordination of the council's financial and engineering resources.

Council should prepare a long-term asset management plan together with a comprehensive infrastructure maintenance programme. This will ensure proper medium to long-term decisions in terms of council assets and priority of such decisions. In drawing up such plans, council also needs to weigh the costs of

investing in infrastructure renewal over the medium term against the potential costs of failing to do so over the long term.

The written down value (WDV) of council's assets for 2004/05 period are as follows:

- Roads, Bridges and Footpaths   54%
- Stormwater Drainage   34%.

The department considers that WDV below 50% may be cause for concern. This is because once an asset has been depreciated substantially, there may be deterioration that requires major reconstruction.

Council's estimated costs to bring assets to satisfactory condition were $50,776,000 in 2004/05. Estimated annual maintenance was $14,065,000 whereas programmed maintenance was $9,437,000, a shortfall of $4,600,000 ($3.3M down on programmed maintenance in 2003/04). Internally restricted funds set aside for infrastructure replacement for the same period was nil.

Council should undertake a systematic assessment of the condition of all its infrastructure assets. (**Recommendation 22**) This process will facilitate the council being able to make informed decisions about the need to fund asset maintenance and replacement.

Council should develop a register of infrastructure that details the valuation and most recent condition assessment for each asset. (**Recommendation 23**)

Council should adopt a policy on the replacement of plant. The policy should identify the expected useful life of each category of plant and optimum replacement dates. (**Recommendation 24**)

With ageing infrastructure and limited revenue base council needs to implement strict budgetary controls to meet these challenges. Council does not have an asset management plan or a comprehensive asset maintenance program. During the review, it was mentioned that council is in the process of developing such a plan. Council should develop a comprehensive asset management plan. The plan should

be linked to an infrastructure maintenance program as well as a long-term financial plan. (**Recommendation 25**)

Council should also identify opportunities for asset rationalisation.

Council's long-term asset management plans should be linked to its long term financial modelling. Council should make provision for the funding of infrastructure improvements.

Resource sharing

Council does limited resource sharing with other councils, except in the following arrangements:

- Metropool - Insurance
- Western Sydney Regional Organisation of Councils – WSROC – apprentices.

Council should investigate other opportunities to share resources with councils in Sydney. Given council's geographic location, establishing closer ties in its area may be advantageous, be it through joint or shared service provision or in other ways. (see **Recommendation 3**)

Grants

Give the socio-economic disadvantage of the Auburn LGA, council should examine other sources of grants. To assist in this, council could examine the employment of a Grants Officer to assist with council's grant applications and to source additional funds. (**Recommendation 26**)

National Competition Policy (NCP)

Council is involved in the operation of 4 NCP businesses. Any NCP complaints are dealt with by the council's public officer.

Business Activities

For council to effectively plan and monitor its business activities, it is important that council invest time and effort into systems to promote good risk management and control. Councils should develop a checklist for each business activity, including:

- performance indicators
- investment hurdles and cost/benefit analyses
- regular risk management reviews and
- probity checks to ensure appropriate balance between council's role as business owner/operator and any regulatory or other roles.

Council should also develop business plans for all of its business activities that incorporates and builds on this information. (**Recommendation 27**)

Information technology

Council does not have a strategy or plans of action for information technology. Council needs an information strategy that identifies industry standard hardware and software requirements.

Council needs to review its current IT platform/database to ensure that communication within and between departments is seamless, ensuring that there is organisational-wide access to all relevant information. (**Recommendation 28**)

Auburn Botanical Gardens

The Auburn Botanical Gardens is a community asset that requires considerable upkeep at ratepayers' expense. Without the benefit of a formal study, the review team is of the view that given the thirty-year investment that has been made in the Gardens, council could be generating higher returns from this asset. There may be opportunities to involve the private sector in the management of the Gardens and/or to improve the tourism derived revenues. (**Recommendation 29**)

6.4   Community & Consultation

A council's charter requires that a council:

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

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

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

Overview

As noted earlier in this report, Auburn LGA has one of the highest measured rates of socio-economic disadvantage within the Sydney metropolitan area. This creates an almost limitless demand for community services, which cannot begin to be adequately met by a single council. Despite this, council does an admirable job with the resources it has.

Council has a Community Services team, which includes specialist officers in multicultural development, ageing and disability services, children's services, community projects and youth development.

In addition, Auburn Council's large population of migrants and non-English speakers makes community consultation a challenge for councillors and staff.

Social and Community Planning

Council's Social Plan 2006-2011 presents a series of recommended actions, allocates responsibilities and provides broad performance targets. In this respect, the plan shows good strategic application. Also commendable is the linkage between the Social Plan, *Auburn 2030* and the Management Plan. The one important aspect that remains is the allocation of funding and resources to the stated targets. It is expected that this will be addressed by council's proposed long-term financial plan.

The review team was advised that compared with other classes of asset, Auburn Council has ample community facilities. However, some of the existing facilities are run down and receive maintenance funding on an ad hoc basis only. Council has commissioned a Community Facilities Study and a Cultural Plan, which were scheduled for completion at the end of 2006. These two measures will assist council in formulating asset management plans for its community facilities.

Libraries

Council has libraries at Auburn, Regents Park, Lidcombe and Newington. A considerable range of valuable community services are conducted through council's libraries and in particular the Auburn Library, which recently won an Australian Library and Information Association award for its innovative program for young people. The General Manager has also commenced a study into improving the array of standard over-the-counter services that can be offered through council's libraries.

Community Grants

One further area where council has been able to add considerable value is in facilitating grants for community groups by assisting with funding applications and

raising overall awareness of grant opportunities. Council has played a key role in obtaining grants for a number of programs, including assisting newly arrived migrants, a women's swimming program, establishing a mobile child minding service and a refugee employment mentoring project.

Community liaison

Council has developed good liaison with its community. Recently it held a successful consultative process with the community on the Lidcombe Town Centre Study. Council is encouraged to repeat a similar process with other rezoning projects.

Section 355 Committees

Council does not currently have any section 355 committees. The review team considers that the formality of a section 355 committee may be an appropriate method for ensuring that community views are incorporated into the decision making process.

Plans are afoot to constitute a section 355 committee to manage the well-patronised Newington Community Centre and a draft Committee Manual has been prepared. If successful, this governance model could be extended to other community facilities.

It is hoped that section 355 committees will be able to formalise and streamline the processes for hiring community facilities and charging fees, which in the past has been a problem area.

The review team was advised that it is proposed that councillor representatives will be on each of these committees. Council is in the process of developing a manual to assist these committees in their operation.

As these committees will be exercising functions of council delegated to them, they have obligations to conduct their activities in accordance with legislative requirements. Council should provide its section 355 committees with a procedure or operations manual that outlines what is expected of them, which should include information on council's code of conduct. (**Recommendation 30**)

It is important that all of the committees have a constitution or charter setting out their membership, functions and delegations. Procedures or operational manuals should be provided to those committees that carry out functions on behalf of council. (**Recommendation 31**) This will help ensure that they carry out those functions in a proper manner. It is also suggested that council provide adequate training for committee members in relation to their relevant area.

Council also has a number of other internal committees that are dormant and lack a formal charter. Some of these could be disbanded but others would function better if they were upgraded to the status of a section 355 committee. (**Recommendation 32**)

Local newspaper

The Auburn LGA is not covered by one local newspaper and this leads to some residents not being made aware of council programs or actions. Council produces a regular newsletter, and should consider sending it with rate notices and to all properties in the LGA to ensure that council programs are communicated to all residents. (**Recommendation 33)**

Complaints handling and analysis

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

Most of the key elements of successfully managing complaints are covered in the policy. For example, the policy includes a three tiered review system: performance targets for turnaround of complaints; complaints are dealt with separately from requests for service; reporting outcomes to council and staff training. Council monitors complaints and requests for service handling. Council has an internal ombudsman as part of its complaints handling arrangements.

However, the review team noticed that the council does not have service standards (also known as a guarantee of service). A guarantee of service generally covers broader areas than complaints handling and meeting requests for service, but these two areas form a significant part of this type of service commitment and requires the two way understanding: council's knowledge of customers' expectations and vice versa – customers' clear understanding of what they can expect from the council in terms of service delivery and problem solving.

A guarantee of service should set out some key performance standards for the most frequently used services. The adoption of customer service standards sets a level of expectation within the community, in addition to refining the guidelines for staff performance. While performance standards and performance measures are defined in some sections of the council, the development of a comprehensive mechanism would assist with councillors' strategic orientation and with a measure of council's performance in the complaints handling and overall customer service area. (**Recommendation 34**)

The review team further recommends that the reporting of complaints to management and council include, where warranted, evidence of recommendations for changes to relevant council procedures or policies that are the subject of the complaint. (**Recommendation 35**)

Tourism

Auburn has a number of unique characteristics that warrant the area being promoted for tourism. This is important given its close proximity to the Sydney Olympic site. Council should investigate possible tourism in the LGA. Council should work with other local government areas to formulate a combined strategy for promoting tourism in western Sydney. (**Recommendation 36**)

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:

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

Overview of the organisation

The composition of council's workforce reflects the diversity of the community it serves. Council directly employs 276 staff. This includes 42% of staff from non-English speaking backgrounds. Fifty-nine (59) staff are aged over 55, which represents 21.4% of the total staff (many members are likely to retire over the next 10 years).

There has been an increase of staff due to the reduction in the number of consultants employed by council. The decision to reduce the number of consultants has proven a successful one, with increased efficiencies and retention of corporate knowledge.

Council's total salary expenditure for the last financial year was $14,249,258. The total value of overtime paid during the last financial year was $442,948, being 3% of total wages and salaries for that year.

Human resources framework

Council appears to have a solid policy framework across its human resources area, including a human resources policy and procedure manual, a documented recruitment and selection policy, and provisions to ensure selection panels are trained in merit selection. All positions have written job descriptions. Council has a documented salary system and has an active consultative committee

All staff can access and are made aware of policies and procedures, which are documented in a manual, and are accessible via intranet. Council also provides induction and staff training courses.

Consultative committee

Council has established a consultative committee in accordance with the Local Government (State) Award 2004. The aim of the consultative committee is to provide a forum for consultation between council and its employees. The functions of the consultative committee are about day-to-day management issues such as award implementation, training, job redesign, performance management systems and hours of work.

The membership of council's committee includes 2 councillors. Council should be represented on this committee by its general manager or his/her nominee. Due to the day-to-day operational issues considered by this committee, it is inappropriate for councillors to be members of consultative committees. (**Recommendation 37**)

Employee remuneration

Council has a documented salary system that also takes into account special market forces that may affect individual positions. Council has a 'market forces process' that takes into account these situations. However, the major determinant for wages and salaries is council's formal job evaluation program, which is used to assess and measure work value.

Equal employment opportunity

Section 334 of the Local Government Act states that councils are "to promote equal employment opportunity for women, members of racial minorities and physically handicapped persons in councils". In accordance with section 345 of the Act, council is also obliged to "prepare and implement an equal employment opportunity management plan".

Council has developed an EEO management plan that includes an EEO policy statement and code of practice. Council's 2006 EEO plan identifies a number of objectives as well as procedures to achieve these objectives. It is easy to see EEO principles reflected in other council policies and procedures. For example, council's recruitment and selection policies and procedures include references to EEO principles.

Council's plan could be improved by providing specific targets and performance criteria, information on how the effectiveness of the policy and programs will be evaluated, a description of the method used to develop the plan and the results of any staff surveys or consultation. Council should also ensure that its report on EEO activities in the annual report relates to the objectives set in the EEO management plan. (**Recommendation 38**)

Employee attitude survey

Council recently conducted an employee attitude survey. This has highlighted the need for management to better communicate with staff on changes in the organisation. Given the depth of change in the council and the development of strategic plans, it is essential that staff are informed and brought along as key stakeholders in the strategic plan. (**Recommendation 39**)

Communication with staff

The council needs to communicate more effectively with its employees. Council could look at putting staff alerts on the intranet as one step to get messages out to all staff.

Council should be conscious that staff work towards the same goals and that "silos" of activity do not develop. The lack of internal communication will be a challenge to implementing council's plans effectively.

Given the development of *Auburn 2030* it would be appropriate to brief all staff on the council's strategy and plans. Council may wish to investigate using the Australian Business Excellence Framework processes as one tool to get employees from different work groups to work together. The Kleem report commissioned by Auburn Council stated that *"cross functional teams for decision making and problem solving be created for activities and services in order to stimulate interfunctional co-operation and provide a mechanism for handling complex and diverse policy areas in a balanced manner. This is expected to result in team members from all Directorates being encouraged to take different perspectives and to think outside the square of their own division of operations". (***Recommendation 40***)

Staff development

Council has a structured formal induction program for all new staff, which covers general information, occupational health and safety, computer needs and records management. Council has a policy and procedures that requires managers to assess the performance of their staff against identified performance targets. Council has developed a training plan as required by clause 23 of the Local Government (State) Award 2001.

Grievance management

Council has a grievance handling policy and procedures in place to deal efficiently and effectively should any disputes or litigation arise.

Secondary employment

Council does not have a formalised policy on secondary employment. However, the council has adopted a procedure, which is covered in the council's code of conduct, and this issue is addressed in the Staff Induction Program. Nevertheless, it would be appropriate to formalise its policy. (**Recommendation 41**)

Occupational Health and Safety

Council appears to have a well-developed OH&S policy and procedural framework and has a practice of conducting systematic OH&S risk assessments. Council has an adopted occupational health and safety policy and an adopted rehabilitation policy. Council has formally constituted occupational health and safety committees and conducts systematic occupational health and safety risk assessments. Occupational health and safety staff and committee members conduct audits at different work sites on a specific day each month. Council also promotes new and updated safe work method statements throughout the organisation.

Council has made significant cost reductions to the number of workers compensation claims and the severity of claims. This has resulted in savings to the council and a healthier workforce.

Organisational Integrity

Organisational integrity is more than just preventing corruption or having a written code of conduct. It is when an organisation's operational systems, corruption prevention strategies and ethical standards are fully integrated to achieve the organisation's purpose.

During the review it became apparent that council exposes itself to the possibility of fraud and lacks a number of controls to eliminate or prevent fraud occurring in some parts of council's operations.

To further assist the council in developing and promoting organisational integrity through a statement of values, council should consider and, if applicable, apply the ICAC publication entitled *"The first four steps – building organisational integrity".*

Workforce planning

Auburn, like many other councils, is exposed to a number of workforce issues such as:

- shortages of specialised skills in certain areas, such as engineers and planners

- an ageing workforce

- a change in workload for certain sections as council's and government priorities change

- increases in career opportunities outside the area.

The demographic of council's workforce suggests that it is exposed to risk from ageing. Currently, 21.3% of the council's workforce is between the ages of 55 to 65 plus years, and there is also a large number of staff (approximately 50%) that will be approaching the age of 55 years in the next 5-10 years. In 5-10 years, there will be a significant number of staff retiring.

Currently, council has no succession plans for key personnel and positions. Council needs to address this issue. (**Recommendation 42**)

7. COUNCIL'S RESPONSE

AUBURN COUNCIL

HOME OF THE 2000 OLYMPICS

1 Susan Street, P.O. Box 118 Auburn, NSW Australia 1835

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ABN 63 914 691 587

In reply quote G-18-01

Contact Name: B Cockayne - 9735 1205

15 March 2007

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

Dear Sir,

SUBJECT: **PROMOTING BETTER PRACTICE REVIEW**
YOUR REFERENCE: Doc. ID A84003

Reference is made to the draft Review Report following the Better Practice Review conducted between September 18, 2006 and September 21, 2006 and to the recommendations therein.

While many of the recommendations have already been initiated, the Report is considered to be a tool which will be the catalyst for the further development of the Council's compliance with standards of good governance and better practice.

The draft report and responses were considered by the Council at its meeting on 7th March, 2007, and the responses were subsequently endorsed for submission to the Department.

The Council's comments in relation to each recommendation are therefore shown below and Council now awaits the receipt of the final report.

RECOMMENDATIONS

Strategic

1. As a matter of priority, council should develop a long term financial plan that aligns with and supports its strategic directions, corporate planning model and asset management processes.

Recommendation noted

The Council's Finance Unit has recently completed the development of a long term financial plan model that has a planning horizon of 30 years. The model will be implemented and utilised as part of the 2007/08 to 2009/10 Management Plan cycle.

The 30 year financial model is identified as a key component of Council's integrated planning framework and as such will be linked to and informed by Council's Strategic Plan – Auburn 2030, the Management Plan and Service Unit Business Plans. Other components of Council's integrated framework that will provide inputs into the long term financial plan include:-

  - *Asset Management Plans*

2

- *Social Plan*
- *State of Environment Report*
- *Plans of Management*
- *Sustainability Plan*
- *Risk Management Plan*
- *Council Policies*
- *State Plan*
- *Metropolitan Strategy*

2. Council should consider developing a sister city relationship with a rural council.

Recommendation noted.

Contact has been made with Bourke Shire Council as part of Auburn Council's drought assistance initiative. That contact included a longer term objective of establishing a Sister City relationship with that community.

A report to Council is being prepared to seek Council approval to formalise that approach to Bourke Shire and to enable an agreement to be effected.

3. Council should identify areas where it delivers services well and investigate the provision of these services to neighbouring councils.

Recommendation accepted.

This initiative will be developed as part of Council's Management Planning process after investigation of possible area of joint activity, including the identification of the needs of neighbouring councils.

4. The General Manager and Mayor should provide all councillors with a copy of departmental circular 04/16, which provides extensive advice on how to correctly complete written returns of interests.

This Recommendation is noted and accepted. A copy of Circular No 04/16 was circulated to all Councillors by Memo of 9th July 2004 and a further copy will be distributed to Councillors as a consequence of this report.

5. Council should develop a fraud policy and carry out fraud and corruption prevention risk assessments on a regular basis.

The Council's Fraud and Corruption Management Policy was adopted by Executive Team on 8th February 2007.

3

6. Council should develop a comprehensive risk management plan to enable it to identify and manage all significant risk issues facing council in the pursuit of its objectives.

A comprehensive Risk Analysis was undertaken in 2005 with input from all Managers and key staff. A risk strategy has been developed for all 'High Risk' items from that information and an electronic risk data base was developed and integrated with the Council's 'Complaints Management System' in 2007 to enable input to and maintenance of the Risk Management Plan.

Council's Internal Auditor regularly reviews the Risk Management Plan and provides comments on the plans implementation to the General Manager

7. Council should include the requirements of the Protected Disclosures Act 1994 and internal reporting procedures in on-going training programs for staff and councillors.

Training in procedures related to the Protected Disclosures legislation provided to all staff and Councillors in 2006. Refresher training is to be provided in late 2007. New staff at induction are provided with an overview of the legislation.

8. Council should ensure that when its meetings are closed, the minutes comply with the requirements of section 10D of the Local Government Act 1993.

It is considered that the standards currently utilised do comply.

Relevant grounds in Section 10A (2) (a) are identified in each of Council's resolutions to close meetings in accordance with Section 10D (1). A procedure will be implemented to provide rationale for impost on public interest aspects on a case by case basis so as to satisfy the Department's recommendation.

9. Council should review its records management systems to ensure compliance with the State Records Act 1998.

Recommendation noted

The Council has since 2002 utilised the Trim Electronic Management System with full imaging of all incoming documents, as the official corporate record keeping system.

Coupled with the introduction of the "GEAC" Pathways system for Development Applications in 2006, the systems fully meet the requirements of GDA10, however an issue relates to compliance by the users with the Council's procedures.

An audit of the Trim Records Management System as part of Councils on going organisation development review process in August 2006 identified issues which are subject to further action, review and staff training in system utilisation.

10. Council should develop a system of managing councillor records that relate to the conduct of council business.

4

This is an issue that has been raised with Councillors. A policy will be developed with the input of Councillors that will ensure, when possible, that records of an official nature are captured by Council's records system.

Regulatory

11. Council should introduce a graffiti removal register pursuant to section 67c of the Local Government Act 1993.

    A graffiti Register compliant with Section 67C was created within Trim (Refer File W-16-03) in September 2006.

12. Council should continue to provide councillors with regular updates on the volume and nature of development applications being lodged and determinations made by staff under delegated authority.

    Recommendation noted.

    The existing procedure of providing Councillors with a weekly list of new Development Applications lodged, gives detail on the number and type of applications lodged and enables any Councillor to identify any DAs that are considered to warrant referral to Council, has been extended so as to also advise of Approvals given under delegated authority in the same reporting period.

    This additional step in the process commenced in the week ending February 16, 2007 and the subject information has also been included in the Council's web page display.

13. Council should update its section 94 Developer contribution plans to integrate them with existing strategic plans and population targets.

    Recommendation accepted.

    The seven existing Section 94 Contributions Plans are being consolidated into the Auburn S94 Contributions Plan 2007 under a brief issued to a suitably qualified consultant in October 2006. That plan will reflect current population projections and existing strategic plans.

    The consolidation project is expected to be completed by May 2007.

    The S94 Plan 2007 will be revised in 2009 to reflect the results of strategic planning outcomes, revised population projections, and State Government initiatives such as the Standard Instrument (Local Environmental Plan) Order 2006.

    The Auburn 2030 Strategic Plan is the key lead document which informs all Councils planning and service delivery activities.

14. Council's review of its current section 94 accounts should:

5

- identify how all existing developer contributions can be lawfully spent

- be forwarded to the Department of Local Government for information

Recommendation accepted.

The review of the Council's S94 funds collected in previous years was completed in December 2006 and the report identified the relevant S94 Plans including the eligible works under each plan, and the amount held in respect to each Plan.

A copy of the report's findings will be provided to the Department in March 2007 after consideration by Council.

15. Council should develop and implement a local approvals policy in line with section 158 of the Local Government Act 1993.

A draft local Approvals and Orders Policy is in the course of preparation and it is planned to submit it for consideration by the Council in April 2007.

16. Council should examine the need to develop and implement a local orders policy in line with section 159 of the Local Government Act 1993 (having regard to the number of orders it issues under the Act).

Refer to comments in 15 above.

17. Council should develop an enforcement and prosecutions policy to guide its enforcement activities as well as provide information to the public on how to report non-compliance and unauthorised development.

This recommendation is accepted.

A draft policy has been prepared based on amongst other things, the experience of other comparable councils. The draft is expected to be submitted to the Council for consideration in April/May 2007.

18. Pursuant to section 5 of the swimming Pools Act 1992, council should take steps to ensure that it is notified of the existence of all swimming pools within the LGA.

This recommendation is accepted and will be introduced.

All existing swimming pools have been identified via aerial photography and recorded on a GIS layer. A mechanism is being investigated to link that layer to the corporate Land Information System data base.

A procedure will then be implemented to provide notification to the GIS Officer of DA consents involving swimming pools.

This procedure is expected to be effective by March 2007.

6

19. Council should consult further with the community and environmental groups in developing council's State of the Environment Report.

This recommendation is agreed to and will be implemented as part of the preparation of the 2006/7 report.

There was minimal consultation with community groups as part of the preparation of the 2005/06 report, however it is planned that Council will consult with its Ambassador group (comprised of a number of individuals already identified by Council as part of its Strategic Planning functions as being appropriate community representatives). Additionally, the Duck River Joint Steering Committee, involving representation from neighbouring councils and community interest groups will be included in the consultation program.

20. Council should develop and implement a companion animals management plan, which includes related community education programs.

This recommendation is accepted and action already commenced will be expedited to give effect to it.

It is expected that a report will be available for consideration by the Council during May 2007.

21. Council should investigate the development of a rates hardship policy.

Recommendation accepted.

A rates hardship policy designed to recognise genuine needs but protect Council's interests, is currently being developed. It is expected that it will be submitted to Council for adoption in time for it to be effective in 2007/08.

22. Council should prepare a long term asset management plan together with a comprehensive infrastructure maintenance program.

Recommendation accepted and noted as consistent with a strategy already initiated.

Council commenced an 11 month project with Morrison-Low consultants to develop Asset Management Plans in conjunction with Holroyd and Hawkesbury Councils. The Asset Management Plan project was commenced in September 2006 for the 4 main infrastructure assets of road, drainage, properties and parks. The main elements for completion of this project consist of :

- *Asset Data Information*
- *Asset Financial Information*
- *Develop Confirm AM Plan Framework*
- *Existing Levels of Service*
- *Basic Demand Analysis/Demand Forecasting*
- *Basic Risk Assessment*

7

- Lifecycle Management Strategy
- Asset Financial Forecasts
- High Level Gap Analysis/Improvement Plan
- Draft Develop AM Plans
- Develop AM Strategy

The initial timeline for the project is in the attached Appendix.

At present approximately 70% of the research work has been completed and the major work in writing the Asset Management Plans will commence in the near future.

Those completed items at present include:

- Basic Demand Analysis/Demand Forecasting
- Basic Risk Assessment
- Asset Financial Forecasts
- High Level Gap Analysis/Improvement Plan
- Draft Develop AM Plans
- Asset Data Information
- Develop AM Strategy
- Existing Levels of Service

Council has previously purchased Management System. The bulk of the asset inventories should be able to be loaded via spreadsheet or comma separated variable (csv) files. Timelines are yet to be determined.

The asset owners for the 4 major civil infrastructure groups have already developed hierarchies to assist data development.

Much of the major civil infrastructure assets data is available in various disparate electronic systems of spreadsheets, databases and mapping files that should be able to be manipulated into the required format for import into the JD Edwards Enterprise One Asset Management System.

Some of the civil infrastructure assets data that is not currently available in electronic format is being developed as a by-product of the requirement of the information for the Asset Management Plans.

23. The general manager should arrange for a project plan to be developed and implemented for the updating of council's asset register, the completion of condition assessments and the updating of asset valuations. Implementation of this plan should be monitored by the general manager and reported to council on at least a quarterly basis.

   Recommendation accepted.

8

The General Manager has previously required the development of project based plans to chart progress on asset management system development and uses this plan to review progress of the project. This procedure will be implemented when the asset Management system as in item 22 above is operational. The reporting function will be linked to the Management Plan reporting sequence.

24. Council should use the updated information on its assets to develop a long-term asset management strategy, and should develop and adopt a policy for the replacement of plant.

Recommendation accepted.

Procedure will be part of Management planning process and consistent with actions referred to in items 22 and 23 above.

25. The asset management plan should be linked to council's long term financial strategy.

Recommendation accepted.

The asset management plan will be integrated and become a key component of the long term financial planning as in item 1 above and the Asset Register and planning systems identified in 23 and 24 above.

26. Council should again consider the costs and benefits of employing a specialist grants officer.

This option will be carefully reconsidered so as to establish whether or not there is justification for a full-time officer. A further option for consideration will be the possibility of linking a part time position with a like appointment in the community service area having regard to the link of the activities with socio- economic disadvantage factors. Options will be reported to Council.

27. Council should develop business plans for its four business activities.

Recommendation accepted

Business Plans have been prepared for the Waste Service and for the Auburn Golf Course operation. Action will be taken to develop plans for the Child Care Service and the Advertising Signs activity.

28. Council should review its current IT platform/database to ensure that communication within and between departments is seamless, ensuring that there is organisation-wide access to all relevant information.

Recommendation accepted

An IT strategy is being drafted which will encompass appropriate IT Governance criteria and development paths and also incorporate a regular review procedure.

9

A report dealing with this strategy is expected to be considered during March 2007.

That report will address the issues as follows -

Council uses the same IT platform/database for all corporate applications however there are two principle software application providers namely Infor GEAC (Pathway PPR) and Jigsaw Services (JDE Edwards). GEAC and Jigsaw have been business partners since 2001. There is no doubt that seamless integration would be more achievable under one software provider if that is the intent of the recommendation.

To monitor the market and maintain a watching brief for this opportunity the requirement should be embedded in an information strategic plan. The organisation should have both an Information strategic plan and an Information technology plan. The relationship between these plans should be described in an Information Management framework.

As regards organisation-wide access to all relevant information, Council has standardised on the SQL Server database and is now in a position to provide the secure organisation-wide distribution of relevant information.
Projects to address organisation-wide reporting and knowledge aggregation are underway or proposed for implementation within the next budget year.

29. Council should prepare a plan of management for the Auburn Botanical Gardens, which canvasses the options for additional revenue and private sector involvement.

Recommendation accepted.

Options are currently being investigated regarding alternate revenue opportunities and a report is expected to be available by May 2007 for Council's consideration.

Community and Consultation

30. Council should provide its section 355 committees with a procedure or operations manual that outlines their role.

Recommendation accepted.

Will be effected as necessary on the appointment of S355 Committees in the future. A procedure manual has been completed and was available for use in late 2006 after its adoption by Council at its Ordinary Meeting held on December 6, 2006.

31. All section 355 committees should have a charter setting out their membership, functions and delegations.

Recommendation agreed

Procedures incorporated into Council's Code of Meeting Practice in September 2005, and its Manual of Standard Procedures adopted in July 2005 formalise the need for all Committees of Council to have a Charter approved by Council.

10

32. Council should consider converting some of its internal committees into formal section 355 committees.

Recommendation noted.

A comprehensive review of the Council's Committee structure in November 2006 by Council did not identify any internal committees that were appropriate to be reformed as S.355 Committees. The option will be kept under review.

33. Council should distribute its regular newsletter to all households in the council area, possibly with its rate notice reminders.

Recommendation accepted.

The option of enclosing Community Newsletters in the annual Rate Notice despatch will be kept under review as will direct mailing or distribution alternatives, having regard to timing, content and other relevant factors.

34. To complement its complaints policy and demonstrate its commitment to customer service, council should develop and adopt a guarantee of service for its key customer service activities, including responding to telephone calls, emails and correspondence

A comprehensive Service and Communications Policy was adopted by Council at its meeting on February 7, 2007 after public exhibition.

That policy will be introduced with training across the organisation.

That training will develop the commitment of Council to quality service and effective communication with the community.

35 Council should include an appropriate means of reporting on its performance, where warranted, and recommend changes to relevant council procedures that are the subject of regular complaints.

Recommendation accepted.

The quarterly report on the performance against the targets on the Management Plan provides the Council an opportunity to assess the overall performance of the organisation. The complaints escalation process and regular review by Management of reports from the corporate Complaints Recording System facilitate the on going monitoring of complaints which are received on a regular basis.

36 Council should investigate a tourism strategy with other LGAs in western Sydney.

Recommendation accepted.

Whilst Tourism has not been prioritised as a key activity for Auburn Council, It will be reviewed with other LGAs in Western Sydney via its participation in WSROC.

11

Workforce Relations

37. As the Consultative Committee's aim should be to provide for two-way communication between management and staff, council should nominate alternative management representation to replace the two councillors currently on the Committee and should revise the constitution to comply with clause 27 of the Local Government (State) Award 2004.

Recommendation accepted.

This issue was identified during the preparation of the recent report on the review of the structure of the Council's committees. It will be specifically addressed in a further report to Council.

38. Council should update its EEO management plan and better integrate it with council's management plan and annual report. Data collection to support the measurement of performance indicators in the revised plan should also be commenced.

Recommendation noted.

A review is currently being undertaken and an update of all EEO strategies and target dates within the EEO Management Plan will follow. Data is also being gathered as part of those revisions to enable the measurement of performance against the indicators.

39. Communication with staff on council changes and the strategic direction of the council should be improved.

Recommendation accepted.

Initial steps in this matter were the display of corporate visions, values and key directions in meeting rooms, staff assembly areas and on the intranet. It is proposed that as the process for guidelines for business plans and budgets is further rolled out, all staff will be involved in their formulation.

That will demonstrate a clear link between the Service Unit plans and the organisation's strategic direction.

40. Council should investigate using the Australian Business Excellence Framework processes to improve employee interaction.

Recommendation accepted.

Council has utilised the Australian Business Excellence Framework to conduct research that lead to the development of the business plans and budgets for the Auburn 2030 Strategic Plan.

That corporate experience and knowledge can be the foundation for a process to enhance employee interaction across all sections of the organisation and to diminish any 'silos' of activity

12

41. Council should prepare and adopt a secondary employment policy.

Recommendation noted.

Secondary employment procedures were adopted by Council as part of its Code of Conduct in September 2005 (refer Cl.15) in accordance with S.353(1) and (2) of the Act.

42. Council should develop a long-term workforce or succession plan that looks at the staffing needs of each section of council and allocates staff according to workload and priorities.

Recommendation accepted.

The results of a Workplace Survey conducted in October 2006 which identified skill shortages and staffing needs related to the age of the Council's workforce is being reviewed for the development of strategies to address those needs in the future.

In the meantime, staff allocations are reviewed by management on an on-going basis to address changing work needs and priorities.

General comments specific to the report but not subject of any recommendation.

Budget

Council adopted its 2006/2007 Management Plan, including the 2006/2007 budget, on June 21, 2006 prior to receiving the Minister's determination of Council's application for a special variation to general income. While the works that were to be funded from the additional revenue generated from a successful application were identified and incorporated in a proposed rolling works program, these works were in fact "quarantined". That is, these works were not to be commenced until such time that Council had either received a successful determination by the Minister or, in the case of an unsuccessful application, alternate funding sources were identified. In this way Council ensured that funds were not spent that Council did not, or would, not have.

Council subsequently received the Minister's determination in which the Minister did not approve Council's application. In accordance with Council's resolution of July 5, 2006, Council considered options to fund the resultant deficit as part of the September 2006 Quarter Review of Income and Expenditure. The September Review identified additional sources of funds totalling $1,048,000 and Council resolved to reduce the original additional allocation to roads (from the proposed Special Variation) from $2,160,00 to $1,125,000 resulting in a balanced budget.

It is considered that there were a clear set of programs that would be undertaken in the financial year however the final adopted version of these programs was dependant upon the outcome of the Minister's determination or, in the event of an unsuccessful application, the identification of alternate sources of funding.

13

In regard to the comment on Council's commitment to budget setting Council has historically placed more emphasis on program budgeting, as most of the industry has, as opposed to an Income Statement by income and expense type budget. Clearly program budgeting facilitates greater budgetary control, on a day to day month to month basis, than does an Income Statement budget at organisational level.

It is not suggested that a budget in the Income Statement format does not have value however, Auburn Council like many other Councils has historically placed more emphasis on program budgeting. In the past this has resulted in for example, non cash items such as depreciation not being budgeted for and only budgeting Section 94 contributions "utilised" as opposed to contributions received as income in the budget year. As a result, at the Income Statement level, significant variances to budget were recorded.

Current management identified this as an issue and has addressed it as part of the development of Council's integrated planning and budgetary process framework.

Based on the above comments current management considers that it **is** committed to budget setting and financial management and the comments under the heading *"Council budget process"* on pages 32 and 33 of the draft report should be reconsidered.

Yours faithfully,

BARRY COCKAYNE
ACTING DIRECTOR - BUSINESS & FINANCE

8. SUMMARY- WHAT'S WORKING WELL & CHALLENGES

COUNCIL'S PRIORITIES AND FOCUS

What is working well

- Council has a solid foundation for a strong strategic approach to its activities
- Strategic goals are well integrated in council's Management Plan
- Council staff work collaboratively in achieving council's strategic goals

Challenges to improve

- Council should develop a long term financial plan
- Council should enter into a sister city relationship with a NSW rural council

GOVERNANCE

What is working well

- Council's integrated planning framework
- Council's meeting procedures
- Council's delegations

Challenges to improve

- Fraud risk assessment is required
- Protected disclosures
- Records management

REGULATORY

What is working well

- Review of the planning function
- Public health inspections
- Updating of strategic land use management instruments

Challenges to improve

- Section 94 contributions
- Enforcement and prosecutions policy
- Companion animals management plan

ASSET AND FINANCIAL MANAGEMENT

What is working well

- Council's overall financial position
- Work on a comprehensive asset management plan

Challenges to improve

- Aspects of the budgeting process
- Need for a grants officer to maximise grants

COMMUNITY, COMMUNICATION AND CONSULTATION

What is working well

- Community liaison
- Library services

Challenges to improve

- Section 355 committee structures
- Service standards and complaints handling

WORKPLACE RELATIONS

What is working well

- Human resources framework
- Employee attitude survey
- Staff development and performance management

Challenges to improve

- Communication with staff
- Succession planning