

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

challenges improvement innovation good governance

REVIEW REPORT

ROCKDALE CITY COUNCIL

MARCH 2006



Department of Local Government

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1. ABOUT THE REVIEW

Review objectives

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

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

Review process

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

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

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

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

department.

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

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

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

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

Rockdale City Council Review

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

Senior Investigations Officers Katrina Annis-Brown and Aleksandra Valda comprised the review team and conducted an on-site review of council from 25 July 2005 to 27 July 2005.

The review was based on council's response to the self-assessment of its corporate arrangements and capacity. This assessment asked council to respond to four critical questions about its capacity to improve:

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

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

The on-site review consisted of a briefing for council's general manager and senior executive team, conducting interviews with staff, and the review of a number of council's policies and other documents.

A draft report was submitted to council's general manager in October 2005. The general manager provided some comments on the report by letter dated 12 December 2005, and these have been taken into account in finalising this report.

2. EXECUTIVE SUMMARY

Rockdale City Council is broadly complying with its statutory obligations and appears to be meeting its responsibilities under the council's charter as is required under section 8 of the *Local Government Act 1993*.

While council is performing well in some areas, council needs to develop a strategic focus and to strengthen its governance framework.

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

Council has recently undergone a number of significant challenges. One of these being an investigation by the Independent Commission Against Corruption (ICAC). Another is the development of a strategic vision and plan for the city.

In 2002 the ICAC undertook an investigation into the conduct of two councillors and their involvement with certain development proposals. While the council has made efforts to move forward and learn from the experience, it appears that some staff and councillors are still concerned about the effect that the investigation has had on council's reputation. As a result, Council has become more focussed on the development of policies, particularly in the planning and development area, and has developed very strict guidelines about interaction between staff and the elected councillors.

However, the review found that there is still significant work required to ensure that council is adequately equipped to respond to corruption risks in its development control systems. A critical issue is the development of clear criteria to ensure staff and councillors are aware of their respective roles in the development assessment process. The report provides a number of recommendations on areas that council needs to focus on in order to improve transparency, accountability and probity in council's planning systems.

In 2003 council embarked on a process of reviewing the many challenges and issues impacting on the Rockdale City Council area. As a starting point, council produced a

discussion document “Rockdale Futures”, which identified challenges the city will face over the next 20 years together with possible future scenarios. Council plans to use this information to assist in the delivery of a vision and strategy for the city. At the present time, council lacks a strategic plan that documents council’s longer-term aspirations. Once the plan is in place, it can be used as the foundation for council’s rolling three-year management plans and the budgetary process.

The review noted what appears to be a low level of community engagement with the management plan for the period 2005-2008. Further, the management plan appears to lack clear performance indicators and timeframes.

Another area of concern is in relation to council’s complaints handling and management. Council must move to ensure that it captures information regarding complaints and provides that information, as well as an analysis of it, to management and to the elected councillors. This is considered as being an effective way of improving council’s complaint handling and will assist council in being more responsive to its ratepayers and the community at large.

The review team has identified a number of areas of possible improvement, which are reported on in more detail in this report. The review team has also made a number of recommendations for improvement and attention by the council. These are to be found in section 3 of this report.

3. RECOMMENDATIONS

Strategic

1. Council should give priority to developing an appropriate vision and strategy (through its strategic planning process) for the next 20 years to ensure that it is effectively able to deal with the challenges it may face in the future.
2. Council should consider critically examining the format of its management plan to determine whether it effectively communicates to the community what council intends doing and how it intends using its resources.
3. Council should identify a range of relevant indicators in its management plan, which will reflect achievement of the strategic intent of council.
4. Council should (building upon its Social Plan and DCP Housing of Older People and People with a Disability) consider ways to raise the awareness across council about Rockdale's ageing population and other social justice groups covered in its social plan.
5. Building upon strategies in its Social Plan and DCP Housing of Older People and People with a Disability, council should prepare a five-year plan which meets current and future needs for older people.

Governance

6. Council should consider making the Mayor a co-signatory to the council's code of conduct to reinforce the importance of the code.
7. Council should provide information to councillors and designated staff on the completion of disclosure of pecuniary interest returns to ensure they are completed accurately and in a timely manner (*Suggestion: refer to the department's circular 04/16 Pecuniary Interest Returns*)

8. Council should develop a statement of business ethics to communicate both internally and externally the ethical standards that council abides by and expects others to abide by in doing business with council (*Suggestion: refer to the ICAC publication Developing a Statement of Business Ethics*)
9. Council should develop a comprehensive internal audit plan so that the effectiveness of all council operations can be identified.
10. Council should consider re-establishing an internal audit committee made up of representatives of the council and independent representatives.
11. Council should consider having the internal audit position report directly to the audit committee or the general manager.
12. Council should review the number of senior staff management positions directly reporting to the general manager.
13. Council should undertake a comprehensive review of the effectiveness of the role of Director Corporate Governance to ensure that it has a level of responsibility, which reflects the importance of the position within the organisation.
14. Council should ensure that when a meeting is closed to the public, the minutes of the meeting record the reasons for closure in full compliance with section 10D of the *Local Government Act 1993*.
15. Council should provide a structured training program for councillors in relation to their roles within council (as prescribed by the *Local Government Act*).
16. Council should ensure that its complaint handling policy is adopted as a matter of priority and implemented across the organisation.

17. Council should ensure that specific training is provided to all relevant staff in complaints handling.
18. Council should ensure a greater level of guidance for staff and councillors in relation to gifts and benefits (*Suggestion: refer to the model code of conduct and guidelines and the ICAC’s publication “Gifts, benefits or just plain bribes? Guidelines for public sector agencies and officials”*).
19. Council should consider taking steps to reduce the number of councillors.

Regulatory

20. Council should ensure that necessary amendments to its code of planning practice as they relate to the assessment and processing of development applications are adopted as soon as practicable
21. Council should examine the costs and benefits of establishing an Independent Hearing Assessment Panel, which can contribute to the assessment of more significant and contentious applications.
22. Council should consider developing a clear set of criteria to guide planning and development staff in deciding which development applications should be referred to council.
23. Council should provide more information to the public on what is required for new developments to comply with BASIX.
24. Council should adopt a companion animal management plan to provide an opportunity to identify the future direction of these services and strategies to meet the challenges faced in providing these services.
25. Council should consider establishing a companion animals advisory committee to oversee this plan.

26. Council should develop a program to meet the requirements of the *Swimming Pool Act 1992* (in that council must promote awareness of the requirements of the Act in relation to private swimming pools within its area).

Asset and financial management

27. Once council has developed its asset management plans, they should be adopted and linked to a system of long term financial modelling.
28. Council should identify a strategy to cover the shortfall between the actual and required amount for maintaining its assets.

Social and community

29. Council should arrange for its code of conduct to be included on its website as a matter of priority.
30. Council should ensure that results obtained from its community surveys are directly translated into clear actions and strategies so that necessary improvements to council's performance and services can be made.
31. Council should review its social plan to ensure that it includes details as to the methodology used to assess community needs.
32. Council should consider better integrate actions from the social plan into the management plan and annual report.
33. Council should develop a policy that informs the public of their rights under section 12 of the *Local Government Act*.

Workforce relations

34. Council should implement a performance management system to enable managers to assess staff against identified performance targets.

35. Council should develop a more comprehensive workforce plan to address its future employment needs, particularly in relation to the age of its workforce and skills shortage.

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

4. CONTEXT

The City of Rockdale is located on the shores of Botany Bay 12km from the Sydney CBD. It covers an area of 29.8 square kilometres bounded by Botany Bay to the east, the airport lands to the north, Georges River to the south and Kingsgrove to the west.

The Municipality of Rockdale was created in 1948 and was granted City status in 1995. The City of Rockdale had a residential population of 94,155 as at 30 June 2004.

The area is highly urbanised and is a major transport corridor to Sydney airport, the Sydney CBD and Port Botany. The built-up area comprises a mix of residential (95%) and commercial and industrial (5%) development.

Rockdale City Council is one of 22 Inner Metropolitan Sydney Councils. Council has been significantly affected by urban consolidation in recent years. In 2003-2004 council determined 1,128 development applications.

The council has 15 councillors, representing 5 wards. At the March 2004 council elections, 9 new councillors were elected.

5. COUNCIL'S AMBITIONS, PRIORITIES AND FUTURE FOCUS

This part of council's assessment focussed on: strategic direction; 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.

Rockdale City Council has identified its strategic intent as being "Making Rockdale a Better City". This intent was developed over a period of six to eight years through the facilitation of a number of workshops with councillors and staff and information obtained from community surveys.

Council has since embarked on a major strategic planning process to develop an appropriate strategy for the council for the next 20 years. This process commenced in 2003 with the production of a discussion paper "Rockdale Futures". The paper identified some of the challenges the council might face in the future, including city identity, rejuvenation and holistic planning. Since that time, it appears that the process has stalled somewhat and with little progress in taking the issues identified in Rockdale Futures and developing this into a vision and strategy for the future. Council should give this process priority to ensure it has a focus for where the council needs to be in 20 years time. (*Recommendation 1*)

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

While the broad content of council's management plan appears to satisfy the legislative requirements, the review noted what appears to be a low level of community engagement with the management plan for the period 2005-2008. Council should critically examine the format of its management plan to determine whether it effectively communicates to the community what council intends doing

and how it intends using its resources. *(Recommendation 2)* The review team also found that the management plan appears to lack key performance indicators. While the review team notes that such indicators appear to be present in council's business and operational plans, council should identify a range of relevant indicators in the plan, which will reflect achievement of the strategic intent of council. *(Recommendation 3)*

Responding to and planning for the major changes and service demands that will be created by Australia's ageing population is a major challenge for all levels of government. It is estimated that in the future the elderly population in the Rockdale local government area will increase at a greater rate than other parts of Sydney. The impact on the demand for services, facilities and infrastructure will be quite dramatic.

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

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

The department encourages councils to use this paper in its planning process.

Council's Social Plan and its Development Control Plan - Housing of Older People and People with Disability, indicates an awareness of the enormity of this challenge

in various sections of council. However, interviews with staff across the organisation did not demonstrate that there was a cohesive set of strategies to address this challenge. Council does not have a specialist officer responsible for aged services development.

Rockdale's rapidly ageing population will impact on virtually all aspects of council's operations. Council needs to consider ways to raise awareness across all council sections about Rockdale's ageing population but also other social justice groups covered in its social plan. Building upon strategies in its Social Plan and DCP Housing of Older People and People with a Disability, council should prepare a five-year plan, which meets current and future needs for older people. (*Recommendations 4 & 5*)

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 industry in the organisation; ensures that an organisation is meeting its legal and ethical obligations; and assists in the prevention and detection of dishonest or unethical behaviour.

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

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

Code of conduct

The council's code of conduct adopted under the *Local Government Act 1993* is important because it assists councillors and council staff to understand the standards of conduct that are expected of them.

From 1 January 2005, all councillors, staff and council delegates are required to observe provisions consistent with the new Model Code of Conduct for Local Councils in New South Wales.

Council has moved quickly to adopt the prescribed model code of conduct. It has consulted with councillors in relation to the provisions of the code and is currently holding information sessions for council staff. Council is in the process of arranging for the code to be made available on its website.

The code has been provided to all councillors and council staff together with a memorandum from the general manager requiring councillors and staff to sign a statement to the effect that they have read, understood and agree to abide by the code. The review team would encourage council to consider making the Mayor a co-signatory to the memorandum. This would be a strong statement from the leader of the elected group regarding the importance of the code. (*Recommendation 6*)

Pecuniary Interest

The *Local Government Act* sets out the parameters that must be adhered to when councillors and staff have a conflict between their public duty and private interests that constitute pecuniary interests. The Act requires that councillors and designated staff complete and lodge disclosure of pecuniary interest returns. It is important that councillors and staff observe these requirements, as to not do so has the potential to seriously undermine the community's confidence in the integrity of local government and the decision-making processes.

We conducted a review of pecuniary interest returns. Some returns were deficient. For example, some returns were lodged late and some did not stipulate the sources of income or the circumstances by which the income was received. Further, some returns did not stipulate the nature of interest in real property and others did not include addresses for employers. The standard of the returns varied.

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

It is important that councillors and staff who are identified as designated persons complete the pecuniary interest returns accurately and in a timely way. Council

should use the information provided in the department's circular 04/16 to prepare information for staff and councillors to assist them in completing their returns.

(Recommendation 7)

Statement of business ethics

Council has business relationships with the private sector but does not have a statement of business ethics to guide these relationships. This is important because strong working relationships with the private sector are an essential part of building an efficient and cost-effective public sector.

While the review team notes that council requires parties to contracts with council to abide by council's code of conduct, the review team would encourage council to develop a statement of business ethics to specifically raise private sector awareness of public sector values. Council could use the information provided in the Independent Commission Against Corruption's publication "Developing a Statement of Business Ethics" as a guide to assist it in developing the statement.

(Recommendation 8)

Risk management and internal audit

A risk management plan provides council with a framework to proactively identify and manage generic and specific risks.

Council has an overall plan to guide its risk management activities and has recently undertaken a systematic fraud risk assessment.

Internal audit is an important element of a strong system of internal control. Internal audit can provide management and councillors with additional assurance as to the effectiveness and efficiency of council operations.

Council has an internal audit program mainly focussing on the areas of purchasing, petty cash and payroll. Council does not have an audit committee and the internal audit position reports to a senior staff management position rather than the general manager.

The review team suggests that, at the very least, council develop a comprehensive internal audit plan to enable it to identify the effectiveness of all council operations. (*Recommendation 9*) Further, that council consider re-establishing an internal audit committee made up of representatives of the elected council along with independent representatives. The internal audit position should have reporting arrangements designed to ensure the independence of the position. (*Recommendations 10 & 11*)

Record keeping and information technology

Council is required to make and keep full and accurate records of its activities in accordance with section 12 of the *State Records Act 1998*.

Council has a records management plan and is in the process of reviewing its records disaster recovery plan. Council is also developing a business continuity plan. The business continuity plan should apply to council's physical records as well as electronic records. We encourage and support the development of a business continuity plan that assists council with the proper management of council's physical and electronic records.

Council's Organisation Structure

Pursuant to section 333 of the Local Government Act, council must re-determine its organisation structure within 12 months of an ordinary election. Council last reviewed its organisation structure in June 2004. Some of the changes were described as involving:

- a greater focus and flatter structure in the Planning and development department to reflect the importance of council's assessment and planning role for the City
- a greater focus on the governance role and the need for improved support for councillors in their role
- a strengthening of the role of City Services to combine community services groups into a department with clear service responsibilities including waste
- an aggregation of important high level corporate functions into a group directly responsive to the general manager

- a greater focus on planning for the future and development of strategy

Based on our review of the current structure and discussions with the general manager, it is unclear whether the revised structure will achieve the desired results. In particular, there are a large number of senior staff positions reporting directly to the general manager. One of these positions, Manager Business Services is responsible for an extremely large portfolio. The other area of concern is the apparent small portfolio assigned to the Corporate Governance role given the council's desire to have a greater focus on this role. Council should review the number of senior staff management positions directly reporting to the general manager. Council should also undertake a comprehensive review of the effectiveness of the role of Director Corporate Governance to ensure that it has the level of responsibility, which reflects the importance of the position within the organisation. (*Recommendations 12 & 13*)

Council meetings

As a general rule, meetings of the council and its committees are required to be open to the public. Where council determines that a matter should be dealt with in confidential session, sections 10A – 10D of the Local Government Act 1993 outlines the requirements for this determination.

Based on our review of council's minutes, council has considered a number of confidential issues and only closes that part of the meeting relating to the confidential item.

However, from our review of the recent confidential items, it appears that while council has stated the relevant provision of section 10A(2) and the matter to be discussed, it has not stated the reasons why it is being closed, including an explanation of the way in which discussion of the matter in an open meeting would, on balance, be contrary to the public interest. Council should ensure compliance with this section of the Act. (*Recommendation 14*)

Induction training for councillors

New councillors require induction training to equip them with the skills required to properly carry out their duties and allow them to be effective members of council's elected body. To assist councillors in achieving these goals, councillor induction training should familiarise councillors with the activities and functions of their council and the legislative framework in which they operate.

The program should also ensure that councillors are made aware of their general legal responsibilities as an elected member and their obligations of disclosure under the pecuniary interest provisions of the *Local Government Act*.

Rockdale City Council provided its elected representatives with an induction training session shortly after the election. Council has not, however, developed an ongoing training and development program for its elected representatives. To provide new councillors with a range of skills, council should look at providing a structured training program, which consists of a series of briefings, training sessions and site visits. (*Recommendation 15*)

The training should preferably cover the following areas:

- The legal and political context of local government (including a familiarisation with the relationships between the three tiers of government);
- The role and responsibilities of councillors and staff;
- An overview of the organisation, its staffing and major policy documents;
- Customer service and complaints handling;
- Strategic planning;
- Financial processes and their relationship with other planning processes;
- The key functional areas of council operations;
- The legal and ethical responsibilities of an elected member; and
- Teamwork skills (including conflict resolution).

Complaints handling

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

Council recently developed a complaints handling policy. The policy defines a complaint and differentiates a complaint from other requests. The policy should be adopted by council as a matter of priority and implemented across the organisation. Council should also ensure that specific training is provided to all relevant staff in complaints handling. (*Recommendations 16 & 17*)

There is currently no regular management reporting on the frequency of complaints, their type, progress in handling complaints and the outcome of complaints. It is acknowledged that the complaint handling policy does provide for such reporting. By ensuring that complaints are regularly reported, council will be in a better position to improve services.

Gifts and benefits

Many councils maintain a gifts register and make it readily available for public inspection. This is clearly in the interests of open and transparent local government.

Council advised that it has a gifts and benefits policy, but that this is not a stand-alone document. Provisions relating to gifts and benefits are contained in the code of conduct.

Council also advised that it maintains a gifts and benefits register. On inspection of the register, it was noted that a total of 3 entries had been made since the register's inception in around 1997. Further, the register does not make provision for gifts and benefits offered and refused.

It appears that there has been insufficient guidance for staff and councillors in this area. Council should ensure a greater level of guidance by using the code of conduct and accompanying guidelines together with various Independent Commission

Against Corruption publications on the matter such as “Gifts, benefits or just plain bribes? Guidelines for public sector agencies and officials”. (*Recommendation 18*)

Councillor expenses and facilities

A policy on the payment of expenses and provision of facilities to the mayor, deputy mayor and councillors is a requirement under section 252 of the Local Government Act.

Council’s policy was reviewed in February 2005, following concerns raised by the department regarding certain provisions of the policy. The review team noted that following a recent resolution of the council, the policy has been amended and now complies with recent departmental advice contained in circular 04/60.

Number of councillors

Rockdale City Council currently has fifteen councillors, the maximum number permitted under the *Local Government Act*. Neighbouring councils with larger populations have fewer councillors (e.g. Botany Bay Council – 7; Canterbury Council – 9 plus a popularly elected Mayor). Council should consider taking steps to reduce the number of councillors. The one off opportunity to do so under recent amendments to the Local Government Act is only available until 30 June 2006, and as such council will need to move quickly if it is to reduce its numbers. (*Recommendation 19*)

6.2 Regulatory Functions

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

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

- *Council’s planning instruments and policies*

- *Development assessment*
- *Section 94 plans*
- *Environmental management*
- *Graffiti removal*
- *Enforcement practices*

Comprehensive DCP and LEP

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

Rockdale City Council’s LEP was gazetted in 2000 and there is evidence of it having been kept under regular review since that time. Further, Council is currently reviewing a number of its DCPs to ensure that they are compatible with the council’s vision for the area.

Development control

In July 2002 the ICAC undertook an investigation into the conduct of two councillors and their dealings with developers and intermediaries in respect of development proposals to be considered and determined by Rockdale City Council. In its report titled “*Report into Corrupt Conduct associated with development proposals at Rockdale City Council*” the ICAC made a number of findings and recommendations and identified issues for consideration in responding to corruption risks in council’s development control systems.

Rockdale City Council has taken a number of steps to address the ICAC’s findings and recommendations. In March 2003 council adopted a code of planning practice, which describes the process undertaken by council in assessing and determining development applications. The main aim of the code is to improve transparency, accountability and probity in council’s planning systems to ensure staff and councillors play appropriate roles in the process.

In August 2004, council resolved to review the code. In a report prepared by council’s director planning and environment in September 2004, the director

proposed a number of amendments. Notably, staff were to be provided with greater delegations when determining non-complying applications to assist in reducing processing times and to reduce the number of such applications being referred to council for determination. This recommendation is supported given that that council's mean DA determination time has increased from 77 days in 2002/03 to 91 days in 2003/04 and its median determination time has increased from 47 days in 2002/03 to 63 days in 2003/04.

The review team noted that the proposed amendments to the code have yet to be submitted to council for its consideration. It is recommended that a report outlining the need to reduce processing times together with proposed amendments to the code be submitted to council as soon as practicable. (*Recommendation 20*)

Independent Hearing and Assessment Panel

In its July 2002 report the ICAC found that if council had an Independent Hearing and Assessment Panel (IHAP) developers may have been more reluctant to approach councillors regarding development proposals. By having an independent panel review more significant or contentious applications, greater transparency can be achieved. An IHAP potentially serves as a source of independent advice for the elected council and a quality assurance mechanism for staff.

Rockdale City Council has not formed an IHAP to date. The majority of development applications currently referred to council comprise applications that are significant or contentious.

Accordingly, the review team considers that council should examine the costs and benefits of establishing an IHAP, which can contribute to the assessment of more significant and contentious applications. (*Recommendation 21*)

Development assessment process

Council has an electronic document management system that it relies on to manage its DA information. The system, which also incorporates pre-lodgement meetings, allows council to easily locate DAs at any point during processing. This system also allows council to fairly apply the "stop the clock" provisions of the *Environmental*

Planning and Assessment Regulation 2000. Currently, only council staff are able to track the processing of DAs. Council is considering expanding the system to enable the community to track DAs at any point during processing.

Determination of Development Applications

Council does not have a clear set of criteria to assist staff in deciding which DA determinations are referred to council. Such decisions appear to be made by staff on a discretionary basis and may involve a number of considerations, including proposals which are contentious or significant, proposals which have significant section 79C considerations, proposals involving a major departure from the requirements of a DCP or where the application is likely to be of special interest or concern to council. Further, the Mayor or any councillor may request that the proposal be referred to council.

Council did indicate that the vast majority, about 95% of its DAs are dealt with under delegated authority. Councillors “call up” DAs as the fairly rare exception rather than as a rule.

Notwithstanding, council should consider developing a clear set of criteria to guide staff in this area. This will ensure that the community has confidence that councillors are aware of their role and the role of staff in the determination of DAs. (*Recommendation 22*)

BASIX

BASIX is the Department of Planning’s new building sustainability index, which is being introduced across NSW to improve energy and water efficiencies in homes. BASIX applies to all residential development applications in the Rockdale City Council local government area from 1 July 2005. Each development must have a BASIX certificate at the time a development application is lodged with the council.

While council appears to be well prepared for the implementation of these new requirements through the provision of training and instruction to staff, council need to provide further information to the public on what is required for new developments to comply with BASIX. (*Recommendation 23*)

Companion Animals

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

Many councils establish a companion animals advisory committee to oversee this plan. Council may wish to consider this option. (*Recommendations 24 & 25*)

Swimming pools

The *Swimming Pools Act 1992* requires council to promote awareness of the requirements of this Act in relation to private swimming pools within its area. Council does not currently have a program to meet these requirements. (*Recommendation 26*)

6.3 Asset & Financial Management

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

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

- *Financial management*
- *Asset management*

Overview of financial position

Council has made operating surpluses (before and after capital items) for each of the past four years. For the period 2003/04 surplus before and after capital items stood at \$693,000 and \$4,300,000 respectively. The 2003/04 surplus after capital items dropped because of lower capital grants and contributions compared to the previous three years.

Actual surplus before capital items in 2003/04 was \$693,000 compared to a budgeted deficit of \$3,700,000. Actual surplus after capital items for the same period was \$4,300,000 compared to budgeted surplus of \$3,500,000. During the period 2002/03 and 2001/02 the actual results after capital items were surpluses of \$9,500,000 and \$9,800,000 respectively compared to budgeted surpluses of \$1,800,000 and \$1,400,000 respectively.

Liquidity and cash position

Council's unrestricted current ratio for council as at 30 June 2004 was 2.96. This indicator is a measure of council's ability to meet its current financial obligations. A ratio of 1.5 is considered unsatisfactory. A ratio of 2 or better is generally viewed by the industry as good. Council's ratio has improved from 2002/03 and is considered to be very sound.

Council's debt service ratio for 2003/04 was 4.2%. This indicator assesses the degree to which revenues from ordinary activities are committed to the repayment of debt. There is no set benchmark for the debt service ratio given debt is influenced by a range of factors including the level of growth in a local government area.

Council's auditor considers council's overall financial position to be sound and stable.

Total loans outstanding as at 30 June 2004 were \$7,800,000 of which \$2,000,000 was raised in the 2003/2004 financial period.

Asset management planning

Council is in the process of developing an asset management policy and strategy and asset management plans. This will allow council to forward plan its asset maintenance requirements and seek funds to address its asset maintenance shortfall. Once developed, council should adopt its asset management plans and ensure that such plans are linked to a system of long term financial modelling.
(Recommendation 27)

Council's infrastructure assets appear to be in good condition. The written down value for its roads infrastructure (at 78%) and its storm water drainage (at 57%) are satisfactory. Council has stated in its 2003/04 financial reports that it is required to spend \$11.1 million to bring its infrastructure to a satisfactory condition.

The council had an unfavourable shortfall of \$2,300,000 between the actual and required amount of maintenance of its assets in the 2003/04 financial year. Council should identify a strategy to address this shortfall. (*Recommendation 28*)

Special variation to rates

Council applied for and was granted a special variation in 2004/05 of 6.57% for three years for graffiti removal, vandalism and community safety programs.

Financial monitoring

Council uses the financial health check that has been developed by Local Government Managers Australia to assess its financial health. This has assisted council to identify areas for review and is a pro-active approach to financial management.

The use of the financial health check will assist councillors and the community in their understanding of council's current financial position.

Alternative income streams

While council does not have a revenue raising plan, it continues to actively seek out alternative sources of funds.

Council has effectively used revenue from fines raised from parking offences to fund community initiatives that would otherwise not be affordable. Council has also used an internally generated cash reserve, obtained from reducing debt service payments, to supplement asset renewals.

6.4 Community, Communication & Consultation

A council's charter requires that a council:

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

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

- *The methods council uses to involve and determine the views and needs of its community*
- *Reporting to the community and keeping the State government informed about its activities*

Council's community focus and community feedback

Council uses a range of methods to obtain feedback from its community, including a community survey, focus groups and community forums.

Community information and council's website

Council maintains and updates a website, which is user-friendly. The website contains some of the required policies and public access documents. Council is currently arranging to have all of its policies, including its code of conduct, included on its website. The review team encourages and supports council in this endeavour and recommends that at the very least, council arrange for the code of conduct to be posted on the website as a matter of priority. (*Recommendation 29*)

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

Community survey

Councils require regular and detailed information on community attitudes towards their services and performance. Community surveys carried out on a regular basis are a useful tool for determining community perceptions and satisfaction levels in

relation to council functions and activities. They are also a barometer for gauging whether council is meeting community needs.

Council conducted a survey of residents and businesses in 2003 and a survey of community agencies in 2004. The survey of residents and businesses attracted a large number of responses, being 87% and 85% respectively. The survey of community agencies only attracted a small number of responses, being 47%. As such, council will need to lift the profile of this survey in an attempt to have a larger number of responses.

However, the review team has not found that there were clear actions or strategies arising from the results of the surveys. This may reflect the quite broad nature of the matters examined in the surveys. It is expected that processes like this would generate conclusions and recommendations for improvement. (*Recommendation 30*)

Council's community focus and social/community plan

Council has a comprehensive social plan adopted in June 2004. The plan covers the period 2004-2009 and is broadly in compliance with the department's guidelines. The plan is comprehensive, clear and accessible to the community.

However, the review team did note that while the plan states a wide variety of courses on which needs assessments have been based, council could consider including more specific detail regarding the methodology used, such as number of people consulted, copies of surveys or questionnaires and information regarding who put the plan together. (*Recommendation 31*) Further, it was not clear to the review team whether key actions from the social plan have been included in the management plan or the annual report. Council should better integrate actions from the social plan into the management plan and annual report. (*Recommendation 32*)

Access to information

Section 12 of the *Local Government Act* identifies the documents that are available for the public to inspect free of charge. Council does not have a policy that alerts members of the public to their rights under section 12 of the *Local Government Act*. Instead, the review team was advised that if members of the public request a

document under the *Freedom of Information Act*, in circumstances where the document is available under section 12 of the *Local Government Act*, the document will be made available free of charge.

While it appears to the review team that priority is given to providing documents and information under section 12 of the *Local Government Act*, council should develop a policy that expressly informs the public about how they can access council information. The policy should identify documents that are publicly available and any specific exceptions. It should also identify whom members of the public can obtain assistance from. (*Recommendation 33*)

6.5 Workplace Relations

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

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

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

Overview of the organisation

Rockdale City Council has a workforce of 343 full time equivalent staff. Of these employees, 41% are women and 0.87% identify as people with disabilities. Council expenditure on its salary budget last financial year was \$16,662,390 and its current salary expenditure is on budget. Council has no registered enterprise agreements, but has a number of current council agreements.

Human Resource Policies and Procedures

Council has a documented selection policy and procedure that applies to all recruitment processes. All council positions have job descriptions, which are provided to staff. Council has a formal policy for the review of job descriptions. Council also has a structured staff induction program for new staff. This ensures that staff become familiar with their workplace through a thorough and considered process that effectively equips them with the knowledge needed to perform their roles.

Rockdale City Council has a skills and performance based salary system that is linked to the requirements of clause 7(iv) of the Local Government (State) Award. The award requires councils to introduce a salary system based on skills based progression. Council undertakes the skills assessment on an annual basis.

Council does not have a performance management system that would allow managers to assess their staff against identified performance targets. Council should implement such a system to better enable council to meet its identified business objectives. (*Recommendation 34*)

Occupational Health and Safety

Council has adopted an Occupational Health and Safety Policy and conducts systematic and incidental reviews of OH&S risk assessments. Any injuries/lost work time is reported on a quarterly basis through council's OH&S committee, allowing council to manage its workforce in this regard. Council also carries out systematic OH&S risk assessments to maintain a safe working environment for relevant staff.

Employee survey

Council commissioned a Staff Organisational Survey of all staff in 2003. The survey provides useful trend information about staff and identifies council's strengths and areas for improvement. This information assists with the continuous improvement of future human resource policies and planning.

Consultative committee

Clause 25a of the Local Government (State) Award requires each council to establish a consultative committee and to meet regularly. Council's committee has met on fourteen occasions over the last year. The committee is representative of the organisation and provides for two-way communication between management and staff on various workplace issues.

Workforce planning

Rockdale City Council, like many councils, is exposed to a number of workforce issues such as:

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

Council faces a future challenge of an ageing workforce. Council has addressed succession planning to some degree. It has a trainee program in place in partnership with Illawarra TAFE and it also participates in and supports the Local Government graduate program. Council has also identified key staff positions in operational areas and is developing succession plans within those groups.

However, council needs to develop a more comprehensive workforce plan to identify specific changes that may occur in workload in particular work groups and determine strategies for the acquisition and transfer of skills. The plan should also address the issue of council's ageing workforce and increase opportunities for apprenticeships, cadetships and traineeships. (*Recommendation 35*)

Equal Employment Opportunity

Section 344 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”.

Other laws stating the requirements for EEO in the workplace are:

- *Race Discrimination Act 1975*
- *Sex Discrimination Act 1984*
- *Disability Discrimination Act 1992*
- *Human Rights and Equal Opportunity Commission Act 1992*
- *Equal Opportunity for Women in the Workplace Act 1999*

Rockdale City Council’s EEO Management Plan was last reviewed in 2003. It was not apparent to the review team whether council currently gathers workforce data in relation to the EEO groups. Council should review its plan and better integrate it with council’s management plan. Data collection to support the measurement of performance indicators in the revised plan should also be commenced. *(Recommendation 36)*

7. COUNCIL'S RESPONSE

Council responded to the draft report on 12 December 2005. A copy of council's response is given on page 39 of this report. Following the receipt of council's response the action plan including all agreed review recommendations has been developed. The action plan is given as an attachment to this report.

The “Destinations Rockdale” project

Since the review team's on-site visit, the council has released its “Destinations Rockdale” project for public comment. This project explores urban renewal around Bay Street between Brighton-Le-Sands and Rockdale.

The department has received a significant number of complaints from members of the community and others. These would suggest significant community concerns over council's processes. A review of the complaints suggested that council's approach may be characterized by:

- the lack of openness and transparency;
- exclusion of members of the elected body due to the use of the Mayoral task force comprising 5 councillors (out of 15);
- conduct of certain councillors in stifling consideration by other councillors;
- lack of consultation both within the elected body, the community and other key stakeholders;
- engagement of consultants on this project; and
- the way the project funds were provided.

Most importantly, it has been alleged that the vision of the Destinations project has not been linked to other aspects of council's strategic planning (such as social, community, demographic, land use planning etc.); as well as that the vision was not rooted in realistic outcomes, proposing major road changes and major works within Botany Bay.

Senior investigations officers from the department have visited the council to discuss the issues raised and to assist the council with providing context on the direction of the Destinations project, in particular in relation to its integration with other council plans; sharing the Destinations vision throughout the organisation; and clearly announcing the intent of the plan and its linkages to and integration with other council plans.

12 December 2005

Our Ref G11/0017

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



Dear Sir

**Re: Local Government and Reform Program - Promoting Better Practice
Rockdale City Council Review - Document Reference A20707**

Thank you for the Draft Report on the review carried out under the Local Government Reform Program - Promoting Better Practice and the recommendations contained within.

In reviewing the document and the recommendations, we recognise that in implementing the changes contained in the report we will improve the operations of the organisation and this will put us in a sound position to take up the challenges outlined in the summary - What's Working Well and Challenges.

In saying that, it must be recognised that we have already embarked upon improvements which we identified when preparing for the Review by carrying out the Council Self Assessment and through the Governance Health Check process.

Such improvements work hand in hand with the recommendations and as such we are satisfied with the review and its findings.

We will now commence the preparation of the action plan (based on the Draft Report) that will go to the Council with the final report once it is received from your office.

I take this opportunity to thank the Department and the Review Team for this initiative and the positive manner in which the review was conducted and the feedback given to my senior staff.

Yours faithfully

**Chris Watson
GENERAL MANAGER**

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8. SUMMARY- WHAT'S WORKING WELL & CHALLENGES

COUNCIL'S PRIORITIES AND FOCUS

What is working well

- Council's strategic intent has been developed through broad consultation with councillors, staff and the community
- Council is developing a long term strategic plan to guide its efforts over the next 20 years
- Council appears to be aware of the challenge of responding to and planning for the major changes and demands created by Australia's ageing population

Challenges to improve

- Council should ensure that it gives priority to its strategic planning process
- Council should critically examine the format of its management plan to determine whether it effectively communicates its intent to the community
- Council should identify a range of relevant indicators in its management plan
- While council has some understanding of the issues of ageing and their impact on council's operations, there is a need for council to develop specific long term strategies to deal with the impact of ageing on Rockdale

GOVERNANCE

What is working well

- Council has an up to date code of conduct and is in the process of providing training for staff
- Council has a records management plan and is developing a business continuity plan
- Council recently developed a complaints handling policy
- Council has a policy on the payment of expenses and provision of facilities to the mayor, deputy mayor and councillors which complies with recent departmental advice

GOVERNANCE (cont)

Challenges to improve

- Council should consider making the Mayor a co-signatory to the code of conduct to reinforce the importance of the code
- Council should provide further guidance to councillors on the pecuniary interest provisions
- Council should develop a statement of business ethics to guide its business relationships with the private sector
- Council should develop an internal audit plan and re-establish an internal audit committee
- Council should review the role of Director Corporate Governance to ensure it has an appropriate level of responsibility
- Council should ensure that it is fully complying with the closed meeting provisions of the *Local Government Act*
- Council should provide additional guidance to staff and councillors in the area of gifts and benefits

PLANNING AND REGULATORY

What is working well

- Council is acting to review its LEP and DCPs
- Council has taken a number of steps to address the ICAC's findings and recommendations, including the adoption of a code of planning practice
- Council has a good document management system which allows it to easily locate development applications at any point during processing
- Council appears to be well prepared for the implementation of the new BASIX requirements

PLANNING AND REGULATORY (cont)

Challenges to improve

- A report on the need to reduce turnaround time for development applications and proposed amendments to the code of planning practice should be submitted to council
- Council should establish an independent hearing assessment panel to assist it in dealing with large and more contentious development applications
- Council should develop a clear set of criteria to guide staff in determining which development applications should be referred to council
- Council should adopt a companion animals management plan

ASSET AND FINANCIAL MANAGEMENT

What is working well

- Council is complying with statutory reporting requirements
- Council has made operating surpluses for the past four years
- Council's auditors report that council's overall financial position is considered to be sound and stable
- Council's infrastructure appears to be in good condition
- Council continues to actively seek out alternative sources of funds
- Council is developing asset management plans and an asset management policy

Challenges to improve

- Once developed, council should adopt its asset management plans and link them to long term financial modelling
- Council should identify a strategy to cover the shortfall between the actual and required amount of maintaining its assets

COMMUNITY, COMMUNICATION AND CONSULTATION

What is working well

- Council has a user-friendly website
- Council has a good social plan

COMMUNITY, COMMUNICATION AND CONSULTATION (cont)

What is working well (cont)

- Council gives priority to providing documents to the public under section 12 of the *Local Government Act*

Challenges to improve

- Council should post its code of conduct on its website
- Council should develop clear actions and strategies from the information gathered from its community surveys
- Council should better integrate actions from its social plan into the management plan and annual report
- Council should develop a policy that informs the public about access to information under section 12 of the *Local Government Act*

WORKPLACE RELATIONS

What is working well

- Council's approach to recruitment and selection is well documented and focuses on achievement of application on merit
- Council's consultative committee meets regularly and is representative of the organisation
- Council carries out systematic OH&S risk assessments to maintain a safe working environment

Challenges to improve

- Council should implement a performance management system to allow managers to assess their staff against identified performance targets
- Council should develop a more comprehensive workforce plan
- Council should better integrate its EEO Management Plan with its management plan