Local Government Reform Program - Promoting Better Practice

challenges improvement innovation good governance

REVIEW REPORT

WOLLONGONG CITY COUNCIL

NOVEMBER 2006

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 work for the local government sector.

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

Review process

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

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

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

Wollongong City Council Review

Wollongong City 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?

Councillors were also asked to complete a survey form. Completion of the form was not mandatory. Two of the 13 councillors chose to complete the survey form.

Mr John Davies and Ms Carole Medcalf, Senior Investigations Officers with the department's Investigations and Review Branch, and Ms Wendy Forrester, a Senior Policy and Research Officer with the Policy and Research Branch, conducted the on-site component of the review from 22 May to 26 May 2006. The review team also attended the ordinary council meeting on 29 May 2006.

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

Following the on-site review, further analysis was undertaken. Council management was then provided with the opportunity to respond to the review's preliminary findings. Council did so, and its comments have been taken into account in preparing this final report.

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

To date, Wollongong City Council is the largest council reviewed under the Local Government Reform Program - Promoting Better Practice. Servicing a population of over 180,000 people and managing an annual budget of over $150M per annum and a workforce of over 1,000 employees presents challenges not faced by smaller councils. These include the complex administrative challenges of ensuring the effective and efficient operation of a large organisation and meeting the needs and expectations of a large and diverse population. These challenges are accentuated in Wollongong's case by the complexity of the strategic land use planning exercise it is currently undertaking, the need to manage an extensive network of ageing infrastructure and by structural changes in the local economy over the last two decades.

While the administrative challenges faced by a large organisation like Wollongong are more complex than those faced by smaller councils, it is perhaps better placed in terms of both human and financial resources to meet them. It would appear it has applied those resources to good effect. The review team was impressed by the sophistication of many of the systems and processes council has established and is currently developing. Wollongong is clearly a council in transition and many of the initiatives examined were being developed at the time of the review or had recently been adopted. There was therefore limited opportunity to observe how they operate in practice. However, if effectively implemented, many initiatives have the potential to set new benchmarks for the sector.

While many aspects of council's operations were impressive, particularly notable examples of better practice include the following:

- Council's new strategic plan and the interlinked planning and reporting framework that underpins it, which is designed to achieve its corporate goals.
- Recognition of the importance of an organisational capacity to deliver greater integration between council's statutory planning and reporting obligations
- Formalised meeting framework underpinning council's new organisational structure designed to facilitate greater communication and coordination between different functional areas and promote a cohesive strategic ownership of issues and activities affecting the whole organisation

- Rigorous and comprehensive risk management and internal audit programs
- Streamlined development assessment processes that have delivered shorter DA turnaround times
- High quality environmental management and sustainability initiatives
- Financial management initiatives such as the *Business Improvement Program* and the *Funding Allocation Process*
- Development of an asset management program reflecting better practice
- Development of innovative public consultation and community engagement processes
- Proactive approach to attracting business investment to the region.

Many of these initiatives have been made possible through the resources available to a large organisation like Wollongong and specifically address the particular challenges it faces. They potentially offer a template for other councils. In this regard, the review team would encourage council to share its experience and expertise attained in the development of these systems and processes with other less well-resourced councils.

There are some areas that council still needs to work on, particularly with respect to its governance framework. The review team identified the following gaps:

- Lack of linkage between principal activities proposed in the corporate and other key strategic plans and the performance of those activities as reported in the annual report
- Council does not comply with a number of requirements of the Local Government Act, the Regulation and its own code of meeting practice for the closure of meetings
- Council does not have a formal complaint handling system, an internal reporting policy or a formal policy for public access to council records
- Council charges a retrieval fee for documents, in breach of the Act
- Council does not have an independent assessment process for DAs in which it has an interest or are controversial
- Council does not currently have a single corporate enforcement policy
- A number of returns of interests submitted by councillors and designated staff do not meet the requirements prescribed for such returns.

3. RECOMMENDATIONS

Strategic focus

1. Council should update the information on its website to reflect its current vision, mission and values and include its corporate goals (including the KPIs it uses to measure performance against them) and its business principles.

2. Prior to adopting its next strategic plan, council should seek public comment on it.

3. In preparing its next annual report, council should seek to more clearly link the reporting of its performance of its principal activities with the programs set in its corporate plan.

4. Council should continue to improve integration between its strategic and corporate plan with other key strategic documents (eg social community plan, State of the Environment report, environmental management plan, section 94A and section 94 contributions plans, LEPs and DCPs).

Governance

5. Council should review the information it currently provides to councillors and designated staff to assist them with the completion of returns of interests accurately and in a timely manner to ensure that it is adequate.

6. Council should amend the provisions of its *Access to Council Information and Staff* policy concerning breaches to ensure that it is consistent with the Model Code of Conduct.

7. Council should amend its code of meeting practice to require that the grounds for closure of meetings be also disclosed in ordinary agendas consistent with best practice as identified in the department's revised *Meetings Practice Note*.

8. In the interests of simplicity and to minimise the potential for confusion, council should simply refer to information considered in closed sections of

meetings as being 'confidential'. It should also amend its code of meeting practice to remove all references to 'strictly confidential' items.

9. Council should ensure that where its meetings are closed, the minutes comply with the requirements of section 10D of the Act.

10. Council needs to ensure that its minutes record the content of any recommendations of the closed committee of the whole.

11. Council should provide copies of its code of conduct and training to section 355 committee members.

12. Council should develop a customer service framework incorporating the features described at page 30 of this report.

13. Council should adopt an internal reporting policy for the making of protected disclosures.

14. Council should continue to provide induction and ongoing training to councillors and staff on protected disclosures.

15. Council should develop and adopt a disaster recovery plan.

16. Council should remove the $30 retrieval fee from its fees and charges policy for access to information on files.

17. Council should prepare a statement of business ethics.

Planning and other regulatory functions

18. Council should consider establishing an independent hearing and assessment panel for the assessment of contentious DAs particularly where council is an applicant or has an interest.

19. Council should include information within its State of the Environment report on the ways in which it has involved the community, both in terms of consultation during development of the report and in monitoring changes to the environment over time.

20. Council should ensure better integration between environmental strategies proposed in its corporate and other relevant plans and the outcomes reported in the State of the Environment report, including an explanation for any differences between them.

21. Council should consider establishing a single specialist compliance unit responsible for the enforcement of the full range of its regulatory responsibilities.

22. Council should develop a single enforcement policy that covers the full range of its regulatory responsibilities.

Asset and Financial Management

23. Council needs to ensure that adequate resources continue to be applied to the establishment and maintenance of its asset management framework.

24. Council should finalise and adopt its policy on Public Private Partnerships as a matter of priority.

Community and consultation

25. In preparing its next corporate plan, council should ensure that it includes statements about the estimated yield of charges in its revenue policy as required under section 404(3) of the Act.

26. In preparing its next annual report council should ensure that it includes all information required to be included under the Local Government Act and the Local Government (General) Regulation 2005.

27. Council should ensure community representatives who formerly served on neighbourhood committees continue to be consulted in meaningful and appropriate ways through the new community engagement framework.

28. Council's social and community plan should include information on the assessment of the effectiveness of the previous social and community plan.

29. Council should post its social and community plan with other key documents under 'Corporate Documents' on its website.

30. Council should ensure better integration between its social and community plan, corporate and other relevant plans and annual report.

Workforce Relations

31. Council should consider the need to more accurately budget for wage and salary costs by taking greater account of the impact of changes to job classifications and of new projects and associated costs as part of the corporate planning process and the annual budget.

32. Council should consider providing more in-house delivery of training.

33. Council should ensure that the general manager's contract includes performance review criterion that better reflect required performance levels.

34. Council should either revert to having a general manager as the senior appointment or include in its policies some indication that the general manager's position and the position of chief executive officer are the same.

35. Council should amend its EEO management plan to include all of the required information.

36. Council should review its strategic human resources plan to include time frames and progress made and ensure it covers the impact of key issues affecting workforce planning.

37. Council should, as a matter of some urgency, address the number of employees who have been acting in higher duties positions for long periods and permanent employees acting in temporary positions for long periods.

38. Council should use the results of the recently conducted employee survey to improve its relationships with its employees where necessary.

4. CONTEXT

Wollongong City Council was incorporated in 1947. It is located in the Illawarra region on the South Coast of New South Wales, 80 kilometres south of Sydney. It covers an area of 684 square kilometres occupying a narrow coastal strip bordered by the Royal National Park in the north, Lake Illawarra in the south, the Pacific Ocean to the east and the Illawarra escarpment to the west. It is bordered by Shellharbour City Council in the south, Wingecarribee and Wollondilly Shire Councils in the west and Sutherland Shire Council in the north.

Traditionally dependent on coal mining and steel production, since the downturn of the early 1980s, the local government area's economic base has become increasingly diversified. While steel production and other manufacturing industries remain an essential part of the city's economy, tourism is now the region's third largest industry. Other emerging industries include hospitality, information technology and telecommunications. The State Government's recent announcement of the approval of the Port Kembla expansion development will also contribute to the expansion of the city's economic base.

Education has also played an important role in the city's development. The University of Wollongong, established in 1961, has recently entered into a joint venture partnership with Baulderstone Hornibrook to develop an Innovation Campus in the city to promote research and development.

Coinciding with the city's economic development, the city experienced rapid population growth between the 1940s to the early 1970s. Much of the city's infrastructure was also developed during this period. Population growth has subsequently slowed. As of the 2001 census, the population of Wollongong City Council was 181,612. This represented an increase of 2.6% since the 1996 census (as compared to 5.5% for the State). The estimated population as of June 2005 was 192,402. However, growth continues in the new land release areas in the south of the city and in particular at West Dapto.

The city's population is ageing in line with national trends. As of the 2001 census, the median age of people in the local government area was 36 years. The State median

age was 35 years. This compares with a median age of 34 at the 1996 census and 32 at the 1991 census.

In the 2001 census, 71.6% of people said they were Australian born. Of those born overseas, 6.6% were born in the United Kingdom, 2.1% in Macedonia FYROM and 2% in Italy. 1.5% of the population identified as being of Indigenous origin.

In the year ended 30 June 2003, average total income in the Wollongong local government area was $39,129. This compares to the State average of $39,607. Employment service area data produced by the Department of Employment and Workplace relations estimated the city's unemployment rate in the December quarter of 2005 to be 7.4%. This compares to a State unemployment rate of 5.1% as reported in the ABS labour force survey for March 2006.

There are 13 councillors on Wollongong City Council. The local government area is divided into six wards of two councillors. The Lord Mayor is popularly elected.

Council employs 1,082 staff. Of these, 18 are aged between 18 and 24 years, 824 between 25 and 54 years, 140 between 55 and 64 years and 14 over 65 years. 0.81% of the workforce identify as Aboriginal or Torres Strait Islander; 3% are from non-English speaking backgrounds; 37.41% are women; 5% are people with disabilities.

Council's total revenue from ordinary activities before capital amounts for the 2004-5 financial year was $147.55M. Total expenditure was $155.2M. Council's total net assets held were $1,105.9M.

In the 2004-5 financial year, council assessed 2,644 development applications, representing a combined value of $984.09 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.

Background

The review has coincided with fundamental changes to council's strategic framework and organisational structure. This has been driven by a number of factors. Council's previous strategic plan, *Focus on the Future,* developed in 1997, expired this year. Council has developed a new strategic plan, *Tomorrow's City: Strategic Plan 2006-2015*, which it adopted at its June meeting. Council's current corporate plan (its management plan), adopted at the same meeting, has been structured to reflect the new strategic plan.

In addition to this, throughout 2005, council ran a leadership development program that was intended to improve the alignment of its strategic direction with its corporate and business planning processes. This process has seen changes to council's strategic statements and given rise to an organisational restructure.

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. Its performance against these was reported in its annual reports. Council is currently in the process of developing a new set of KPIs to measure its performance in achieving its new corporate goals.

In addition to the above corporate values and strategic statements, council has adopted a comprehensive set of business principles to guide decision making and activities and to influence behaviours. These are also reflected in council's annual report and corporate plan. The review team found evidence of these principles reflected in council's processes and in the implementation of a range of its activities.

Council's old vision and mission statements and corporate values are posted on its website and need to be updated. Council's website should also provide information about its corporate goals, the KPIs council uses to measure its performance against them and information about its business principles. *(Recommendation 1)*

Setting council's strategic direction

Tomorrow's City is council's third strategic plan. It covers the ten-year timeframe from 2006 to 2015.

The strategic plan is informed by a number of other key strategic documents. It puts in place six broad cross-functional programs that sit under each of council's corporate goals. Council intends to develop a cascading set of performance indicators to measure progress towards the achievement of the strategic plan by June 2007.

Council used responses derived from a community survey undertaken for it by the Illawarra Regional Information Service in 2005 to inform the preparation of the strategic plan. The other strategic documents that inform the strategic plan have also been prepared using varying degrees of public consultation. Unfortunately, prior to adopting its strategic plan, council did not seek further public comment on it. In failing to do so it has lost the opportunity of obtaining direct community input into its strategic direction as expressly articulated in that plan to ensure that it is aligned with community expectations. Prior to adopting future strategic plans council should consider seeking public comment on them. *(Recommendation 2)*

Planning and reporting framework

Council has a structured approach to planning and reporting that ensures that its broader strategic objectives are implemented through its programs. It also ensures that its progress in meeting those objectives is measured against practical criteria

and regularly monitored through the management, quarterly and annual reporting process.

Planning

Council has a hierarchy of plans that sit under its strategic plan:

Corporate plan

Council's corporate plan is its management plan. It sits immediately below its strategic plan. It has a five-year focus (which exceeds the statutory requirement of three years). It is well integrated with its strategic plan, detailing the proposed implementation of council's strategic objectives over that period.

The corporate plan reflects the structure of the strategic plan. It is split into six broad programs based on council's corporate goals and an additional operational program, 'corporate support'. The seven programs are in turn divided into 36 functional areas. Each section relating to each of the functional areas contains a statement of the desired outcome for the area identified in the strategic plan and outlines each of the broad strategies identified in that plan for achieving that outcome. Under each strategy, the corporate plan sets out specific actions and projects. This information is clearly set out and provides sufficient detail to ensure that performance can be effectively monitored.

Business plans

Each functional area of council has its own business plan that is designed to assist it to achieve the objectives set under the corporate plan it is responsible for. Business plans provide detailed action plans on how each functional area of council will go about achieving the objectives and contain the performance indicators set for it in the corporate plan. The business plans are linked to the annual budget and are produced on an annual basis and submitted to executive management for review and endorsement.

Work plans

Each individual employee and/or work team has a work plan that outlines their major tasks and responsibilities. These are developed annually. Work plans are linked with the business plans for the functional area the employee or team work in.

Reporting

Council's reporting processes mirror its planning hierarchy:

Monthly reports

Each functional area of council reports on its business plan outcomes on a monthly basis. Monthly progress reports are submitted to executive management for consideration and are posted on the intranet. The reports outline performance against business plan objectives.

Quarterly reviews

Section 407 of the Local Government Act requires the general manager to report to the council within two months after the end of each quarter as to the extent to which the performance targets set by the council's current management plan have been achieved during that quarter.

The reporting of progress against corporate plan actions in monthly reports forms the basis of the quarterly review. Quarterly reviews are structured along the same lines as the corporate plan and use the same format. The quarterly review reports on performance in that quarter against the KPIs for each objective set in the corporate plan for each functional area. This information is precise, detailed and well set out and can be easily cross-referenced with the correlating section of the corporate plan.

Annual report

Council must prepare an annual report within five months of the end of each financial year under section 428 of the Local Government Ac*t*. This 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 its corporate plan so council's performance can be more clearly assessed against the goals set in that plan. *(Recommendation 3)*

Otherwise, council's annual report is well presented and designed. It contains a number of useful enhancements such as a snapshot of results, information about council's planning and reporting framework, information about internal audit review outcomes for the year, detailed information about the projects the special rate variation it received will be applied to, graphics and tables that describe council's performance in key activities and programs and an index of information required under the Act and Regulation and where it can be found in the report.

Integrated planning

The Department is currently seeking to promote improved integration of the various statutory planning and reporting processes undertaken by councils required under the Local Government Act and the Environmental Planning and Assessment Act.

As described above, there are clear linkages between council's strategic plan with its corporate plan. There is scope for greater linkage between the corporate plan and the annual report. As will be discussed below, there would also appear to currently be scope for improved integration between the corporate plan and other key strategic documents such as and the social community plan and the State of the Environment report. *(Recommendation 4)*

Council appears to have recognised this and the need for improved integrated planning is reflected in its strategic plan. Under its 'City Leadership' program, council has created a specific strategic city planning function. The outcome specified for this area is as follows:

"Wollongong has an integrated framework of strategic plans to guide growth and change across the City in a way that balances economic, social and environmental objectives and promotes sustainable development that meets present and future needs."

One of the strategies identified for achieving this is to *"Coordinate strategic planning undertaken within all Council divisions (including strategic development plans, the social community plan, the economic strategy, the environmental management plan and the State of the Environment Report), and maintain close working relationships with other planning agencies."* The corporate plan puts in place a number of specific projects for achieving this. Of particular note is the proposal to facilitate meetings and information exchange on council's key strategic plans to improve communication and ensure consistency and integration. One of the performance indicators for this is an improved level of plan integration.

Council's corporate plan also sets as an action under its corporate strategy function a review of the outcomes of the department's *Integrated Management Planning and Reporting Project*.

Council is well equipped through its new organisational structure to deliver greater integration of its planning and reporting processes. Council has within its people and culture group a specialist corporate planning and business improvement section. Its role includes corporate planning and management reporting. It will play a key role in the coordination of the preparation of council's key strategic documents to ensure they are integrated.

Organisational structure

Council authorised the implementation of a new organisational structure at its meeting of 28 November 2005. The new structure creates four new groups under the general manager: governance; people and culture; operations; and sustainability. Also reporting directly to the general manager are the managers of communications and public relations, Forte and marketing development, strategic planning and the Wollongong Office of Economic Development. The next step in the restructure is to overhaul all senior management position statements to ensure clear accountabilities are developed which focus on the delivery of outcomes. It is intended that this review will also extend to lower management positions.

It seemed clear from interviews with staff that it is too soon to make a judgement about the success of the new organisational structure in delivering improvements to

the way council operated. However, in adopting the new organisational structure, council also resolved that it be reviewed and reported to council in 12 months time.

The new organisational structure is underpinned by a highly formalised organisational meeting structure. The executive management committee includes the general manager and the heads of each of the four groups (the chief financial officer, chief operating officer and the two group managers). Reporting to the executive management committee are four working groups, the operations group, the governance group, the quality group and the sustainability group. Each of these has a broad cross-functional membership. The executive management committee and each of the working groups have a formal charter and a set membership, meeting schedule and agenda. All meetings are formally minuted. The minutes of working group meetings are reported to the executive management committee.

The meetings structure is well placed to facilitate greater communication and coordination between different functional areas of the organisation and to promote cross-functional input into ongoing projects and activities and the development of new initiatives. It was evident from the review team's interviews with senior managers that their participation in working groups not related to the functional areas they are directly responsible for has served to promote at the executive management committee level, a broader, more cohesive strategic understanding and 'ownership' of issues and activities affecting the organisation as a whole.

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.*

Councillor induction and training

New councillors need 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.

Council ran a comprehensive two-day induction program for councillors on 5 and 6 April 2004. Councillors also receive ongoing in-house code of conduct training. There is also a budget allocation for ongoing councillor training and councillors are encouraged to make use of industry training.

Code of conduct

Section 440 of the Local Government Act requires every council to adopt a code of conduct to be observed by councillors, members of staff and delegates of council that is consistent with the *Model Code of Conduct* prescribed under the Regulation.

Council adopted its current code of conduct on 28 February 2005. The provisions of council's adopted code reflect those of the *Model Code*. Upon adopting its code, council conducted an internal education campaign on the code for councillors and staff run by its chief financial officer. Council has issued the code to all councillors and staff in a colour-coded booklet. The colour coding indicates the currency of the version. Councillors were required to sign a statement acknowledging receipt of the code and that they had read it. New staff are also issued with the code.

Council's conduct committee comprises the general manager, Lord Mayor and an independent member as required under the Model Code. Council has retained a panel of experts to be used to serve as independent members of the conduct committee as required. The conduct committee is yet to meet.

The *Guidelines for the Model Code of Conduct for Local Councils in NSW* issued by the department advise councils to develop guidelines for the operation of the conduct committee. Additionally, councils are encouraged to develop criteria to be used by the general manager in determining whether or not to report a matter to the conduct committee and for conduct committees in assessing allegations of breaches of the code of conduct. Council has adopted a charter to guide the work of its committee that contains such criteria.

Council's code of conduct is supplemented by its governance manual. Developed in 2004 to support and guide newly elected councillors, this is a comprehensive and useful resource that provides an expansive commentary on a number of key issues affecting local government. The governance manual also contains key policies and procedures including the code of conduct, relevant legislative provisions and commentary. In addition to these, it includes a useful 'troubleshooting' section that tackles common scenarios that often arise in local government. The commentary for each of these scenarios includes a cross-reference to the discussion of the relevant

governance issues contained in the manual and suggestions as to ways of dealing with the situation.

Disclosures of pecuniary interests

The Local Government Act regulates the management of pecuniary interests. The Act requires that councillors and designated staff complete and lodge disclosure of interests returns. It is important that councillors and staff observe these requirements, as to not do so has the potential to undermine the community's confidence in the integrity of local government and the decision-making processes.

Council has 495 staff who are identified as designated persons, who must lodge annual returns. This is a very high number of designated persons, representing around 45% of all staff. Council may benefit from reviewing this to see whether the administrative burden of managing so many returns is proportionate to the benefit in terms of public accountability.

The review team inspected returns of interests submitted by all councillors for the period 1 July 2004 to 30 June 2005. The review team inspected a representative sample of the returns of ten designated persons, including the general manager's return. All the returns appear to have been submitted on time. However, the quality of the returns submitted varies. Deficiencies in the returns inspected were generally minor, and include the following:

- Failure to disclose the nature of an interest in real estate in Part A of the return and possible failure to disclose income from investment properties in Part B3 of the return
- Failure to disclose the addresses of employers in Part B1 of the return
- Insufficient identifying information about companies paying dividends in Part B3 of the return
- Failure to disclose the nature of an interest or position held in a corporation and the address of companies in Part E of the return.

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

does currently provide information to councillors and designated staff to assist them in preparing their returns, in light of the above deficiencies, council should review the assistance it currently provides to ensure that it is adequate. In this regard, Departmental Circular 04/16 and the newly issued Pecuniary Interest Guidelines would be of assistance. *(Recommendation 5)*

Gifts register

Since 1 January 2005, when the Model Code of Conduct came into force, councils are required to maintain a gifts register. The review team sighted council's gift register and confirmed that it contains many entries by both councillors and staff. This demonstrates an understanding across the organisation of the obligations under the code of conduct relating to the disclosure of gifts.

Councillor expenses and facilities policy

Councils are required to have a policy on the payment of expenses and provision of facilities to the Mayor, Deputy Mayor and councillors under section 252 of the Local Government Act. Council's policy is a clearly written document that covers key topics such as legal assistance for councillors and complies with the department's circulars on section 252 policies.

Councillor access to information

Councillors enjoy the same rights as other members of the community to access documents held by council under section 12 of the Local Government Act. Councillors also need to access such information as may be necessary to enable them to exercise their responsibilities as elected representatives. It should also be noted that the *Model Code of Conduct* (and council's adopted code) imposes obligations on councillors and other council officials about how they handle council information.

Council has a formal process for councillors to request information from staff prescribed under its policy concerning interaction between councillors and staff. Under the policy, councillors may make formal written requests to nominated officers using a *'Request for information/Action'* form. Council's code of meeting practice also

usefully provides that questions without notice and the tabling of letters be submitted by way of the request for information/report process.

Requests must be actioned within 14 days. Details of requests (including the date made and whether they are overdue) are recorded in a register and reported to each executive management committee meeting. Where a request is refused, the councillor is to raise the matter with the General Manager, or with the Lord Mayor where the request is made to the General Manager. If the councillor remains dissatisfied, they may request the information by way of a notice of motion to the council.

The policy has a section dealing with breaches. This process is inconsistent with the process prescribed under the *Model Code of Conduct*. Given a breach of this policy could amount to a breach of the *Model Code*, council should amend the policy to provide breaches are dealt with under the code of conduct. *(Recommendation 6)*

Council also holds a formal briefing forum for councillors on pending meeting agenda items twice a month on the two Mondays when council and the environment and planning committee do not meet. Business papers are provided to councillors two weeks ahead of meetings. These arrangements provide councillors with ample opportunity to familiarise themselves with the business before council. The success of these arrangements was evident from the quality of the debate and grasp of the detail of the matters before them demonstrated by councillors at the meeting attended by the review team. It is perhaps also reflected in the comparative brevity of council meetings.

Council meetings

The review team attended the ordinary council meeting of 29 May 2006. The review team was particularly impressed by the Lord Mayor's chairing of the meeting. The review team was also impressed by the councillors' grasp of the detail of the matters before them, the sophistication of the debate, the decorum with which it was conducted and the respect and courtesy extended by councillors to each other and staff.

Council has adopted a code of meeting practice under section 360 of the Act. Council's code incorporates provisions of the Regulation relating to the conduct of meetings and relevant provisions of the Act.

Council's code of meeting practice makes provision for a public access forum. This is supplemented with formal procedures prescribed under a public access policy. These appear to strike a reasonable balance between giving the community an opportunity to provide direct input into council decisions and the need to conduct council meetings in an efficient and orderly manner.

The review team reviewed agendas and minutes of ordinary and committee meetings held between January and May 2006 and identified three occasions on which meetings have been closed. The review team found that in doing so, council failed to comply with the Act and Regulation and its own code of meeting practice in four respects.

First, section 9(2A)(a) of the Act requires that an agenda indicate that a relevant item is likely to be discussed in closed session of the meeting (but must not give details of that item). The agenda should disclose sufficient information to identify the nature of the item. This requirement is reflected in clauses 4.6.4 of council's code of meeting practice. This provides that where a confidential agenda is prepared, the business contained in it should also be referred to in the ordinary agenda for the meeting. The revised *Meetings Practice Note* issued by the Department of Local Government also suggests that the agenda disclose the reason the item will be dealt with in a closed session of the meeting. Clause 4.6.5 of council's code of meeting practice requires that this information only be disclosed in a confidential agenda. Council should consider amending its code of meeting practice to require that the grounds for the closure of meetings also be disclosed in ordinary agendas, consistent with best practice as identified in the practice note. *(Recommendation 7)*

Agendas prepared for the three meetings at which confidential business was considered failed to disclose the items that would be considered in closed sessions of those meetings. This is in breach of the section 9(2A) of the Act and council's own code of meeting practice. Since the draft version of this report was prepared, consistent with the *Meetings Practice Note*, council now, as a matter of practice,

identifies in ordinary agendas items to be considered in closed session of the meeting and the grounds upon which the meeting will be closed.

Second, the minutes of the ordinary meeting of 30 January 2006 indicate that council considered two items in a confidential session and a further item in what was termed a 'strictly confidential' session. A perusal of earlier minutes of ordinary and environment and planning committee meetings revealed that this is a distinction that has been previously applied. The distinction between 'confidential' and 'strictly confidential' business is also made in council's code of meeting practice. Clause 4.6.8 of that code provides that 'strictly confidential' items are to be listed on the agenda of a separate 'strictly confidential business paper' and considered at the conclusion of other confidential business.

Council advised that the terms 'confidential' and 'strictly confidential' are used to delineate the distribution of items. 'Strictly confidential' items related to staffing matters with distribution being restricted to senior executive staff. However, neither the Act nor Regulation makes such a distinction. For the purposes of the Act and Regulation, grounds either exist to allow an item to be considered in a closed section of a council or committee meeting or they do not. Disclosure of information considered in a closed session of a council or committee meeting will potentially have the same consequences under the Act and the code of conduct regardless of whether the council considers the information to be 'strictly confidential' or merely 'confidential'. In the interests of simplicity and to minimise the potential for confusion, council should refer to information considered in closed sessions of its meetings as being 'confidential'. It should also amend its code of meeting practice to remove all references to 'strictly confidential' items. *(Recommendation 8)*

Third, section 10D of the Act (and clauses 4.20.11 and 4.20.12 of council's code of meeting practice) requires that where a meeting is closed, the minutes must disclose the grounds relied on to close that meeting.

The minutes inspected by the review team do not comply with the requirements of section 10D of the Act in that they fail to disclose the relevant provision of section 10A(2) of the Act, provide insufficient information about the item to be discussed; and fail to disclose why consideration of the matter in an open meeting would be, on balance, contrary to the public interest. Council should ensure that where its

meetings are closed, the minutes comply with the requirements of section 10D. In recording in its minutes the grounds on which meetings are closed, council may wish to consider using a form of words such as those suggested in the department's *Meetings Practice Note*. In its response to the draft version of this report, council advised that this is now its current practice. *(Recommendation 9)*

Finally, section 26 of the Act (and clause 4.20.13 of council's code of meeting practice) requires the Chair to make public any resolution passed during closed sections of meetings as soon as practicable after the meeting or the part of a meeting has ended. The department's *Meetings Practice Note* suggests that where, as in the case of Wollongong City Council, confidential items are considered in closed committee of the whole, the committee's recommendations must be reported to the open council, usually at the same meeting. The council must ensure that a report of the proceedings, (including any recommendations of the committee) be recorded in the minutes. In instances where council resolved into closed committee of the whole to consider confidential items, the minutes of the meeting simply record that council adopted the committee's recommendation without disclosing the content of the recommendation. Council needs to ensure that its minutes record the content of any recommendations of the closed committee of the whole. In its response to the draft version of this report, council advised that this is now its current practice. *(Recommendation 10)*

Committees

Council has indicated that it has 77 section 355 committees. These comprise mostly of committees with a community based environmental management role (eg floodplain management committees and bushcare groups). All committees keep formal records of their deliberations.

While council has indicated that it has provided its section 355 committees with a copy of their respective charters setting out their membership, functions and delegations, it does not provide a copy of its code of conduct or provide members with training. Council should provide copies of its code of conduct and provide training to section 355 committee members. *(Recommendation 11)*

Delegations

The power of delegation is an important tool that assists council officers to carry out the functions of council in an effective and timely manner. Delegations need to be made in accordance with sections 377-381 of the Local Government Act and continually reviewed to ensure they remain current. Council last reviewed its delegations to the general manager on 7 April 2004, immediately after the last local government elections. Council maintains its register of delegations in electronic form. The review team inspected a sample of delegations to staff at various levels across the organisation.

Customer service and complaint handling

An effective complaint handling system is an essential part of the provision of quality council services. It is one method of measuring customer satisfaction to provide a useful source of information and feedback for improving the council's service. Best practice complaints management as reflected in the NSW Ombudsman's *Effective Complaint Handling* guidelines involves a tiered approach to dealing with complaints (ie frontline complaint handling, internal review or investigation and external review) and formal procedures for collecting, analysing and reporting complaints data.

Council does not currently have a single formal corporate complaint handling system in place. Complaints handling is currently done in an informal, ad hoc manner. There is no formal process in place for collecting and reporting complaints data.

Council also deals with a handful of persistent complainants. The public officer is responsible for coordinating responses to complaints made by such complainants. This is more as a matter of informal practice than the operation of a formal policy for dealing with such complaints.

In its current corporate plan, council has identified as a strategy the development of a 'customer service framework' and the streamlining of customer contact procedures. One of the actions for achieving this strategy is the development of a customer service strategy for the organisation including a corporate policy and procedures and the evaluation of technology and resourcing requirements to implement the strategy. The due date is June 2007. It would appear that work on this

is at an early stage. The review team spoke to staff that appeared to have different views as to what this would involve. One staff member saw the customer service strategy as relating solely to requests for service and that it would be linked to council's asset management system. Another staff member believed it would have a complaints management component.

In the absence of a centralised complaints management system or any other customer service system, there is clearly a need for council to develop a formal corporate customer service framework. Such a framework should contain the following:

- A guarantee of service
- Clearly identified customer service standards (eg time taken to answer calls, response times for acknowledgement of correspondence and for replies)
- A formal complaint handling policy that reflects best practice complaints management
- A system for collecting, analysing and reporting complaints data
- A formal policy for dealing with difficult or persistent complainants
- A separate process for dealing with and recording requests for service as distinct from complaints against council
- A separate process for dealing with complaints requiring the exercise of council's regulatory powers (ie an enforcement policy - see page 44 of this report for further discussion on this).

In developing its customer service framework, council may find the NSW Ombudsman's *The Complaint Handler's Toolkit, Good Conduct and Administrative Practice* and *Better Service and Communication – Guidelines for Councils* useful publications. *(Recommendation 12)*

Protected disclosures

The Protected Disclosures Act aims to encourage and facilitate the disclosure – in the public interest – of corrupt conduct, maladministration and serious and substantial waste in the public sector. All public sector agencies should have an internal reporting policy to ensure that protected disclosures are properly made and

that the agency complies with its statutory obligations in dealing with them and ensuring complainants enjoy the protections afforded under the Act.

Council does not currently have an internal reporting policy in place. To ensure it complies with its obligations under the Protected Disclosures Act, council should adopt one as a matter of priority. This should be based on the *Model Internal Reporting Policy for Councils* contained in the NSW Ombudsman's *Protected Disclosures Guidelines (5th edition)*. In doing so, council should ensure that the internal reporting policy is linked with its complaints management policy and its code of conduct and that its complaints management policy reflects the processes for making protected disclosures under its internal reporting policy. Council advised in its response to the draft version of this report that a draft policy has been prepared for adoption by council at its November meeting. *(Recommendation 13)*

Council should continue to provide induction and ongoing training to both councillors and staff on protected disclosures. *(Recommendation 14)*

Record keeping and management

Councils are required to make and keep full and accurate records of their activities in accordance with section 12 of the *State Records Act 1998*. Councils must establish and maintain a records management program that conforms with best practice standards and codes.

Council utilises a TRIM document management system to comply with its obligations under section 12. Council has also adopted a corporate records management policy that establishes a policy framework relating to a number of specific records management functions. Council's records section is currently the only section within council with the authority to create files. It is also principally responsible for document management. The records section has a detailed set of records management processes.

Council provides induction and ongoing training to staff on council's obligations under the State Records Act, council's records management practices, the registration of emails and the use of the TRIM document management system.

Council does not currently have a disaster recovery plan in place. In the interests of ensuring that council has the capacity to protect and recover corporate information in the event of a disaster, it should develop and adopt such a plan as a priority. Council advised in its response to the draft version of this report that it is currently developing a disaster recovery plan. *(Recommendation 15)*

Public access to information

Councils are required to make their documents available for inspection free of charge under section 12 of the Local Government Act unless they are specifically exempt under that section or the council is satisfied that allowing access would, on balance, be contrary to the public interest. Councils are entitled to impose reasonable photocopying charges for copying of documents. Where the general manager or other person refuses access to a document, they must provide their reasons for doing so in writing to the council. Those reasons must be publicly available. Council must review the restriction within three months of access being refused.

The review team noted that hard copies of many of council's key planning and reporting documents were available at the reception areas of each floor of the administration building and in the main foyer. These documents, together with current environmental planning instruments and the minutes and business papers of council and environment and planning committee meetings are also available on its website. Implementation of ePathway (a web based Land Information System) will make it possible for applicants and other members of the public to access development files online. This service is currently available on a stand-alone computer in the development assessment section's public reception area.

Council has a formal policy that sets procedures for dealing with section 12 requests.

Council's fees and charges policy prescribes a file retrieval fee of $30 for access to information held on a file. Council advised that this was introduced in 2004/05 in response to comments by the NSW Ombudsman in their 2003/04 annual report on what was a reasonable fee for retrieval of files from archived storage. However as indicated in the department's circular to councils 02-54, such a fee is inconsistent with council's obligations under section 12 to provide access to documents free of

charge and, as such, should be removed from its fees and charges policy. *(Recommendation 16)* Council also charges a photocopy charge of 20 cents per page with a minimum charge of $2. This is consistent with council's entitlement to recover reasonable copying costs under section 12B.

Council has received 12 applications under the Freedom of Information Act in the last 24 months. All were granted. Information about applications received in the 2004-5 financial year was published in council's annual report.

Council has adopted a *Privacy Management Plan* under section 33 of the Privacy and Personal Information Protection Act. Council adopted the *Model Privacy Management Plan* issued by the department. This satisfactorily reflects council's obligations under that Act. Council has also published in its annual report a statement about action taken to comply with the requirements of the Act as required under section 33.

Tendering, procurement, contract management and asset disposal

Tendering, procurement, contract management and asset disposal are all important areas of council operations. These activities should be governed by strict considerations of probity, transparency and accountability in the expenditure of public funds for public purposes.

Councils' obligations in relation to formal tenders are regulated under section 55 of the Local Government Act and the relevant provisions of the Regulation. These provisions apply to contracts with a value of $150,000 or more.

Council is currently in the process of preparing a formal corporate procurement policy and procedures. These are due to be finalised by December 2006. The review team has reviewed the current draft of the policy. This is a comprehensive document. It defines a set of principles to be observed in all of council's procurement arrangements. These go beyond the considerations that traditionally inform procurement practices.

The draft policy is supplemented with detailed procedure and document templates that are available on council's legal and risk branch intranet page. The review team reviewed the procedures and document templates relating to tenders. These are

comprehensive. They contain a statement of relevant probity principles, detailed procedures in the form of a project plan template, a checklist and standard forms.

Council has a policy for the disposal of minor assets. This applies to council assets up to a current market value of $5,000 excluding real estate (council has a separate policy covering the purchase and sale of real property that is discussed later). Council's assets management policy requires the development of a disposal plan for each physical asset under council's control with a life exceeding 12 months and a replacement value greater than $5,000.

Statement of business ethics

A statement of business ethics can be a useful tool for raising private sector awareness of public sector values. 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 council's standard tender documentation such as its invitation for tender and form of tender refer to the principles under which tenders will be assessed and require tenderers to make an undertaking as to the ethical conduct of the tender, these do not extend to prescribe standards of conduct in the performance of the contract. Commendably, council's standard contract imposes standards relating to 'social ethics' (ie anti-discrimination measures) and environmental protection in the performance of the contract. However, it does not address broader ethical conduct in the performance of the contract.

To address this gap, council should prepare a statement of business ethics. *(Recommendation 17)* Council may wish to utilise the Independent Commission Against Corruption publication, *Developing a Statement of Business Ethics* in doing so. Council should issue its statement of business ethics with requests for tenders and publish it in the tendering section of its website.

Risk management

Risk management is about the systematic identification, analysis, evaluation, control and monitoring of risks. While risk cannot be entirely eliminated, councils should aim to establish a risk aware culture and to continually work towards establishing

structures, processes and controls that cost effectively reduce the council's risk profile and thereby protect the interests of council, the public and other key stakeholders. There should be a balance between the cost of managing risk and the benefits expected from engaging in an activity that has inherent risks.

Council has developed a comprehensive risk management program, its *Corporate Asset Management Protection System* (CAPS), for the identification, evaluation and prioritisation of insurable risk. The program draws on the experience and workplace knowledge of council officers. Responsibility for implementation of the program lies with each individual staff member. Council has a documented methodology for evaluating, ranking and treating risk. Council also employs a risk coordinator, whose role it is to coordinate implementation of the program and provide expert assistance and training support.

Internal control

Internal audit and control provides for systematic scrutiny of an organisation's operations, systems and performance. It assists in ensuring that service standards are met, data records are accurate and complete, and established procedures are being followed.

Council has a rigorous and comprehensive internal audit program. Council's audit and governance committee coordinates the program. The committee's role is to provide an internal control framework to assist and advise the organisation on fulfilling its corporate governance responsibilities in relation to financial management and the overall management of organisational risk.

Council's internal auditors, KPMG, conduct a comprehensive annual risk assessment and internal audit program. The program commences every July with an organisational risk assessment designed to evaluate, monitor and control key operational risks. The matters raised are then prioritised by the audit and governance committee and forwarded to the internal auditors for investigation.

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*
- *State of the Environment reporting*
- *Compliance*

Strategic land use planning

In preparing for this review, the review team examined correspondence previously received by the department in relation to Wollongong City Council and media reports and spoke to key stakeholders. One of the key issues of apparent concern the review team identified from this was council's exercise of its planning functions. Issues raised included:

- Council's failure to review and update its principal planning instrument, the *Wollongong Local Environmental Plan 1990,* to reflect current planning trends
- Council's apparent failure to adopt a strategic approach to planning issues as reflected in the use of SEPP 1 to approve CBD developments that varied from the planning standards set in its LEP and in seeking spot rezonings
- Problems associated with the preparation of council's *City Centre Revitalisation Strategy*.

Many of these concerns have been overtaken by subsequent events, namely:

- The Department of Planning has revoked council's authority to approve development applications involving SEPP 1 variations that exceed 10% of bulk and height requirements
- Council has been active in preparing a new strategic land-use planning framework. The Department of Planning has been closely involved in this process and, in the case of the development of the *City Centre Revitalisation Strategy*, now has a partnership role.

The strategic planning task currently faced by council is extraordinarily complex. This has been dictated by a number of factors including regional planning policy directions set by the State government and the unique planning needs posed by the Illawarra escarpment and the new land release areas of West Dapto. As a result council currently has a number of major strategic planning projects underway. These will ultimately result in the local government area being the subject of four separate LEPs, namely a residual city-wide LEP, and another three LEPs applying specifically to the city centre, West Dapto and the Illawarra escarpment.

While this is inconsistent with Department of Planning requirements that each local government area be subject to only one LEP, in the case of Wollongong, the requirement for four separate LEPs is one that has been largely dictated by that department. However, council hopes to ultimately integrate all LEPs into a single city-wide LEP.

Unfortunately, at the time of the review, none of the above projects had reached a point of finalisation to permit further consideration.

DCP consolidation

Recent planning law changes impose a requirement that only one DCP apply to a site. To comply with this requirement, a DCP may cover the whole local government area, a precinct or a site. Site-specific DCPs would operate to exclude the application of all other DCPs to the site.

Council is already somewhat advanced in the consolidation of its DCPs as evidenced by its recent adoption of DCP 49 relating to residential development. This replaced 42 other DCPs and technical policies. Council intends to comply with the

new requirement by consolidating all of its remaining DCPs and presenting them as chapters in a single DCP. It proposes to prepare the new DCP in conjunction with its city-wide LEP.

Section 94 contributions

Amendments to the Environmental Planning and Assessment Act made in May 2005 extended the way in which development contributions may be collected and used. In addition to the traditional section 94 approach, councils may now obtain development contributions by fixed development consent levies under section 94A or by voluntary planning agreements.

Council's environment and planning committee recently adopted a new *Section 94A Development Contributions Plan* at its meeting of 5 June 2006. The plan also contains provisions relating to the making of voluntary planning agreements. The plan applies to the whole of the local government area and, with certain exceptions, imposes a flat 1% development levy. The levy does not apply to certain types of development, notably those with a value under $75,000. The plan repeals all of council's previous section 94 contribution plans with the exception of Horsley, which will be incorporated into a separate West Dapto section 94 contributions plan. All existing and future funds collected under those plans will be allocated to projects nominated through the corporate plan.

Given much of the Wollongong local government area is made up of established urban areas where there is limited opportunity for the large-scale greenfields developments that traditionally generate section 94 funding, the adoption of a fixed levy on all developments is an appropriate option for obtaining developer contributions. Traditional section 94 contributions are a more appropriate source of developer contributions in the new land release areas of West Dapto and it makes sense to prepare a separate section 94 plan relating to that area.

The *Section 94A Contributions Plan* complies with the statutory requirements relating to such plans and the standards set in the practice note issued by the Department of Planning.

Consistent with those requirements, schedule 3 of the plan sets out a schedule of works to be completed under the plan. These are consistent with council's corporate plan. Council expects that this linking of the *Section 94A Contributions Plan* with the corporate plan will deliver a single streamlined process for determining and setting infrastructure priorities which has not previously existed. It will also ensure that the *Section 94A Contributions Plan* is reviewed on an annual basis as part of the corporate planning process. As specific works are included in the corporate plan, they will also be replicated in the works schedule of the *Section 94A Contributions Plan*.

Development assessment

In the 2004-05 financial year council processed 2,644 development applications. The volume of development applications has generally trended upwards in recent years. Council received 2,810 applications in 2003-04 compared to 2,248 in 2002-03 and 2,328 in 2001-02. The value of work the subject of development applications has also increased over this period. In 2004-05 the value was $984.09 million, compared to $830 million in 2003-04, $460 million in 2002-03 and $440 million in 2001-02.

99% of development applications are determined under delegated authority. Councillors can individually or by resolution, call up development applications for consideration by the environment and planning committee.

Notwithstanding the increase in the volume and complexity of development applications received (as reflected in their increasing value), council has been able to significantly reduce processing times. Median processing time in 2004-05 was 39 days, below the statutory 40-day threshold. This compares to 41 days for 2003-04, 46 days for 2002-03 and 45 days for 2001-02.

This improvement has largely been driven by refinements to procedures, improved performance monitoring and reporting and the redesign of forms. Council engaged P&A Walsh Consulting Pty Ltd to undertake a functional review of various aspects of the assessment process. The consultants were commissioned to advise on leading edge developments in application assessment. This process gave rise to a development assessment manual that establishes a strategic framework for council's development assessment activities.

Council has a number of processes in place that assist in minimising processing times. These include:

- Well designed forms for different types of development
- Checklists for different types of development that identify the documents and information to be submitted in support of the application
- A range of pre-lodgement consultation and advisory services
- Initial assessment to identify potential deficiencies in development applications at an early stage and categorisation into suitable process flow paths
- Formalised protocols for internal and external referrals for specialist consultation.

These processes are supported by council's ePlanning system. This is supported by ePathways, TRIM and GIS platforms. This not only improves workflow tracking but will also shortly allow online electronic lodgement and tracking of DAs. It will also allow members of the public to access development files online. This is currently being trialled on a stand-alone computer that may be used by members of the public.

The improvement in DA turnaround times is also driven by improved performance monitoring and reporting processes. The manager receives weekly reports on the progress of DAs and detailed monthly reports on DAs that are older than 90 days that provide reasons for the delay. Council is also currently working with Shellharbour City Council to devise a system for weighting DAs in terms of the work required in assessing them to assist in the allocation of work.

Prior to determination, each assessment is cross-checked to ensure that it has been correctly assessed and to ensure that the assessing officer has the appropriate delegation to issue the consent.

Other interesting innovations in council's development assessment processes include the following:

- An independent design review panel established to assist in achieving quality urban design outcomes. While it is not a formal panel under SEPP 65 -

Design Quality of Residential Flat Development, it seeks to address the design criteria objectives of SEPP 65

- A proposed major development panel comprising senior development staff to facilitate and expedite the assessment of development applications for developments exceeding $5 million and residential development with ten or more units.

Council does not have an independent DA assessment process for developments where it is the applicant or has an interest in the proposed development. Such applications are usually lodged by one section of council (the projects and property division) and assessed by another (the development assessment and compliance division). However, given council is a major developer in its own right, in the interests of promoting public confidence in the assessment and determination of DAs in which it is the applicant or has an interest, it should consider establishing an independent hearing and assessment panel for the assessment of such DAs and any other contentious DAs. Council has advised that it intends to do so once the *City Centre Revitalisation Strategy* is adopted. *(Recommendation 18)*

Council's letters of determination inform applicants of the right of review under section 82A of the Environmental Planning and Assessment Act (and of their rights of appeal under section 97). Council has a standard form for section 82A requests.

Council reported that it was a party to four matters in the Land and Environment Court in 2004-05. Given it received 2,644 development applications during that year, this represents a very low figure. Three of these matters were in respect of deemed refusals. Two of these were withdrawn and one upheld. The remaining matter was an appeal of a council decision. The Court upheld council's decision.

Notification and consultation

At its meeting of 29 May 2006, council resolved to put a draft assessment and compliance notification policy on public exhibition as part of its broader community engagement framework. This will replace council's current notification policy. It prescribes a hierarchy of notification processes for four different categories of development defined by impact.

Council currently holds informal planning conferences to encourage reasoned debate and resolution of contentious development applications using a structured but informal mediation process. An informal planning conference may be held at the request of a councillor or an adjoining or nearby resident. Residents are informed of this option in notification letters. The Lord Mayor or a ward councillor chairs the conference according to a structured agenda. Issues are recorded and minutes are circulated to all who attend. This practice will continue under council's draft assessment and compliance notification policy if adopted.

State of the Environment reporting

The council has a practice of compiling a comprehensive *State of the Environment Report* every year, which is beyond the requirements of the Local Government Act for councils to compile the report every four years, with a supplementary one in the intervening three years.

The current 2004-05 report is excellent. It complies with all relevant legislative requirements. It is readily understandable, addresses the eight mandatory environmental sectors and uses the pressure-state-response model well to describe each sector. It includes tables of appropriate annual indicators from 2000-01 to 2004-05 that clearly measure and demonstrate environmental changes over time. In addition, the council has chosen to report on three other priority areas: 'Environmental Management Fund', discussed below; 'Sustainability', a key priority for council; and 'Social', in recognition that council needs to pursue an integrated approach to environmental management.

The report could be enhanced by more analysis and discussion of the implications of changes in environmental indicators and potential future responses.

The report refers to complaints received regarding the environment, issue-specific public meetings and the use of the *Social Data Research Project* to gather community views (see below). It could be further enhanced by a discussion about the ways in which the council has consulted the community in relation to the development of the State of the Environment report and outline more explicitly how it has involved the community in monitoring changes in the environment over time, in accordance with legislative requirements. *(Recommendation 19)*.

In terms of integration with council's other planning and reporting processes, each section of the report includes a tabulated summary of what council's response will be to the information reported, including in which management plan the proposed actions will be included and the responsible division.

However, it is difficult to ascertain from the report to what extent actions in previous plans (including the corporate plan) have been implemented, as no comparative statements are included.

There should be better integration between environmental strategies proposed in the council's corporate and other relevant plans and the outcomes reported in the State of the Environment Report, including an explanation for any differences between them. *(Recommendation 20)*

Environmental management

The council's environmental management fund is an example of innovative practice. The council has set aside $1M per annum for four years to assist the community and business attract grant funding for environmental projects around biodiversity, water and sustainability. To date the fund has leveraged $400,000 in grants.

Council's sustainability policy and environmental educational programs are very impressive. Council is one of the first seven councils in Australia to achieve Milestone 1 of the Cities for Climate Protection Program designed to reduce greenhouse gas emissions.

Compliance

Council's compliance functions with respect to development and planning matters are split between ranger services and the development assessment and compliance division. Ranger services are responsible for illegal development matters and the development assessment and compliance division is responsible for dealing with complaints about active building and subdivision sites. The relationship between the two sections is regulated by a memorandum of understanding that prescribes procedures for such matters as the referral of matters to the development and assessment compliance division for professional advice, feedback on the conditioning of consents and regular liaison meetings. Notwithstanding these

arrangements, staff commented that staff with specialist professional knowledge and expertise in such matters may be better placed to effectively discharge council's enforcement functions with respect to more complex development and planning matters.

In light of the above concerns and in the interests of pooling expertise within a single section, council should consider establishing a specialist compliance unit. *(Recommendation 21)* In doing so, council should ensure that it maintains formal liaison relationships between the compliance unit and other functional areas of council that impact on its work (for example to ensure the appropriate conditioning of consents).

Council has a proactive environmental compliance program. A good example of this is an industrial audit program aimed at encouraging environmental compliance amongst manufacturers. To encourage better practice the council provides certificates and rebates for good practice.

While council's environment and health division has a formal complaints policy, this appears to focus on a limited range of council's regulatory responsibilities. For example, it does not appear to prescribe procedures for the exercise of council's regulatory responsibilities under the Environmental Planning and Assessment Act. Council should consider developing a single enforcement policy that covers the full range of its regulatory responsibilities. *(Recommendation 22)* The NSW Ombudsman's *Enforcement Guidelines for Councils* is a useful resource that contains a model enforcement policy.

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

As noted by its auditor, council is in a sound and stable financial position. All indicators remain better than accepted industry benchmarks.

Operating results and trends

Council's operating results both before and after capital items has been in deficit for at least the last five years. However, the deficit has reduced over this time. Deficits before capital items have reduced from ($17.3M) in 2001-02 to ($7.66M) in 2004-05. Deficits after all activities ranged from ($9.5M) in 2000-01 to ($1.3M) in 2004-05.

Grants and contributions for operating purposes have increased slightly since 2001-02 from $19.0M to $21.6M in 2004-05. Grants and contributions for capital purposes have decreased by $4.5M over the same period ($10.86M in 2001-02 to $6.3M in 2004-05). As discussed above, council has established an environmental fund as a device for attracting matched funding grants for environmental management projects.

Council obtained gains from the sale of assets in 2004-05 of $1.8M. Similar income was derived in 2001-02 and 2002-03.

Employee costs have increased by $6.4M since 2003-04.

Liquidity and cash position

Council's unrestricted current ratio (UCR) for 2004-05 was 1.74. This is slightly below 1.88 for last year, but an improvement on previous years (around 1.6). The UCR measures the adequacy of working capital and the ability to satisfy obligations in the short term. It does not include externally restricted activities such as water, sewer or specific grants. A good UCR is considered to be greater than 2.

Council's unrestricted cash was $13.335M.

Council's Rates and Annual Charges Outstanding Percentage (RACO%) was 5%. The RACO% assesses the impact of uncollected rates and charges on liquidity and the efficiency of debt recovery. A benchmark for coastal councils such as Wollongong is less than 5%.

Council's Debt Service Ratio (DSR) for 2004-05 was 2%. This indicator assesses the degree to which revenues from ordinary activities are committed to the repayment of debt. A DSR of less than 10% is good. A DSR ratio from 10% to 15% is considered borderline and a DSR or more then 15% is considered to be of concern.

Council had total loans outstanding of $18.0M at 30 June 2005. New loans raised in the 2004-05 financial period were $3.517M. These were finance leases and deferred payments. Council applied for loans of $5.072M in 2005-06. $1.688M of this was for buildings with the balance for 'other purposes'.

Council has no internally restricted reserves for Employee Leave Entitlements (ELE). A reasonable percentage for internally restricted funds for ELE is considered to be 20% however council's policy is to have no internally restricted funds.

Special variation

In 2004-05, council applied for and was granted a special variation to general income under section 508A of the Local Government Act. The special variation was sought as part of a five-year program introduced in the 2004-08 corporate plan designed to reduce a critical shortfall in infrastructure asset funding. The program provides an additional $250k per annum for the replacement and maintenance of recreation assets, $500k per annum for buildings and an additional $2M for infrastructure in

2004-05 with an incremental increase of $2M planned for each year for the following years.

The special variation enables council to raise its general income by 5% in 2005-06 and 2006-07 and by 4% for 2007-08 and 2008-09. The approval was granted subject to a number of conditions. Council has generally complied with these conditions through the corporate planning and annual reporting processes.

As the infrastructure asset renewal program introduced in the 2004-08 corporate plan enters its third year, council has reported that funding targets have been met, with an additional $2M planned for expenditure on infrastructure in 2006-07. In total, $14.25M of additional funds has been invested in asset renewal in the first three years of the program.

Financial management strategy

To complement the development of its new strategic plan, council has developed a financial strategic plan. This will set the council's financial management strategy for the five-year period from 2006-11. It is intended that this will be integrated with the strategic plan and other related plans. The plan encompasses six key strategy areas. For each strategy, the plan sets outcomes and actions. It is expected that the plan will be refreshed quarterly and progress against milestones and outcomes reported to the executive management committee half-yearly.

As part of its financial management strategy, council has sought a credit rating from Standard and Poors. Council has been assigned an AA+ rating. Council has as a strategic objective the attainment of the top AAA rating. This exercise provides a device to have an independent organisation assess council's balance sheet and cash flow on an ongoing basis and to allow council to gauge its ability to meet current and forward obligations and the validity of underpinning assumptions to its ten year financial model.

Business improvement program

The special variation has not fully funded council's infrastructure renewal program. Nor does it fund the increased cost and demand for other council services. To maintain its commitment to the infrastructure program, in its 2005-09 corporate plan

council proposed to create 'bottom line' operational improvements of $5M per annum through a *Business Improvement Program* (BIP). The goal of the program is to create additional available funds, appropriate asset management provisions and provide organisational flexibility by reducing the proportion of council's budget committed to recurrent expenditure with additional funding being made available through the *Funding Allocation Process* (see below).

In its draft corporate plan council indicated that it was on target to deliver the first phase of a $5M improvement in net operational costs, subject to approval of the plan. The improvement proposals incorporated in the plan and the fees and charges policy include savings from a number of operational efficiency measures, targeted service rationalisation and user pays proposals.

The *Business Improvement Program* is driven by a specialist BIP subgroup of the governance working group comprising operational managers. It meets regularly, its meetings are minuted and it reports to the executive management committee. At its meeting of 17 May 2006, it agreed to continue to meet and to expand its role to drive efficiencies and business improvement across the organisation on an ongoing basis. The expansion of the program is a commendable initiative that reflects an organisational commitment to continuous improvement.

Funding allocation process

Since 2004, council has used a formal *Funding Allocation Process* to identify and assist in prioritisation of projects. For the purposes of the process, a 'project' is classified as anything requiring funding above the pre-existing recurrent budget. This process is a continual one with projects to be submitted using a prescribed form.

The *Funding Allocation Process* incorporates a template for capturing relevant information on projects requiring future funding and a process for prioritising them for inclusion in the corporate plan. The template identifies a quadruple bottom line against which projects are to be weighted incorporating social, economic, environmental, and governance considerations. The template incorporates a series of weightings to be applied against these and clearly defines criteria for the application of the weightings.

The process requires the identification of both establishment costs and recurrent costs for projects. For example, this means that for new capital items, it requires the disclosure of 'whole-of life' costs including asset management and maintenance costs and depreciation in line with best practice. The process also identifies alternative sources of funding for projects such as fees and charges, grants or section 94 funding.

This process provides a rational and transparent basis for identifying funding priorities for all non-recurrent projects based on all relevant information and ensures council expenditure is appropriately targeted and regularly reviewed using predetermined criteria.

Asset Management

The development of most of council's infrastructure coincided with the period of major population expansion from the 1940s to the 1970s. Council's assessment of its assets has found that most have expected lives ranging from 20 to 100 years and that the vast majority of assets exceeding 20 years of age are either past their useful life or are rapidly approaching that stage.

The written down value (WDV) of council's assets for the 2004-05 period was as follows:

- Roads, bridges & footpaths – 80%
- Stormwater drainage – 91%

The department considers that a WDV below 50% may be cause for concern.

In 2004-05, council estimated that the cost to bring assets to a satisfactory condition was $306.65M. In 2003-04 the estimated cost was $270.27M. In 2004–05, council's estimated annual maintenance was $33.53M while programmed maintenance was $12.84M, a shortfall of $20.69M.

Council's auditor, Price Waterhouse Coopers, has on a number of occasions, highlighted inadequacies in the level of expenditure on assets and the need to increase this in the short to medium term. It was this realisation that has driven the decision to undertake the five-year program introduced in the 2004-08 corporate plan

to reduce the critical shortfall in infrastructure asset funding. The challenge faced by council is highlighted by the fact that despite an increase in expenditure on infrastructure maintenance in the first year of the program, the gap between estimated and programmed maintenance as reported in the 2004-05 annual report remained unchanged from the previous year. However, under the program, infrastructure maintenance expenditure will continue to increase. If council meets its targets under the program, it seems likely that this will reduce the gap over time.

Council has recognised that this additional funding is not the only solution to the problem and that there is a need to change the way it approaches asset management. An important component of this new approach is the establishment of an asset management strategy that will produce asset management plans capable of meeting real business needs. To drive this process, council recruited an asset management project manager in October 2004. Council has also established a management of assets steering committee.

Council has adopted what it has termed a 'top down' process for the management of assets based on best practice asset management principles contained in the *International Infrastructure Management Manual* and the Municipal Association of Victoria's STEP program. Once implemented, this will see the establishment of an asset management framework comprising a hierarchy of policy and strategic documents and plans. At the apex of this framework is a *Management of Assets Policy* that sets a broad strategic direction for assets management. This will in turn inform a *Strategic Asset Management Plan* for the implementation of the policy. This will inform the development of life cycle based asset management plans for each asset class identified in the strategy that will inform the development of operational plans for each individual asset.

Council is currently in the early stages of this process. It adopted a *Management of Assets Policy* in June 2005.

Council is currently undertaking condition assessments of its assets, in the case of roads and road related assets, using new time-saving digital technology.

Council has programmed the development of a *Strategic Asset Management Plan* and the implementation of an asset management information system to be

completed by June 2007 under its current corporate plan. In the same plan, council has programmed for the documentation of service levels for all of its assets to be completed by June 2011.

Council's plans for the establishment of *Strategic Asset Management Plan* were the subject of a review conducted by council's internal auditors, KPMG, in June 2005. The internal auditors found that the objectives of the program were reasonable but noted that the establishment and maintenance of council's asset management framework will require the application of considerable resources. Council needs to ensure that adequate resources continue to be applied to the project. *(Recommendation 23)* However, if successfully implemented, council's asset management framework has the potential to set a benchmark in best practice asset management for the sector.

Land assets

Council has a land register for all its land holdings that reflects current statutory requirements. However it is currently developing a new land register using ePathways that will be linked to the GIS system and the proposed asset management information system. This goes beyond statutory requirements allowing an analysis of council's land holdings that drives its land management strategies. The new register has been completed for operational lands allowing it to identify surplus land stock that may be sold, potentially generating $18.6M in sales revenue. The completion of a new register for community lands will also drive the strategic management of that land as well as allowing the identification of further land surplus to council's needs.

Council has adopted a policy relating to the purchase and sale of land. The policy defines criteria for identifying property suitable for sale and provides how it will be sold. The policy only requires valuations to be sought where properties are not listed on the open market or in circumstances where council cannot reach agreement on a purchase price for properties listed on the open market.

Council has a commercial lease portfolio of 125 leases. Council utilises a Progenasys lease management system that allows leases to be managed in a more commercial manner. It also allows council to factor probable increased rent returns

into forward budgets. It is intended that this too will be integrated with council's proposed asset management information system.

Council has 1,764 community land sites. 1,711 are covered by specific plans of management with the remainder covered by a generic plan. Council reviews generic plans of management every six months to allow any property purchased or dedicated to council to be appropriately categorised and added.

Business Activities

Council has identified seven business activities. Two of these are category 1 businesses (with annual gross operating income greater than $2M per year) and five category 2 (with annual gross operating income less than $2M per year). Council has a process in place whereby the public officer deals with competitive neutrality complaints. To date, no such complaints have been received.

Council's commercial projects and property division is responsible for its property development and other entrepreneurial activities. In undertaking these activities, council utilises a sophisticated business case modelling and project management framework that incorporates risk management principles.

Council has previously entered into public private partnerships (PPPs) prior to the commencement of amendments to the Act relating to such arrangements. Council has started work on a policy that will prescribe the procedures under which it will enter into future PPPs. These will be modelled on the department's guidelines. Given council is currently contemplating further PPPs, this policy will need to be finalised and adopted as a priority *(Recommendation 24)*.

6.4 Community & Consultation

A council's charter relevantly requires that a council:

- provides appropriate services and facilities to the community after due consultation
- exercises community leadership
- 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
- promotes the principles of multiculturalism
- promotes, provides and plans 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:

- *Corporate plan*
- *Annual report*
- *Role of the community services division*
- *Community engagement*
- *Current social and community plan*
- *Social and cultural planning processes*
- *Sport and recreation*
- *Economic development.*

Corporate plan

Council's current corporate plan generally complies with statutory requirements. There is one minor area of non-compliance. Its statements in relation to its stormwater management annual charges and domestic waste management services annual charges contained in its revenue policy fail to disclose the estimated yield of the charges as required under section 404(3) of the Act. *(Recommendation 25)*

Council's corporate plan includes a number of useful enhancements that make it more accessible to the lay reader. These include an *"At a Glance…"* section that details the major projects planned next financial year and a financial summary that

explains the budgetary information contained in the plan and the technical terms used.

Council sought comment on the draft corporate plan through advertisements in the media, static displays in the administrative building foyer and branch libraries (which were sighted by the review team), council's internet page, (also sighted by the review team), and 15 community engagement kiosks set up at a local shopping centre and at community centres. Council received a total of 484 submissions. On its face, this represents a strong response. However it should be noted that of the 440 written submissions received, 426 were objections to the proposed budget cuts to the permanent lifeguard service at Scarborough and Coalcliff beaches (council subsequently resolved to reinstate these services at its June meeting). The community engagement kiosks attracted 523 residents, 259 of which interacted with staff. However, only 44 made comment on the draft corporate plan.

Annual report

Council's 2004-05 annual report generally complies with statutory requirements with the following exceptions:

- The report does not contain council's policy on the provision of facilities for use by councillors and the payment of councillors' expenses, but it does contain a brief summary
- The components that make up senior staff remuneration packages are not disclosed as required under amendments to the Regulation that commenced in September 2005
- The statements of the financial performance of council's category 1 businesses do not contain a comparison of actual performance with projected performance.

In preparing its next annual report council should ensure that it includes all information required to be included under the Local Government Act and the Local Government (General) Regulation. *(Recommendation 26)*

Role of the community and cultural services division

Council activities related to social planning, community service delivery and community engagement are largely coordinated through the council's community and cultural services division. The role of this division has shifted in recent years from providing traditional community facilities and services to a more strategic one in which it focuses on resourcing and supporting all of council's service divisions to engage with the community in context-specific and effective ways. This is in line with council's corporate values, goals and direction. For example, the division recently lent its community engagement expertise to assist in the development of the new *Development Assessment and Compliance Notification Policy* and *Civil Notification Policy* discussed above at page 42 and to conduct a consultation around a landscape masterplan.

Council still provides a number of key community services such as libraries, youth services, aged and disability services, sport and recreation facilities, as well as social and cultural planning. Through its strategic planning process and the development and use of specific planning tools such as *People, Planning and Places*, council has begun prioritising the need for and rationalising some traditional community facilities and services.

Community Engagement

Neighbourhood Committees

In 2005 the community and cultural services division was tasked with undertaking a review of neighbourhood committees, a primary mechanism for community engagement within the Wollongong local government area since 1993. The review used the then draft *Community Engagement Framework* (see below) to consult stakeholders and identified some key issues with the committees. Issues identified included concerns that they were not operating within their constitution (no quorum, low numbers), attendees did not necessarily reflect the demographic profile of their local area, agendas were monopolised by discussion around development, low council officer attendance and confusion regarding councillor attendance.

Controversially, the council disbanded the neighbourhood committees in October 2005 prior to the *Community Engagement Framework* being fully implemented.

Council opted not to replace the committees, and, under the new framework, is instead proposing to provide meeting spaces and training for approximately ten 'local area meetings' to be resourced and run by the community for discussion of council business. Although council staff and councillors may be invited to attend, there is no other formal involvement, budget or support provided by council.

The decision to disband the neighbourhood committees met with negative response from sections of the community and the local media. It has been perceived by some as premature given no formalised, alternative engagement processes involving community-based committees were in place at the time.

Given the contribution that voluntary community representatives on neighbourhood committees have made over the years, council should ensure that avenues remain open for former neighbourhood committee members to continue to be consulted in meaningful and appropriate ways through the new community engagement framework. *(Recommendation 27)*

Community Engagement Framework

In October 2005 Wollongong City Council adopted a *Community Engagement Policy* and *Community Engagement Framework* that employs a range of methods to inform and engage inclusively and directly with the diverse range of residents living within the community. In May 2006 a report detailing the full range of consultation methods in the framework was put to council and then publicly exhibited. Council will consider community feedback on this at its September 2006 meeting.

Officers in the Community and Cultural Services Division have spent significant time and resources developing the framework. Council researched a number of international models from the UK and Canada and several domestic models. Council also piloted a range of methods of engaging with the community to develop the most appropriate, systematised and context-specific engagement and consultation processes for the Wollongong local government area.

The results of this research have been fruitful. The framework supports a standard approach to community engagement across the organisation. It focuses on ensuring the most appropriate and effective engagement methods are identified and used for

each group of stakeholders and for each context. For example, the framework was successfully used to develop the *Towradgi Park Landscape Master Plan: Community Engagement Report*. Specific engagement strategies employed in this consultation included one-on-one consultations, an engagement kiosk, participant observation and surveys.

Underpinning the framework is the *Community Engagement Policy* as well as clear principles, standards, protocols, operational and evaluation tools to ensure clarity of purpose, organisational consistency, compliance and continued relevance of the framework. A new community engagement unit provides expert resources, training and support to councillors and council officers in engagement processes.

Some of the innovations within the framework include: stakeholder profiling; an assessment/evaluation template for each council project to identify purpose for engagement, stakeholders, impact of the project on the community and risks; a register to provide a record of engagement/consultation used for each project and a range of existing as well as new consultation mechanisms including surveys, kiosks, local area meetings, focus groups etc.

The framework is consistent with council's vision, mission and values as well as its corporate philosophies regarding customer focus, systems and processes, and engagement.

Communications & Public Relations

The council has a communications and public relations division to manage the media, public relations issues, publications and special events. The council has a clear media policy and processes in place to manage the media and issues when they arise. In addition, the Manager, Communications and Public Relations meets regularly with senior staff across council to generate ideas for good news stories as well as manage potentially negative issues that may emerge.

The council uses a range of media to keep the community informed of its activities including newsletters, its internet site, media releases, advertisements and direct letters.

Nevertheless media management remains a problem for the council, which is under constant scrutiny from local television, local radio and a local newspaper. Consequently the council needs to remain vigilant and proactive in managing its image and issues arising.

Current social and community plan

Council's current *Social Community Plan 2002/03-2005/06* meets most of the basic legislative requirements. It is well structured, readable, succinct and meaningful. However, its actions tend to vary markedly from the broadly strategic to the highly specific, confusing its focus. It lacks information on the scope of consultation undertaken, which would be valuable in ascertaining the level of community input and therefore the validity of the planning process.

The plan contains no assessment of the effectiveness of the previous social community plan. This is one of the five essential components of a social/community plan, as outlined in the department's current *Social and Community Planning and Reporting Guidelines*. Council's next social community plan should include an assessment of the effectiveness of the previous social community plan. *(Recommendation 28)*

Access to the social community plan via the website could be improved if it was included under 'Corporate Documents' rather than tucked away as a hyperlink text in the midst of the social planning pages. This would also serve to affirm its importance and foster better integration with other council planning documents. Council should place the social community plan with other key plans on the website. *(Recommendation 29)*

The social community plan does not appear to be well integrated into other council planning processes. For example, council's corporate plan contains little reference to the social community plan and no information about how the community may obtain/have input to this.

Further, it is difficult to ascertain from the corporate plan how well the social community plan is being implemented. While there is a relevant section in the corporate plan titled: *'Community and Cultural Services'* and some key program objectives and projects identified relate to social community plan initiatives, many

lack indicators and most lack explicit links to strategies outlined in the social community plan or to specific target groups. There are other relevant objectives and projects throughout the corporate plan that could be linked back to the social community plan but are not.

The annual report contains statements of what was achieved in community and cultural services. This is well laid out and informative but contains no comparison between actual and projected performance of access and equity activities during the year. The lack of reference to corporate and social community plan strategies/indicators makes it hard to ascertain if the plans have been implemented and to what extent. Page 73 of the annual report states the social community plan is due for renewal in 2005-06 and that *'…meanwhile strategies identified within the current plan are still being implemented'*. However, no detail is provided on what is being implemented and to what extent.

There should be better integration between the next social community plan, corporate and other relevant plans and the annual report. *(Recommendation 30)*

Council is currently developing its new *Social Community Plan 2006/07-2009/10* as well as its new cultural plan. The process for their development appears well thought out and very comprehensive. The council is using 'Target Group Working Parties' (TGWPs) to guide the development of the social community plan and to discuss results of consultations and to shape actions under broad strategies.

In developing its cultural plan, council has undertaken six cultural mapping workshops across the local government area to determine cultural needs and gaps and had four stakeholder workshops (artists, performers etc) to discuss major themes for the cultural plan.

A major source of consultation for both social and cultural planning processes was the *Social Data Research Project*, a place-based survey of approximately 2000 people conducted by the Community and Cultural Services Division in 2004 and another 2000 people in 2005. The survey collected demographic information as well as information about issues, needs, barriers to access etc. The 2005 survey included cultural planning questions.

Information collected through the project was put into a specially designed database that allows the council to extract information about the needs/issues of any target demographic of the community in any locality. For example, council can identify issues important to aged people in Corrimal. By approaching residents in strategic and targeted locations, such as shopping centres, main streets, parks etc the council has been able to capture the views of a wider range of the community than through traditional surveys, focus groups or public meetings.

The *Social Data Research Project* is an example of highly innovative practice.

Consistent with the council's corporate and strategic focus, the new social community plan will be issues based (rather than target group based as for the current plan), more reflective of council's key business areas, and the strategies and actions will be broad, but relevant and strategic in nature.

The new cultural plan is expected to be a more council-driven and achievable plan than the previous plan done in 1998.

Sport and Recreation

Council has a charter to manage approximately 2,500ha of open space, including three regional sports fields and botanic gardens that include an award winning education centre. It manages nine pools, 16 tidal rock pools and patrols 17 beaches, making it a council with more aquatic assets than any other local government area in NSW.

The council appears to have done outstanding work in the area of the management of its city parks and recreational facilities. Many of its practices in this area exceed industry standards. It has site safety management plans in place for all pools, beaches and parks that are reviewed and presented to new staff in inductions and all staff in training sessions on an annual basis. For example, it has strong water safety practices across its lifesaving, regulatory and service functions that go well beyond the requirements of the department's *Water Safety Practice Note*. It has strong school and community educational programs in relation to water safety.

Council has an effective, objective sports grants priority allocation process that has been in place for over ten years, with a selection criteria that ensures allocations are

not influenced by the political process. The grant allocation process has won awards in NSW and interstate.

Council's asset management system and its *People, Planning, Places* strategy will guide the strategic management of open spaces and aquatic assets under council's management by assisting it to identify where facilities and services are most needed, including localities where there may be oversupply or gaps.

Economic development

One of the items in a council's charter as defined under section 8(1) of the Act is to exercise community leadership. In fulfilling their charter in this respect, councils will often be required to take on an economic leadership role. This is particularly the case in regional areas such as Wollongong where there has been significant dislocation arising from structural change to the economic base over the last two decades. Commendably, Wollongong City Council has taken this role particularly seriously and has been active in promoting employment generating investment and economic activity in the region. Economic growth is one of seven programs identified in its strategic plan.

To guide the future direction of the Office of Economic Development, council has adopted a *Wollongong Economic Strategy* developed by Buchan Consulting Pty Ltd. This identifies opportunities to maximise Wollongong's full economic potential and possible impediments to its attainment.

In July 2004, council established an Office of Economic Development to create a 'one stop shop' for business. Amongst other things its role is to promote Wollongong as an attractive place for investment, participate with the University of Wollongong in securing new research and development opportunities, support and assist existing businesses, facilitate the elimination of barriers or blockages to new business opportunities and to work closely with planning officers to assist with DAs. Performance is reported in terms of numbers of investor enquiries, new businesses attracted, expansion of existing business and new jobs created as part of the quarterly review process.

Council has also established an Economic Development Reference Group comprising representatives from government, private sector and industrial

organisations. This meets on a quarterly basis to assist in providing direction for economic growth in the city.

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

At the time of the review Wollongong City Council had a workforce of approximately 1,082 full-time equivalent people. Council has one large works depot located relatively close to the town centre as well as the administration building in the town centre. There are also two smaller works depots, one located in the northern suburbs and one in the southern suburbs. Council's works teams currently operate from these depots. This is both cost efficient and time saving.

Council's actual salary expenditure for the year 2004 - 2005 was $65,722,355, which was $5.335M over budget. Significant variations that could be more accurately budgeted include increased resources for new projects and changes in job classification levels. Most new projects should be included in the corporate plan and should be able to be budgeted for more accurately.   Changes in position classifications are also relatively predictable. *(Recommendation 31)*

Human resources policies and procedures

Council's recruitment and selection processes, as viewed by the review team, were well documented and its staff development activities are of a high standard.

Council's induction program for new staff is well structured and conducted regularly. Workplace inductions are supplemented by corporate inductions, undertaken with groups of new recruits to the workforce and conducted every three months.

Council has had few disputes that have progressed to the external formal stage. The rest have been resolved within council, which indicates a good level of negotiation and mediation skills and a general willingness to work through issues on the part of staff and management.

Council's consultative committee meets regularly and keeps accurate records. Representatives indicated that issues raised through the committee are generally dealt with in a reasonable and timely manner, except for staff appraisals. The timeliness of staff appraisals is an essential part of maintaining a motivated workforce. Consultative committee members appeared confident that this matter would improve.

Training

The *Local Government (State) Award* (clause 23) requires each council to develop a training plan and budget and prescribes what is required to be taken into account when preparing the plan. In doing so it sets an industry standard. Although Wollongong City Council is excluded from the Award, an expectation exists that council will meet industry standards in this area.

Councils have other obligations in regard to staff training. Council staff in specialised roles are often required to maintain certain qualifications and/or complete refresher training in order to be allowed to carry out their work. Council's training obligations are being well serviced.

Some consideration should be given to more in-house delivery of training, as council staff are best placed to understand the particular needs of their own organisation. *(Recommendation 32)*

Employee remuneration

Council is required to have a salary system that determines how employees are paid and requires that an employee shall be paid the salary system rate of pay that recognises the skills the employee is required to apply on the job in line with industry standards. Council's salary system is satisfactory.

The general manager's contract

The general manager's contract has some problems that should be addressed. These issues may be circumvented by the introduction of the required standard contract of employment. The contract at the time of the review had a *Schedule 3 - Performance Review* attached.

Some of the performance measures are inappropriate and/or ineffective, and could be improved. These include:

- In the area of operational management - the outcomes and measures to determine the general manager's performance includes the provision of timely advice to him and the feedback he receives.
- Including the number of adverse comments on council's policies and practices by Industrial Relations Commission, Anti-Discrimination Board and Human Rights Commission and the number of working days lost attributable to council's policies and practices – these high risk and damaging outcomes might be more usefully changed or supplemented with reference to no substantiated adverse comments or, alternatively, the significance of the adverse comments.
- Although timely presentation of council's plans is an essential part of strategic planning it does not measure quality or indeed whether the plans comply with legislative or regulatory requirements.

Council should endeavour to include in the general manager's contract performance review criterion that more adequately capture performance levels. *(Recommendation 33)*

The contract is with the general manager and the performance review is of the general manager's performance. The position of general manager at Wollongong

City Council is currently called the 'chief executive officer'. The *Local Government Act 1993* section 334 (1) states "*A council must appoint a person to be its general manager."*

The recently released standard contract of employment for general managers only refers to general managers. Council should either revert to having a general manager as the senior appointment or include in its policies some indication that the general manager's position and the position of chief executive officer are the same. *(Recommendation 34)*

Equal employment opportunity

Section 345 of the Local Government Act outlines what the council's EEO plan is to include. Of particular significance are the requirements related to collection and recording of appropriate information (see related commentary in this report on the need for a HRIS) and the setting of goals and targets (see comments throughout this report regarding the importance of determining KPIs, setting targets and monitoring/analysing performance).

Council's current *EEO Management Plan* goes some way to meeting the requirements of section 345 of the *Local Government Act 1993*. However, it does not appear to meet the requirements of section 345 (2) (b), (c), (d), (f) (g) and (h). There is no information in the plan about the collection of appropriate information, how programs and policies are communicated to staff, review of personnel practices to identify discriminatory practices amongst other matters.

Council should amend its plan to include the required information. *(Recommendation 35)*

Occupational Health and Safety

The review team met with OH&S committee members and were provided with copies of the minutes of council's previous three meetings. Council appears to have a system that works exceptionally well for a large organisation. A recent WorkCover OH&S audit reported satisfactory results.

Human Resources Information Systems (HRIS)

Council needs to be able to access accurate and relevant data about its workforce and human resources activities. This data is necessary to identify issues that need to be addressed and to provide the means for assessing whether council's human resources strategies are working in the way intended. For such systems to be efficient and sustainable, data capture should be an inherent part of the way work is performed.

In modern workplaces, line management is primarily responsible for most workforce relations activities at an operational level. For this to be effective the activities in question (recruitment, training, grievance handling, OH&S, etc) should be measured by key performance indicators and targets for performance should be set and communicated. Line managers should have ready access to reports on those KPIs. Such an approach will facilitate accountability.

Human resources strategy

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

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

Council has a human resources strategic plan 2004-08. However, the plan does not include any time frames, or report on progress made on particular issues. It appears to have limited application to the needs of many of its employees below the level of assistant manager. Council should review its strategic human resources plan to address these issues and to ensure it addresses the issues of:

- council's ageing workforce
- the provision of a plan of succession for key positions
- increasing opportunities for apprenticeships, cadetships and traineeships to address challenges to council from career opportunities for employees outside council.

KPMG internal audit services in April 2006 identified the need for council to undertake succession planning. *(Recommendation 36)*

Working in temporary positions

Security of employment and recognition of work performed are two of the most important means by which an organisation indicates that it values its employees.

Some employees and consultative committee members indicated that there were a number of employees acting in positions other than their own. Some areas appear to be more affected by this than others. Without limiting employees' short-term career development opportunities, council should review the number of employees acting on higher duties for significant periods and permanent employees acting in temporary positions for significant periods. This should be done at the earliest opportunity. *(Recommendation 37)*

Employee Opinion Survey

Council conducted an employee survey in 2003 but no results were available to the review team. The point of undertaking surveys of this kind is to measure workplace satisfaction levels at a particular point in time and address any matters arising. Council has recently conducted another employee survey and should use the findings to identify and resolve issues of concern in order to improve its relationships with its employees. *(Recommendation 38)*

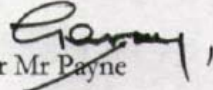## 7. COUNCIL'S RESPONSE

WOLLONGONG
City of Innovation

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RECEIVED
– 4 OCT 2006

3 October 2006

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

Dear Mr Payne

CONFIDENTIAL

I refer to your letter dated 12 September 2006, Document ID A61126, in relation to the Local Government Reform Program – Promoting Better Practice Review Report dated September 2006.

Council wishes to thank the Department for the way in which it undertook the review and supports the principle of undertaking such reviews in order to promote better practice within the NSW Local Government sector. These reviews should be seen as a way of recognising whether Councils perform to a high level and have systems and procedures which can be regarded as good practice and at the same time highlight those areas where Council can undertake some improvements.

It is pleasing to note that the Review has acknowledged that many aspects of Council's operations were impressive and a number of notable examples were included in the Draft Report.

The Report also reported upon what the Review team identified as significant gaps. The use of the word 'significant' should be reconsidered particularly when considering Council's response to the 45 draft recommendations. The attached comments are in response to what has been ascertained or perceived as significant gaps and this response makes comment upon each of the recommendations that are made as part of the Draft Report.

In the context of the overall scale, scope, range of functions and size of Wollongong City Council, it is considered that these gaps do not materially impact on the overall operation and performance of the Council. However, it is recognised that in some cases improvements can be made whilst in other cases the

- 2 -

Review team may not have had the opportunity to review all of the supporting documentation, systems, processes and procedures which would have led them to draw some different conclusions.

It is acknowledged that in a review process such as the one conducted under the Local Government Reform Program – Promoting Better Practice, that it is impossible in the short time available to gain an in-depth and thorough knowledge and understanding of the intricacies of a large and complex organisation such as Wollongong City Council. This is not meant to be a criticism but an acknowledgement that the Review team with the resources available could not possibly consider all aspects of the way in which this Council operates.
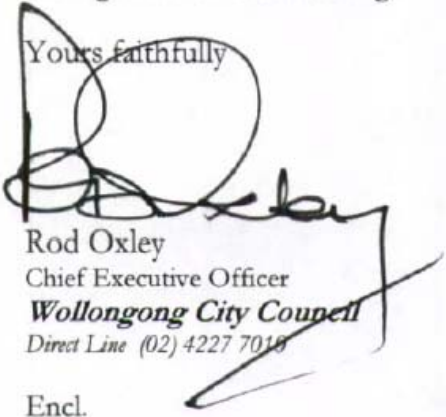
However before finalising the Review Report it may be appropriate that further discussion take place when the Review Team has had an opportunity to consider the attached response to the recommendations made in the Report to ensure that the Final Report is robust and is not lacking in substance or fact. I would be more than happy to meet with Mr John Davies who led the Review Team if there is any need to clarify any aspects contained within this response.

In conclusion Council has found the Review process, notwithstanding my comments above, to be beneficial and would certainly encourage a positive participation by all Local Government Authorities throughout New South Wales. I did convey to Mr Davies at the exit interview following the completion of the team's review a number of matters I considered would improve the overall review process. These do not appear to be reflected in the Draft Report. I would be more than prepared to further discuss these at a senior level within the Department of Local Government.

I have maintained confidentiality of this report and the response has been prepared in consultation with Council's Executive Management Team.

Enclosed please find Council's response to the Draft Report. I would like to be in a position to take the Final Report to Council's meeting on 27 November 2006 which is the last meeting of the calendar year. Therefore, receipt of the Final Report by Friday, 10 November 2006 would allow the Report to be included in the Agenda for that meeting.

Yours faithfully

Rod Oxley
Chief Executive Officer
Wollongong City Council
Direct Line (02) 4227 7010

Encl.

**Local Government Reform Program –
Promoting Better Practice Draft Review Report**

Response to Draft Review Report - Wollongong City Council - September 2006

The following comments are made in relation to the recommendations contained in Section 3 of the Draft Report commencing on Page 7 of 72 of the Report.

Strategic Focus

1. Council currently includes on its website information about its Vision, Mission, Values and the like, which may have been overlooked by the Review team. However, notwithstanding this, Council is currently reviewing the form and content of its web page and is continually enhancing the information it provides within the web. This will include the ability to track Development Applications, electronically lodged information to Council, and also for the broader community to find out information about the Council including the posting to the website 10 days in advance of both Council and Committee Meetings the Agenda and Business Papers for those meetings.

2. In relation to the Strategic Plan which covers the period 2006-2015, extensive community consultation and detailed research was carried out as part of the Wollongong Futures Project. This information was used to inform the development of the Strategic Plan. A copy of the Strategic Plan is enclosed for your information if you did not receive a copy during the Review process.

3. Council's Annual Report does provide a very comprehensive review of its principle activities and the programs set out in the Corporate Plan. The report does provide performance against objectives as well as a comprehensive set of financial reports. In addition the Report contains extensive information about who we are, various service locations, our corporate goals and the past 5 years' performance indicators against each of those goals. It also has an extensive section which deals with the year in review highlighting major achievements and also major challenges which will face the Council into the future. There is also a comprehensive section dealing with Council's elected representatives, the senior management structure and the planning framework and reporting framework that Council has developed over a number of years.

   The Annual Report has been entered into the Australasian Reporting Awards process where Annual Reports from both private and public sector organisations are judged for their extensive reporting to stakeholders and this Council has achieved a Gold Award for each of its past two Annual Reports. In fact Wollongong City Council is often referred to as the benchmark for its Annual Report within the Local Government sector across Australia and New Zealand. I enclose a copy of the 2004-05 Annual Report and will provide the Department with a copy of the 2005-06 Annual Report when it is published.

4. One of the hallmarks of Council's strategic and corporate planning process is the integration that does take place with other plans. I refer to the 2006-10 Corporate Plan (copy enclosed) which shows on Page 8 of that Plan our corporate planning framework and how various plans do integrate. Council would consider that it is achieving a high level of good practice in the structure and integration between its Strategic and Corporate Plans with other key strategic documents.

Governance

5. New guidelines were incorporated into the Conduct Committee Charter (copy enclosed) in September 2006.

6. Council does provide information to Councillors and designated staff on the completion of Returns of Interest to ensure that they are completed accurately and in a timely manner, however the Council will review this aspect of its governance requirements to ensure that it does meet best practice.

   All Councillors and designated persons are given guidelines, Department circulars, relevant tribunal decisions and copies of the relevant sections of the Local Government Act when they are requested to complete their returns.

7. Council has adopted the Model Code of Conduct which in Section 9 deals with Access to Information and Staff and breaches. The policy will be updated to be consistent.

8. This has been done in response to the new regulations.

9. This is current practice (adopted in response to Meeting Practice Note published December 2005). The grounds for closure of meetings are provided in Council's Agenda (see June 2006 Agenda enclosed).

10. What is being recommended is the current practice which is currently adopted by this Council.

11. Council agrees that there will be a removal of the distinction between 'Confidential' and 'Strictly Confidential'. These terms have been used to delineate the distribution of items which are marked 'Confidential' and 'Strictly Confidential', with "Strictly Confidential' items being generally relating to staffing matters and the distribution being restricted to elected Councillors and senior executive staff.

12. Council's current practice is that Minutes do comply with the requirements of Section 10D of the Act.

13. Council's current practice is that Minutes do comply with the requirements of Section 10D of the Act.

14. Council has ongoing training for staff, Councillors and volunteers. s355 committee members will be included.

15. Council is devoting considerable time and resources into developing a customer service framework as identified within the Draft Report. The report does acknowledge that Council has identified as a strategy the development of a 'Customer Service Framework' and the streamlining of a 'Customer Contact Procedures'. The report also acknowledges that the due date for this is June 2007. Council will continue this work and will take into consideration the matters which are covered on Page 30 of the report and also the publication from the New South Wales Ombudsman.

16. Draft policy prepared for adoption by Council in November 2006.

17. As has been commented upon in relation to point 14., Council has ongoing training for Council and staff in relation to the Code of Conduct and as part of that ongoing training Council provides ongoing training to Council and staff on protected disclosures. This is an ongoing program of training.

18. Council is in the process of developing for adoption a Disaster Recovery Plan.

19. The fee has never been used but was introduced in 2004/05 as the result of comments by the NSW Ombudsman in their 2003/04 Annual Report on what was a reasonable fee for retrieval of files from archive storage. It will be removed as the recommendations from the NSW Ombudsman to the Minister for LG have not yet resulted in any amendment to the LGA.

20. There is a current management policy in place (Public Access to Documents and Information Held by Council), a copy of which is enclosed.

21. Council's Finance Division is currently drafting a Procurement Policy & Procedures document. Contract variations are dealt with in areas such as supply contracts, pricing, conditions of purchase and supplier performance evaluation and conflict resolution

22. Council has a policy titled 'Management of Assets' which provides a framework for the management of physical assets (copy enclosed). This policy requires a disposal plan to be developed for each physical asset under Council's control that have a life exceeding 12 months and replacement value greater than Council's minimum asset limits ($5,000).

23. Wollongong City Council has embraced a shared set of business principles which underpin the achievement of Council's Vision, Mission and Values statements. These business principles, as well as our Vision, Mission and Values are displayed in our Corporate Plan.

In addition, the organisation has adopted a Code of Conduct for Councillors, staff, contractors and volunteers. The Code has been designed to ensure our delegates act in a way that enhances public confidence in the integrity of our organisation.

Council considers these two documents (the Corporate Plan and the Code of Conduct) adequately address the intent of the development of a statement of business ethics.

ICAC have developed guidelines for the development of a statement of business ethics. ICAC consider a good statement will usually contain the following:

- Key values or business principles (contained in Council's Corporate Plan)
- Expectations of staff and private sector contractors (identified in Council's Corporate Plan and Code of Conduct)
- How to report unethical behaviour (identified in Code of Conduct)

ICAC go on to say that a good statement should also deal with the organisation's position on the following issues:

- Gifts and hospitality (identified in Code of Conduct)
- Travel and accommodation (identified in Council policy)
- Conflicts of interest (identified in Code of Conduct)
- Sponsorship (identified in Sponsorship Policy)
- Confidentiality (identified in Code of Conduct)
- Ethical communication between private sector service providers and your organisation's staff (identified in Code of Conduct)
- Secondary employment and post-separation employment (identified in Code of Conduct)
- Your organisation's expectations of all contractors and sub-contractors (minimum requirements identified in Code of Conduct)

Council has identified and addressed each of these issues in its concise code of conduct document and through the preparation of its Business Principles.

Planning and Other Regulatory Functions

24. Over the last 2-3 years Council has been reviewing its overall assessment process and also its Local Environmental Plans. Council has now established a Major Developments Panel (copy enclosed) which will provide particular emphasis to charge development applications which can also be contentious. Further, the Council's Wollongong City Centre Revitalisation Strategy contemplates the establishment of independent review panels and this will be pursued as part of that strategy when it is finally adopted by Council towards the latter part of this year.

25. Council does include information about involvement of the community in the report and every four (4) years a feedback/evaluation page is included within the report submitted to Council. This is not included every year as generally the response is low but very positive.

   The second part regarding the community monitoring changes in the environment - Council is in the process of developing and refining community targets and indicators as part of its Triple Bottom Line (GRI) reporting process included in this year's Annual Report. This will be included in future reports as the targets and indicators are developed and tracked.

26. Council does include information within the SOE report on its waste, water and energy consumption as well as reporting on its activities in terms of biodiversity. Council has also reported its Ecological Footprint as a Council and as a community which was calculated by Sydney University (03/04) – the ONLY Council to have ever done an ecological footprint assessment. As the Ecological Footprint is such a huge project it is not conducted every year and therefore it is only reported on within the SOE when a new assessment has been done.

27. Council is currently working on this issue and including a section within each subject area on Management Actions and Future Actions.

28. Council is currently considering some of these issues though it is envisaged there is number of issues regarding skills and attracting appropriate skills and staff to such positions.

29. Ranger Services have developed and implemented a Complaints Procedure which deals with enforcement issues (copy enclosed).

Asset and Financial Management

30. Council has committed significant resources to the establishment and maintenance of its asset management framework. Contracts are about to be entered into for an asset management software platform which will bring together all of its assets and have them reviewed and managed through this framework. Asset management has not been developed to a high level of sophistication in the Local Government Sector generally, however this Council has made a strong commitment in this regard.

31. Council acknowledges that it needs to finalise and adopt its policy on public-private partnerships as a priority particularly having regard to a significant number of major projects where public-private partnerships will be considered as a means of delivering outcomes for those projects.

Community and Consultation

32. Council's Corporate Plan does project the yields of charges in its revenue policy across those broad areas such as domestic waste management services and the stormwater management services charge in particular. It also provides the pricing method which is applicable in determining the fees for such charges. This information is contained commencing on Page 130 of the Corporate Plan 2006-2010, a copy of which is enclosed.

33. In preparing its next Annual Report Council will ensure that it complies with statutory requirements as required under the Local Government Act and the Local Government (General Regulation).

34. Council has now adopted a comprehensive Community Engagement Framework which is made up of a number of significant elements. At the time of the Review the Community Engagement Framework had not been completed, however at its meeting on 25 September the Framework was adopted by Council. In relation to Neighbourhood Committees, Council recognised that these committees were not overall representative of the broader community and hence took the decision to discontinue support for its committees and to develop and subsequently adopt a more inclusive and comprehensive community engagement approach. Those community representatives who formerly served on Neighbourhood Committees will have available to them a number of channels where their views can be expressed. It is not Council's intention to particularly consult with the former Neighbourhood Committees.

35. Key measures in relation to the social plan are included in Council's Corporate Plan and are updated in the social and community plan on an annual basis.

Over the past 12 months, Council has worked on integrating its various planning documents (including the social plan) to ensure the key themes and conclusions from each of the plans are incorporated into the outcomes and overall goals for Council. The role of Council's Corporate Plan is to prioritise all of the actions required from the various planning activities to determine Councils' ability to resource, fund and deliver on these actions over a period of time. Reporting on the effectiveness of the social plan is therefore incorporated in the measures identified in the Corporate Plan.

The Department of Local Government is currently working on an Integrated Planning and Reporting Project to:

- improve integration of various statutory planning and reporting processes
  undertaken by Councils as required by the Local Government Act 1993 and Environmental Planning and Assessment Act 1979
- strengthen Councils' strategic focus
- streamline reporting processes
- ensure that the Local Government Act 1993 and the department's guidelines support a strategic and integrated approach to planning and reporting by local Councils.

Wollongong City Council submitted a response to the initial discussion paper put forward by the Department in February 2006 and has been consistent in its application of the framework prescribed in that response. The response articulated a hierarchical approach to management planning with documents such as the social plan, the state of the environment report and other such documents informing Council's Strategic and Corporate Plans.

Council therefore considers that reporting on the effectiveness of the social and community plan should occur in quarterly corporate reviews and annual reports to ensure an integrated approach to reporting on the achievement of Council's outcomes and overall goals.

36. Council's social and community plan is posted on Council's website. It is located in the social planning page accessible from the quick links on Council's home page.

   Council recognises the importance of the social and community planning document and does consider it a key document for the city. The location of this document on the website will be reviewed in-line with this recommendation as part of the comprehensive review of its website that Council is currently undertaking.

37. Comment has previously been made about the integration of its various Strategic and Corporate planning documents and this will continue to be enhanced, refined and improved on a continuous improvement basis.

Workforce Relations

38. Council has a very sophisticated and robust budgetary system and process which contains a number of checks and balances and is coordinated through Council's Finance Division with support from the Human Resources Division when it relates to budgets for wages and salaries costs. Enterprise Agreements provide for increases in rates of pay effective from 1 July each year in accordance with negotiations that have been undertaken between Council employees represented through respective unions and Council Management. The variation that has been highlighted in the report between Council's actual salary expenditure for the year 2004/05 and the amount which was identified as being over budget needs more critical analysis than is included within the report. It is not correct to imply that this variation in wages and salaries increases was of significance for enterprise bargaining as these increases are known in advance and are factored into forward forecasts.

39. Council provides a range of training opportunities which are provided by both in-house expertise and external resources. A decision to use either internal or external resources is based on cost-effectiveness, efficiency and the appropriate skill levels to be able to deliver the outcomes to fulfil Council's training needs.

40. This matter will be dealt with when finalising a Contract for Employment for the General Manager for the new Contract which will commence from 1 June 2007. Council has resolved to enter into a new Contract of Employment with the General Manager and now that the General Manager template is available this matter will be concluded with the assistance of external consultants and will be undertaken by Council's Performance Management Review Committee which consists of the Lord Mayor, Deputy Lord Mayor and four other Councillors who are appointed to the Committee by the Council.

41. In November 2005 Council undertook a review of its organisational structure following some extensive work undertaken by external consultants into the performance of Council's executive and senior management team. This review was aimed at developing and implementing a culture which would focus on achieving outcomes and was aligned in such a way to ensure that key functional responsibilities and accountabilities could be reinforced.

   The review considered the titles that would be attached to the key executive staff and adopted to use the title Chief Executive Officer to more appropriately reflect the executive role that this position was responsible for. It is interesting to note that when the 1993 Local Government Act was being developed it was clear that the most senior position within the Council would be that of the Chief Executive officer. Whilst the title General Manager eventually was incorporated into the Act the role and functions defined within the Act are those reflective of a Chief Executive.

   Similarly other members of the executive team have titles which reflect the function and role of their respective positions and these are Chief Operating Officer, Chief Financial Officer, Group Manager

Sustainability and Group Manager People and Culture. Throughout Local Government in Australia the majority of States utilised the title of Chief Executive Officer the most senior executive within the Council structure and consideration should be given to amending the NSW Local Government Act to align the most senior executives in Local Government within NSW with similar positions in other States. This would assist in being able to differentiate and define the role of Mayor and the most senior appointed executive within the Local Government industry.

Council will include in its policies an indication that the position of General Manager as indicated in the Local Government Act and the position of Chief Executive Officer are the same.

42. Council will amend its Equal Employment Opportunity Management Plan to include all the required information.

43. This recommendation is endorsed.

44. Council continually reviews how employees are appointed to positions and as a matter of principle does not support employees being placed in higher grade positions for long periods of time, however there are circumstances at times which bring about this situation and this will be reviewed.

45. Council did conduct an Employee Survey in February 2006, however at the time of the Review this survey had not been published. The information concerning the survey is now available and is being used by management to address those issues where concerns have been raised.

Enclosures

1. Strategic Plan 2006-15
2. Annual Report 2004-05
3. Corporate Plan 2006-10
4. Conduct Committee Charter
5. Council Agenda of June 2006
6. Council Policy 1.2 - Public Access to Documents and Information Held by Council
7. Council Policy 1.1 - Management of Assets
8. Major Developments Panel
9. Complaints Procedure relating to Enforcement Issues

8. SUMMARY- WHAT'S WORKING WELL & CHALLENGES

COUNCIL'S PRIORITIES AND FOCUS

What is working well

- Council has adopted a clearly articulated set of corporate values and strategic statements and corporate goals that underpin its strategic direction.

- Council has adopted a strategic plan to guide its operations over the next ten years that is underpinned by a well structured planning and reporting framework for realising its strategic goals.

- Council is well placed to deliver greater integration between its strategic plans and documents.

- Council's organisational structure is underpinned by a formalised organisational meeting structure.

Challenges to improve

- Council needs to improve linkages between its corporate plan, annual report and other key strategic documents.

GOVERNANCE

What is working well

- Council has all the key elements of an effective governance framework in place.

- Council has effective processes for providing information to councillors.

- Council's meetings are well run and the standard of debate high.

- Council has developed a comprehensive procurement policy and procedures and has adopted a policy on the disposal of minor assets.

- Council has a comprehensive risk management program and a rigorous and comprehensive internal audit program.

Challenges to improve

- Council needs to ensure returns of interests comply with statutory requirements.

- Council needs to ensure it complies with requirements relating to the closure of council meetings.

- Council needs to develop a customer service framework.

REGULATORY

What is working well

- Council is working well with the Department of Planning to develop a new suite of strategic planning instruments and is well advanced in the consolidation of its DCPs.

- Council has taken advantage of changes to the Environmental Planning and Assessment Act to more effectively raise developer contributions.

- Council has successfully adopted measures to minimise DA turnaround times and improve consultation practices.

- Council has an innovative environmental management fund to leverage grant funding and a good sustainability policy and environmental education programs in place.

Challenges to improve

- Council does not have an independent assessment process for DAs in which it has an interest or other controversial DAs.

- Council needs to clearly document community involvement in development of the State of the Environment report and in monitoring changes to the environment.

- Council needs to ensure better linkages between environmental strategies proposed in the corporate plan and reported in the State of the Environment report.

ASSET AND FINANCIAL MANAGEMENT

What is working well

- Council is in a sound financial position.

- Council has increased its investment in its assets and infrastructure and is developing an asset management program based on better practice.

- Council has implemented a number of innovative financial management strategies.

COMMUNITY, COMMUNICATION AND CONSULTATION

What is working well

- Council has developed innovative and effective community consultation and engagement processes.

- Council manages its parks, aquatic assets and recreational facilities well.

- Council has a clear strategy for promoting economic development.

Challenges to improve

- Council should ensure better integration between its social community plan, corporate and other relevant plans and annual report.

- Council needs to ensure its corporate plan and annual report comply with all statutory requirements.

WORKPLACE RELATIONS

What is working well

- Council's recruitment and selection processes were well documented and their staff development activities are of a high standard.

- Council's induction program for new staff is well structured and conducted regularly.

- Council has had few disputes that have progressed to the external formal stage indicating a good level of negotiation and mediation skills and a general willingness to work through issues on the part of staff and management.

- Council's consultative committee meets regularly and keeps accurate records.

- Council's salary system is satisfactory.

Challenges to improve

- Council should be more accurately budgeting and including new projects and associated costs as part of the corporate plan and the annual budget.

- Council should ensure that the general manager's contract includes performance review criterion that adequately reflect required performance levels.

- Council should either revert to having a general manager as the senior appointment or include in its policies some indication that the general manager's position and the position of chief executive officer are the same.

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

- Council should amend its strategic human resources plan to include time frames and progress made on achievements as soon as practicable.

- Given its size, level of complexity and skills shortages in particular areas, council should develop a succession plan for its senior and strategic staff positions.

- Council should, as a matter of some urgency, address the number of employees acting in higher duties positions or permanent employees acting in temporary positions for significant periods.