

22 February 2006

Dear Councillor,

In pursuance of the provisions of the Local Government Act, 1993 and the Regulations thereunder, notice is hereby given that a **POLICY REVIEW COMMITTEE MEETING** of Penrith City Council is to be held in the Pasadena Room, Civic Centre, 601 High Street, Penrith on Monday 27 February 2006 at 7:00PM.

Attention is directed to the statement accompanying this notice of the business proposed to be transacted at the meeting.

Yours Faithfully

**Alan Travers**  
General Manager

*BUSINESS*

1. **APOLOGIES**
2. **LEAVE OF ABSENCE**
3. **CONFIRMATION OF MINUTES**  
*Policy Review Committee Meeting - 14 November 2005.*
4. **DECLARATIONS OF INTEREST**  
*Pecuniary Interest (The Act requires Councillors who declare a pecuniary interest in an item to leave the meeting during discussion of that item)*  
*Non-Pecuniary Interest*
5. **ADDRESSING THE MEETING**
6. **MAYORAL MINUTES**
7. **NOTICES OF MOTION**
8. **ADOPTION OF REPORTS AND RECOMMENDATION OF COMMITTEES**
9. **MASTER PROGRAM REPORTS**
10. **URGENT REPORTS (to be dealt with in the master program to which the item relates)**
11. **QUESTIONS WITHOUT NOTICE**
12. **COMMITTEE OF THE WHOLE**



**POLICY REVIEW COMMITTEE MEETING**

**MONDAY 27 FEBRUARY 2006**

**TABLE OF CONTENTS**

**MEETING CALENDAR**

**CONFIRMATION OF MINUTES**

**MASTER PROGRAM REPORTS**

## MEETING CALENDAR

February 2006 - December 2006

	TIME	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
		Mon	Mon	Mon	Mon	Mon	Mon	Mon	Mon	Mon	Mon	Mon
Ordinary Meetings	7.00 pm	6	6	3	1❖	5	3	7	4✓	9	6	4
		20 #+		24	15 #	19*	17	21#+	18 25^	23	20 #	11
Policy Review Committee	7.00 pm	27	20@		22	26	24	28	11@	16	13	

# Meetings at which the Management Plan quarterly reviews are presented.

#+ General Manager's presentation – half year and end of year review

@ Strategic Program progress reports (only business)

❖ Meeting at which the Draft Management Plan is adopted for exhibition

\* Meeting at which the Management Plan for 2006/2007 is adopted

✓ Meeting at which the 2005/2006 Annual Statements are presented

^ Election of Mayor/Deputy Mayor (only business)

- Council has two Ordinary Meetings per month where practicable.
- Extraordinary Meetings are held as required.
- Policy Review Meetings are held monthly where practicable.
- Members of the public are invited to observe meetings (Ordinary & Policy Review) of the Council.

Should you wish to address Council, please contact the Executive Officer, Glenn McCarthy on 47327649.

**UNCONFIRMED MINUTES  
OF THE POLICY REVIEW COMMITTEE MEETING OF  
PENRITH CITY COUNCIL HELD IN THE PASSADENA ROOM, PENRITH  
ON MONDAY 14 NOVEMBER 2005 AT 7:01PM**

**PRESENT**

His Worship the Mayor Councillor John Thain, Councillors Jim Aitken OAM, Kaylene Allison, Lexie Cettolin, Kevin Crameri OAM, Greg Davies, Mark Davies, Ross Fowler, Jackie Greenow, Karen McKeown, Garry Rumble, and Steve Simat (arrived at 7:03pm) .

**APOLOGIES**

PRC 64 RESOLVED on the MOTION of Councillor Karen McKeown seconded Councillor Kaylene Allison that apologies be received and accepted from Councillor Susan Page and Councillor Steve Simat.

**LEAVE OF ABSENCE**

Leave of Absence was previously granted to Councillor Bradbury for the period 31 October to 4 December 2005 inclusive.

His Worship the Mayor Councillor John Thain advised the meeting that Councillor Pat Sheehy had requested leave of absence for the period 9 November to 20 November 2005 inclusive.

PRC 65 RESOLVED on the MOTION of Councillor Jackie Greenow seconded Councillor Garry Rumble that leave of absence be granted to Councillor Sheehy for the period 9 November to 20 November 2005 inclusive.

**CONFIRMATION OF MINUTES - Policy Review Committee Meeting - 17 October 2005**

PRC 66 RESOLVED on the MOTION of Councillor Ross Fowler seconded Councillor Garry Rumble that the minutes of the Policy Review Committee Meeting of 17 October 2005 be confirmed.

**DECLARATIONS OF INTEREST**

There were no declarations of interest.

**MASTER PROGRAM REPORTS**

**THE CITY AS A SOCIAL PLACE**

**1 City of Penrith Regional Indoor Aquatic and Recreation Centre Ltd -  
Annual Report and Board of Directors**

**2986/8**

Council's Facilities Operations Manager, Mr Gary Dean gave apologies from the Manager of Ripples, Mr Geoff Yates, and introduced the Chairman of City of Penrith Regional Indoor Aquatic and Recreation Centre Ltd, Councillor Ross Fowler, who gave a short presentation on the company's annual report.

PRC 67 RESOLVED on the MOTION of Councillor Garry Rumble seconded Councillor

Mark Davies

That:

1. The information contained in the report on City of Penrith Regional Indoor Aquatic and Recreation Centre Ltd - Annual Report and Board of Directors be received.
2. Councillor John Thain be appointed to fill the vacancy that occurred at the Eleventh Annual General Meeting of the City of Penrith Regional Indoor Aquatic and Recreation Centre Ltd.
3. Council agree to underwrite the operations of the City of Penrith Regional Indoor Aquatic and Recreation Centre Ltd until the presentation to Council of the City of Penrith Regional Indoor Aquatic and Recreation Centre Ltd Annual Report for 2005-06
4. Council congratulate the Board of the City of Penrith Aquatic and Recreation Centre on their success and achievements over the 12 months to the end of June 2005
5. Council investigate options for improving facilities at the Hydrotherapy Centre, such as the provision of consulting rooms for health professionals.

**2 Penrith Whitewater Stadium Ltd - Annual Report and Board of Directors**

**2988/15**

Council's Facilities Operations Manager, Mr Gary Dean introduced the Manager of Penrith Whitewater Stadium Ltd, Mr Peter Flowers, who gave a short presentation on the company's annual report.

PRC 68 RESOLVED on the MOTION of Councillor Garry Rumble seconded Councillor Kevin Crameri

That:

1. The information contained in the report on Penrith Whitewater Stadium Ltd - Annual Report and Board of Directors be received
2. Conrad Ozog and Deborah Waugh be appointed to fill vacancies that occurred at the Seventh Annual General Meeting of the Penrith Whitewater Stadium Ltd.
3. Council agree to underwrite the operations of the Penrith Whitewater Stadium Ltd until the presentation to Council of the Penrith Whitewater Stadium Ltd Annual Report for 2005-06
4. Council congratulate the Board of the Penrith Whitewater Stadium Ltd on their success and achievements over the 12 months to the end of June 2005.

Councillor Mark Davies left the meeting the time being 7:30PM.

Councillor Jim Aitken left the meeting the time being 7:31PM

Councillor Mark Davies returned to the meeting the time being 7:33PM.

## **THE CITY IN ITS ENVIRONMENT**

### **3 Domestic Waste Strategy**

**31/59**

Council's Waste and Community Protection Manager, Mr Barry Ryan, introduced Mr Paul Howlett from Wright Corporate Strategies who gave a short presentation on Council's waste strategy.

PRC 69 RESOLVED on the MOTION of Councillor Garry Rumble seconded Councillor Ross Fowler

That:

1. The information contained in the report on Domestic Waste Strategy be received
2. Council adopts the draft Domestic Waste Management Strategy identified in this report
3. The Waste and Community Protection Manager be authorised to develop tender documents for the services and processes as outlined in this report
4. A further report be presented to Council on the development of tender documents for new waste collection, disposal and treatment services.

Councillor Jim Aitken returned to the meeting the time being 7:56PM.

## **LEADERSHIP AND ORGANISATION**

### **4 Service Specification Program**

**36/35**

PRC 70 RESOLVED on the MOTION of Councillor Ross Fowler seconded Councillor Mark Davies

That:

1. The information contained in the report on Service Specification Program be received
2. The specification for the City Partnerships service be adopted
3. The specification for the City Marketing service be adopted
4. The specification for the Neighbourhood Facilities Management service be adopted
5. The specification for the Community Safety service be adopted.

### **5 Westpool Activities**

**6011/38**

His Worship the Mayor, Councillor John Thain, informed the meeting that Councillor Ross Fowler had been elected as Chairman of Westpool for the twelfth consecutive year.

PRC 71 RESOLVED on the MOTION of Councillor Greg Davies seconded Councillor Jackie Greenow

That the information contained in the report on Westpool Activities be received.

**QUESTIONS WITHOUT NOTICE**

**QWN 1    Effects of the Federal Government's Industrial Relations Legislation**

Councillor Greg Davies requested an urgent report be prepared for Council on the implications that the Federal Government's Industrial Relations legislation has for Council and its various incorporated entities.

**QWN 2    Leave of Absence**

Councillor Ross Fowler requested Leave of Absence for the period 19 November to 24<sup>th</sup> November 2005 inclusive.

His Worship the Mayor, Councillor John Thain ruled that the matter was urgent and should be dealt with at the meeting.

PRC 72 RESOLVED on the MOTION of Councillor Jackie Greenow seconded Councillor Jim Aitken that Leave of Absence be granted to Councillor Fowler for the period 19 November to 24<sup>th</sup> November inclusive.

There being no further business the Chairperson declared the meeting closed the time being 8:07pm





## MASTER PROGRAM REPORTS

<b>Item</b>		<b>Page</b>
<b>THE CITY AS A SOCIAL PLACE</b>		
1	Penrith Bicentennial Performing Arts Centre Ltd - 2004/05 Annual Report and Board of Directors 961/13	1
2	Penrith Regional Gallery and Lewers Bequest Ltd - 2004/05 Annual Report and Board of Directors 1043/11	5
3	Penrith City Children's Services Co-operative Ltd 1343/2	11
<b>LEADERSHIP AND ORGANISATION</b>		
4	Financial Settings for the 2006-2007 Management Plan 36/47	21
5	Alignment of the Organisation 36/39	33
6	Draft Salary Packaging Policy	40
7	Service Specification Program 36/35	43
8	Local Government Amendment Act 2005 754/10	60



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## **THE CITY AS A SOCIAL PLACE**

<b>Item</b>		<b>Page</b>
1	Penrith Bicentennial Performing Arts Centre Ltd - 2004/05 Annual Report and Board of Directors 961/13	1
2	Penrith Regional Gallery and Lewers Bequest Ltd - 2004/05 Annual Report and Board of Directors 1043/11	5
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**The City as a Social Place**

**1 Penrith Bicentennial Performing Arts Centre Ltd - 2004/05 961/13  
Annual Report and Board of Directors**

**Compiled by: Gary Dean, Facilities Operations Manager**

**Authorised by: Steve Hackett, Director City Services**

**Strategic Program Term Achievement:** *The cultural assets of the City have been integrated to establish its reputation as a creative place.*

**Critical Action:** *Further integrate the City's principal cultural facilities to maximise community benefit.*

**Presenters: John Mullane - Deputy Chairman, Penrith Bicentennial Performing Arts Centre Ltd -  
John Kirkman, CEO - Joan Sutherland Performing Arts Centre Ltd -**

**Purpose:**

*To provide Council with details following the seventeenth Annual General Meeting of the Penrith Bicentennial Performing Arts Centre Ltd. The Deputy Chairman of the Board and the CEO will make a short presentation. The report recommends that the information be noted, that a Director be re-appointed and that Council underwrite the operations of the Company until presentation of the next Annual General Meeting Report.*

**Annual Report**

This report to Council follows the Seventeenth Annual General Meeting of the Company held 9 November 2005 for the trading period 1 July 2004 to 30 June 2005.

The Deputy Chairman of the Board and CEO will be in attendance tonight to make a short presentation. Following are the Chairman's and Chief Executive Officer's reports extracted from the Annual Report.

**Chairman's Report**

The Chairman presented a verbal report to the Annual General Meeting. The Deputy Chairman will provide details of the Chairman's report at tonight's meeting.

**Chief Executive Officer's Report**

The financial year ending 30 June 2005 has been one of the most challenging years for the Centre from an operational point of view, principally due to the major extensions project. Working in the Centre, surrounded by a 'building site' has presented difficulties, not only for staff but also for regular users and visitors to the Centre.

Fortunately for everyone concerned Council's builder, Arenco Pty Ltd, has been most cooperative, which has resulted in minimum inconvenience. In any event the problems we have had during the construction period have been well worth it, as we will have (on

completion), a truly magnificent performing arts centre – something we have been waiting for, for a while and that the Penrith (and broader) community deserve.

The extensions project has been undertaken in two (2) stages – stage 1 was occupied in February this year. That included the new (and expanded) Penrith Conservatorium of Music, administration area and box office and expansive public foyer. The administration and box office areas have been welcomed by the staff and have led to operational efficiencies.

The Centre continued to provide venue management to the Q Theatre in Railway Street. The last performance in that building is planned for August and the resident theatre Company is producing a show which will highlight the long history of the Company. The building is planned for demolition soon after the last performance. Council continued to underwrite the costs of that venue management by an increase in its annual operating subsidy to the Centre.

Following the occupation of the stage 1 of the extensions, Council agreed to second its Facilities Operations Manager, Gary Dean to the Centre in the position of Acting CEO. This was done to assist the Centre's staff in the 'change management' process, including implementing the recommended new staffing structure. The former General Manager of the Centre, Ms Valda Silvy moved into a newly created position of Director of the Penrith Conservatorium of Music, a position needed to reflect the greatly expanded Conservatorium.

Another new position was that of Chief Executive Officer. The recruitment process resulted in the appointment of Mr John Kirkman, formally the Penrith Regional Gallery and Lewers Bequest Director.

The Board endorsed recommendations regarding appointments to other positions within the staff structure. Existing staff were afforded the opportunity to move into these new positions. Further appointments will be made in the next financial year.

The expanded Centre has brought with it increased operational costs, an issue which was identified and accepted by Penrith City Council prior to the start of the project. Council accepted that its annual operating subsidy would need to increase commensurate with the increases in the operational costs. For the year ending 30 June 2005 the Centre received \$486,245 from Council, an increase of \$186,245 from the previous year. Work has commenced on the 2005/06 Business Plan.

The Company posted a loss of \$133,942 as compared with a profit of \$102,939 for the previous year, despite the increase in the subsidy from Penrith City Council. The main contributing factor to this year's results relates to the Company's contribution of \$304,000 towards the extensions project which has been taken up into the financial statements. There has also been an increase in some areas of the operational budget arising from the expanded Centre. The building activity associated with the extensions project has been a significant factor for the drop in ticket sales. The Company also made major purchases of new pianos from Reserves (\$135,511) and other items associated with the extensions (\$70,300).

Full financial details are contained in the accompanying accounts and notes to the Financial Statements.

The Centre continued to provide its regular program of events like the monthly 'Morning Melodies', the Piano Recital Series (including a master class by Roger Woodward), student concerts and workshops.

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The Centre is the largest examination centre outside of Sydney where over 1,000 students undertook AMEB, Trinity or ANZA Exams.

Students of the Conservatorium are regularly being asked to perform at outside functions like weddings and Council and corporate events. The increase in the requests is reflective of the quality of the students performances. Other students participate in music theatre productions, with one student being awarded the MacDonal Contemporary Singer of the Year.

Despite the extensions construction program (and its associated impacts) the Conservatorium continued to provide a high level of teaching across various disciplines. In July 2004, we had 256 students which has increased to 299 by year end. The teaching staff has remained constant at 26.

In conclusion thanks go the Board of Directors for their support, guidance and encouragement during the year. Continuing this relationship in the years ahead will be important to increasing the success and achievements of the Centre.

During this last year two (2) long standing Directors retired, namely Malcolm Borland and Barry McDonald, both of whom have been there since the start and have made a major contribution to the success of the Centre.

Finally, thanks must also go to the staff at the Centre for their loyalty, support and hard work, in what has been a difficult year. Their contributions are greatly appreciated and will be encouraged in the years ahead so that the JSPAC remains as a '*Centre of Excellence*' in performing arts.

### **Board of Directors**

The Articles of Association of the company provide, in part, that:

1. To provide continuity the members of the Board shall resign on a rotating basis. At the First Annual General Meeting, five (5) Directors (including one (1) Councillor) shall resign. At the Second Annual General Meeting, five (5) members shall resign (including one (1) Councillor). Thereafter, the members of the Board, except the Council officer, shall resign after they have served on the Board for three (3) years after appointment or re-appointment to the Board.
2. All retiring Directors shall be eligible for re-appointment.

Council should note that as per the Articles of Association, Mr Mario Bellantonio OAM resigned at the Annual General Meeting of the Company held on 9 November 2005 and Mr Bellantonio nominated for reappointment. It was resolved at the Seventeenth Annual General Meeting of the Penrith Bicentennial Performing Arts Centre Ltd that Penrith City Council be requested to endorse the appointment of Mr Mario Bellantonio OAM as continuing Director of the Penrith Bicentennial Performing Arts Centre Ltd.

The Hon Mr Peter Anderson AM was re-elected as Chairman. Mr John Mullane, was reappointed Deputy Chairman.

Council's Director - City Services, Mr Steve Hackett is the General Manager's representative and Company Secretary.

### **Financial Accountant – Entities Comments**

As outlined in the Chief Executive Officer's report, the 2004-05 operating result for the Penrith Bicentennial Performing Arts Centre Ltd was a loss of \$133,942. This loss included both an increased subsidy from Penrith City Council of \$200,000 and contributions of



\$304,000 made by the company towards the building extensions. Also mentioned in the Chief Executive Officer's report are the likely additional operational costs of the expanded facility and revised staffing structure that come with "a truly magnificent performing arts centre". In adopting the 2005-06 Budget for the expanded facility, the Board is anticipating another loss in the order of \$197,500. The company cannot continually sustain losses of this magnitude and the long-term financial health of the company will be reliant upon significant increases in either operating revenues or Council's annual subsidy.

### **Conclusion**

The last 12 months has been a significant period of 'transition' for the Centre with the completion and official opening of the extensions and the installation of the expanded management structure. Plans are well advanced for the introduction of new and expanded arts programs and initiatives that will see the Centre achieve its 'excellence' status.

### **RECOMMENDATION**

That:

1. The information contained in the report on Penrith Bicentennial Performing Arts Centre Ltd - 2004/05 Annual Report and Board of Directors be received
2. Council congratulate the Board of the Penrith Bicentennial Performing Arts Centre Ltd for the results over the twelve months to end of June 2005
3. Mr Mario Bellantonio OAM be reappointed to fill the vacancy that occurred at the Seventeenth Annual General Meeting of the Penrith Bicentennial Performing Arts Centre Ltd
4. Council agree to underwrite the operations of the Penrith Bicentennial Performing Arts Centre Ltd until the presentation to Council of the Penrith Bicentennial Performing Arts Centre Ltd Annual Report for 2005/06

### **ATTACHMENTS/APPENDICES**

There are no attachments for this report.

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**The City as a Social Place**

**2 Penrith Regional Gallery and Lewers Bequest Ltd - 2004/05 1043/11  
Annual Report and Board of Directors**

**Compiled by: Gary Dean, Facilities Operations Manager**

**Authorised by: Steve Hackett, Director City Services**

**Strategic Program Term Achievement:** *The cultural assets of the City have been integrated to establish its reputation as a creative place.*

**Critical Action:** *Further integrate the City's principal cultural facilities to maximise community benefit.*

**Presenters: John Mullane, Board Member - Penrith Regional Gallery and Lewers Bequest -  
John Kirkman, former Gallery Director - now CEO Joan Sutherland Performing Arts Centre -**

**Purpose:**

*To provide details to Council following the third Annual General Meeting of the Penrith Regional Gallery and Lewers Bequest Ltd. Board Member, John Mullane, and former Gallery Director, John Kirkman, will be making a brief presentation. The report recommends that the information be noted, that certain Directors be re-appointed and that Council underwrite the operations of the Company until the presentation of the next Annual General Meeting Report.*

**Background**

The third Annual General Meeting of the Company was held on Tuesday 29 November 2005 for the period ended 30 June 2005.

**Chairman's Report**

2004-05 has been a period of great uncertainty for the Gallery.

Much of the momentum gained since John Kirkman's appointment as Director in November 2001 and the consequential transformation of the Gallery has been lost.

The transition from a Committee of Management model to a Board has not been without its difficulties. The commitment to proper corporate governance is however not negotiable.

Over three years have elapsed since the NSW Government announced the \$1.65 million grant for enhancements to the Gallery. Currently we are advised that construction work should commence in early 2006.

The fact remains that the Gallery has had to "mark time" for two years waiting for the building program to commence. This has had a detrimental impact on programming and therefore attendance and income.

It is our fervent hope that the long-awaited buildings works will be completed by mid 2006 at which time we will seek to regain lost momentum.

Penrith City Council's promotion of cultural facilities continues and Council's support of the Gallery is acknowledged. The support of the Ministry for the Arts has also been of particular assistance in recent years as well as the ongoing sponsorships from SITA Environmental Solutions.

It remains for me to express appreciation to the Director and staff, my Board colleagues, members of the Friends and other volunteers who continue to support the Gallery.

### **Gallery Director's Report**

#### ***GALLERY DIRECTOR'S REPORT - 2004-05 ACTIVITIES***

2004/05 activities focused on the following key result areas i.e.

1. Exhibition Programs
2. Education Programs
3. Collection Management
4. Garden Conservation
5. Strategic Planning
6. Volunteers
7. Capital Works
8. Revenue & Sponsorship.

Of continued success was the development of synergies with and between contemporary visual arts practice, community cultural development and art scholarship. The Gallery's strategy to re-establish community links and thus create a solid visitor base, via inclusive exhibition and education outreach programs (premised on the balance of populism and scholarship; local and global concerns; community and professional curatorship; emerging and established artists) continued to be popular in the first six months of the financial year.

However, it should be noted that Gallery visitation began to drop after February 2005 due to the requirement of emergency exhibition programming due to the delay in commencement of scheduled capital works. This trend continued throughout the remainder of the financial year and has had a negative impact on forward planning, curatorial and education program development and staff morale.

Of positive note was the production and presentation of the *Shimai Toshi* exhibition in Japan (visitation @ 6,250) and the continued touring of *Unreal Rock: Photos by Jacques L'Affrique aka David Porter* (visitation @ 1,950).

#### ***PERFORMANCE INDICATORS***

Performance indicators reveal the following pattern of expansion in the key result areas i.e.

- Visitation: 46,098(02-03), 43,786(03-04), **45,585(04/05)\***
- Exhibitions: 37(02/03), 33 (03/04), **26 (04/05)**
- Gallery income i.e. revenue and sponsorship: \$28,051(02/03), \$49,954 (03/04), **\$64,380 (04/05)**
- Grants received: \$175,000 (02/03), \$235,000 (03/04), **\$424,446 (04/05)**
- Promotion valuation: \$10,572,588 (02/03), \$6,077,721 (03/04), **\$2,355,0122(04/05)**
- Events/Workshops/Lectures: 473 (02/3), 660 (03/04), **450(04/05).**

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\*8,200 visitors to travelling exhibitions produced by the Gallery.

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**Specifically...**

*1. Exhibition Programs*

- **Operation Art** (26 June-16 August 04). Visitation @ 11,083. Promotion @ \$83,867.
  - **Rude Shock Residency** (23 Aug-22 Sept 04). Artists Arlene Textaqueen, Michael Butler, David Griggs, Elizabeth Pulie & Jose Legaspi. A five-week live-in residency project. Visitation @ 6,733. Promotion valued @ \$1,408,565.
  - **Going Pro** (23 Aug 04-6 Feb 05). "One work" solo shows presenting digital media and sculptural installation from seven UWS recent graduates. Visitation @ 14,939.
  - **Rude Shock Exhibition** (2 Oct-5 Dec 04). Visitation @ 8,927. Promotion @ \$1,408,565.
  - **Making Sugar** (2 Oct - 5 Dec 04). A collaborative exhibition/Installation highlighting the natural process of photosynthesis. Promotion valued @ \$490,055.
  - **Ossature** (11 Dec 04 - 6 Feb 05). Alison Clouston and Boyd. Visitation @ 6,474. Promotion valued @ \$120,795.
  - **Fugitive Ground** (11 Dec 04 - 6 Feb 05). Photographic work by Bette Mifsud. Visitation as above. Promotion valued @ \$15,200.
  - **Welcome To My Lounge Room** (11 Dec 04 - 6 Feb 05). Explores the lounge room as a feature of contemporary housing. Visitation as above. Promotion valued @ \$15,200.
  - **No, No, No** (11 Dec 04- 6 Feb 05). Maria Cruz' exhibition of over 80 paintings. Visitation as above. Promotion valued @ \$15,200.
  - **Old Friends** (11 Dec 04- 6 Feb 05). Collection based exhibition curated with
  - **Shimai Toshi** (5 March 05 – 1 May). Regina Walter, Michael Butler, Brook Andrew, Prins & Takashi Sugimura explore contemporary responses to the Australia - Japan relationship. Visitation @ 10,168 (Japan included). Promotion valued @ \$26,930.
  - **Afraid Not** (5 March – 1 May 05). Mixed media collage work by Joan Ross. Visitation @ 4,168. Promotion valued @ \$194,400.
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*2. Education Programs*

2004/05 Education Program outcomes included

- 1/. Decreased on site attendance and workshops/events provided due to delayed capital works.
- 2/. Holiday programs for students and 'in-term' digital workshops sold out.
- 3/. Implementation of contemporary practice rural access project (toured to Dubbo, Orange, Cowra and Bathurst).
- 4/. Exhibition and workshop programs developed for disability groups and artists.

2004/05 Education Program development strategies included

- 1/. Provision of regional and rural outreach services and art making workshops (including interactive language and literacy based workshop activities)
- 2/. Presenting disability exhibition and workshop programs
- 3/. Developing special kids exhibition interpretation and workshop programs
- 4/. Presenting teacher development and enrichment programs
- 5/. Design and distribution of education program and workshop flyer to regional schools, art organizations, Universities, TAFE
- 6/. Present ongoing school holiday workshop programs
- 7/. Develop and present Digital Lab Program
- 8/. Offering adult specific workshops program

9/. Create exhibition focused syllabus synergies between visual arts and crafts and other syllabus areas.

### *3. Collection Management*

2004/05 Collection Management included

- 1/. Assessment and conservation of items from the permanent collection. Including conservation and re-framing of paintings and works on paper from Collection by Geoffrey Major and Ross Peck Framing.
- 2/. Completion of cataloguing and appropriate storage of the A G Plate photographic collection.
- 3/. Addition of new storage racks for paintings and sculptures.
- 4/. Commencement of the *Doyennes* oral history project.

### *4. Garden Conservation*

Consultants Michael Lehany and Meredith Walker completed and delivered the Heritage Garden Conservation Management Plan and Maintenance Schedule Project in October 2005.

### *5. Strategic Planning*

Major focus for strategic planning was the completion of the *Heritage Gardens Conservation Management Plan and Maintenance Schedule Project* by consultants Michael Lehany and Meredith Walker. This project was completed to budget but was eight months late.

### *6/. Volunteers*

Throughout 2004/05 the Gallery continued the implementation of a range of 'volunteer' programs (including interns, work for the dole, work experience and Green Reserve).

The program was invaluable in further developing community links; professional development and work place training opportunities; garden conservation and archival programs and visitor service initiatives. Such programs also enabled the Gallery to amortise and maximise limited human and financial resources.

Particular successes of this program have been the work done in the Gallery library by a range of committed volunteers.

### *7. Governance:*

In 2004/05 transitional arrangements between Penrith City Council and the Company were completed.

### *8. Capital Works*

2004/05 commencement of capital works was delayed. As of late 2004 this delay began to impact negatively on Gallery visitation and program delivery due to staff having to program 'emergency fill' exhibitions (covering program gaps where renovations were meant to occur).

### *9. Revenue and Sponsorship*

In 2004/05 the Gallery revenue/sponsorship was **\$64,380** (Compared to 2003/04 @ **\$49,954** and 2002 @ **\$28,051**).

## **Board of Directors**

The Articles of Association of the company provide, in part, that:

1. To provide continuity the members of the Board shall resign on a rotating basis. At the First Annual General Meeting, five (5) Directors (including one (1) Councillor) shall resign. At the Second Annual General Meeting, five (5) members shall resign (including one (1) Councillor). Thereafter, the members of the Board, except the Council officer, shall resign after they have served on the Board for three (3) years after appointment or re-appointment to the Board.
2. All retiring Directors shall be eligible for re-appointment.

Council should note that as per the Articles of Association, Mrs Tanya Crothers and Mrs Darani Lewers resigned at the Annual General Meeting of the Company held on 29 November 2005 and Mrs Tanya Crothers and Mrs Darani Lewers nominated for reappointment. It was resolved at the third Annual General Meeting of the Penrith Regional Gallery and Lewers Bequest Ltd that Penrith City Council be requested to endorse the appointment of Mrs Tanya Crothers and Mrs Darani Lewers as continuing Directors of the Penrith Regional Gallery and Lewers Bequest Ltd.

The Hon Mr Peter Anderson AM did not seek re-election as Chairman. Nominations were therefore sought. Councillor Pat Sheehy was appointed the new Chairman. Mr Peter Anderson AM was appointed Deputy Chairman.

Council's Facilities Operations Manager, Mr Gary Dean is the General Manager's representative and Company Secretary.

#### **Financial Accountant – Entities comments**

The 2004-05 financial year saw the Penrith Regional Gallery and Lewers Bequest Ltd take over the financial operations of the company in September 2004 together with the appointment of local firm Berger Peipers as auditor. Council had previously maintained the operations of the gallery within its own financial records.

The company had operating revenues for the year of \$1,067,129 consisting of a subsidy from Penrith City Council of \$638,340, other grants and contributions totalling \$374,612 and \$54,177 of revenue generated by the Gallery. Operating expenses were \$1,056,689 consisting of salaries and employee costs \$452,683, exhibition costs of \$321,550 and depreciation and other expenses of \$282,456. The result for the year was a surplus of \$10,440 or just under 1% of total revenue.

#### **Capital Improvement Program**

During the past 12 months Council officers have worked with the Gallery and Council's Consultant Architects to finalise the documentation for a range of improvements/enhancements at the Gallery. These include the replacement of the roof and annex on Lewers House. A new entry is proposed from River Road with the construction of a new covered walkway adjacent to Ancher House. The verandah adjoining the Regional Gallery is to be widened and treated in a manner sympathetic to the historic integrity of the site. This widened area will occupy seating for visitors to 'rest' and enjoy refreshments. A range of other improvements will be done which will result in operational efficiencies and functionality.

Council late last year agreed to a shortlist of preferred builders who were requested to submit a formal tender. Council agreed to appoint a preferred builder at its meeting on 20 February 2006. Work will commence shortly.

## **Conclusion**

The Gallery continues to grow in profile which is resulting in high visitation rates and very positive feedback. This situation will continue with the further improvements planned over the coming months. It's status as a truly Regional Gallery will be confirmed.

## **RECOMMENDATION**

That:

1. The information contained in the report on Penrith Regional Gallery and Lewers Bequest Ltd - 2004/05 Annual Report and Board of Directors be received
2. Council congratulate the Board of the Penrith Regional Gallery and Lewers Bequest Ltd for the results over the twelve months to end of June 2005
3. Mrs Tanya Crothers and Mrs Darani Lewers be reappointed to fill the vacancies that occurred at the Third Annual General Meeting of the Penrith Regional Gallery and Lewers Bequest Ltd.
4. Council agree to underwrite the operations of the Penrith Regional Gallery and Lewers Bequest Ltd until the presentation to Council of the Penrith Regional Gallery and Lewers Bequest Ltd Annual Report for 2005/06.

## **ATTACHMENTS/APPENDICES**

There are no attachments for this report.

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**The City as a Social Place**

**3 Penrith City Children's Services Co-operative Ltd**

**1343/2**

**Compiled by: Denise Gibson, Children's Services Manager**

**Authorised by: Denise Gibson, Children's Services Manager; Steve Hackett, Director City Services**

**Strategic Program Term Achievement:** *Services are provided to meet the diverse needs of families and to support the development of children.*

**Critical Action:** *Deliver Council's Children's Services to meet the current and emerging needs of families and children.*

**Presenters: Max Friend - Chairman, Penrith Children's Services Co-operative Ltd -**

**Purpose:**

*To provide details to Council of the third Annual General Meeting of the Penrith City Children's Services Co-operative Ltd. This report requests that Council continues to underwrite the operations of the Penrith City Children's Services Co-operative Ltd. The Chairman will be making a short presentation to the meeting.*

**Background**

**Annual Report**

This report follows the third Annual General Meeting of the Co-operative held on 24 November 2005 for the period ended 30 June, 2005.

The Chairman of the Board will be in attendance tonight and will make a brief presentation. Following are the reports of the Chairman and Children's Services Manager extracted from the Annual Report.

**Chairman's Report**

*"It is with much pleasure that I present the Chairman's report to the Third Annual General Meeting of the Penrith City Children's Services Co-operative Ltd.*

*The Co-operative, as a non-trading entity, has a delegated role to manage Council sponsored Children's Services. Being somewhat unique, the Co-operative consists of representation from parents, staff, Councillors, the community and Council officers.*

*At the monthly meetings the Board of the Penrith City Children's Services Co-operative looks at broad policy matters, sets the direction for children's services and makes major decisions that affect the provision of children's services. Parent Advisory Committees, at each service level, provide valuable input into individual services. The Board has seen some changes of membership with active and independent members during this reporting period as positions were vacated throughout the year. Nomination processes have been used to fill vacancies as they occur.*



*During its third year of managing Children's Services the Board of the Penrith City Children's Services Co-operative has continued with its plans to make improvements to facilities and conditions for children and staff, to produce a budget with affordable fees, and to make provision for future requirements to keep equipment and resources in centres up to the high standards we have come to expect.*

*We aim to set the benchmark for high quality Children's Services across the City and the strategies developed by the Board have focused on maintaining these high standards. The success of services reflects the dedication of our professional and experienced teams of staff. Our staff are to be congratulated on the excellent care, education and recreation they provide to children and the efficient day-to-day management of the services.*

*This annual report presents two sets of financials. The first, statutory reports, present the operation of the Co-operative as a separate legal entity, which is a non-trading Co-operative. The second, management reports, detail the operations of those services managed on behalf of Council for the year ending 30 June 2005.*

*The Co-operative as a separate legal entity and a non-trading co-operative has very few financial transactions. The services on the other hand represent a combined business with revenues of over \$12 million. Operating revenues for the year were \$12,068,000 and operating expenses were \$12,109,000 resulting in an operating loss of \$41,000 or 0.3% an improvement of \$264,000 over 30 June 2004. The operating result is influenced by a number of factors including utilisation levels, fee levels and staffing levels.*

*Utilisation of services is a key factor contributing to viability and affordability. Long day care has achieved 91% utilisation being below its target of 94%. Before and after school care has achieved 60% utilisation being below its target of 68% which reflects the lower usage patterns of the morning sessions in particular. Vacation Care has achieved 49% utilisation also below its target of 64%. Pre-school utilization reflected the growing challenge to fill places for 3-5 year olds in the context of a growing market and reducing numbers of 3-5 year olds across the City. Preschools achieved 66% utilisation being below target. It is clear that services will need increasingly to market their unique aspects of quality and to this end the Board continues to use various opportunities for promotions. A one-stop information line has been established to enhance customer service.*

*Another major factor influencing costs are the staffing levels of centres. Minimum levels of staffing are prescribed in State Licensing Regulations and National Standards. Staffing levels also contribute significantly to quality and any reduction in staffing levels would impact on the quality of service provision. Improvements to employment conditions through changes to the Local Government Award for our professional staff has impacted on staffing costs. An analysis shows that there has been a significant improvement in staff retention during this period and further innovative and proven recruitment strategies will need to be implemented in the future to recruit and retain a skilled and effective workforce to support quality service provision.*

*The continued compliance with Licensing regulations and the excellent Accreditation results awarded by the National Accreditation Council to Long Day Care centres is a reflection of the skill and dedication of our centre staff and the support provided to them by the Children's Services Co-ordination team. The National Accreditation scheme has recently been*

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*expanded to include Out of School Hours Services and our centres will begin to be accredited from late 2005.*

*Progress has been made towards more equitable fee structures across centres with one fee set for all Preschools (except St Marys Children's Centre) and all Vacation care centres. The gap between fee levels in Long Day Care and Before & After School Care is closing. Over time these too will be brought to similar levels. However, the potential to increase fee levels is affected by affordability. The support of both Commonwealth and State governments is appreciated for the various forms of subsidies provided to support families in the payment of fees and service operations. This year the Board has lobbied both Commonwealth and State governments to ensure that these subsidies keep pace with the increasing costs of providing children's services.*

*A number of improvement programmes have been conducted and these include implementation of the next stage of the 5-year facilities compliance programme realizing the completion of 16 playground and building upgrades. Centre resources have been improved utilising pooled funds for the replacement of plant and equipment, toys and equipment, and information technology requirements. There has been a positive take-up of alternative fee payment options for families demonstrating improved customer service.*

*Of ongoing concern to the Board was the proposal by the University of Western Sydney to relocate the Early Childhood Teaching degree from its Penrith to the Bankstown campus. The Board voiced its concern of the need to sustain local courses to produce the graduates that will become our valued staff. Challenging times lie ahead as the Board strives to make improvements to our services. However I am confident that the expertise and commitment of my fellow Board members will lead to a stronger position supporting ongoing provision of quality services for our community.*

*In conclusion I would like to thank the parent advisory committees for supporting individual centres and my co-Directors for their valuable input to the continued operations of the Penrith City Children's Services Co-operative. The support of centre staff and the officers of the coordination unit enable us to achieve our objectives. A special thanks to each and every one".*

### **Children's Services Manager's Report 2004/05**

*"During the third year of management of children's services by the Penrith City Children's Services Co-Operative the focus for service provision continued to be on providing high quality children's services. This forms part of the strategy to work in partnership with parents to ensure children have appropriate early and middle childhood experiences to build strong foundations for their learning and development.*

*With the support of Penrith City Council and Federal and State governments we have built on the knowledge and development of our professional and experienced staff to ensure that appropriate programmes are provided to each individual child. The extensive children's services training programme has provided foundation skills for new and less experienced staff as well as extension opportunities for experienced staff. In particular, training to support development plans for those staff aspiring to become centre Directors has proven to have successful outcomes with interested staff undertaking temporary Director positions. As part of the comprehensive training programme, a total of*

*94 staff attended a mini conference focusing on Developing Meaningful Partnerships with Families.*

*With the support of Council's Educational Assistance Programme 15 staff are studying towards a Diploma of Children's Services or Bachelor of Education/Teaching (Early Childhood). Staff may be studying part time or externally to gain the qualifications required for trained positions within our services.*

*Support to improve access for children with additional needs has been provided by the Commonwealth funded SUPS (supplementary support) programme which provides training and resourcing to staff. Financial support to facilitate access has been provided through the NSW State funded SCAN programme, the ISP funding (Intervention Support Programme) from the Department of Education and Training and the Federal Special Needs Subsidy Scheme.*

*Both Federal and State government grants have been obtained to enable centres to participate in enhancement programmes. Projects undertaken with the University of Western Sydney and Macquarie University also aim for quality improvements.*

*On a more informal basis a staff professional discussion group has been established and meets every term on a rotational basis in different children's centres. This allows staff to see diverse approaches to providing learning environments, to share ideas and explore contemporary practices.*

*In partnership with Western Institute of TAFE NSW opportunities were provided for trainees. In February 2005, 19 trainees commenced their traineeship gaining on the job experience in centres, and undertaking one day of study at the Werrington TAFE campus. Successful trainees gain Certificate 3 in Children's Services. A number of these students go on to further training to gain their Diploma in Children's Services or to undertake a Bachelor of Teaching (Early Childhood). Upon completion of their traineeships, a number of our trainees have successfully gained permanent employment in the early childhood industry, a large proportion electing to stay with Penrith City Council.*

*The IT in High Schools project commenced in 2004 and expanded with Colyton High School students designing and constructing child size computer desks. These are to accommodate the computers, rebuilt by local High School students from 3 local High Schools for the children's use. Not only does this project allow young children the opportunity to become familiar with using new technologies, but these technologies are also used to enhance children's literacy and numeracy.*



*Successful submissions to the Commonwealth Government for minor capital upgrades provided a total of \$240,215.00 towards the 5-year facility compliance upgrade programme. As part of this programme, upgrades were completed in 16 centres to the value of \$264,380, improving the environments for children and staff. In addition, we replaced buses at four OOSH services.*

*It is a particular pleasure to see the reconstructed Glenmore Park OOSH centre increase utilization and finishing the year with an improved financial position.*

*Through the budget development process for the period, investigations commenced into the viability of Rainbow Cottage Pre School and Rainbow Cottage Before and After School Care services operating as a 'cluster' with one Director. This model has been progressed and aims to enhance the continuity of quality service delivery for families, to provide career development opportunities for staff and increase financial viability.*

*Conscious of the need to operate in a more sustainable way, the past year has seen a growing interest within centres to adopt better recycling practices and provide programmed activities for the children. Water saving devices have been fitted to some centres to reduce water usage. It has been a particular challenge to centre staff to maintain the outdoor play areas with the constraints of water restrictions. We continue, as part of planning for facility upgrades to consider drought resistant vegetation and the installation of water tanks.*

*The management team would like to thank the Board for its commitment and enthusiasm over the past year, and its forward thinking towards change which is already showing benefits for the children and parents using our services.*

*Special thanks as always to the dedicated centre staff who have achieved so much this year. Their ongoing commitment to children and families, sometimes through what seems like a daunting amount of issues, enables them to continually strive towards providing the best quality services”.*

### **Challenges Ahead for the Penrith City Children’s Services Co-operative**

Throughout the past year the Board of Directors have considered information on the current issues facing children’s services and have responded accordingly through budget measures, system changes and direct action such as lobbying Commonwealth and State governments in relation to funding matters.

The Board has recognised that a number of substantial and fundamental challenges lie ahead in the management and delivery of children’s services in the years to come. It has undertaken significant work to address many of these including:

- implementation of facility maintenance and upgrades to ensure compliance with legislative and regulatory requirements
- lobbying Commonwealth and State governments in relation to planning matters, funding issues and affordable fees,
- Consultations with UWS in relation to the UWS Academic Program Future Directions and by providing advice and feedback on proposed course content for the Bachelor of Child Studies.

Two key projects were commenced or continued including the Commonwealth funded Child Care Links project at Kindana Children's Centre, and the Commonwealth funded Active Communities in OOSH.

The Board has finalized its Strategic plan and has sought and appreciates Council's support to resource its implementation. Significant reviews of levels of service provision are underway of the Cranebrook, St. Marys and South Penrith areas.

### **Financial Report**

The Annual Report to 30 June 2005 includes two sets of financial reports. The first being a set of statutory reports for the separate legal entity of the Co-operative, which as a non-trading co-operative, contains only the member's equity of the Co-operative. The Co-operative is charged with the management of a number of Council's children's services and the second set of reports, called management reports, details the financial operation of those centres for the twelve months ending 30 June 2005.

The combined centres had total revenues from ordinary activities of \$12,068,000. The main source of these revenues was from centre fees collected from parents \$6,601,000 (54.7%), Government subsidies to parents for Child Care Benefit \$3,779,000 (31.3%) and operational grants from both State and Federal governments of \$1,195,000 (9.9%).

The combined expenses from ordinary activities for the centres were \$12,109,000. The majority of these expenses were employee costs \$10,197,000 (84.2%). Also recognised as operating expenses in the management reports for the centres were contributions to Council for capital expenditure at the centres and for the establishment of "pooled" reserves for future use by the centres. The amount contributed for actual capital contributions, which are to be funded from the accumulated surpluses held on behalf of the centres, was \$109,000 (0.9%). The amount contributed to establish the "pooled" reserves was \$255,000.

The combined operating deficit for the centres was \$41,000 down from \$305,000 in 2003/04. In the 2004/05 budget the Board of the Co-operative requested of Council and the Council has approved an amount of \$112,224 as a contribution to support the operations of the centres managed by the Co-operative.

There has been significant success with grants totaling \$223,000 to support the inclusion of children with additional needs and capital grants to the value of \$253,000.

A number of the children's centres had accumulated deficits prior to the Co-operative taking over management responsibility. Council resolved to contribute the value of these deficits to the Co-operative to ensure that those centres who had positive accumulated positions were able to use them in the future. The affect of this resolution is that during 2004/05 Council contributed funds for 14 centres totaling \$112,224 those centres being:

Blue Emu CC	\$5,387
Cooinda PS	\$2,160
Emu Village BA	\$12,769
Erskine Park BA	\$11,158
Erskine Park CC	\$6,867
Glenmore Park BA	\$3,222

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Kids Place CC	\$214
Kindana BA	\$1,938
Koala Corner CC	\$4,521
Koolyangarra PS	\$11,437
Rainbow Cottage BA	\$16,303
Rainbow Cottage PS	\$1,740
Strauss Road CC	\$13,732
Tamara CC	\$21,205

After adjusting for the one-off contributions listed above 14 of the 32 facilities managed by the co-operative operated at a deficit for 2004/05.

#### Other Financial Matters

The operation of the Co-operative has highlighted a number of unresolved financial issues for children's services generally. Upon establishment of the Co-operative, Council has taken over responsibility for all the transactional processing of the centres and reporting requirements for the Co-operative Board previously performed by the voluntary management committees for each centre. Reports prepared for the Board detail the operations of the centres but do not take into consideration the costs absorbed by Council's administration of the centres and the Board's operations. An administrative overhead is currently factored into the costing structures for the centres and recovered as an employee on-cost through the payroll system. This on-cost is however not calculated on a full cost recovery basis. The administrative overhead has remained at the pre Co-operative level due to the dramatic increase in fees the centres would need to charge to able to finance the full cost recovery. This overhead was set when Council's direct management role was significantly less than is currently required. As indicated above, the issue of appropriately resourcing the Children's Services Co-operative is currently being addressed.

#### **Board of Directors**

Throughout the year a number of Director resignations were received and included:

Nicole McMullen resigned 28 April 2005  
Shayley Pearce resigned 26 August 2004

Directors appointed to office during the year include:

Michelle Green appointed 24 November 2004  
Michelle Smith appointed 24 November 2004  
Irene Rochester appointed 23 June 2005

The Rules of the Penrith City Children's Services Co-operative provide, in part, that:

- 44(b) At each subsequent annual general meeting the active member directors shall retire in rotation of 4 each year and the independent directors shall retire in rotation of 4 and 3 each year.
- 45(b) A retiring director shall be eligible for re-election without nomination, subject to the person continuing to hold the qualifications specified in rule 43.

Council should note that at the third annual general meeting, as per the Rules of the Penrith City Children's Services Co-operative, Independent members Councillor Ross Fowler, Councillor Jackie Greenow, Stephen Hackett retired from office and were nominated and endorsed as continuing directors. Active members Janise Fleming, Michelle Green, Michelle Smith and Steven Squassoni, also retired and were nominated and endorsed as continuing directors.

The Board also carried a special resolution to amend the Constitution with regard to the categories of membership. The amendment will enable meeting quorum requirements to be satisfied more easily than was the case prior to the amendment.

#### **RECOMMENDATION**

That:

1. The information contained in the report on Penrith City Children's Services Co-operative Ltd be received
2. Council continue to underwrite the operations of Penrith City Children's Services Co-operative to 30 June 2007 subject to receipt of Annual Budgets.

#### **ATTACHMENTS/APPENDICES**

There are no attachments for this report.

## **LEADERSHIP AND ORGANISATION**

<b>Item</b>		<b>Page</b>
4	Financial Settings for the 2006-2007 Management Plan 36/47	21
5	Alignment of the Organisation 36/39	33
6	Draft Salary Packaging Policy	40
7	Service Specification Program 36/35	43
8	Local Government Amendment Act 2005 754/10	60







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## Leadership and Organisation

### 4 Financial Settings for the 2006-2007 Management Plan 36/47

**Compiled by:** Vicki O’Kelly, Financial Services Manager; Ross Kingsley, Corporate Development Manager

**Authorised by:** Vicki O’Kelly, Financial Services Manager

**Strategic Program Term Achievement:** *Council provides adequate resources to deliver its program and has introduced measures to increase its capacity.*

**Critical Action:** *Complete the current capacity assessment and develop annual and longer-term resource plans aligned to the Strategic Program and service specifications.*

#### **Purpose:**

*To provide Council with information on financial considerations for the 2006-2007 budget and the budget process. The report recommends that Council identify particular matters to be considered in the preparation of the Draft 2006-2007 Management Plan, and that preparation of the Draft 2006-2007 Management Plan continue according to the terms discussed in this report.*

#### **Background**

Each year Council is required, as part of the development of the Management Plan, to prepare a Budget for the upcoming financial year. Annual budgets are the financial mechanism used to confirm the allocation of resources needed to deliver Council’s annual Management Plan: the annual instalments of Council’s Strategic Program.

Council’s established practice has been to use the current year’s budget as a base for the following year’s budget after removing non-recurrent projects and taking into consideration the decisions of Council during the year that have an impact on the new budget. According to established practice, the initial or ‘base budget’ provided to Council and the organisation by Financial Services will include:

- Necessary provisions for the staff establishment, statutory and external commitments, with any identified adjustments
- Existing services assumed to remain at present levels
- Provisions such as works programs and project funding which reflect previous Council funding decisions and policy settings (for example, to continue or increase funding for the roads or footpath programs etc.).

In the present instance, however, the need for the organisation to comprehensively assess and address the requirements to deliver Council’s new 2005-09 Strategic Program means that the process will necessarily be somewhat different from recent years. This is further discussed below.

#### **Capacity Review**

The organisation (as required by the Strategic Program) is currently undertaking a comprehensive Capacity Review, led by the Chief Financial Officer, to assess the new and continuing priorities of Council’s 2005-09 Program and ensure the organisation’s ability to carry out these requirements. Much of this response will be through the approximately 80

ongoing Services of Council and annual programs of works which Council has authorised. Some important new initiatives will also be required and adjustments to some service levels to reflect Council's priorities may be entailed.

Under Issue 32. Providing Capacity, the relevant Term Achievement is that:

*Council provides adequate resources to deliver its program and has introduced measures to increase its capacity*

with the Critical Action requiring management to:

*Complete the current capacity assessment and develop annual and longer-term resource plans aligned to the Strategic Program and service specifications.*

The initial findings of the Capacity Review process are currently being assessed by the Corporate Management Team and will be discussed in depth with Council through the Management Plan process.

Important decisions will be required to reconcile the ambition of the Strategic Program with present organisational capacity. Choices available which Council may wish to consider could include:

- Reprioritising certain current services and programs to reflect Council's new strategic agenda;
- Increasing Council's resource base and/or identifying alternative means of service delivery;
- Reducing the scale of requirements of some elements of the Strategic Program; this, however, is seen as the option of last resort.

While a combination of all these measures may in the end be required, all avenues to achieve Council's program within the means presently available to the organisation are being rigorously examined in the first instance.

The ongoing consideration and refinement by Council of appropriate services and service levels is underpinned by the Service Specification program, through which all services (at their present levels) are being documented in detail and will be brought into systematic assessment of the appropriate operational standards.

Each year the production of the draft budget involves matching available resources to identified priorities of Council. In times of economic pressures associated with downturns in building related activity, relatively low growth in rating revenue and the re-introduction of the Defined Benefit superannuation contributions there are pressures on delivery of such programs as Council's commitment to the second year of the 4 year program to increase road maintenance funding (an additional \$500,000 per annum increasing to an additional \$2,000,000). Other emerging issues of significance are Established Areas and Neighbourhood Renewal. These areas will be further addressed through the Management Plan workshops.

The budget is being refined to take into account known variations from the current year. The most significant of these are discussed later. Any assessment at this time must be highly qualified, as many variables cannot be forecast with accuracy at present and investigation is still continuing.

## **Financial Strategy and Revenue Policy**

In accordance with Council policy, the initial budget is prepared on the basis of continuing existing service levels. Changes requested by Managers are reviewed to determine if the item is a required cost change or a service level change. Service level changes require a Capacity Review Resourcing bid and specific endorsement by Council. Cost changes, such as CPI increases or award increases associated with delivering the same program form part of the base.

The first draft of the 2006-07 budget is being established by taking this year's budget, removing one-off items, making adjustments to wages and other major items, and including any other changes policy requires. Following this the draft budget is circulated to Management for review and discussion.

Opportunities for Councillors to review the draft budget will be afforded at the Management Plan workshops planned for March 13 and April 10.

In order to prepare the next budget, it is proposed that the following process (similar to that utilised for the 2005-06 Management Plan) be followed:

1. Non-discretionary costs and charges will be estimated
2. Labour costs will be estimated. Continuation of the same extent of service provision will form the base to which Council directives for increased or amended service will be added, in order to determine costs.
3. Funding which has a particular purpose, such as grants or s94 contributions will be directed towards that purpose.
4. Established replacement and renewal programs will be continued in accordance with the relevant Council resolutions.
5. Rating and other general revenues will be estimated.
6. Fees will be calculated in accordance with existing principles, which link each individual fee to a particular pricing mechanism. Income will be estimated from the fee.
7. A first draft budget is developed. This draft then forms the starting point for Council to determine its budget.
8. Further analysis and discussion of any unallocated revenue will take place to consider potential new requirements from Council's strategy, project evaluation bids, major projects, organisation resourcing, debt management, Council reserves and available funds.

Further details outlining factors which are known today in respect of these steps follow:

### **1. Non-Discretionary Costs**

#### *a) Electricity Supply (General & Street Lighting).*

There are 2 main streams of electricity supply:

- Major building sites
- Electricity supply for street lighting.

Overall it has been recommended that the existing budgets should be increased by 3% or approximately \$14,500. A WSROC group tender for all electricity, including public lighting, will be advertised during June 2006. It is hoped that this result in savings in some areas.

There are two main components of street lighting costs, supply of electricity (Engergex) and asset maintenance service charges (Integral Energy).

New rates for the supply of street lighting electricity took effect from 1 January 2006 representing a slight decrease (0.5%). It is envisaged that unit rates for this component will remain unchanged for 2006-07 however an allowance needs to be made for an expansion of street lighting assets and the subsequent increase in usage charges.

The second component of Asset Maintenance and service charges represents the largest cost area for street lighting. Existing rates will increase by approximately 6% and will be affected by the level of expansion in 2006-07.

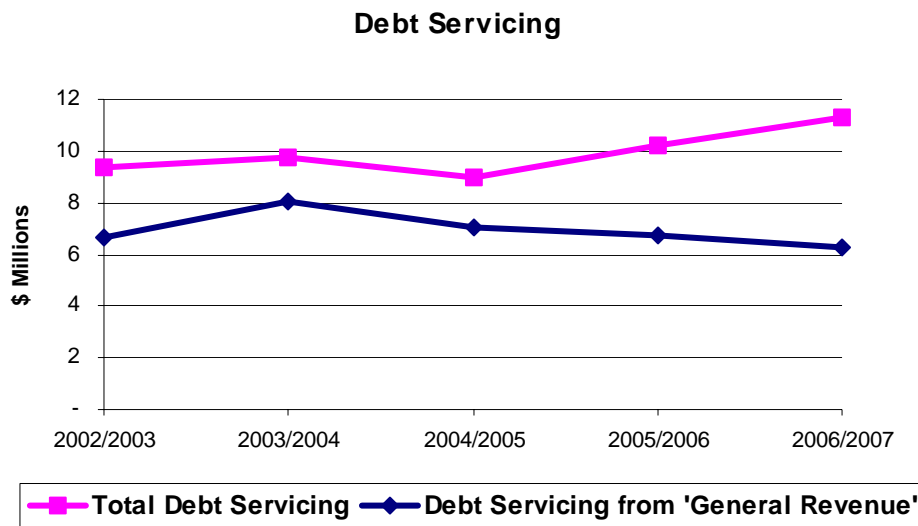
An allowance for an increase in street lighting assets of \$100,000 has been included. The net increase for street lighting in total, is estimated to be \$226,000 (10.7%).

*b) Loan Repayments*

The cost of interest and of capital repayments will be estimated. (While most costs are locked in, a small proportion is subject to changes in interest rates.) The current estimate is \$3.7M of interest and \$5.3M of capital repayments.

Some loans are funded from sources outside the general fund budget. Repayments on the Whitewater loan for example, are funded by Penrith Whitewater Stadium.

Loan repayments funded from general funds are currently falling as the borrowing program over the past 11 years has been reduced.



*c) Telephone*

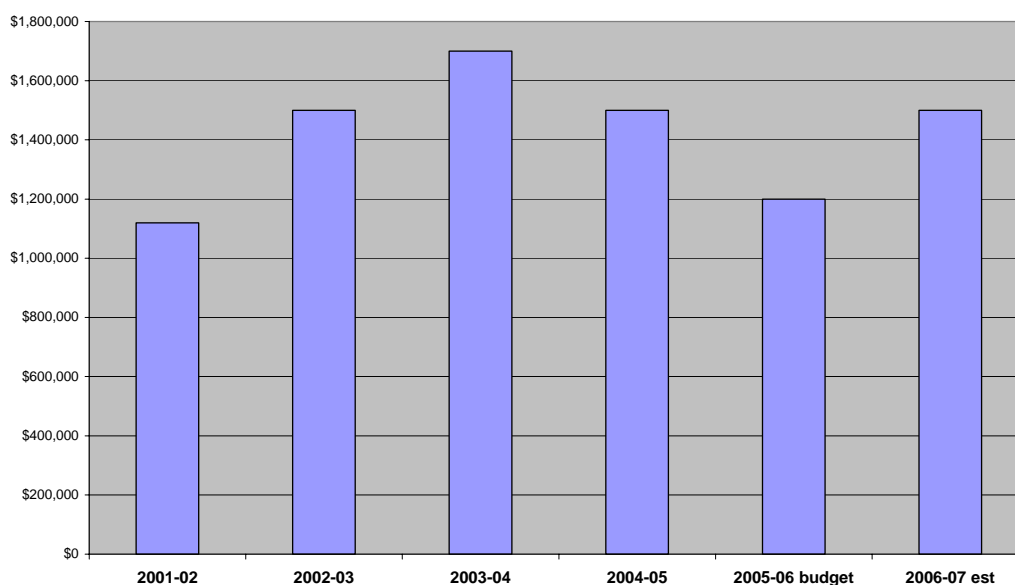
Council is currently assessing the responses to a tender for all telecommunication services. Initial indications are that significant savings will be generated in 2006-07. However, as we are still at a preliminary stage of the assessment only savings of \$30,000 have been factored into the draft budget.

d) *Insurance Costs*

It is proposed that the premium increases (\$163,000) for 2006-07 are funded from the Insurance Reserve and where appropriate, future savings in insurance premiums are also returned to the Reserve.

The early indication is for a minimum cost increase of 10% for general insurance compared to the original 2005-06 budget. Premiums for ISR and Public Liability are expected to increase by 13% and 10% respectively however, Plant and Motor Vehicle Insurance should decrease by up to 26% based on claims history.

ISR (including property), Motor Vehicle and Public Liability Insurance.



2. **Labour Costs**

a) *Award increase*

The current 2004 Local Government (State) Award provided for increases of 4% in 2004, and 3.5% in 2005 and 3% in 2006.

b) *Salary System*

The salary system provides staff with the opportunity to advance through the salary system by a skills and knowledge assessment. A provision of 2% (the same as 2005-06) will be included in 2006-07 for staff progression through the salary system.

c) *Termination Payments*

Councils ELE reserve is used to fund unusual changes in termination payments each year. The number of staff who might leave is difficult to predict and the budget each year includes funding for average levels of retirements. A detailed review of retirement and termination predictions will be carried out as part of developing the draft budget to ensure that the Reserve contains adequate funding. Council's present policy is to maintain, over a three year period, a minimum 20% of the theoretical cost of all staff leaving. The reserve currently sits at 23% of liabilities.

d) *Superannuation*

The minimum level of superannuation for employees who are not members of the LGSS defined benefit scheme will continue to be 9% of wages.

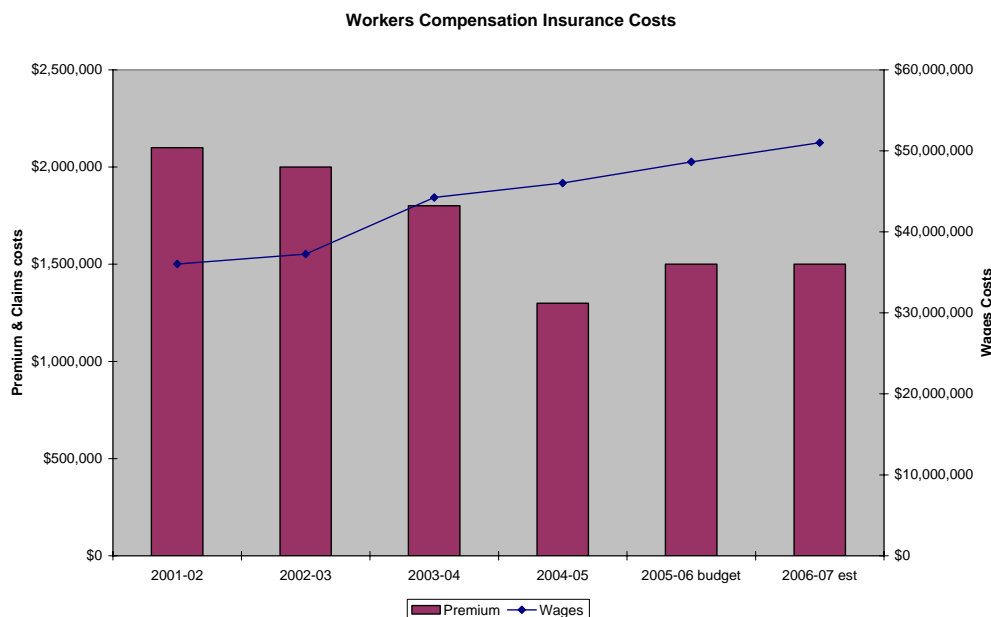
In 2000 the Local Government Superannuation Scheme (LGSS) announced that it had \$800 million in reserve funds and that the required contribution from member Councils in the defined benefits scheme would be waived from 1 November 2000 for an ongoing indefinite period. This contribution “holiday” ceased from 1 July 2005 and was re-introduced at half rates. At this stage it is not certain that this “half holiday” will continue so the draft budget makes provision for a full reintroduction of the employer contribution for those members of the defined benefits scheme. The Board of the Superannuation Fund will consider this at their March 2006 meeting.

The re-instatement of the superannuation contribution for staff in the defined benefits scheme impacts the budget by approximately \$2.1m (assuming a contribution of 1.9 times the member contribution and 2.5% of the base salary). The inclusion of approximately \$1.1m in additional costs for 2006-07 in the base budget after allowing for all the known variables means that, according to established approaches, it is likely there will be limited funds, outside of normal total program allocations, available for response to new priorities identified through the capacity review process and proposals from Councillors, i.e. the “project evaluation” phase.

Identification of such potential cost offset is also part of the Capacity Review exercise as discussed above and will be brought to Council for consideration through the Management Plan Workshops. The total anticipated increase of \$1.1m includes a contribution of \$250,000 from funds allocated to reserve to assist with defraying the full impact of the superannuation during the wrap up of the 2004-05 financial year.

e) *Workers Compensation*

Workers Compensation premiums increase and decrease significantly with claims history. Recent history also shows a significant growth in the premium independent of claims patterns. Estimates are usually made as late as possible so that the impact of any changes in claims can be factored in. At this point no change over the current year’s budget is expected as shown below.



### **3. Specific Purpose Funding**

*a) Developer Contributions and s94*

S94 of the Environmental Planning and Assessment Act allows Council to require a contribution if the subject of a development application or of an application for a complying development certificate, is likely to require the provision of, or increase the demand for, public amenities and public services.

In order to obtain s94 contributions Council must first prepare a plan detailing the additional infrastructure that will be required. The developers can then be levied.

Council has little control over when the income is received, as it is linked to developers' actions. Council does control the timing of the expenditures but is restricted in scope to the items in the plan. Both the income and the expenditure must be estimated in the budget.

*b) Domestic Waste*

The Domestic Waste function is required to be self-funding. In prior years this has meant that waste charges have been set by Council to cover the costs of garbage, sullage (effluent), recycling, and the rehabilitation of Gipp Street Tip.

Council will recall that during the development of the 2004-05 Management Plan the costs associated with the subsidy for pumpout sullage collection were no longer able to be considered part of the domestic waste management charge due to a change to the Local government Act. Subsidies of approximately \$0.6M per annum had previously been factored into Domestic Waste charges to make the service affordable, equitable and to discourage the illegal dumping of sullage. A general rate increase was applied for to cover the removal of the subsidy from the Domestic Waste Reserve and therefore there was no effect on Council's budgets going forward. This increase is now incorporated in the general rate base. Further details of the treatment of this issue are addressed in (d) below.

Sullage, extra recycling bins and the 140L bin charges are set below full cost recovery in order to encourage environmentally sound practices. The standard 240L bin fee will be calculated to raise sufficient funds to cover all annual costs and make some contribution towards funding of future waste technologies.

*c) 2002-03 Special Rate Rise*

Funding for programs specified in the application for special rate rise in 2002-03 is proposed to be set at the same amount for last year, increased by the percentage allowed to Council for its notional yield. That is, the same Ministerial Rate Increase (inflation adjustment) as applies to normal rates. As required by the rate rise submission, other funding for these items will, at a minimum, remain at the current level.

The Enhanced Environmental Program; the Community Safety and Neighbourhood Renewal Program; and the Economic Development Programs are therefore all proposed to have slight increases.

*d) 2004-05 Special Rate Variation*

The charge to residents that use Council's sullage removal service was subsidised by the domestic waste management charge paid by all residential ratepayers. A change to the Local Government Act prevented Council from continuing this practice in 2004-05.



Billing residents through the Domestic Waste Management Charge allowed Council to subsidise the cost of the service so that the charge to the resident was affordable.

The previous Council considered a number of options and to continue the current subsidy in the slightly amended form of a special rate increase and corresponding reduction in the domestic waste management charge was considered the most desirable. Consequently a special rate variation was applied for and was granted by the Minister.

Funding for sullage services specified in the application for the special rate rise in 2004-05 will be increased by the Ministerial increase percentage allowed to Council in its notional yield for 2005-6.

The sewerage system for Mulgoa Wallacia is expected to become operational later this year, ahead of schedule, and it is appropriate for Council to consider the withdrawal of the current subsidy after a reasonable timeframe has elapsed. A further report on possible assistance for hardship cases will be brought to Council later this financial year.

#### **4. Replacement and Renewal Programs**

Council currently has a number of continuing multi-year programs in place. These programs include:

- Routine plant and vehicle replacement
- Buildings asset renewal
- Roads program (It should be noted that Council has obligations for minimum spending pursuant to grant conditions)
- Drainage
- Footpath program
- Environmental planning studies
- Computer replacement program
- Parks improvement program (mainly s94 funded)

Further details of proposed programs will be included in the Management Plan workshops.

#### **5. Rating Revenue**

The State Government controls the total rate revenue of Council. Council may decide how this total is shared between business, residential and rural sectors and may also reduce the total rate revenue.

While it is an oversimplification, the maximum rate revenue is essentially calculated by:

- a) Taking last year's revenue and adding an inflation adjustment announced by the Minister
- b) Adding rates on new properties created by subdivision and on new strata-titles.

Ministerial Rate increases have generally been below the increase in wages that occur most years. As a consequence, Council has needed to find additional revenue or cost savings each year in order to continue to provide the same services it has in prior years.

In some years, increased revenue from a growing population has been utilised while cost savings have also played a major part.

A further report on Rating will be presented to Council through the Management Plan workshop process.

## **6. Fees and Charges**

### *a) General Policy*

Section 404 of the Local Government Act lists a number of requirements for the draft management plan. The plan must include “a statement of the types of fees proposed to be charged by the council and the amounts of each such fee” and “a statement of the council’s pricing policy with respect to the goods and services provided by it”. The draft fees and charges volume of the management plan will comply with this requirement by showing each fee and the price structure beside each fee or group of fees.

The pricing structures currently used are:

<b><i>Rate of Return Pricing</i></b>	Recovers all costs plus a margin.  This margin may be considered to compensate for lost interest income. (If the assets were sold the proceeds could be invested to earn interest.)
<b><i>Full cost Recovery</i></b>	All costs are recovered including those of support services.  This means that information technology, finance and insurance, administration, payroll, building and accommodation, personnel and other support costs must first be allocated to the activities they support.
<b><i>Direct Cost Recovery</i></b>	Only those costs that relate directly to the activity are included. Where a cost is directly related to the staff working on this function (e.g. entitlement to leave) it is charged. Where a decision on how to allocate would be required (e.g. a share of the cost of payroll processing), no cost is charged.
<b><i>Subsidised</i></b>	The fee or charge is not sufficient to cover all the costs of the service.

As well as these costs based pricing categories, Council also uses two other pricing systems:

<b><i>Reference Pricing</i></b>	The fee has been set primarily based on market conditions or equity rather than analysis of costs. The main inputs are the observed prices set by others. In most cases the “referenced” price is that being charged by other Councils.
<b><i>Statutory Pricing</i></b>	Legislation or other imposed systems set the prices.

Managers have reviewed the fees and have recommended revised fees for their area of operation.

When a fee is originally set, and when a full review is conducted, the following issues are examined:

- The Cost of the service or operation
- Laws and regulations which require particular outcomes or certain issues to be included / excluded (e.g. Activities classified as business activities under National Competition Policy are subject to detailed policies)
- Other revenues intended to fund the service
- Ability of the persons / groups to pay
- Benefit to the community of providing the service and social factors, which suggest a subsidy should be provided
- Prices charged/likely to be charged by others providing similar services including pricing mechanisms (That is, by asking questions like: is the fee normally a flat fee or fee per hour/unit? Is a minimum appropriate? Will the item be available only in fixed amounts?).

Subsequent reviews are conducted as part of the annual Management Plan process to ensure that the original intent adopted by Council is maintained. Annual reviews may be as simple as applying an appropriate index or may extend to a full costing or community benefit exercise. The extent of the review is determined by the degree of change that has occurred. As the method of providing the service will usually be the same, the fee applicable will normally increase a small amount to reflect the impact of inflation (or wage rises) on the cost of providing the service. The level of subsidy will remain for those services that are subsidised.

#### *b) Statutory Fees and Charges*

Some fees charged by Council are subject to direction through regulations and other state government controls. Information from the various controlling authorities will be requested however information is generally not available at this time.

This year a comprehensive review of the fees and charges applied by a number of reference councils has been conducted. The review considered not only pricing comparatives but also reviewed the range of fees and charges levied by other councils. Any areas that were identified as opportunities have been incorporated into the Draft Fees and Charges document.

### **7. Financial Assistance Grant**

A significant part of Council's annual revenue (\$9.2m in 2005-06) is derived from the Financial Assistance grant from the Federal Government. This grant has two components, a general component and a roads component. The calculation of the grant is an extremely complex exercise and Council has no control over many of the factors. As it is an allocation of a pool of funds the impacts of social and economic factors in other areas of the state will have an impact on the amount available for Penrith.

The Financial Assistance Grant (FAG) allocated this year was \$285,000 more than estimated during the budget process. At the time of preparing the budget it was expected that the increase in the grant would be minimal and an increase of only 2% was factored in. When the grant was announced in August the result was actually a 5.21% increase on the previous year. The roads component of the grant was an additional \$60,766 which according to Council policy, is added to the roads budget.

## **8. Borrowings**

Council's previous five-year borrowing program ended in 2004-05. The five-year program targeted a borrowing level of \$2.8m through to 2004-05. The program was part of Council's debt reduction strategy. This level of general purpose borrowing was continued in 2005-06. There were two special purpose borrowings, \$6m for the provision of office accommodation leased to the Department of Community Services, and \$2.5m to fund s94 works in advance of receipt of funds to complete drainage works at the Lambridge Estate. It may be appropriate to review the extension of the borrowing program at the existing levels. There have been large increases in operating and capital costs over the period of the borrowing program and \$2.8m may no longer be the preferred level of borrowings.

Borrowing levels for the past few years are shown in the following table. The additional projects (above the borrowing targeted by the debt reduction policy) have been included in accordance with a practice of using additional loan funds only where there is a positive net cash flow achieved. The figures do not include any refinancing of existing loans (and this practice does occur periodically when contractual arrangements and interest rate differentials make it advantageous).

### **New Money Borrowings**

	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Base Borrowings	\$3.3m	\$3.2m	\$2.8m	\$2.8m	\$2.8m	\$2.8m	\$2.8m	\$2.8m
Com. Arts Precinct						\$1.0m		
Drainage – Lambridge Estate								\$2.5m
Hydro-therapy	\$0.8m		\$0.6m					
JSPAC					\$2.3m	\$0.8m	\$0.2m	
Property/DOCS Lease								\$6m
Total	\$4.1m	\$3.2m	\$3.4m	\$2.8m	\$5.1m	\$4.6m	\$3m	\$11.3m

### **Long Term Model**

Recently Council purchased specialist software for Long Term Modelling and Budget preparation and management. This software is now nearing the completion of an extensive configuration and testing phase. The software will be used to model scenarios for the 2006-07 budget development.

### **Further Budget Considerations**

The above details reflect the procedural aspects of preparing the budget based on existing practice. These items are intended to create the base position from which Councillor input is required in order to prepare a budget that accords with Council's priorities. The issues that are proposed to be addressed at the Management Plan Workshops in March and April are:

- Analysis of reserves which will indicate proposed programs and/or excess capacity to fund from reserves.

- Major projects and their funding requirements.
- Rating Policy which determines the relative share that will be contributed by Residential, Business, and Farmland properties.
- Draft Fees and Charges
- Long term financial projections

The Management Plan preparation process should proceed on the above criteria. This will allow draft documents to be created which facilitate decisions on Council's capacity to provide its diverse range of services, address its existing and new priorities for the city and on any trade offs that may be needed.

### **Conclusion**

If Council is in agreement with this broad approach then management will be well placed to continue development of the Management Plan. Identification of any particular issues Councillors want considered and assessed as the process unfolds would further assist that preparation.

This year presents a number of challenges in producing a balanced budget and in the delivery of Council's Strategic Program including; the possible re-introduction of maximum defined benefits superannuation contributions, increasing community expectations with regard to maintaining and improving infrastructure and escalating operational and capital costs that increases in Rating revenue fail to match.

### **RECOMMENDATION**

That:

1. The information contained in the report on Financial Settings for the 2006-2007 Management Plan be received
2. Council make initial identification of particular matters to be considered in the preparation of the Draft 2006-2007 Management Plan
3. Preparation of the Draft 2006-2007 Management Plan continue in the terms discussed in this report.

### **ATTACHMENTS/APPENDICES**

There are no attachments for this report.

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## Leadership and Organisation

### 5 Alignment of the Organisation

36/39

Compiled by: Alan Stoneham, Director City Strategy

Authorised by: Alan Travers, General Manager

**Strategic Program Term Achievement:** *Council's operating culture is flexible, efficient, integrated and aligned to Council's strategic objectives and program delivery.*

**Critical Action:** *A structured program of continuous improvement, based on identifying and adopting leading practice, is operating across the organisation.*

#### **Purpose:**

*To inform Council of substantial progress made in the further alignment of the organisation to the delivery of Council's Strategic Program. The report recommends that the information be received and that Council endorse the reassignment of certain Issue accountabilities to Directors and the assignment of Term Achievement accountability to Managers.*

#### **Background**

Over recent years, Council has reviewed its structure on a regular basis and the organisation responds to changes initiated by Council through its Strategic Program and Management Plan deliberations. The processes used are based on a consultative approach and proposed solutions are generally negotiated with affected staff and then submitted for Council consideration. This reflects Council's approach to its Workforce as articulated in the Strategic Plan.

As required by the Act, Council re-determined its organisation structure in March 2005 (within 12 months of the March 2004 election).

The General Manager last reported on further measures being taken to align the organisation to the delivery of Council's Strategic Program in July 2005. At that time, Council also approved the establishment of the new positions of Development Assessment Manager (subsequently filled by Mr Paul Lemm) and Financial Services Manager (subsequently filled by Ms Vicki O'Kelly).

Formal reporting lines of Directors and Managers have been maintained for performance review and all necessary organisational purposes. It should be emphasised, however, that the accountabilities of management within Council's Strategic Program is increasingly seen as the most important expression of organisational structure. Over recent years, a flexible 'matrix' model has emerged of Managers reporting to the Director responsible for a particular outcome. Many Managers now work directly with more than one Director and this has been very successful in breaking down traditional profession-based 'silos' and ensuring that focus remains on Council's chosen program. This has been taken to a further level with the accountabilities for Council's new Strategy.

Within the 2005-2009 Strategic Program, the accountabilities of

- Directors for Issues
- Managers for Critical Actions

were settled by Council in March 2005 and reflected in the 2005-06 Management Plan.

As indicated to Council in the previous report, the proposed new assignment of accountability for Term Achievements to Managers has been addressed through dialogue with the Managers' team and the Corporate Management Team and has been discussed in principle by the Mayor and General Manager with the Joint Consultative Committee (JCC). This work further reflects Council's involvement of Managers in the Strategic Planning process.

Further consideration of management arrangements and structure to more closely align to Council's new Strategic Program and identified priorities has led to an innovative team-based approach outlined below.

In approaching this matter, it was agreed and is most important to note that the various roles of Managers who may be responsible for Term Achievements and/or for the delivery of Critical Actions and Services should in no way be taken as hierarchical but as distinct and equally important roles.

### **Model for Term Achievement Assignment**

A particular emphasis has been placed by Council in the new Strategic Plan on addressing the needs of distinct places in the City-: not only new urban release areas but established areas, our City Centres, employment lands, rural areas, and natural catchment. In recent years also the concept of public domain management has increasingly emerged in Council's agenda.

In this regard, the consideration of Term Achievements quickly identified that some logical 'clusters' were likely to be based on 'place' and others on a more familiar functional groupings.

A draft Term Achievement grouping, which incorporates Council's objectives for and services to the City through the Master Programs:

- The City in its Broader Context
- The City as a Social Place
- The City in its Environment
- The City as an Economy
- The City Supported by Infrastructure
- Leadership and Organisation

was developed and presented to Council by the General Manager in July 2005.

Subsequent to that report to Council, detailed assessment of each Term Achievement 'cluster' was made by the relevant Directors and Managers in order to more precisely identify:

- Who would (at this point) be the most appropriate Manager to take accountability for the group of Term Achievements;
- What the specific role of the Term Achievement leader may entail in the immediate future and what may be required in the longer term;
- Key relationships to Council's services and the teams of Managers who may be most effective to bring together to drive the fulfilment of the Term Achievements.

Senior management has met with the Cluster Team leaders (see below) to review the progress of the arrangements and this has identified the positive benefits of further such meetings, to both supplement the role of the team leaders and reaffirm the strategic approach to delivery of the program.

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### **Term Achievement Clusters**

It was identified by the Directors and Managers involved that the most useful approach to ensure that the requirements of the Strategic Program were met was to group or ‘cluster’ Term Achievements around the Issues and form appropriate teams to drive their delivery.

The consideration of Term Achievements identified that a ‘Place Management’ approach needs to be taken to the management of certain ‘Clusters’, while a functional management approach is quite appropriate in others.

Each group of Term Achievements has a Manager to head the team accountable for their delivery, under the leadership of the Director responsible for each Issue. In most cases, all Term Achievements within an Issue are assigned to one grouping. In certain instances, however, a more logical grouping has been achieved by the Term Achievements in an Issue being placed in more than one ‘cluster’.

As was anticipated, this detailed review of each Term Achievement ‘cluster’ also led to some further refinements. In some cases it prompted further consideration of some Director accountabilities where a better alignment was suggested. This is further addressed below.

Leadership of the team responsible for each Term Achievement ‘Cluster’ has been assigned as follows:

- |  |                           |
|--|---------------------------|
| • Regional Growth & New Release Areas  | Roger Nethercote, EPM     |
| • Environment & Rural Areas            | Wayne Mitchell, EHM       |
| • Established Areas & Social Equity    | Erich Weller, CDM         |
| • City Centres & Employment Centres    | Ruth Goldsmith, LPM       |
| • Public Domain                        | David Burns, AM           |
| • City Recognition & Economic Growth   | Geoff Shuttleworth, EDCMM |
| • Recreation & Culture                 | Gary Dean, FOM            |
| • Leadership                           | Ross Kingsley, CM         |
| • Corporate Governance                 | Stephen Britten, LO       |
| • Organisational Planning and Capacity | Vicki O’Kelly, FSM        |

Rather than a ‘restructure’, the clusters can be viewed as an ‘overlay’ on the existing organisational structure, which has prompted consideration of some functional and departmental changes which may be beneficial or necessary. Some ‘clusters’ align quite closely to existing functions and departments, others are new roles.

Under the stewardship of the Directors for each of the Issues in Council’s Strategy, how management effectively meets and reports in practice is being closely assessed. The emphasis is on streamlining and coordinating existing organisational teams and placing these within the ‘Cluster’ framework based on strategic purpose.

The ‘Term Achievement Cluster Team’ arrangements have now been in place for five months and are beginning to yield real benefits to both the delivery of Council’s program and the further development of management and the wider organisation by devolving more responsibility and requiring a more strategic focus. The primary work undertaken by the teams to date has involved the development of action plans for each of the 83 Term Achievements in Council’s program together with the identification of key partnerships, interdependencies and resource priorities.

This work will be further evidenced by the Directors’ initial report to Council on the progress of the Strategic Program, which will be presented at the Policy Review Committee meeting



of 20 March. It is also informing the current organisational Capacity Review process which will be discussed with Council shortly in the context of the next Management Plan.

### **Implications**

The Term Achievement accountability is not simply an 'add on' to present Manager roles. It is recognised that the full picture of the relationship of current functional and Service delivery responsibilities needs to be added to the Term Achievement dimension in order to present a complete model for Council's consideration. A further report will be provided when this analysis has progressed to an appropriate point.

Accompanying changes to Managers' present roles and organisational structure need to emerge over time and to be phased in and realistically assessed.

This process of assessing Managers' roles and resources also forms part of the overall Capacity Review which is being carried out this year under the leadership of the Chief Financial Officer.

It will take time and experience to develop a reasonable estimate of what is required to deliver leadership of the Term Achievements. It has been necessary, in the first phase, to manage the expectations and demands which could be made of Managers who have been asked to undertake new roles not yet fully sized.

Under the stewardship of the Directors for each of the Issues in Council's Strategy, how management effectively meets and reports in practice is a key driver to settle these important questions.

### **Benefits to Council's Program and Organisational Development**

The changes being implemented have a number of related elements and will, over time, bring substantial benefits to both the delivery of Council's program and the further development of management and the wider organisation by devolving more responsibility and requiring a more strategic focus.

In particular, these measures are proving of material assistance in:

- Encouraging a concerted focus by Directors on the stewardship of the Issues identified by Council in its Strategic Plan and on the guidance of management teams;
- Placing a particular emphasis on the delivery of the Term Achievements by ensuring that a lead Manager is assigned for each coherent grouping of outcomes;
- Further developing a longer term horizon for results among Managers and broadening the opportunities available to a range of Managers to take a leading strategic role;
- Fostering better aligned service focus and team arrangements;
- Flowing on to the development opportunities available to the Supervisor level of the organisation and a range of staff.

A notable additional benefit will be in bringing the related delivery teams within the organisation under the structure of the Clusters to align and eliminate duplication of effort. There are many such cross-organisational teams which have arisen from particular projects or functions but can benefit from streamlining and providing a clear strategic direction.

The arrangements and the opportunities which they provide are also a significant part of the overall development of management capacity and generational change in the senior ranks of the organisation. The process has been entered into enthusiastically by Managers and with regard for the benefits it can bring to the whole organisation.

Council has placed emphasis on adjusting the organisation's structure and operation to keep it moving forward and well placed to achieve Council's program. These changes will do that, while also presenting opportunities for staff to operate in a more strategic way and in some respects at higher levels of authority bringing benefits to their own career development.

It is recognised that these changes must be introduced with full consultation and sensitivity to the impact on Managers and the work done by Supervisors. This will continue to be the case.

### **Refinement of Director Accountabilities**

The General Manager has initiated a quarterly meeting with Directors, in company with the Director ~ City Strategy, for the purpose of reviewing progress on the delivery of Issues assigned to Directors. These discussions, together with the context of the Cluster Teams' assessment of Strategic Program requirements have identified opportunities for the reassignment of certain accountabilities of Directors.

This is particularly the case for two of the most critical focus areas of the Strategy, namely urban renewal and development of Council's workforce. The relevant Issues are discussed below.

- **Issue 13. Established Areas and Issue 14. Managing Redevelopment**

As is stated in the Strategic Plan:

*A number of established localities will continue to change as they renew and redevelop. That is perplexing to many now living there. A dialogue with those communities about the need for and benefits of that renewal will continue. The renewal of these localities will be carefully guided to produce attractive places, and preserve their established community fabric.*

*Suburbs not affected by redevelopment nonetheless change their social make up and age. Programs will be developed to rejuvenate these places and enhance their existing community structure and facilities.*

At present, these two Issues are placed under separate Directors. There is logic in combining these accountabilities, particularly as the two Issues are grouped together in the Cluster "Established Areas and Social Equity". Accordingly, agreement has been reached between the relevant Directors with the approval of the General Manager that both Issues will be assigned to the Director ~ City Planning.

The equity of services to and renewal of older neighbourhoods is a pivotal priority of Council's Strategic Plan. This change of accountability will help to ensure this focus is provided at all times.

- **Issue 34. Workforce Planning and Workplace**

This Issue is seen as similarly pivotal, with regard to the future of the organisation and Council's role and services.

As identified in the Strategic Plan:

*Council can only achieve the outcomes it seeks for the City with the aid of a modern, well managed organisation.*

*The organisation will need to adjust to some important changes. Generational change is occurring in the workforce, as older people leave and younger people bring new attitudes and approaches. In a traditionally stable industry like local government this will have marked effects.*

*Council's activities and how they are performed are changing, often rapidly. That requires astute workforce planning to ensure the appropriate skilled staff are in place when needed.*

In discussion with the Director ~ City Services and Director ~ City Strategy, it was agreed that a realignment of accountability for Workforce Planning and Workplace to complement the delivery of the Strategic Program was seen as totally appropriate. The Director ~ City Strategy is responsible for coordinating the preparation and delivery of the Strategic Plan and Program and the General Manager believes it is timely for that accountability to be expanded to embrace leadership of Workforce and Workplace strategies. This change will bring into sharper focus the equipping and resourcing of the organisation for Strategic Program delivery.

As part of the review of Director accountabilities, it has also been agreed that the Chief Financial Officer will assume strategic leadership of Council's Property Development function. This is a logical extension of the Chief Financial Officer's present role and his accountability for *Issue 32. Providing Capacity*, particularly directed to overseeing delivery of the Critical Action in Council's program to *Implement a property development program that maximises the potential for sustainable additional revenue to support major projects and programs*.

### **Term Achievement Accountabilities**

The Corporate Management Team and the new Cluster Teams have further considered the assignment of Term Achievement accountabilities to individual Managers. This has been tested in practice through the work done by the teams to formulate action plans and requirements for each Term Achievement. Effective progress reporting also requires a clear single accountability for each Term Achievement.

The General Manager has approved the assignment of accountabilities for Term Achievements to Managers. Details are provided in the Attachments for the information of Council. These will take effect through the Strategic Program progress report to be presented to Council shortly.

This change is seen as another important step in the increasingly strategic focus of Managers and one for which they are well placed, given the measures taken over the recent years as discussed above and previously endorsed by Council.

### **Functional Responsibilities**

The review of organisational alignment undertaken over the past year has led to two significant adjustments to the functional responsibilities of Managers.

The Community Safety program and relevant staff were transferred to the Asset Manager in the development of the 2005-06 Management Plan. This is in keeping with the greater emphasis in that position given to 'Public Domain' management, as also reflected in the Asset Manager's leadership role in the Public Domain Cluster Team.

Responsibility for overall coordination of Council's Sustainability program and the staff unit directed to this function was transferred to the Corporate Development Manager from October 2005. This reflects the Strategic Plan requirement to 'mainstream' sustainability throughout all of Council's planning and operations, rather than limit it to an 'environmental' focus. The program relies on a team of Managers to carry out specialist projects, as well as on the contribution of the entire organisation to achieving City and Council sustainability.

Two other key matters are presently under review. Consideration of a more effective future structure for the roles of Managers within the City Planning directorate is continuing. A review is also being undertaken of Engineering resources, with a view to setting directions for the most appropriate future arrangements. Further advice on both these matters will be brought to Council shortly.

## **Conclusion**

This report demonstrates the substantial progress in organisational alignment which has been made since the last discussion with Council. Further reports will be provided at each stage where significant advances are achieved or important initiatives are proposed.

The present report identifies and seeks Council's endorsement of important enhancements to management team arrangements, as well as to certain Director accountabilities and the establishment of a new level of strategic accountability for Managers.

Council has placed emphasis on adjusting the organisation's structure and operation to keep it moving forward and well placed to achieve Council's program. Preparing the organisation for the future and particularly with regard to the readiness for generational change is a key focus in Council's Strategic Plan.

The changes discussed are significantly advancing those objectives and presenting opportunities for staff to operate in a more strategic way and at appropriate higher levels of authority, bringing benefits to their own career development as well as to Council's program.

## **RECOMMENDATION**

That:

1. The information contained in the report on Alignment of the Organisation be received
2. The proposed changes to Director accountabilities for certain Issues and Manager accountability for Term Achievements be endorsed.

## **ATTACHMENTS/APPENDICES**

1. 2005-2009 Strategic Program - Proposed Accountabilities 6 Pages Attachment

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## Leadership and Organisation

### 6 Draft Salary Packaging Policy

**Compiled by:** Andrew Moore, Financial Accountant

**Authorised by:** Vicki O'Kelly, Financial Services Manager

**Strategic Program Term Achievement:** *Council values its staff and its workforce culture is adaptable, harmonious, flexible and conducive to high levels of innovation, empowerment, motivation and productivity.*

**Critical Action:** *Develop policies and industrial instruments to enable Council's workforce and workplace strategy to be implemented.*

#### **Purpose:**

*This report is to introduce the proposed Salary Packaging Policy. It is recommended that the Policy be implemented from 1 April 2006 and that a series of information sessions be held for staff.*

#### **Background**

An innovative remuneration system is key to establishing Penrith City Council as an employer of choice. Salary Packaging is an approach to remuneration which involves the provision of both cash salary and non-cash benefits, typically with considerable flexibility for the employee to choose the inclusions in the package.

Establishing a remuneration system that is innovative is seen as key to recruiting and retaining skilled staff and has been the primary motivation for the other organisations that have been reviewed in the development of the Penrith City Council's Draft Salary Packaging Policy and Information Kit. Some of these organisations include Monash University, University of Western Sydney, Catholic Education Office – Parramatta, Catholic Education Office – ACT, NSW Public Sector organisations, Shakespeare McMillian (Salary Packaging outsourcing) and Policy guidance provided by CPA Australia through CPD training.

#### **What is Salary Packaging?**

The basic concept of Salary Packaging is that an employee can take remuneration in a form other than straight cash. Instead an employee can select a combination of cash, super, fringe benefits and any other remuneration component that is offered by Penrith City Council as a package. The costs to Council are the same as paying the employee a straight cash salary.

#### **Why Salary Package?**

Salary Packaging allows an employee to structure their remuneration in the way that best suits their needs. There can be considerable financial incentives (income tax savings) for employees packaging non-cash benefits and can have the effect a pay increase by increasing an employees 'Net After Tax Income' without any additional cost to Council.

### **What benefits will Penrith City Council offer?**

- Childcare at Council provided centres
- Superannuation
- Motor Vehicle
- Novated car lease
- Professional memberships
- Laptop computer
- Additional salary to be paid at retirement
- Maternity/study leave
- Memberships and annual fees at Ripples, Penrith Swimming Centre.

### **What is the advantage of Salary Packaging to Penrith City Council?**

Salary Packaging allows employees to receive remuneration in forms others than cash. The potential benefits to the employee is that some fringe benefits that employee can have packaged may have a concessional tax treatment or an exemption. This means that the costs of these benefits is 'reduced' if paid for using pre-tax dollars. Therefore the value of an employee's remuneration in their hands can be increased without increasing the cost to Council.

### **Resourcing**

The initial uptake of salary packaging and the resulting increase in workload is difficult to gauge. However it is envisaged that while the implementation and administration of the program can be absorbed within Financial Services with a minor restructure within the Financial Accounting area there may be a need for additional resources in future years.

### **Where to from here?**

Following the endorsement of the Draft Salary Packaging Policy the following steps will need to be completed:

- Implementation of the administration and support functions required to resource the program
- Extensive communication to eligible staff of the Policy allowing sufficient time for those staff to consider the Policy and seek independent financial advice.

It is envisaged that Salary Packaging would be available commencing 1<sup>st</sup> April 2006 to coincide with the beginning of the FBT year.

### **Conclusion**

Salary Packaging is increasingly becoming an indicator of an employer of choice. It allows employees to structure remuneration in the way that best suits their needs and personal circumstances.

The recruitment and retention of skilled staff is a challenge that Penrith City Council is currently facing and will continue to face in the future. The introduction of a comprehensive

and innovative salary packaging program is an essential tool in distinguishing Penrith City Council in the employment marketplace as it makes claim as an employer of choice.

**RECOMMENDATION**

That:

1. The information contained in the report on Draft Salary Packaging Policy be received
2. That the Policy is implemented from 1 April 2006
3. A series of information sessions be held for staff

**ATTACHMENTS/APPENDICES**

1. Salary Packaging Policy 6 Pages Attachment

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## **Leadership and Organisation**

### **7 Service Specification Program**

**36/35**

**Compiled by: Eric Shen, Service Specification Officer**

**Authorised by: Ross Kingsley, Corporate Development Manager**

**Strategic Program Term Achievement:** *Services and programs that Council provides are determined based on equity, customer requirements, community benefits and best value.*

**Critical Action:** *All services are provided to adopted service levels.*

#### **Purpose:**

*To provide Council with the draft Service Specifications for the following Services for its consideration - 1) Building Maintenance; 2) Children's Services - Council Managed; 3) Children's Services - Cooperative Managed; 4) Emergency Management. The report recommends that these service specifications be adopted. Given the size of these documents, copies have been provided to Councillors under separate cover. Additional copies of any of these documents can be obtained on request.*

#### **Background**

Council established the Service Specification Program in 2002-03 in order to:

1. Comprehensively analyse and document all services and the present level of service provided (stage 1 of the Program)
2. Enable Council in a fully informed manner to review and where appropriate adjust service levels to better meet the needs of the community and align to Council's strategy (stage 2).

Documentation of Council's 75 external and internal services (as identified by separate specifications) is a major exercise with significant benefits to the efficient and effective management of the organisation. The program has seen the formal adoption to date of 32 Service Specifications with an additional 4 specifications presented tonight for Council's consideration. A large body of specifications is approaching completion and these will be progressively reported to Council in the course of the year.

#### **Assessment of Draft Service Specifications**

The four draft Service Specifications presented tonight for Council's consideration are:

- Building Maintenance (Building Services Manager)
- Children's Services Managed by Council (Children's Services Manager)
- Children's Services Managed by the Penrith City Children's Services Cooperative (Children's Services Manager)
- Emergency Management Services (Waste and Community Protection Manager)



Prior to their reporting to Council, all draft specifications undergo a rigorous process of validation and assessment, leading to approval by the Corporate Management Team. The aim is to ensure that each specification accurately communicates the existing levels of service and activities that the service provides in terms of quantity, quality and cost to Council. Once adopted by Council the specification will be used as the basis for testing service performance and for service review, including any changes to service levels, calls for additional resourcing or for changes in priority setting within an existing service.

As previously determined by Council, all completed draft service specifications are reported to its Policy Review Committee for consideration and adoption. Where additional information or further consideration is required, resulting in a specification not being adopted at that meeting, the relevant specification would be referred to the Services Review Working Party. This working party would be scheduled to meet every quarter or as required. Recommendations from the Services Review Working Party would then be reported to the next Ordinary or Policy Review Committee meeting for adoption.

### **Summary of Key Information**

Service Specifications are very detailed documents. By agreement with Council, full documentation has been provided under separate cover to all Councillors and is available to the public on request. To assist in Council's consideration of the draft specifications submitted tonight, executive summaries of the four service specifications are provided in the appendices to this report.

These summaries contain :-

- Service Description
- Service Objectives
- Scope of Service
- Key Statistics
- Key Performance Indicators
- Service Funding
- Service Summary Chart

### **Service Specification for Children's Services**

The specification of the full range of Children's Services provided by Council is divided into two primary documents. The first describes those services directly managed by Council, including planning and advocacy, special programs and the role of the coordination unit. The second document specifies the components of the total service which are managed by the Penrith City Children's Services Cooperative. These include Long Day Care, Before and After School Care, Preschool and Vacation Care Services.

The specification for *Children's Services managed by the Penrith City Children's Services Cooperative* was approved by the Board of the Cooperative in November 2005. Following this, both service specification documents were reviewed and approved by the Corporate Management Team prior to their submission to Council.

## Executive Summary of Building Maintenance Services

Summary of the Building Maintenance Service Specification			
<b>1. Service Description</b>	<p>The Building Maintenance Service:</p> <ul style="list-style-type: none"> <li>• Conducts Condition Audits of Council buildings and facilities</li> <li>• Carries out Planned / scheduled program of maintenance of Council buildings and facilities</li> <li>• Responds to requests for unplanned maintenance of Council buildings and facilities</li> </ul> <p>Note : The scope of the service does not include Controlled Entities such as The Joan Sutherland Performing Arts Centre, Ripples, Penrith Regional Galleries and Penrith Whitewater Stadium. The maintenance cost for Controlled Entities will be covered in their respective Service Specifications.</p>		
<b>2. Service Objectives</b>	<p>The Building Services Manager must ensure the functionality, and whole of life is maximised for relevant buildings through:</p> <ul style="list-style-type: none"> <li>• A building asset maintenance strategy to maintain assets to appropriate standards fit for their contemporary purpose through planned and unplanned maintenance response</li> <li>• Development of a strategic financial plan for asset management of Council facilities through a register of assets and condition assessment of Council buildings</li> </ul>		
<b>3. Primary link to Management Plan</b>	Issue	Term Achievements	Critical Actions
	27. Buildings, Parks & Open Space Maintenance	27.1 A building asset maintenance strategy is in operation that maintains those assets to appropriate standards fit for their contemporary purpose and addresses the increased costs of maintaining additional buildings	<p>27.1A Complete a register of assets and condition assessment of Council buildings</p> <p>27.1B Finalise and implement asset maintenance strategies for building assets</p>
<b>4. Scope of Service</b>	<ul style="list-style-type: none"> <li>• Council provides maintenance to 230 buildings with a value of \$207 million, totalling 113,926m<sup>2</sup> which is equal to 228 rugby fields</li> <li>• Planned maintenance (cyclic) including fire equipment (for 90 buildings), air conditioning (12 bdgs), cooling towers (4 bdgs), pest control (1 bdgs), automatic doors (14 bdgs), lifts (6 bdgs), sanitary units (15 bdgs), grease traps/septic tanks (25 bdgs), electric water heater thermostat testing (28 bdgs), electrical appliance/tools testing (29 bdgs), electrical safety switch testing (28 bdgs), automatic gates (2 bdgs), roof anchor systems (39 bdgs)</li> <li>• Administration &amp; management of 13 staff</li> </ul>		

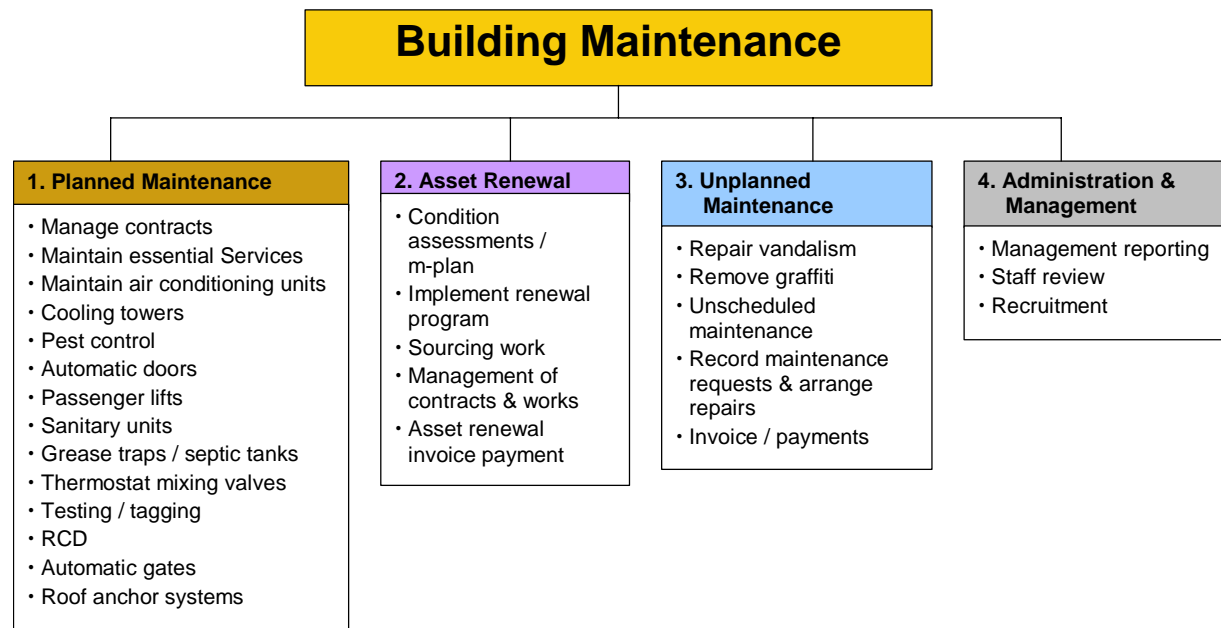
Summary of the Building Maintenance Service Specification	
<b>5. Key Statistics</b>	<ul style="list-style-type: none"> <li>Asset renewal including approx 20 projects with \$650,000 budget, annual condition audits on 230 buildings, processing quotes, invoices &amp; payments</li> <li>Unplanned maintenance including incidences of vandalism (480), graffiti removal (3,003), and assessment &amp; response to both critical &amp; uncritical incidents (2,612) in 2004-05</li> <li>Respond to email (1,700) &amp; enquiries (13,700) in 2004-05</li> </ul>
<b>6. Key Performance Indicators (KPIs)</b>	<ul style="list-style-type: none"> <li>Vandalism cases reported to Council attended to within 24 hrs <b>Target : 100%</b></li> <li>Graffiti is removed within 48 hours <b>Target : 100%</b></li> <li>Offensive graffiti is removed within 24 hours <b>Target : 100%</b></li> <li>% of community satisfied with graffiti removal from Council buildings only ( medium to high satisfaction rating on citywide survey) <b>Target : 75%</b></li> <li>Critical maintenance assessed and responded to within 24 hours <b>Target : 100%</b></li> <li>Non critical maintenance assessed and repaired within 10 working days <b>Target : 100%</b></li> <li>Alarm activations responded to within 30 minutes <b>Target :100%</b></li> </ul>

## 7. Service Funding

The annual budget for the Building Maintenance Service is \$ 5,462,868 per annum. This amount includes all operating costs. This amount includes the capital costs of Building Asset Renewal Program.

Service/Sub-Service	2005-2006 Allocation
Maintenance Costs	\$ 204,070
Unscheduled Maintenance Costs	\$ 1,314,642
Management and Administration	\$ 43,864
Building Asset Renewal Program	\$ 650,000
Community Graffiti Program	\$ 40,000
Provision – Depreciation	\$ 2,629,647
Provision – Insurance	\$ 356,945
Provision – Utilities & Rates	\$ 171,000
Provision – Overtime/Callouts	\$ 52,700
<b>Total Allocation for 2005-2006</b>	<b>\$ 5,462,868</b>
Property Development Reserve Funding (2005-06)	-\$ 450,000
<b>Net Cost of the Building Maintenance Service</b>	<b>\$ 5,012,868</b>

8. Service Summary Chart



## Executive Summary of Children’s Services Managed by Council

Summary of the Children’s Service Penrith City Council Managed Specification	
<b>1. Service Description</b>	<p>Children’s Services provides service facilities/children’s centres staff, vehicles and support to implement Children’s Services programmes for the benefit of families and children across the City. This includes the following sub-services:</p> <ul style="list-style-type: none"> <li>• 1 Occasional Care Centre</li> <li>• 1 Mobile Playvan service</li> <li>• 1 Mobile Preschool service</li> <li>• 1 Out Of School Hours (OOSH) Integration programme</li> <li>• 1 Supplementary Support (SUPS) programme</li> <li>• 1 Supporting Aboriginal Access to Children’s Services (SAACS) programme</li> <li>• Planning and Advocacy including new service development</li> </ul>
<b>2. Service Objectives</b>	<p>The Penrith City Council and Penrith City Council Children’s Services as the direct operations service provider must: -</p> <ul style="list-style-type: none"> <li>• Care for, control, maintain, manage and operate relevant children’s services in compliance with Commonwealth and NSW State and Local council funding and licensing agreements</li> <li>• Provide and support inclusive and equitable children’s services that address the diverse needs of the community</li> <li>• Increase parental contribution to the quality and improvement of services and programmes for the benefit of children</li> <li>• Promote, advocate and support the highest quality standards of care and education to foster children’s health, safety, development and learning</li> <li>• Increase Councils prominence and industry profile for children’s services through best practice and continuous improvement</li> <li>• Promote and be involved in identifying practices with other agencies that support excellence in provision of children’s services</li> <li>• Promote the understanding of the value of early years in the development of children</li> <li>• Undertake an assessment of needs and plan for the development of services for children across the LGA</li> <li>• Advocate for the provision of children’s services to contemporary standards to funding, regulatory and planning authorities</li> <li>• Promote and sustain the provision of children’s services by others</li> <li>• Facilitate children’s access to services by providing or promoting the provision of projects that support parents, staff and children’s inclusion in centres</li> <li>• Sustain a trained and experienced workforce for Children’s Services</li> <li>• Resource and support the Penrith City Children’s Services Cooperative Ltd.</li> <li>• Ensure compliance with Legislation, Regulations and Standards</li> </ul>

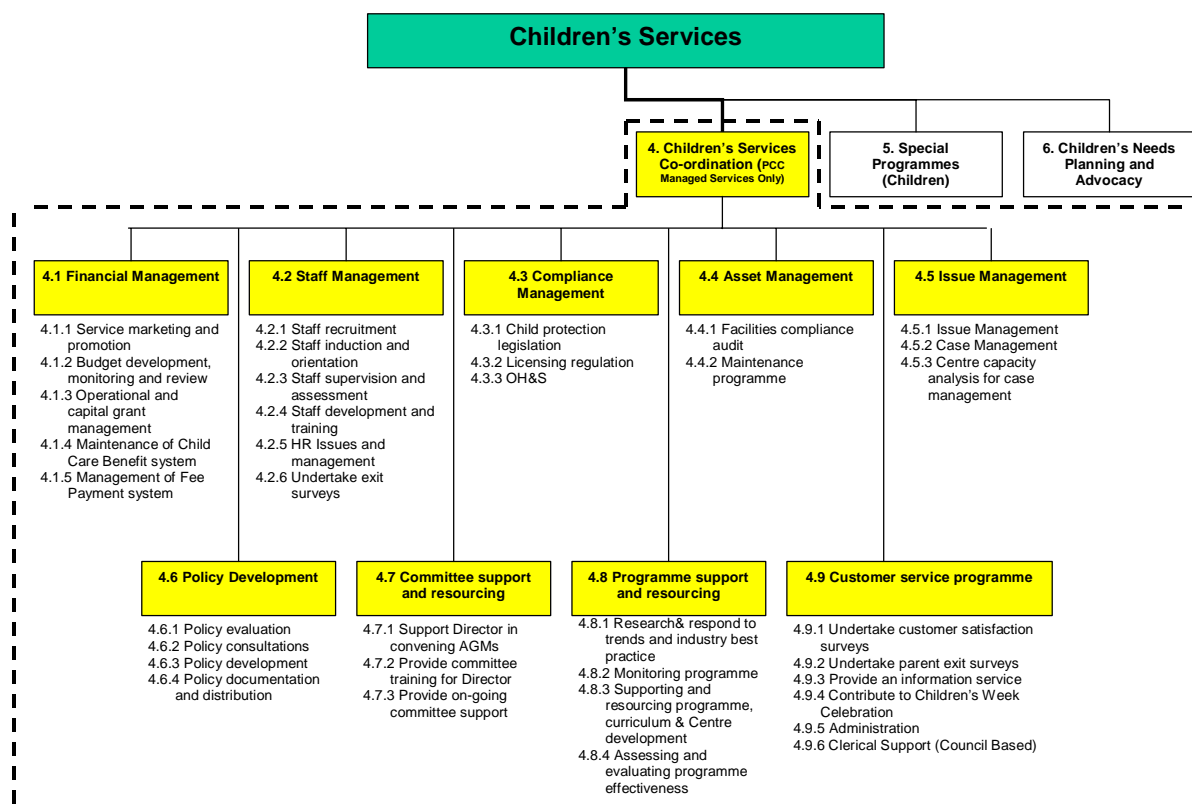
Summary of the Children's Service Penrith City Council Managed Specification			
	Issue	Term Achievements	Critical Actions
<b>3. Primary link to Management Plan</b>	10. Planning and Providing for the Needs of Children	10.1 Services are provided to meet the diverse needs of families and to support the development of children.	10.1A Facilitate the delivery of children's services with a range of stakeholders to meet the current and emerging needs of families.
			10.1B Deliver Council's Children's Services to meet the current and emerging needs of families and children.
			10.1C Advocate for standards of care and education to promote and support families, child safety and well-being.
<b>4. Scope of Service</b>	<ul style="list-style-type: none"> <li>• 1 Occasional Care Centre</li> <li>• 1 Mobile Playvan service</li> <li>• 1 Mobile Preschool service</li> <li>• 1 Out Of School Hours (OOSH) Integration programme</li> <li>• 1 Supplementary Support (SUPS) programme</li> <li>• 1 Supporting Aboriginal Access to Children's Services (SAACS) programme</li> </ul>		
<b>5. Key Statistics</b>	<ul style="list-style-type: none"> <li>• Needs, planning and advocacy involves 18 staff plus relief staff</li> <li>• Children's Services Co-ordination has 7 staff plus involvement of every centre director.</li> <li>• Special programs involves 11 staff. 129 children supported</li> <li>• 1 Mobile Playvan averaging 57 sessions per term 18 Children and 13 adults attend per session.</li> <li>• Children's Services employs 280 + staff plus a pool of 220 relief staff annually.</li> </ul>		
<b>6. Key Performance Indicators (KPIs)</b>	<ul style="list-style-type: none"> <li>• % Utilisation of Mobile Pre-School <b>Target : 69%</b></li> <li>• % Utilisation of Occasional Care Centres <b>Target: 97%</b></li> <li>• % and number of clients satisfied with Children's Services <b>Target: 80%</b></li> <li>• No. adults / children attending Mobile Playvan each week <b>Target: 15 Adults / 20 Children</b></li> </ul>		

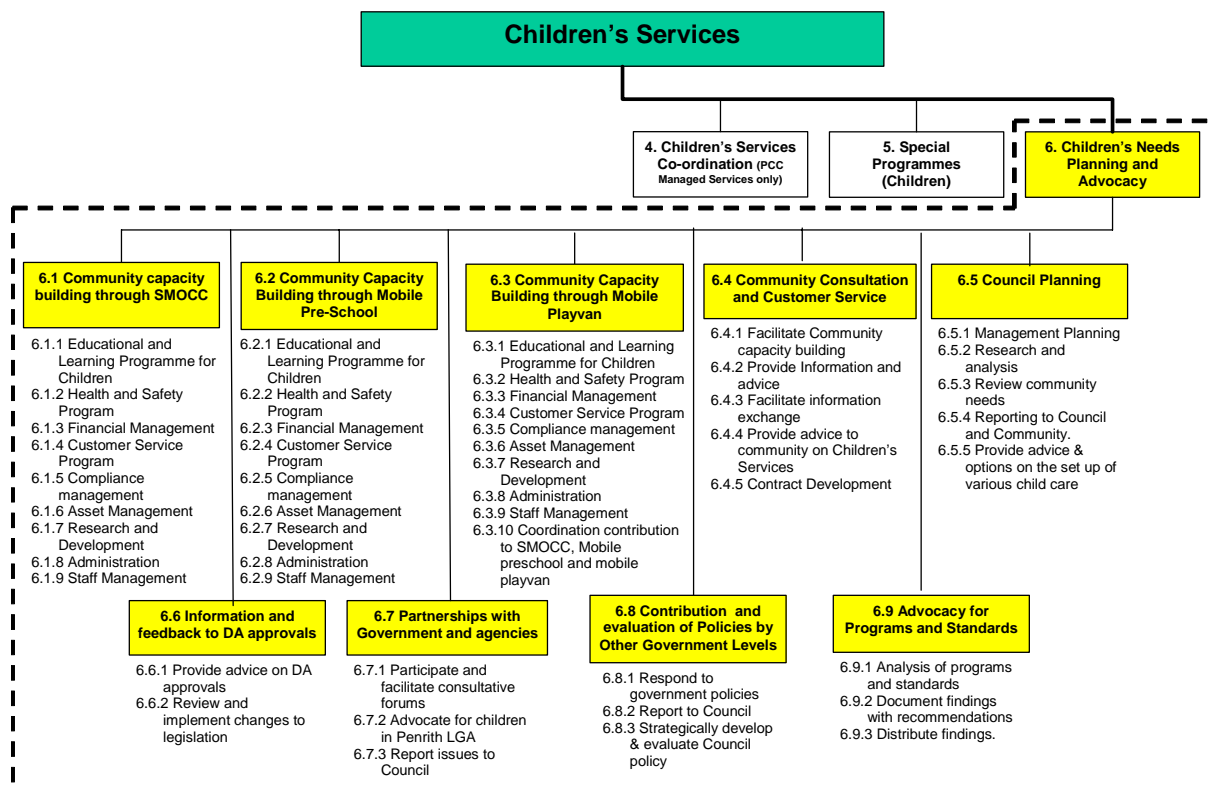
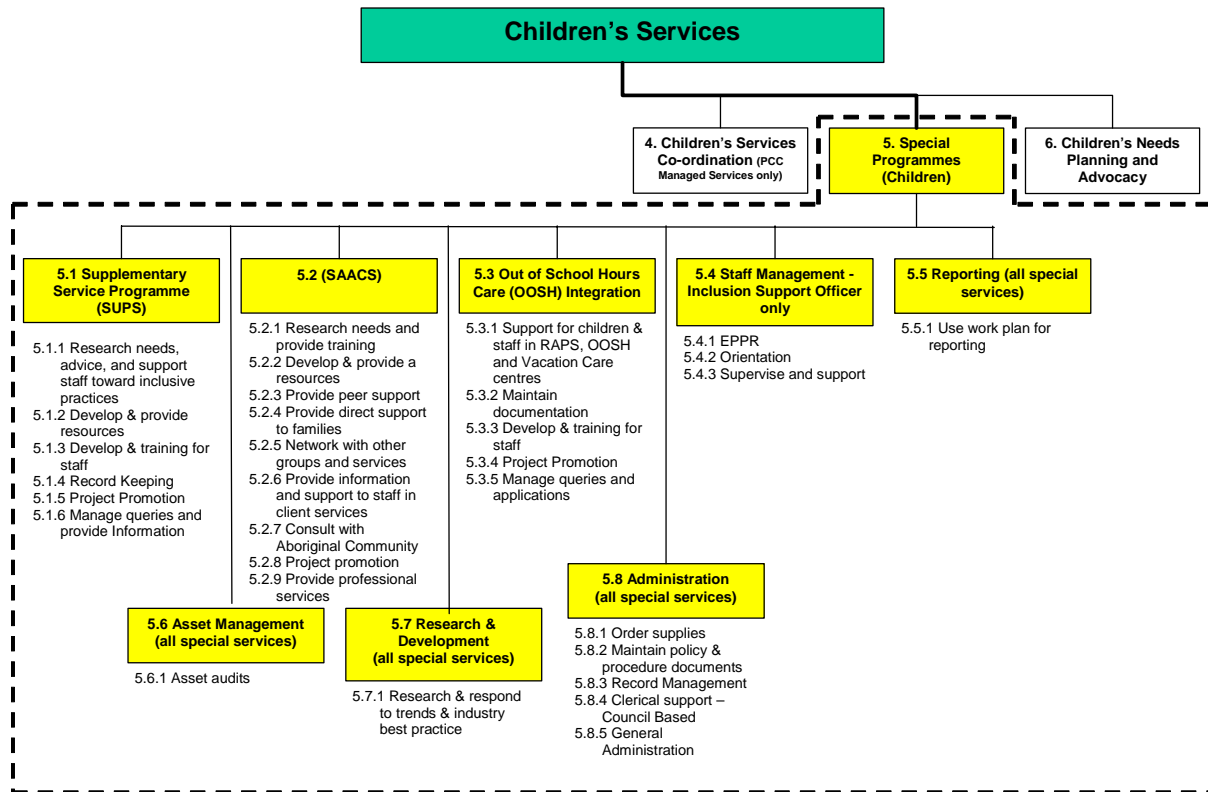
## 7. Service Funding

The annual budget for the **Children's Services managed by Council is \$1,359,152 per annum**. This amount includes all operating costs. This amount does not include capital costs unless otherwise noted.

Activity	Cost 2004-05 actuals
4. Co-ordination	\$ 254,608
5. Special Services	\$ 361,463
6. Planning, Needs and Advocacy	\$ 743,081
<b>Sub-Total of cost</b>	<b>\$ 1,359,152</b>
Income from grants, funding and revenue	(\$ 717,838)
<b>Net Cost of PCC Managed Children's Services</b>	<b>\$ 641,314</b>

## 8. Service Summary Charts







## Executive Summary of Children's Services Managed by the Penrith City Children's Services Cooperative

Summary of the Children's Service Cooperative Managed Specification		
<b>1. Service Description</b>	<p>Children's Services provides facilities/children's centres, staff, vehicles and support to implement Children's Services programmes for the benefit of families and children across the City. This includes the following sub-services:</p> <ul style="list-style-type: none"> <li>▪ 7 Preschool Centres</li> <li>▪ 17 Long Day Care Centres</li> <li>▪ 9 Before and After School Care Centres</li> <li>▪ 6 Vacation Care services</li> </ul> <p>Penrith City Children's Services Cooperative is responsible for the planning, management and delivery of these sub-services</p>	
<b>2. Service Objectives</b>	<p>The Penrith City Children's Services Cooperative Ltd, with the support of Children's Services, as the direct operations service provider must (as set out in the Rules of the Cooperative): -</p> <ul style="list-style-type: none"> <li>▪ Care for, control, maintain, manage and operate children's centres in compliance with Commonwealth and NSW State and Local council funding and licensing agreements</li> <li>▪ Provide and support inclusive and equitable children's services that address the diverse needs of the community</li> <li>▪ Increase parental contribution to the quality and improvement of services and programmes for the benefit of children</li> <li>▪ Promote, advocate and support the highest quality standards of care and education to foster children's health, safety, development and learning</li> <li>▪ Increase Councils prominence and industry profile for children's services through best practice and continuous improvement</li> <li>▪ Promote the understanding of the value of early years in the development of children</li> </ul>	
<b>3. Primary link to Management Plan</b>	<b>Issues</b>	<b>Term Achievements</b>
	10. Planning and Providing for the Needs of Children	10.1 Services are provided to meet the diverse needs of families and to support the development of children.
		10.1B Deliver Council's Children's Services to meet the current and emerging needs of families and children.  10.1C Advocate for standards of care and education to promote and support families, child safety and well-being.
<b>4. Scope of Service</b>	<ul style="list-style-type: none"> <li>• 7 Preschool Centres</li> <li>• 17 Long Day Care Centres</li> <li>• 9 Before and After School Care Centres</li> <li>• 6 Vacation Care services</li> </ul>	

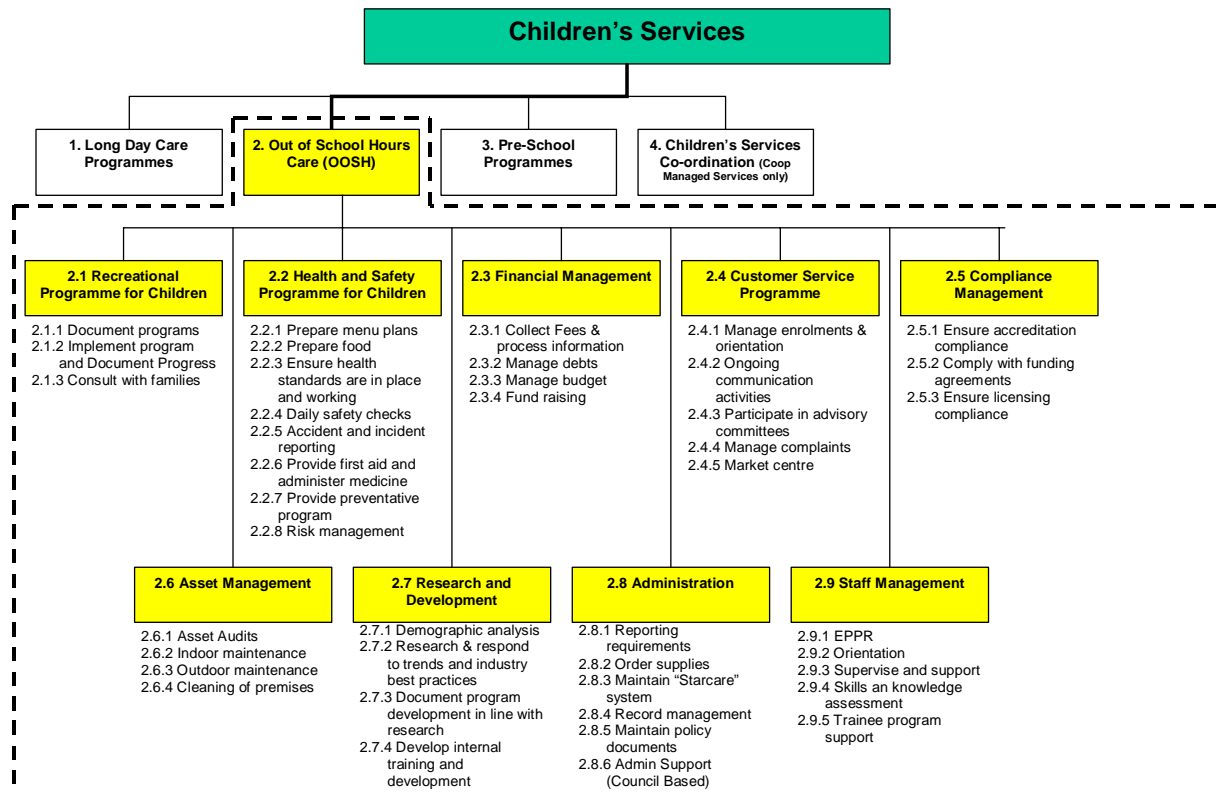
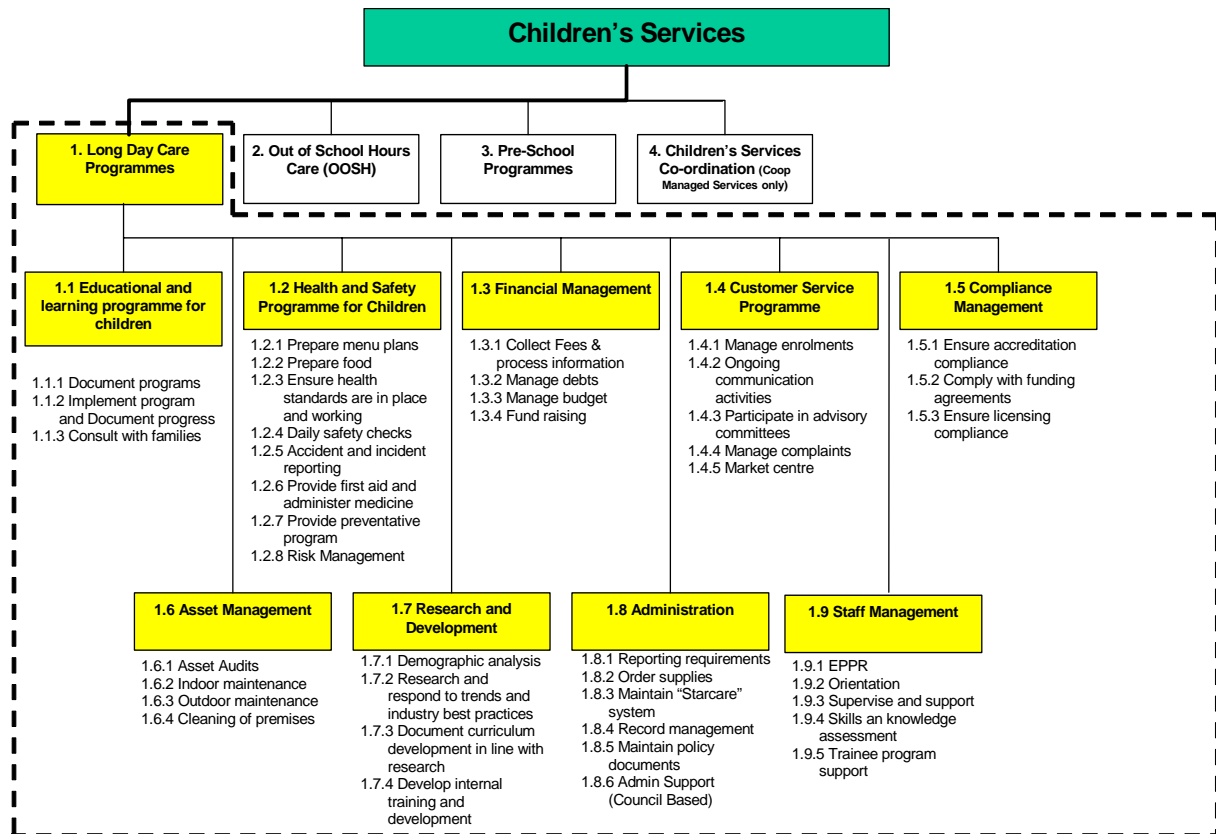
Summary of the Children's Service Cooperative Managed Specification	
<b>5. Key Statistics</b>	<ul style="list-style-type: none"> <li>• 34 staff plus relief staff for B&amp;A and Vacation Care.</li> <li>• 819 children enrolled</li> <li>• Individual programs developed and implemented for 4101 children</li> <li>• Children's Services employs 280 + staff plus a pool of 220 relief staff annually</li> </ul>
<b>6. Key Performance Indicators (KPIs)</b>	<ul style="list-style-type: none"> <li>• % Utilisation of Long Day Care <b>Target</b> : 92% utilisation</li> <li>• % Utilisation of Pre-Schools <b>Target</b> : 70% utilisation</li> <li>• % Utilisation of Mobile Pre-School <b>Target</b> : 69% utilisation</li> <li>• % Utilisation of Before and After School Program <b>Target</b> : 69% utilisation</li> <li>• % Utilisation of Vacation Care Program <b>Target</b> : 85% utilisation</li> <li>• % and number of clients satisfied with Children's Services <b>Target</b> : 80% of respondents satisfied with services</li> </ul>

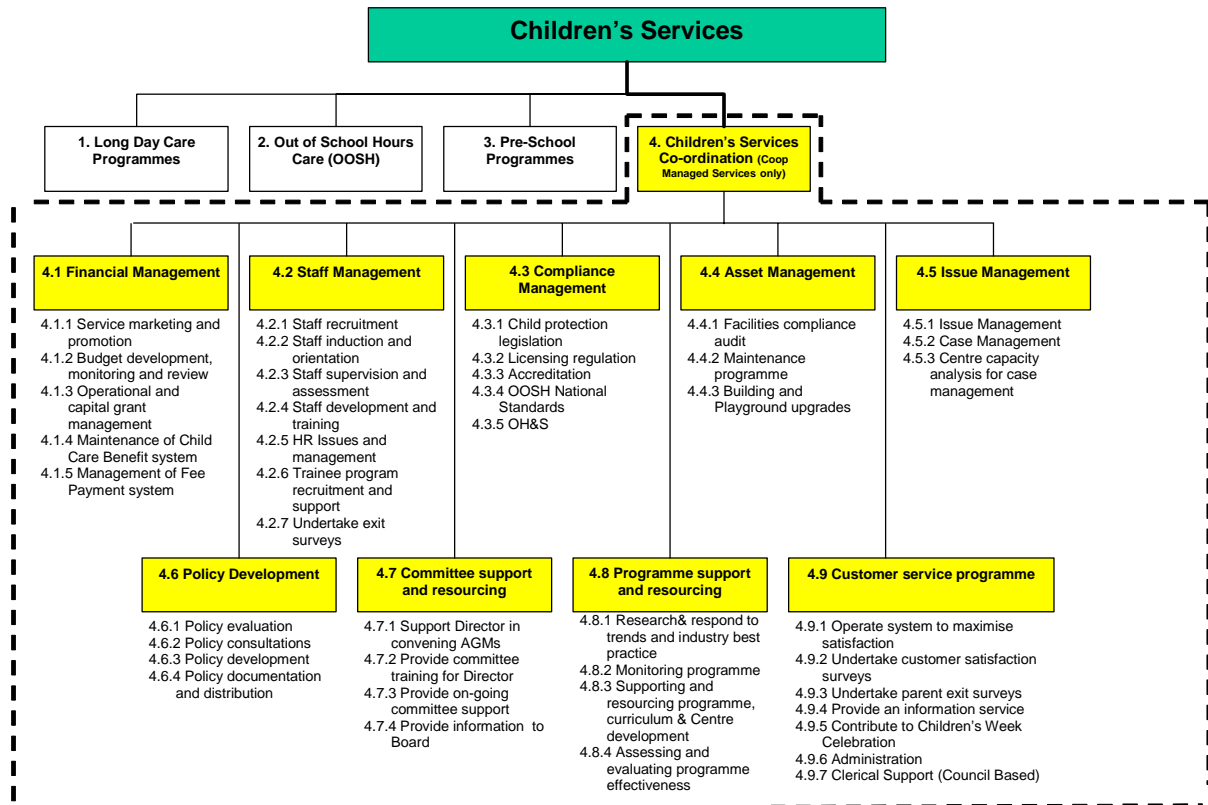
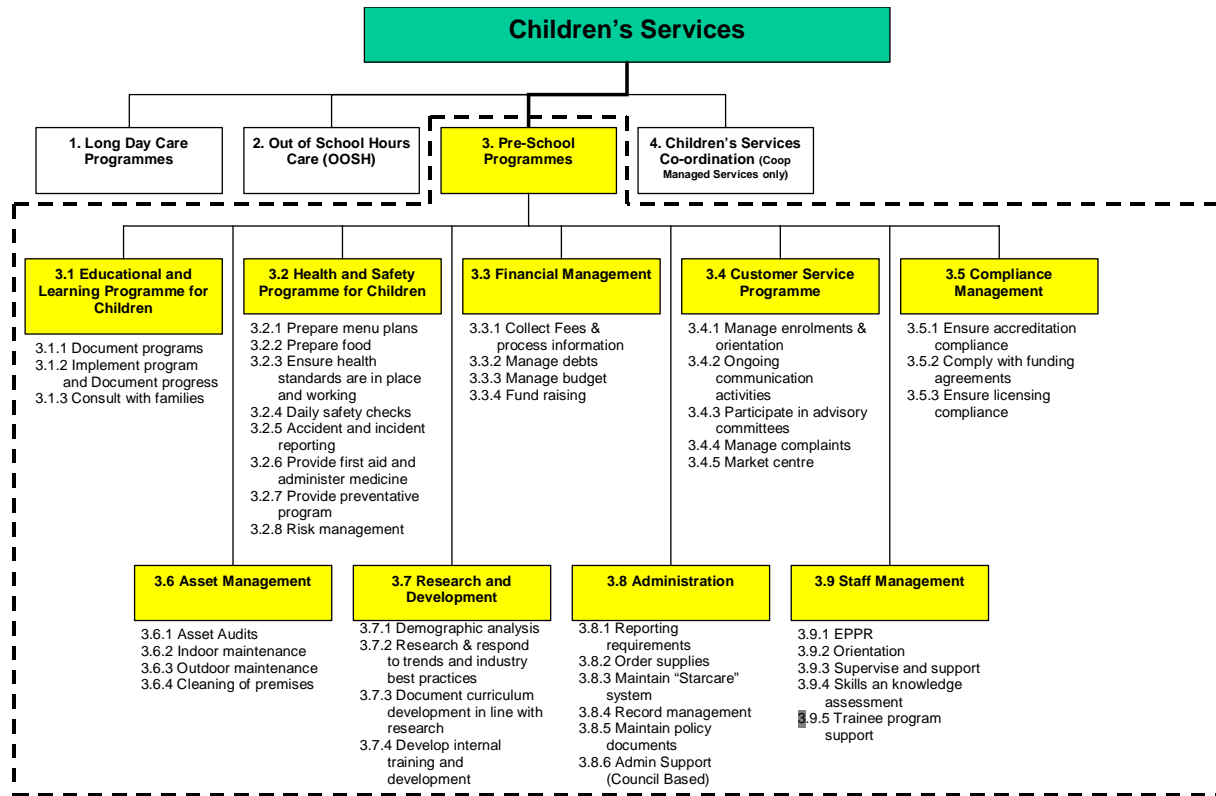
## 7. Service Funding

The annual budget for the **Children's Services Managed by the Penrith City Children's Services Cooperative Ltd** is **\$13,316,105 per annum**. This amount includes all operating costs. This amount does not include capital costs unless otherwise noted.

Activity	Cost 2004-05 actuals
1. Long Day Care (LDC)	\$ 9,934,607
2. Out Of School Hours Care (OOSH)	\$ 1,352,397
3. Pre-School	\$ 1,551,527
4. Co-ordination	\$ 477,574
<b>Sub-Total of cost</b>	<b>\$ 13,316,105</b>
Income from Long Day Care (LDC)	(\$ 9,124,862)
Income from Out Of School Hours Care (OOSH)	(\$ 1,228,353)
Income from Pre-school	(\$ 1,634,257)
Income from Coordination unit	(\$ 232,798)
<b>Sub-Total of Income</b>	<b>(\$ 12,220,270)</b>
<b>Net Cost - Cooperative Managed Children's Services</b>	<b>\$ 1,095,835</b>

8. Service Summary Chart





## Executive Summary of Emergency Management Services

Summary of the Emergency Management Services Service Specification																					
1. Service Description	<p><b>The Emergency Management Service provides support to the state government in:</b></p> <ul style="list-style-type: none"> <li>Assisting with the planning, implementation and review of the response provided during a significant emergency in the Penrith LGA.</li> <li>Providing administrative support and funding to the NSW RFS and SES that operates in the LGA.</li> <li>Managing the distribution of funding to the contribution to NSW Fire Brigade</li> </ul> <p><b>Council's role in Emergency Management is primarily one of:</b></p> <ul style="list-style-type: none"> <li>Providing Council support to Emergency Services in the response to significant emergencies in the LGA</li> <li>Providing funding to the NSW RFS, NSWFB and SES</li> <li>Managing Grant funding for NSW RFS &amp; SES</li> <li>Ensuring that the community is provided with a co-ordinated response to, and recovery from, significant emergencies through engagement with relevant emergency service providers &amp; other agencies</li> <li>Coordination of Council's wardens &amp; evacuation procedures in Council buildings</li> </ul> <p><b>Allocated Responsibility for Significant Emergencies</b></p> <table border="1"> <thead> <tr> <th>Incident</th> <th>Responsibility</th> </tr> </thead> <tbody> <tr> <td>Storm and Tempest</td> <td>SES</td> </tr> <tr> <td>Flooding</td> <td>SES Flood Plan Exists</td> </tr> <tr> <td>Bush Fire</td> <td>NSW Rural Fire Service</td> </tr> <tr> <td>Hazardous Material</td> <td>NSW Fire Brigades</td> </tr> <tr> <td>Animal Disease</td> <td>NSW Agriculture</td> </tr> <tr> <td>Transport</td> <td>LEOCon* to control</td> </tr> <tr> <td>Earthquake</td> <td>LEOCon* to control</td> </tr> <tr> <td>Aviation</td> <td>LEOCon* to control</td> </tr> </tbody> </table> <p>* LEOCon = "Local Emergency Operations Controller" is the Penrith local Area Commander</p>			Incident	Responsibility	Storm and Tempest	SES	Flooding	SES Flood Plan Exists	Bush Fire	NSW Rural Fire Service	Hazardous Material	NSW Fire Brigades	Animal Disease	NSW Agriculture	Transport	LEOCon* to control	Earthquake	LEOCon* to control	Aviation	LEOCon* to control
	Incident	Responsibility																			
Storm and Tempest	SES																				
Flooding	SES Flood Plan Exists																				
Bush Fire	NSW Rural Fire Service																				
Hazardous Material	NSW Fire Brigades																				
Animal Disease	NSW Agriculture																				
Transport	LEOCon* to control																				
Earthquake	LEOCon* to control																				
Aviation	LEOCon* to control																				
2. Service Objectives	<ul style="list-style-type: none"> <li>Provide executive support to the Local Emergency Management Committee through the Local Emergency Management Officer</li> <li>Provide administrative support to the local RFS and SES</li> <li>Maintain vehicles, equipment and buildings for the local RFS and SES</li> <li>Engage with Emergency Services to co-ordinate Councils response during and after a significant emergency in the LGA</li> <li>Provide support to other Emergency Services as identified in the Local Disaster Plan</li> </ul>																				
3. Primary link to Management Plan	<b>Issue</b>	<b>Term Achievements</b>	<b>Critical Actions</b>																		
	28. Emergency Management	28.1 Plans are developed and implemented in partnership with emergency service agencies to provide emergency services and facilities to the city	28.1A Protocols for the city response to fire flood and other emergency conditions are established in partnership with the relevant agencies																		

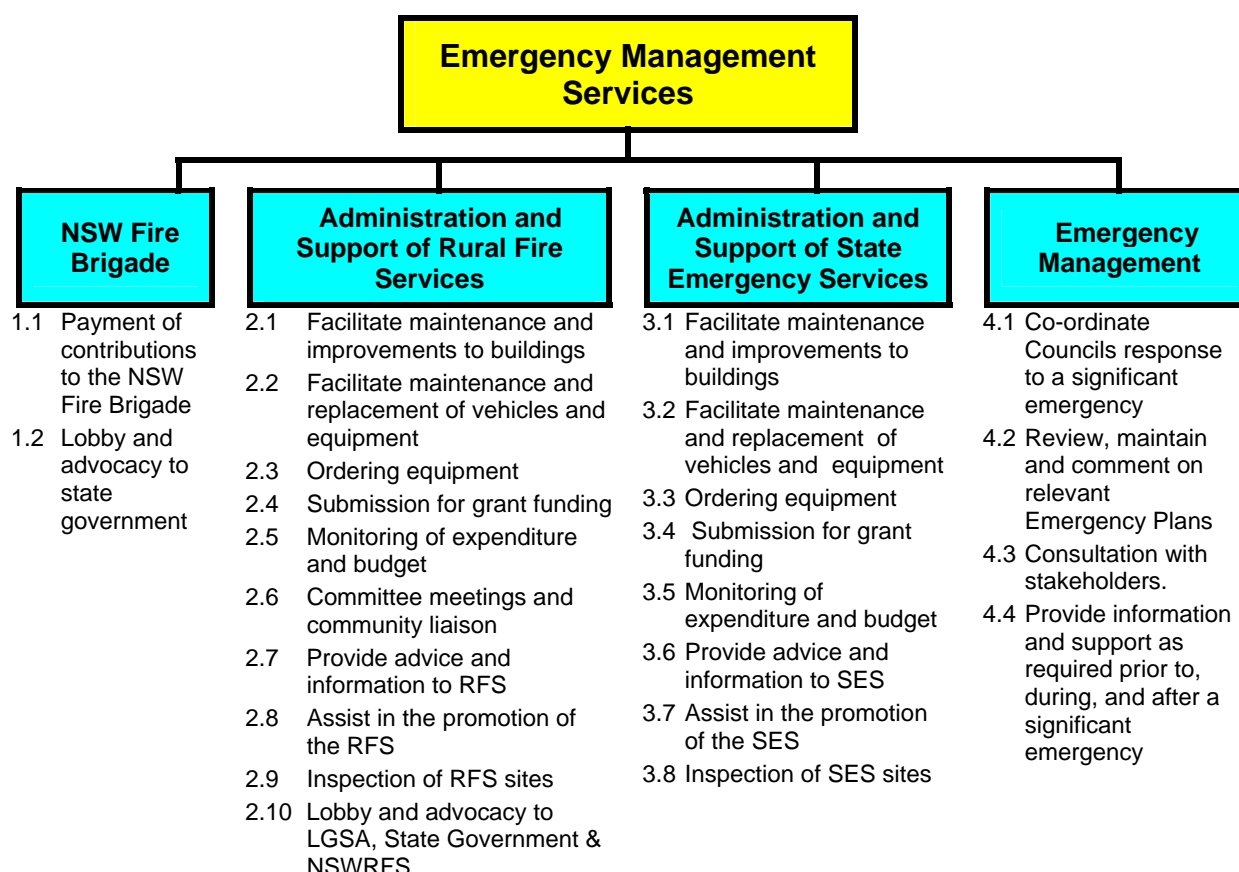
Summary of the Emergency Management Services Service Specification	
<b>4. Scope of Service</b>	<p><b>Penrith City Council support of Rural Fire Services:</b></p> <ul style="list-style-type: none"> <li>• Maintains 26 RFS vehicles</li> <li>• Researches and places 185 equipment orders per annum</li> <li>• Write submissions, monitor grants of \$1,391,138 (2005-2006)</li> <li>• Monitors budget of \$605,208 (2005-2006) including \$259,484 depreciation</li> <li>• Responds to 34 RFS requests for information per week</li> </ul> <p><b>Penrith City Council support of State Emergency Services:</b></p> <ul style="list-style-type: none"> <li>• Maintains 8 SES vehicles</li> <li>• Supports building maintenance (12 instances in 2004-2005) through DAs (1 in 2004-2005), sourcing supplies and suppliers</li> <li>• Researches and places 48 equipment orders per annum</li> <li>• Monitors budget of \$ 139,577 (2005-2006) including \$39,990 depreciation</li> </ul> <p>Responds to 5 SES requests for information per week</p> <p><b>Emergency Management function</b> provides executive support to the Local Emergency Management Committee (LEMC) and coordinates Council's response to emergencies through:</p> <ul style="list-style-type: none"> <li>• Representing Council (13 meetings &amp; 3 exercises - 73 hours per annum)</li> <li>• Review and maintenance of Disaster Planning in LGA (10 occasions - 32 hours per annum)</li> </ul>
<b>5. Key Statistics</b>	<ul style="list-style-type: none"> <li>• <b>Rural Fire Service</b> responds to all 598 call outs per annum, has 535 volunteers</li> <li>• <b>State Emergency Services</b> responds to 400 emergency call outs per annum, has 43 volunteers</li> <li>• <b>Council</b> providing support during significant emergencies (no incidents in 2004-05, this may range from zero to several hundred hours depending on the incident). Support from Council may include public works, traffic control and logistical support to emergency services from both within and outside the Penrith LGA.</li> </ul>
<b>6. Key Performance Indicators (KPIs)</b>	<p>Relevant Emergency Services are satisfied with Council's executive support and provision of resources during emergencies.</p> <p><b>Target</b> : 90% satisfaction identified at debriefs following emergency incidents•</p> <ul style="list-style-type: none"> <li>• All requirements outlined in the Council–NSWRFS service level agreement are met</li> </ul>

## 7. Service Funding

The annual budget for the Emergency Management Service is **\$1,668,743** per annum. This amount includes all operating costs. This amount does not include capital costs unless otherwise noted.

Service/Sub-Service	2005-2006 Allocation
NSW Fire Brigades	\$ 912,714
Administration & Support of Rural Fire Service	\$ 396,899
Contribution to NSWRFSS	\$ 189,183
Capital works and Projects for RFS -funded	\$ 1,960,679
Depreciation of RFS assets	\$ 259,484
Administration & Support of State Emergency Services	\$ 79,587
Capital equipment for SES	\$ 20,000
Depreciation of SES assets	\$ 39,990
Local Emergency Management	\$ 11,124
<b>Income and Grants</b>	
Grant funded contribution from NSWRFSS	(\$ 1,375,138)
Other RFS income	(\$ 825,779)
<b>Net Cost of Emergency Management Service</b>	<b>\$ 1,668,743</b>

## 8. Service Summary Chart



**RECOMMENDATION**

That:

1. The information contained in the report on Service Specification Program be received
2. The specification for the Building Maintenance service be adopted
3. The specification for the Children's Services Managed by Council service be adopted
4. The specification for the Children's Services Managed by the Penrith City Children's Services Cooperative service be adopted
5. The specification for the Emergency Management service be adopted

**ATTACHMENTS/APPENDICES**

There are no attachments for this report.



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## **Leadership and Organisation**

### **8 Local Government Amendment Act 2005**

**754/10**

**Compiled by:** Glenn McCarthy, Executive Officer

**Authorised by:** Steve Hackett, Director City Services

**Strategic Program Term Achievement:** *Council has reviewed its own role and operations and has adopted contemporary practices to best discharge its charter.*

**Critical Action:** *Review current structures and procedures supporting Council and Councillors' responsibilities.*

#### **Purpose:**

*To advise Council of changes to the Local Government Act 1993 following the enactment of the Local Government Amendment Act 2005. The report recommends that the information be received and that Council consider making a submission to the Minister in relation to the number of Councillors for the Council.*

#### **Background**

The Department of Local Government (DLG) has advised by Circular 05-34 that changes have been made to the Local Government Act 1993 following the enactment of the Local Government Amendment Act 2005. Each change, as advised by the DLG, is listed below.

#### **Councillor Numbers**

The amendments to the Local Government Act 1993 effected by this Act will allow councils a one-off opportunity to resolve to apply to the Minister for Local Government for approval to reduce the number of councillors on the council without the holding of a constitutional referendum.

There are a number of restrictions:

- The opportunity is only available for 12 months.
- No council may have less than 5 councillors.
- A council divided into wards may not have less than 3 councillors per ward.

A council must give not less than 21 days public notice of its proposal to resolve to apply to the Minister for approval to reduce its councillor numbers.

The public notice must state the place at which, the dates on which, and the times during which the public may inspect the proposed resolution. The council must bring the notice to the attention of as many people in its area as possible. This is commonly done by way of advertisement in a newspaper regularly circulating in the council area. The notice may also be posted in public areas such as community centres and public notice boards.

The notice must invite public submissions on the proposal.

The council will be required to submit a summary of any submission received and any

comments on those submissions to the Minister, along with the application seeking approval to reduce the number of councillors.

Where a council has received approval to reduce the number of councillors, the reduction will not take place until the next ordinary election. Casual vacancies that occur during that period will not be required to be filled unless the number of councillors on the council would become less than the reduced number approved by the Minister.

### **Background on Councillor Numbers**

In 1986 Council made a submission to the then Minister for Local Government, The Hon. Janice Crosio MP requesting an increase in the number of Councillors from 12 to 15. The submission centred on the “obvious statistics of the City’s growth, the growth in work load, the need for change and adaptation, the growth in responsibilities of office, community expectations, the developing role of the elected member, the importance of the policy role, the need for strengthening local government and the self sufficiency of the area”.

In January 1987 the Minister for Local Government advised that she had recommended to His Excellency the Governor that Penrith City Council’s request for an increase in Aldermen should be granted and to take effect from the next election.

At the 1987 Local Government Elections for Penrith City Council, the Aldermen for each of the three wards increased to five per ward giving a total of 15 Aldermen.

### **Categorisation of Councils and Relation to Councillor Numbers**

The Local Government Remuneration Tribunal in 1995 determined various categories of Council based on criteria such as the size of area, the population of areas and the distribution of the population, and the nature and volume of business dealt with by each Council. In 2002, Penrith City Council was moved from Category 1 to Category 1A to better reflect the size and nature of Penrith City as the regional capital of outer Western Sydney.

The Local Government Remuneration Tribunal’s annual determination of fees payable to Mayors and Councillors has consistently provided the same range of fees for Councillors in Category 1A and Category S2 Councils. The following table is provided to show the comparative ratio of elected representatives to population for all Category 1A and Category S2 Councils.

Council	Category	Number of Councillors	Number of Wards	Population*	Representation Ratio
Penrith	1A	15	3	178,233	1 : 11,882
Blacktown	1A	15	5	273,267	1 : 18,218
Parramatta	S2	15	5	149,016	1 : 9,934
Newcastle	S2	13	4	144,375	1 : 11,106
Wollongong	S2	13	6	191,602	1 : 14,739

\* To ensure consistency – figures based on NSW Department of Local Government Comparative Data 2003/2004

As can be seen above, Blacktown City Council, the only other category 1A Council, has a much lower number of elected representatives per person than Penrith City. However, as new release areas within the City come on line and population grows to a projected 230,000 over the next 15 years, the number of Councillors will be around 1 per 15,000 people which close to the current average for Category 1A and S2 Councils.

### **Expenses and Facilities Policies**

The Act now requires councils to adopt a policy concerning the payment of expenses and the provision of facilities for mayors and councillors within five months after the end of each financial year even if it proposes to adopt a policy that is the same as its existing policy.

Councils will be required to give public notice of an intention to adopt or amend such a policy. Public notice will not be required where an amendment is not substantial.

Once public notice has been given and submissions received and the policy adopted, the council must provide the Department of Local Government with a copy of the policy and a summary of the submissions received.

The policy adopted by the council must comply with guidelines to be issued by the Director General under section 23A of the Act. These Guidelines will be issued in the near future following consultation with the Local Government and Shires Associations of NSW. The primary aim of the Guidelines is to clarify issues in regard to the scope and extent of the expenses that may be claimed by, and the equipment and facilities provided to, mayors and councillors.

The Guidelines will assist councils with the making of their expenses and facilities policies, set out certain principles and discuss relevant issues. They will not provide model clauses for inclusion in policies. However a suggested outline structure or format for the policies will be included and councils will be encouraged to use this format and adapt it where necessary to suit their needs.

The Guidelines have not been completed and circulated to councils at this stage. Council already has in place a detailed Policy on the Payment of Expenses and Provision of Facilities to the Mayor, Deputy Mayor and Councillors which was developed in consultation with Councillors and placed on public exhibition prior to being adopted. Further information on this matter will be submitted to Council for consideration when the Guidelines are received.

### **Standard Contracts for Senior Staff and General Managers**

The Act will allow the Director General to approve one or more standard contracts for senior staff of councils, including general managers. This provision of the amending Act will not be commenced until the standard contracts have been drafted in consultation with major stakeholders. Councils will be notified when this provision is to commence.

### **Pecuniary interest**

Provisions in relation to pecuniary interests have been clarified by the Act. The amendments now make it clear that a pecuniary interest of a person associated with a person associated with a designated person cannot give rise to a pecuniary interest in the designated person.

The Local Government Pecuniary Interest and Disciplinary Tribunal has now been provided with a power to refer matters of contempt in the face or hearing of the Tribunal to the Supreme Court.

**RECOMMENDATION**

That:

1. The information contained in the report on Local Government Amendment Act 2005 be received
2. Council consider making a submission to the Minister for Local Government relating to the number of Councillors for the Council.

**ATTACHMENTS/APPENDICES**

There are no attachments for this report.



# ATTACHMENTS



Date of Meeting: Monday 27 February 2006

Master Program: Leadership and Organisation

Issue: Management of the Organisation

Report Title: Alignment of the Organisation

Attachments: 2005-2009 Strategic Program - Proposed Accountabilities



## 2005-2009 Strategic Program ~ Proposed Organisational Accountabilities

*NB These accountabilities are in addition to the Critical Action assignments to Managers, which are reflected in the 2005-06 Management Plan.*

This document uses the following officer codes, current as at 20 February 2006:

### General Manager and Directors (Corporate Management Team)

<b>GM</b>	General Manager	Alan Travers
<b>DCS</b>	Director - City Strategy	Alan Stoneham
<b>DCP</b>	Director - City Planning	Craig Butler
<b>DCO</b>	Director - City Operations	Ray Moore
<b>DS</b>	Director - City Services	Steve Hackett
<b>CFO</b>	Chief Financial Officer	Barry Husking

### Managers

<b>AM</b>	Asset Manager	David Burns
<b>BSM</b>	Building Services Manager	Rod Wood
<b>CDM</b>	Community Development Manager	Erich Weller
<b>CM</b>	Corporate Development Manager	Ross Kingsley
<b>CSM</b>	Children's Services Manager	Denise Gibson
<b>DAM</b>	Development Assessment Manager	Paul Lemm
<b>DTAM</b>	Design and Technical Advice Manager	Craig Ross
<b>EDCMM</b>	Economic Development and City Marketing Manager	Geoff Shuttleworth
<b>EHM</b>	Environmental Health Manager	Wayne Mitchell
<b>EO</b>	Executive Officer	Glenn McCarthy
<b>EPM</b>	Environmental Planning Manager	Roger Nethercote
<b>FOM</b>	Facilities Operations Manager	Gary Dean
<b>FSM</b>	Financial Services Manager	Vicki O'Kelly
<b>IA</b>	Internal Auditor	Glenn Schuil
<b>IM</b>	Information Manager	Graeme Pattingale
<b>ITM</b>	Information Technology Manager	Richard Baczelis
<b>LEDPM</b>	Local Economic Development Program Manager	Bijai Kumar
<b>LO</b>	Legal Officer	Stephen Britten
<b>LPM</b>	Local Planning Manager	Ruth Goldsmith
<b>PCMM</b>	Parks Construction and Maintenance Manager	Raphael Collins
<b>PDM</b>	Property Development Manager	Brian Griffiths
<b>PSM</b>	Personnel Services Manager	Danielle Welsh
<b>WCPM</b>	Waste and Community Protection Manager	Barry Ryan
<b>WDM</b>	Workforce Development Manager	Linden Barnett



Term Achievement	Manager
<b>The City in its Broader Context</b>	

**Issue 1. Penrith Valley's Recognition (DCS)**

1.1	A decision has been secured from relevant groups to develop a nominated institution or event that has the status to cause Penrith Valley to be widely recognised locally, throughout the State, nationally and throughout the world.	EDCMM
1.2	Penrith Lakes is developing and being used in a way that establishes it as a principal Sydney destination.	EPM
1.3	Penrith Valley is recognised locally and throughout Sydney as vibrant, innovative and attractive, distinguished from the rest of Sydney, with a range of services and experiences, complemented by those available in the Blue Mountains and Hawkesbury.	EDCMM

**Issue 2. Penrith City Centre's Metropolitan Role (DCS)**

2.1	Penrith City Centre provides a comprehensive range of economic and human and lifestyle services to Outer Western Sydney and Central Western New South Wales.	LPM
2.2	A component of a Citywide land use and transport plan addressing Penrith City Centre and nearby places of regional importance or attraction is being implemented.	DTAM

**Issue 3. St Marys' Regional Role (DCS)**

3.1	A component of a Citywide land use and transport plan addressing St Marys Town Centre is being implemented.	DTAM
3.2	The Penrith Valley Cultural Precinct is completed and contributing to a vibrant urban village lifestyle in St Marys.	FOM
3.3	St Marys offers a range of district level retail and service businesses to its surrounding localities.	LPM

**Issue 4. Regional Growth (DCS)**

4.1	The community and City organisations are informed on issues relevant to metropolitan growth and development that affect the City and the reasons for Council's response to them.	EPM
4.2	Joint responses and initiatives are regularly developed with neighbouring Councils and regional organisations around metropolitan and regional issues.	EPM
4.3	Agreement has been reached with State Government agencies to provide mutually agreed services and facilities to the City consistent with its growing requirements.	EPM
4.4	Council's preferred positions and priorities relevant to Western Sydney growth and development are considered by governments, regional forums and regional organisations in their own policy development.	EPM

**Issue 5. Access to and Equity of Services (DCS)**

5.1	A plan as a component of Council's overarching agreement with Government is in place supporting Council's claim for service equity for the City.	CDM
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**Issue 6. Sustainable Rural Lands (DCP)**

6.1	Council's adopted strategy is being implemented as the basis for future rural land use decisions.	LPM
6.2	The City's rural lands are valued by the City's communities for the natural and landscape values they contribute to the City's character.	DTAM
6.3	A network is advancing best practice commercial rural land use.	EHM

Term Achievement		Manager
<b>The City as a Social Place</b>		

**Issue 7. Community Well Being and Social Justice (DS)**

7.1	Effective responses are made to the social impacts of growth, redevelopment and change.	CDM
7.2	Strategies are in place to respond to the social and health needs of the community.	CDM
7.3	Council continues to offer leadership in developing a better understanding of and cooperation with Aboriginal and Torres Strait Islander organisations and people.	CDM
7.4	Access has increased for communities that face barriers to using social services and facilities.	CDM
7.5	Council's planning approach to the provision of housing across the City addresses the supply, choice, affordability, economic, social diversity and workplace location needs of the community.	LPM

**Issue 8. Cultural Development (DS)**

8.1	The City is widely recognised as a centre of cultural diversity, excellence and access.	CDM
8.2	The cultural assets of the City have been integrated to establish its reputation as a creative place.	FOM

**Issue 9. Recreation and Leisure (DS)**

9.1	The City's recreation and leisure facilities and services meet its needs and are optimally used.	FOM
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**Issue 10. Planning and Providing for the Needs of Children (DS)**

10.1	Services are provided to meet the diverse needs of families and to support the development of children.	CSM
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**Issue 11. Community Safety (DCO)**

11.1	A community safety plan, building on a partnership with police, the community and other stakeholders is in place and supported by Council's programs.	AM
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**Issue 12. Magnetic Places (DS)**

12.1	Penrith City Centre and St Marys Town Centre are appealing places to people seeking satisfying social and cultural experiences.	CDM
12.2	Local centres, community meeting places and prominent meeting places are increasingly valued and recognised by communities as a focus of their neighbourhoods, or as a feature of the City.	FOM

**Issue 13. Established Neighbourhoods (DCP)**

13.1	A program of renewal for selected neighbourhoods that contributes to a sense of community identity and cohesiveness is being implemented.	CDM
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**Issue 14. Managing Redevelopment (DCP)**

14.1	Redevelopment of existing areas contributes to safe, sustainable, affordable and satisfying living environments and cohesive communities.	DAM
14.2	New housing in established areas is coordinated by comprehensive neighbourhood plans developed in partnership with the local community and development industry.	DAM

**Issue 15. New Release Areas (DCP)**

15.1	Cohesive communities are formed based on sustainable, safe and satisfying living and working environments.	EPM
15.2	Strategies are in place for new release areas to deliver jobs that match incoming workforce participant numbers.	EPM
15.3	New release areas provide for a diversity of housing opportunities, including affordable housing, consistent with emerging community needs and which facilitates the development of diverse neighbourhoods.	EPM

15.4 Timely delivery of services to new release areas is being secured.

EPM

Term Achievement		Manager
<b><i>The City in its Environment</i></b>		

**Issue 16. Natural Catchment Assets (DCP)**

16.1	The City's biological diversity is being protected and conserved through the implementation of a biodiversity conservation and bushland management strategy.	EHM
16.2	The health of the river system is being improved through the implementation of a comprehensive catchment management strategy.	EHM
16.3	Effective land use management policies, regulatory practices and controls are being implemented to protect the environment.	EHM

**Issue 17. Sustainable Resource Management (DCP)**

17.1	Water and energy conservation strategies are being implemented.	EHM
17.2	Waste to landfill and indiscriminate dumping are significantly reduced and resource recovery is optimised.	WCPM
17.3	Council leads our City by example and through advocacy by implementing sustainability initiatives.	CM

**Issue 18. Built Environment (DCP)**

18.1	The City's heritage is being protected and conserved.	LPM
18.2	Development is designed, constructed and maintained to deliver improved sustainability outcomes.	LPM
18.3	A floodplain management policy to protect the built environment is being implemented by Council consistent with Government guidelines.	DTAM

**Issue 19. The Look of the City (DCP)**

19.1	Council's planning policies, land use, regulatory controls and asset management practices enhance the visual amenity of the City.	DTAM
19.2	Key agencies, institutions, landholders and the community are cooperatively engaged in enhancing the visual amenity of the City.	DTAM

<b><i>The City as an Economy</i></b>		
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**Issue 20. Access to Quality Employment Opportunities (DCS)**

20.1	Sufficient constraint-free serviced employment lands are available to meet the City's business development and investment needs.	LPM
20.2	Businesses intending to relocate from other parts of Sydney are systematically identified and are being encouraged to locate to the City, or nearby.	LEDPM
20.3	The City is recognised as an attractive business and investment location.	LEDPM

**Issue 21. Partnering for Economic Growth (DCS)**

21.1	The City's business community, learning institutions and training institutions are working in an integrated way to strengthen and develop the City's local economic base.	LEDPM
21.2	Networks and clusters of similar economic activity are developing in areas where the City and nearby locations have a competitive advantage.	LEDPM
21.3	Access to employment is being extended by Council's participation in Western Sydney economic initiatives.	LEDPM
21.4	The means of attracting economic contributors to the City have been incorporated into relevant programs.	LEDPM

Term Achievement		Manager
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**Issue 22. Growing Economic Centres (DCS)**

22.1	Policies are in place as the basis for directing private and public investments in the City Centres of Penrith and St Marys.	LPM
22.2	The attraction of the City Centres for commercial and residential investment has been benchmarked and policies to consolidate a competitive environment are in place.	LEDPM
22.3	Council is working with the Centre Associations to identify and cultivate market and development opportunities.	LEDPM

**Issue 23. Visitors to the City (DCS)**

23.1	Programs are attracting domestic and international visitors to the City for access to cultural and sporting exchange and experiences and language education and training.	EDCMM
23.2	Programs are in place that target international trade and business services.	LEDPM

***The City Supported by Infrastructure***

**Issue 24. Accessible Public Transport and Regional Road Network (DCO)**

24.1	An integrated land use and transport plan is being implemented.	DTAM
24.2	A program of prioritised works has been developed and is being implemented in partnership with the State Government to maintain the efficiency of major roads as demand grows.	DTAM
24.3	A plan is being implemented for the provision of public transport facilities and services that reasonably matches the travel needs of the community for access to employment centres, education facilities and other activity centres.	DTAM

**Issue 25. Local Road Network (DCO)**

25.1	Road network capacity, safety and efficiency are improved and traffic congestion is reduced.	AM
25.2	A parking management plan addressing the provision and utilisation of improved parking within the centres and other key locations is being implemented.	AM
25.3	A plan is being implemented for bus shelters, cycleways and footpath networks having regard for the access, health and recreational needs of the community.	AM

**Issue 26. Civil Infrastructure Management (DCO)**

26.1	An asset management strategy is in operation for civil infrastructure that optimises its use and maintains it to agreed standards fit for its contemporary purpose.	AM
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**Issue 27. Buildings, Parks and Open Space Maintenance (DCO)**

27.1	A building asset maintenance strategy is in operation that maintains those assets to appropriate standards fit for their contemporary purpose and addresses the increased costs of maintaining additional buildings.	BSM
27.2	A parks and open space maintenance strategy is in operation that maintains those assets to appropriate standards fit for their contemporary purpose and addresses the increased costs of maintaining additional areas.	PCMM

**Issue 28. Emergency Management (DCO)**

28.1	Plans are developed and implemented in partnership with emergency service agencies to provide emergency services and facilities to the City.	WCPM
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Term Achievement		Manager
<b>Leadership and Organisation</b>		

**Issue 29. Leadership (GM ~ assisted by DCS)**

29.1	A commonly shared long-term vision for the City underpins strategic collaboration and community engagement.	CM
29.2	A targeted program of advocacy and policy discussion is being conducted with the support of the community and City organisations around social, environmental, economic and infrastructure priorities.	EDCMM

**Issue 30. Governance (GM ~ assisted by DS & CFO)**

30.1	Council has implemented leading practice ethical and corporate governance standards.	LO
30.2	Council has reviewed its own role and operations and has adopted contemporary practices to best discharge its charter.	EO
30.3	A contemporary system of risk management and internal control is operating.	IA
30.4	The organisation is managing its statutory requirements and the needs of a participatory community in a transparent and balanced way.	LO

**Issue 31. Program Selection and Delivery (CFO)**

31.1	Services and programs that Council provides are determined based on equity, customer requirements, community benefits and best value.	CM
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**Issue 32. Providing Capacity (CFO)**

32.1	Council provides adequate resources to deliver its program and has introduced measures to increase its capacity.	FSM
32.2	A sound long-term financial position is maintained in balance with pressures to provide new and expanded services.	FSM

**Issue 33. Management of the Organisation (GM ~ assisted by DCS, CFO & DS)**

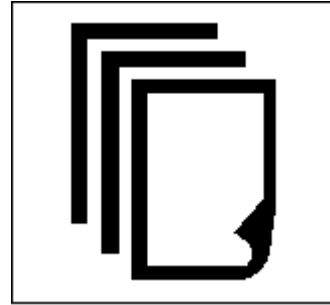
33.1	Council's operating culture is flexible, efficient, integrated and aligned to Council's strategic objectives and program delivery.	CM
33.2	The principles of sustainability are central to Council's decision-making systems and processes and its operations.	CM
33.3	The organisation embraces new technology, systems and processes to improve efficiency and effectiveness.	TBD

**Issue 34. Workforce Planning and Workplace (DCS)**

34.1	Council provides a safe, supportive, equitable, and appropriately equipped workplace environment.	WDM
34.2	Council values its staff and its workforce culture is adaptable, harmonious, flexible and conducive to high levels of innovation, empowerment, motivation and productivity.	PSM
34.3	Council's workforce is appropriately planned and skilled and Council is an attractive employment choice for talented people.	WDM



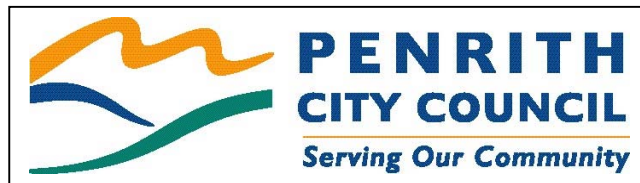
# ATTACHMENTS



Date of Meeting: Monday 27 February 2006  
Master Program: Leadership and Organisation  
Issue: Workforce Planning and Workplace  
Report Title: Draft Salary Packaging Policy  
Attachments: Salary Packaging Policy







# Penrith City Council



## Salary Packaging policy and Information Kit

PENRITH CITY COUNCIL

**SALARY PACKAGING POLICY AND INFORMATION KIT**

**INDEX**

<b>Section</b>	<b>Description:</b>
1.	Introduction
2.	GST and Salary Packaging
3.	Total Guaranteed Remuneration
4.	Who Can Participate
5.	Benefits Offered
6.	Administration Fee
7.	Legislation
8.	<a href="#">How to commence/continue/change/stop Salary Packaging</a>
9.	Termination of Employment
10.	<a href="#">Disclaimer</a>
11.	Glossary

## **Salary Packaging Policy and Information Kit**

### **1. Introduction**

The purpose of the Salary Packaging Policy and Information Kit is to provide detailed information on the salary packaging arrangements for employees who are eligible to participate.

The basic concept of Salary Packaging is that an employee can take remuneration in a form other than straight cash. Instead an employee can select a combination of cash, super, fringe benefits and any other remuneration component that is offered by Penrith City Council in respect of the services rendered by the employee as a package. This forms the employees Total Guaranteed Remuneration (TGR).

Only future remuneration can be packaged (i.e. the salary that the employee is already entitled to cannot be packaged).

- The salary packaged is the TGR
- The employee is reducing the cash component in exchange for non cash items of equivalent cost to Penrith city Council
- Amounts salary packaged become employer payments

The Income Tax Assessment Act 1936, the Income Tax Assessment Act 1997 and the Fringe Benefits Tax Assessment Act 1986 together with the Penrith City Council Salary Packaging Policy and Information Kit and the Local Government (State) Award 2004 regulate and define the type of benefits that can be included in an employee's salary package, how the benefits are treated for taxation purposes and the administrative arrangements that apply. The legislation, policy or award may change from time to time. If changes do occur employees may be given the opportunity to adjust the structure of their salary package to take account of any new requirements.

### **2. GST and Salary Packaging**

All benefits provided for salary packaging are valued at GST exclusive costs unless they are defined as Type I Benefits by FBT Legislation.

### **3. Total Guaranteed Remuneration (TGR)**

An Employees Total Guaranteed Remuneration (TGR) is the total value to Penrith City Council of remuneration received by an employee as either cash salary, superannuation including the Superannuation Guarantee Levy (9% of pre-packaged salary), fringe benefits and any other remuneration component that is offered by Penrith City Council.

### **4. Who Can participate**

- (a) By definition salary packaging can only be offered to employees who are receiving salaries. Penrith City Council offers salary packaging to all employees.

## **5. Benefits Offered**

Penrith City Council will offer Salary Packaging arrangements for the following benefits:

- Childcare at Council provided centres
- Superannuation
- Motor Vehicle
- Novated car lease
- Professional memberships
- Laptop computer
- Additional salary to be paid at retirement
- Maternity/study leave
- Memberships and annual fees at Ripples, Penrith Swimming Centre

All employees are encouraged to obtain Independent Financial Advice, however employees wishing to allocate less than 50% of their TGR to cash payments must provide written evidence of Independent Financial Advice.

Where Council resources are used to procure benefits including laptops, mobile phone or any other item a supply fee will apply.

If, as part of year-end reconciliations, adjustments are needed to balance employees' Salary Packaging accounts, the cost/saving will be passed on to the employee.

## **6. Administration**

Salary Packaging creates an additional administrative workload to implement, maintain and provide ongoing services to those employees participating in the scheme. As at the date of this policy any additional costs in administering Salary Packaging will be met by Council.

Council may in future Salary Packaging years introduce an administration fee by providing one months notice.

## **7. Legislation**

(a) These benefits are offered in terms of existing legislation. Staff opting for salary packaging must understand that if legislation changes either limiting or eliminating access to these benefits, Penrith City Council will comply with the legislation. Staff will be asked to sign an Agreement form recognising this.

## **8. How to commence/continue/change/stop Salary Packaging Arrangements**

Employees may *commence* Salary Packaging arrangements:

- a) at the beginning of the Salary Packaging Year
- b) following their promotion/movement onto a new role
- c) at the commencement of their employment with Penrith City Council
- d) when a new benefit is first offered to employees by Penrith City Council.

All employees engaged in Salary Packaging arrangements are required to acknowledge the *continuation* of their Salary Package annually prior to the commencement of a new Salary Packaging Year.

*Changes* to the composition of Salary Packaging Arrangements will be permitted:

- a) at the beginning of each Salary Packaging Year
- b) to superannuation and childcare benefits at any time
- c) following salary progression or award increases
- d) on *two* other occasions during the Salary Packaging Year

An employee may elect at any time to *stop* Salary Packaging by giving at least twenty-eight days notice in writing. The stopping of Salary Packaging Arrangements with Penrith City Council will not cease any personal financial obligations an employee has with the third party in relation to the benefit including but not limited to Novated Car Lease payments, Gym Memberships and Childcare fees.

Should the employee wish to recommence packaging within the same Salary Packaging Year, the employee may be required to meet the additional cost associated with the re-establishment of the packaging arrangements.

The employee must meet any additional costs incurred as a result of the termination of an employee's Salary Packaging Arrangement.

## **9. Termination of Employment**

If an employee's employment with Penrith City Council ceases during a Salary Packaging Year in which he/she has Salary Packaged, the employee's entitlement to receive benefits stops and their package is reconciled at the termination date.

Monies owing are offset against any salary, leave and other remuneration that may be due and payable to employees at the termination date. Penrith City Council reserves the right to take legal action to recover all monies owing by employees or former employees to Penrith City Council.

## **10. Disclaimer**

The information in the Salary Packaging Policy and information Kit has been prepared without consideration of the financial situation and needs of individual employees. In all cases, employees should conduct their own investigation and analysis of the information contained in the Salary Packaging Policy and Information Kit. No employee should act on the basis of any matter contained in the Salary Packaging Policy and Information Kit without taking appropriate legal, financial and other professional advice upon their own particular circumstances. Each employee who wishes to take advantage of Salary Packaging is advised to seek financial advice particularly in relation to complex motor vehicle fringe benefits tax and income tax issues.

Penrith City Council and its employees involved in the preparation of the Salary Packaging Policy and Information Kit expressly disclaim all liability for any loss or damage of whatsoever kind (whether foreseeable or not) which may arise from any person acting or relying on any statements contained in the Salary packaging Policy and Information Kit.

The actions of Penrith City Council in paying employment benefits from Salary Packages to a third party does not in any way imply a transfer of responsibility or liability to Penrith City Council in relation to any agreement or understanding between the employee and the third party.

This disclaimer does not limit or alter those statutory rights that cannot be excluded.

## **11. Glossary**

***Total Guaranteed Remuneration:*** is the total value to Penrith City Council of remuneration received by an employee.

***Salary Packaging Year:*** runs from 1<sup>st</sup> April to 31<sup>st</sup> March and is the same as the FBT year.

***Fringe Benefits:*** are benefits provided to you or an associate (for example, your spouse or children) because of your employment and are non cash items including Notebooks, novated leases etc.