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PARLIAMENT OF NEW SOUTH WALES

REPORT

TO THE

MINISTER FOR LOCAL
GOVERNMENT

BY

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INTO

LOCAL AUTHORITY MANAGEMENT
IN
NEW SOUTH WALES

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II. THE NATURE OF LOCAL AUTHORITY MANAGEMENT

Analysis of Deficiencies in Local Authority Organisation

2.1 In Australia studies of government and administration have not penetrated far into the internal organisation of local government 'which is often dismissed without evidence as a jungle of incompetence and roguery or as too powerless to merit attention'¹. I would like to make it clear from the outset that this generally unsupported view about incompetence is not one to which I subscribe. Just as with most types of organisation there are substantial differences in the efficiency of local authorities. It is clear that at its best local authority management compares favourably with management in other spheres.

2.2 Mr. A. N. Walls, now Director of the Australian Council of Local Government Associations, has identified the main defects in the existing system of local government in Australia as follows²:—

- inadequate financial resources;
- restrictive legislation;
- unsuitability of quite a number of existing areas and boundaries;
- transfer of services to non-elective bodies;
- undue control by some government departments;
- lack of proper recognition of the place of local government in the governmental structure of the nation by both Federal and State Parliaments;
- unwillingness of local authorities to co-operate with one another in services which go beyond the boundary of one authority;
- the indifference of the community; and
- ignorance of local government activities.

It will be observed that this list does not include any reference to the internal management of local authorities but it would no doubt be generally agreed that their effectiveness in this respect merits close attention also.

Comparison of Local Authority and Business Management

2.3 It is often said that methods of management used in the business world should be transplanted directly to local government. Local government does have its business aspects. It undertakes public works and carries out many services. It sometimes operates business undertakings such as abattoirs, caravan parks, electricity supply, markets and water supply. It also occasionally exercises an entrepreneurial role in attempting to attract new industrial and commercial organisations into the local authority area. For this purpose some local authorities have provided industrial and commercial sites and others have laid out and serviced sites for residential development. A few have erected houses for sale. There are, however, important differences between local authorities and business enterprises in the private sector.

2.4 In the company world the legal responsibility of a board of directors to the shareholders is basically to produce an annual profit and loss account and a balance sheet. The board is judged generally on the profitability of the company. It is not obliged to indicate every error which may have been made in the course of the company's operations during the preceding financial year. By contrast, a local authority is subject to public scrutiny in most of its activities throughout the year. Many decisions are subject to appeals to government departments, tribunals or the courts. Management in local government is more difficult in many respects than in the private sector. Nevertheless, the following matters are fundamental to all types of organisation, whether they be in the private or public sectors:

- First, any enterprise must know what kind of business it is in and be sensitive to the environment in which it operates; that is to say, it must be clear as to its objectives and plans;
- Secondly, it must have the right organisation and structure to make and achieve those plans;
- Thirdly, it must have adequate delegation within the structure to prevent the governing body, board of directors or other central agency being overwhelmed;
- Fourthly, there must be adequate control and monitoring procedures to review performance and to see that the organisation is fulfilling its objectives effectively;
- Fifthly, the organisation must recognise that it is really only as good as the people working in it, and attempt to secure that it has the right staffing policies and is conscious of what are often called 'the behavioural aspects of management'.

¹ R. N. Spann, *Public Administration in Australia*, N.S.W. Printer, Sydney, 1973, P. 223.

² A. N. Walls, 'Local Government or Local Agency?'. *The Town Planning and Local Government Guide*, October, 1970. See also *History of Local Government in N.S.W.* H. E. Maiden, 1966. Angus and Robertson, Sydney, P. 350.

2.5 In the absence of any profit yardstick and of any possibility of going bankrupt, it is easy for a local authority to forget about efficiency or to say that it is in any case subordinate to democracy. But an authority should strive to be both effective and democratic. As Trustee of the ratepayers' money, the local authority is under an obligation to see that it is organised as far as possible in accordance with the best management practices available.

2.6 There is, however, no one perfect system of management for local authorities; the needs of areas are diverse and changing and local authorities must be sufficiently flexible in their management structures and processes to meet those changing needs. They should attempt to combine this flexibility and the ability to react quickly with generally understood long, or at least medium term perspectives of development.

Reports on Local Authority Management: Maud, Bains and Barnett

2.7 The management of local authorities has been the subject of two major reports in England in the past ten years and of the Barnett report in New South Wales; a brief reference to these reports is necessary as their contents will be quoted from time to time in this report.

2.8 The question may initially be raised as to what relevance the two English reports have to the situation in New South Wales. In England, Wales and Scotland the local government system has recently undergone profound changes, not only in the nature and functions of local authorities but also in their internal management and organisation. A massive reduction in numbers from 1430 to 456 was achieved mainly by the recognition that town and country were interdependent and no longer needed to be administered by separate local authorities.

2.9 Dealing first with question of functions the 39 English non-metropolitan counties have powers and responsibilities comparable to those of the State Governments in Australia. Of more direct relevance, the 296 non-metropolitan districts comprised within those counties have powers and responsibilities similar in extent to those of the local authorities in New South Wales; the English districts authorities are additionally active in the field of providing housing.

2.10 So far as population is concerned the English non-metropolitan districts generally have greater populations than their Australian counterparts as shown in the following table:—

Up to 50,000	28
50,001 — 75,000	68
75,001 — 100,000	99
100,001 — 125,000	62
125,001 — 150,000	21
150,001 — 200,000	10
Over 200,000	8
	<u>296</u>

As mentioned in Part I of this report, however, the majority of the inhabitants of New South Wales live in the more densely populated authorities which in many cases have populations not dissimilar to their English counterparts. There are no English local authorities comparable with the sparsely populated shires with huge areas in the western part of New South Wales. The latter authorities with only very small staffs and generally only exercising road maintenance functions have problems related to their viability rather than to their management. However, the country towns, the metropolitan cities and municipalities and the more populous shires in the State have sufficient in common with certain of the English non-metropolitan districts for it to be profitable to take account of the recent management changes which have been made in the English authorities.

2.11 The first of the English reports was that of the Maud Committee in 1967³. The central thrust of the Maud report was for the creation of a strong management board in each local authority consisting of between five and nine members. The members of the board would be expected to devote a substantial amount of time to their work and would be paid appropriately. Other committees and groups of members would have no executive powers and be purely deliberative bodies advising the management board. Heads of Departments would be responsible through the Clerk, to the board, and would work as part of a team under the Clerk who would become undisputed Head of the council's paid service. There was, however, a dissentient report from one of the members of the Maud Committee who argued that if back-bench members were limited to a minor advisory role there would not be sufficient incentive for able people to come forward and offer themselves as candidates at local elections. The report provoked much discussion, but although many authorities streamlined their procedures none adopted the concept of an all powerful management board.

³ Ministry of Housing and Local Government: Report of the Committee on the Management of Local Government, Volume 1 (the Maud Report), H.M.S.O. London 1967.

2.12 In 1971, the English Government and local authority associations agreed to appoint a working group to produce advice for the new local authorities, which were about to be established, on their management structure at both member and staff level. This committee, which was chaired by Mr. M. A. Bains (then the Clerk of Kent County Council), reported in 1972⁴. Its recommendations were substantially adopted by most of the new local authorities when the Local Government Act, 1972, became fully operational in 1974. Reference will be made later to the detailed provisions of this report.

2.13 The third report to which reference will be made is that of the Committee of Inquiry into Local Government Areas and Administration in New South Wales, chaired by Mr. C. J. Barnett, formerly Under Secretary, Department of Local Government⁵. Part 3 of the Barnett Report specifically dealt with the administration of local authorities but its recommendations have not been implemented.

2.14 The Maud Report stated that the basic principles for the internal organisation of local authorities were as follows:—

- (a) effective and efficient management under the direction and control of the members;
- (b) clear leadership and responsibility among both members and officers;
- (c) an organisation which presents to the public an intelligible system of government;
- (d) responsiveness to the needs of the public.

The Role of Local Government

2.15 Each of the three reports also discussed the objectives and functions of local government. The general consensus revealed in these three reports is that not only are local authorities responsible for the services with which they have been entrusted by statute but they also have within their purview the overall economic, social, cultural and physical well-being of their communities. Under planning legislation a local authority must prepare a planning scheme showing the future land use proposals for its area and no new development can occur in the area without its consent having been first obtained (in the case of Government departments or statutory bodies consent cannot be refused without the agreement of the Minister). This power alone gives the local authority a great influence on the way its area develops and upon the quality of the lives of the people who live within its boundaries. In addition to planning schemes further attempts are being made by some authorities positively to influence development. The Sydney City Council is one of the proponents of this positive approach in the Council's triennial statement of objectives. In this document the Council recognises that many of its aspirations for the future of the City lie in the hands of other bodies. Notwithstanding this fact, the Council sees it clearly as its duty to press these other bodies and Government departments in the direction of achieving the Council's stated aims.

2.16 The Local Government and Shires Associations contend that local government has been forced more than any other level of government to bear the brunt of the vast changes that have occurred in our way of life over recent years. Whilst almost totally controlled by the State Government, local government has been forced to face up to building booms, traffic problems, parking problems and changing social, health and welfare needs. The immigration programme of successive Federal Governments has devolved on to local government significant added responsibilities about which it was not consulted.

2.17 There is also a general agreement in the Maud and Bains reports that the traditional departmental attitude within much of local government must give way to a more far-reaching corporate outlook. There are diverging views in the reports as to how this corporate approach should be achieved.

The Independence of Local Government

2.18 Local authorities in New South Wales have ever since the Local Government Act of 1919 been heavily circumscribed in their internal administration. For example, the form in which they keep their accounts, the exact qualifications of all their senior staff and the requirement in the Act that they appoint finance and works committees seem to be matters which are generally accepted. Local authorities are liable to have their accounts checked twice, firstly by the local authority Auditor and secondly by an Inspector of Accounts from the Department of Local Government. Even the form in which the leave records of staff are maintained is prescribed by Ordinance. This induces a state of heavy reliance upon the State Government which I have not observed in the authorities I have studied elsewhere.

2.19 In England in 1954 the local government manpower commission advised the Government that local authorities should be treated as independent bodies capable of exercising functions in their own right. The relationship between Whitehall and the local authorities was said to be one of partnership. Under the Local Government Act, 1972, many restrictive provisions which had applied in England were substantially removed. In the past it had been necessary to appoint specified officers and committees. With a few exceptions these requirements were abolished and a local authority was given

⁴ The New Local Authorities — Management and Structure (the Bains Report), H.M.S.O. 1972.

⁵ Report of Committee of Inquiry into Local Government Areas and Administration in New South Wales (the Barnett Report), Government Printer, 1974.

power to appoint such staff and such committees as it thought fit. A requirement that a finance committee be appointed, for example, was abolished and practically all local authorities have opted instead for a policy and resources committee embracing the functions of the old finance committees but now with much wider terms of reference.

2.20 Resulting from the history of control of local authorities in New South Wales an immediate transition to this sort of freedom may seem somewhat extreme; nevertheless the aim should be to approach the future on the basis that they will be given freedom to determine their own internal organisation and to appoint such staff and such committees as they think fit. In fact that they will be treated as responsible bodies capable of exercising functions in their own right and be regarded more as partners than servants by Government departments.

2.21 While the terms of reference of the finance committee are prescribed by the Local Government Act of 1919, the Act contains no similar provision relating to the terms of reference of the works committee. A local authority should be concerned with its functions on a purpose or programme basis such as planning and transportation, recreation and amenities, public protection and social services. Works are activities designed to assist in the performance of the main functions and are not an objective in themselves. I recommend that the provision requiring a works committee should be repealed. As will be amplified later in this report I also recommend that the functions of the finance committee be embraced within the terms of reference of a new committee to be called the 'policy and resources committee'.

2.22 On this question of the central approach to the affairs of the authority, I was interested to find that under clause 20 of Ordinance 1 all incoming letters must be addressed to the Clerk and all outgoing correspondence must be signed by the Clerk or if not by him personally, by someone authorised by him and using his name. Consideration should be given to Heads of Departments being allowed to sign correspondence in their own names when it relates to professional matters in which they have been given delegated authority. This view has been reinforced by oral evidence given by representatives of some of the professional organisations.

2.23 There is much evidence from research into management that the best results are obtained where the management style is 'participative'. To require that every piece of paper leaving an organisation bears the name of one person can hardly be said to subscribe to modern management philosophy.

2.24 Furthermore, even within the Clerk's department I consider that authority should be given by the Clerk to senior staff defined by him, to sign correspondence in their own names 'for' the Clerk. In England this subject even merited a debate in the House of Lords⁶. It was felt by members of that body that the public were entitled to know by whom a letter had been signed. They might even wish to press for personal consideration of the matter by the Clerk when it had been signed by someone else. The English practice is for appropriate delegated authority to be given to subordinate officers to sign in their own name on behalf of the Clerk. Obviously the Clerk must continue to reserve for himself the right to sign important correspondence and replies to complaints. The practice in the public service also is for public servants to sign in their own names. Local authorities and their Clerks should have discretion in these matters and clause 20 of Ordinance 1 should be amended to give this discretion.

Central/Local Control

2.25 Several local authorities and professional associations complained about unnecessary control in various matters. Health surveyors, for example, complained that they could not give approval to a septic tank. Building applications which incorporated septic tanks had to be referred to the Health Commission where an officer with no greater qualifications than the health surveyor of the local council re-examined the application. This has led to some frustration on the part of the health surveyor, and delay for the applicant. Engineers have complained that in many cases schemes which they submitted to the Department of Main Roads were held up for considerable periods while they were examined by officers with no greater qualifications than those of the council engineers and when returned approved, often contained the most minor amendments. Planning officers have complained about the delays experienced when they submitted matters to the Planning and Environment Commission. These complaints were made with sufficient frequency for me to suggest that the Department of Local Government should co-ordinate a review by all Government departments and commissions in collaboration with the Local Government and Shires Associations of the various controls and checking procedures at the State level. Bearing in mind that such controls can lead to frustration, delays and duplication of manpower only those which can be shown to be necessary for essential reasons should be retained. Where controls are really necessary applications should be dealt with expeditiously. In fairness, some Government departments also complained about delays by local authorities in dealing with planning matters. There would seem to be a case for limits to be placed on the time allowed for consultations in both directions.

⁶ Hansard. House of Lords 29/11/66 Columns 677 to 680.

New Functions for Local Government?

2.26 The recently published report of the Bailey Task Force on Co-ordination in Health and Welfare⁷ envisages an important role for local authorities in these fields, 'where practicable'. However, it points out that populations in Australian local government areas differ enormously, with more than 250 authorities (of a total of approximately 900 authorities) having populations of less than 2,500 and only 70 having populations of 50,000 or more.

2.27 This seems a good opportunity for local authorities to be involved with the newly developing concepts in the provision of health and welfare services and to have additional functions with proper funding at the State and Federal levels. If local authorities obtain wider functions in the social services field, as envisaged in the Bailey Report, their role in the housing field should also be examined. Many problems of social deprivation arise from the lack of adequate housing and there is much to be said for local authorities being concerned with dealing with the homeless in their area.

2.28 The Royal Commission on Australian Government Administration (the Coombs Commission) also urges the greater use of local authorities⁸. 'There is a clear advantage in using local government bodies in any area, since in administering their own locally-based programs they are likely to develop a more intimate understanding of the needs and demands of the local people than is possible for a centrally based administration.' The Commission recommended that the group within the Department of the Prime Minister and the Cabinet concerned with co-operative arrangements with the States be given responsibility also for negotiations leading to the use of local government officers in carrying out Federal programmes. It would seem worthwhile for similar consideration to be given to this subject by the State Government to see if there is scope for the use of local government in the carrying out of State programmes also.

2.29 In evidence the Department of Decentralisation and Development indicated that senior officers of the Department have regular contact with local government and in general terms the Department stated that its relationship and experiences with council administrations have been satisfactory. The Department's main comment was that delays did occur from time to time in the conclusion of legal and administrative arrangements because of proposals having to run the gamut of council procedures. This position would be improved if there was a greater level of delegation within the authority to enable transactions to be concluded on behalf of councils.

2.30 One of the officers of the Department in his evidence stated that the Town and Shire Clerks were trained in administration rather than in management and the practicalities of running a community with the result that local government tended to become an administrative bureaucracy rather than a forward thinking body with far greater emphasis being placed on balancing the council's accounts rather than managing the community's affairs.

2.31 Few councils saw themselves as developers in the interests of the shire or municipality and there was very little orientation to self sustaining or profit-making projects to help alleviate the current or future rate burden.

2.32. In their evidence the Local Government and Shires Associations suggested that local authorities should be given a 'general competence' to make by-laws for the good rule and government of their areas and to carry out works and undertakings and the provision of services in their areas. This would avoid the necessity to search through 600 pages of detailed local government legislation to see if powers existed to carry out any new proposal. This seems a reasonable request.

Review of Local Government Legislation

2.33 Several persons and bodies giving evidence, including the Local Government and Shires Associations, urged a comprehensive review of the Local Government Act, 1919, as amended and the Ordinances made thereunder to bring them into line with modern conditions. As a counsel of perfection an attempt might also be made to secure some consistency between the legislation relating to local government in the several States.

English and Australian Local Government Structures and Management: Summary

2.34 On the basis of my study of English and Australian local government structures and management the following conclusions may be drawn:—

- (1) functions need to be examined as well as areas and boundaries, with reference amongst other things to the distribution of functions between local authorities and the States. Local authorities should have sufficient functions to justify their existence;
- (2) English experience shows that town and country are interdependent and their administration can be merged successfully when necessary. This accords with the

⁷ *First Report of Task Force on Co-ordination in Welfare and Health, Proposals for Change in the Administration and Delivery of Programs and Services*, Australian Government Publishing Service, Canberra, 1977, pp. 49 ff.

⁸ *Report of the Royal Commission on Australian Government Administration*, Australian Government Publishing Service, Canberra, 1976, pp. 160 and 161.

- recommendations made by the various bodies which have reviewed the structure of local government in the Australian States, which have unfortunately not been implemented;
- (3) both the Australian and English experience show that local authorities naturally oppose any proposals which involve their future existence as separate bodies. Local authorities do not contain the seeds of their own reform and progress was only achieved in England when both the main political parties, in their 1970 election manifestos, put forward radical proposals for reform — albeit by somewhat different means. This almost 'bipartisan' approach seems to be a necessary ingredient of reform;
 - (4) the detailed controls exercised over local authorities need to be reviewed. Local authorities should be treated as responsible bodies capable of exercising functions in their own right;
 - (5) there needs to be a critical review of the internal workings of local authorities as part of the overall review. With this could be coupled the desirability of agreeing on uniform qualifications for local government officers which would be recognised in *all* States. Benefits would no doubt accrue to the local government service if senior appointments were opened up in this way;
 - (6) the relationships between Federal and State governments and local authorities need to be strengthened to produce a 'community approach' to the affairs of the public (as opposed to the present departmental approach).

2.35 A strengthening of local authorities as a result of such an overall review could ameliorate the low esteem in which they are held in many quarters. The recently formed Advisory Council for Inter-Government Relations has representatives from the three spheres of government as well as private citizens and may be the appropriate body to consider many of these problems.

2.36 A review of the internal management of local authorities should ideally be seen as an aspect of a more wide ranging exercise — nevertheless it is hoped that the contents of this report will still be of relevance to many of the medium-sized and larger local authorities in New South Wales.

III. ROLES OF ELECTED MEMBERS AND STAFF

The Elected Member

3.1 It is not possible to be specific as to what activates people in seeking election to local authorities. It is probable that their aims and interests span at least one and possibly several of the following categories which were identified in the report of the Bains Committee:—

- (i) those interested in the welfare type of activity;
- (ii) those who see it as their role to 'manage' the local authority;
- (iii) those who wish to serve the community, in the general sense;
- (iv) those whose main objective is to limit spending by the authority.

Other categories can no doubt be identified. So far as possible, members should be allowed to participate and to develop and gain satisfaction from whichever role they are most suited to play.

3.2 I have received considerable evidence, both when visiting the local authorities and in the written evidence which has been submitted, about the respective roles of the elected members and the staff. Many of the views expressed about these roles coincide in general terms with the views contained in the three reports and are adequately summed up in the following extract from the Maud Report:—

- (a) ultimate direction and control of the affairs of the authority to lie with the members;
- (b) the members to take the key decisions on the objectives of the authority and on the plans to attain them;
- (c) the members to review, periodically, progress and the performance of the services;
- (d) the Heads of Departments to provide the necessary staff work and advice so that members may set the objectives and take decisions on the means of attaining them;
- (e) the Heads of Departments to be responsible for the day-to-day administration of services, decisions on case work, and routine inspection and control;
- (f) the Heads of Departments to be responsible for identifying and isolating the particular problem or case which in their view, and from their understanding of the minds of the members, has such implications that the members must consider and decide on it.

3.3 A cautionary note should be added that it is doubtful whether it is possible to divide the total management process neatly into two separate halves, one for members and the other for staff. The Bains Committee felt that the management process should be seen more as a spectrum, with the setting of objectives and allocation of major resources at one end, moving through the designing of plans, to the execution of these plans at the other end. As activities change through that scale, the balance between the two elements should shift from member control with staff advice at the 'objectives' end to staff control with member advice at the 'execution' end. This seemed to be a more apt description of the changing relationship between the staff and members at the different stages of the management process. It should be recognised that the elected member may be involved at any stage, but also it should be made clear that at the 'execution' end of the scale it is the responsibility of the staff to see that decisions taken by the members are implemented and that services are effectively and efficiently managed. Unfortunately, although there is a general consensus as to the respective roles of the members and staff this is not in practice translated into action and members are often embroiled in administrative detail and not in policy formulation.

The Constituency Role

3.4 It is clear that one of the most important tasks any member can perform is to represent the interests of his constituents. He will sometimes be asked to deal with complaints about the quality of services and will obviously wish to pursue his constituent's interests with the appropriate department of the authority. In this connection there appears to be a tendency that everything should be routed through the Clerk and it would seem to me that there is no reason why in routine matters the member should not deal with the Head of the Department concerned directly. The member should be provided with adequate information on matters affecting his electoral area and be able to explain the council's actions and policies to his constituents. In important matters the member should consult the Clerk and the Head of the Department should always bring the Clerk into the matter if he considers it is of sufficient importance.

3.5 But the member's role is much more important than being merely a vehicle for complaints; the member should be in tune with the needs and aspirations of the people in his area so that he can bring an informed view to the most important deliberations concerning the formulation of forward plans for the authority as a whole.

Formulation of Policy and Allocation of Resources

3.6 The next main area with which the member should be concerned is that of policy formulation and decision taking. In formulating policy the member should have the co-ordinated advice of the staff. It is clearly the function of the member to be concerned with the identification of the needs of the community which he represents, the setting of objectives to fulfil those needs, the establishment of priorities between conflicting claims and the allocation of resources.

3.7 To achieve these ends it will be necessary in the larger authorities for more forward planning to be undertaken with greater analysis of policy issues than has applied in the past.

Reviewing Performance

3.8 Another function of the elected member is to see that the organisation is achieving the plans which have been approved by the council. It is in relation to this fundamental principle of management that local authorities (and probably most other public and many private bodies also) are weakest of all. This weakness stems from having no simple market test of 'profitability' by which to evaluate performance. With the ability to raise resources compulsorily by rating, there is an absence of the incentives that apply in commercial organisations which can go bankrupt. Perhaps if local authorities were required to issue annual reports to ratepayers in addition to rate demand notes, they would review performance more methodically to demonstrate the achievement of declared plans. As one management consultant indicated '... our experience with government and bureaucracies generally is that they show insufficient interest in outputs. Concerns with power and interdepartmental friction tend to absorb a large percentage of energy. Combine this with an enormous amount of effort put into controls and very little output may emerge'.

3.9 Sometimes local government staff are being paid not for performance but for promises contained in budgets or plans. The real test of management lies not in promises but in performance. The means by which performance review can be carried out will be developed later in this report. The present reference is merely to indicate that this is an area with which the elected members must be concerned.

The Role of the Staff

3.10 The local government service is very professionally orientated. Each 'profession' has its own professional body sometimes becoming concerned with the status of that profession in relation to others. Although 'professionalism' in the broad sense is a strength in local government, care must be taken that it does not lead to an inward looking 'departmental' approach.

3.11 The role of the staff can be deduced from what has been said about the role of the elected member. As has been adumbrated the senior staff should advise on policy formulation and be given delegated authority to take decisions within a framework laid down by the council. The Bains Committee emphasised that the Heads of Departments are skilled men, trained specifically for the work of a local authority and should be given responsibility and authority accordingly. The elected member 'should be concerned to ensure that the machine works, but he should not be required to operate it himself'.

3.12 It is clear from a perusal of the minutes and proceedings of a number of local authorities that adequate delegation is not taking place. Some reports include trivial matters which should clearly have been decided at staff level. This can result in there being insufficient time for the member to identify and consider the matters of importance which warrant real attention.

3.13 When a Head of Department has been given delegated authority he is responsible for the consequences of his decisions and it should not be a requirement (as applies in some areas) that there be frequent detailed reports back to the council as to the way in which he has exercised his powers. It would probably be of more assistance if a more general annual report on the work of the department were to be submitted to the council for information and discussion and a register of decisions taken under delegated powers available for inspection if required.

3.14 Subject to the various qualifications which have been made in the text the following table summarises the respective roles of the members and the staff:

TABLE 2

<i>Elected Members</i>	<i>Staff</i>
Representing their constituency	Stimulating the formulation of policy.
Concern for individual cases	Advice and evaluation on policy decisions.
Policy formulation and decision making in major matters, e.g. objectives, priorities, allocation of resources, fixing rates and authorising borrowing	Briefing of members.
	Professional expertise.
Review of performance	Day to day administration and management.
Appointment of senior staff	Promoting managerial efficiency.

The thick wads of papers falling through a member's letter box sometimes only provide an illusion of purposeful involvement. An analysis of the matters going before committees and the council shows that in some cases the policy content is as low as 10% whereas in the case of other committees it can be as high as 60%. The members should review the terms of delegation from the council to committees and from the council to senior staff to ensure that issues are dealt with at the lowest level consistent with effective decision making and management.

3.15 There are in other countries other approaches to the roles of the members and staff. In the U.S.A., for example, different management styles are operative in different States and sometimes even in the same State. Some local authorities are organised on the basis of a 'strong' mayor; others on the basis of a city or county manager; some have elected paid commissioners who each take control of some facet of the local authority's activities and some are not unlike the average English or Australian local authority. It would seem to me that the all powerful mayoral system, the strong city manager system and the commissioner system are alien to the Australian outlook. Improvements must be achieved by modifications to the existing structure and processes and not by a radical upheaval to some fundamentally different system of management.

3.16 I consider that the respective roles of the members and staff as described in the foregoing paragraphs should be accepted as being appropriate for local authorities in New South Wales.

Role of the Mayor or President

3.17 In England the Mayor or Chairman of the council has never had the special status of Chief Executive conferred upon him as is done in New South Wales. In this State there are two roles. One role coincides with that applicable in England of being 'first citizen', of representing the local authority on all formal occasions and taking the lead in official functions. Similarly, it is essential that the authority should have a Chairman to preside at meetings of the full council and who will exercise the function of 'speaker' of the council. The other role which is conferred upon the Mayor/President in New South Wales (but not it is understood in other States) is that of Chief Executive. According to the decision of each individual council this latter role may be purely a titular function or it may confer upon the Mayor/President complete control over the day to day running of the organisation.

3.18 This discretion vested in the council as to the extent of the role of the Mayor/President arises from the words italicized below in section 87 of the Local Government Act, 1919, which provides as follows:—

- (1) The mayor or president shall preside at all meetings of the council at which he is present.
- (2) The mayor or president shall be the chief executive officer of the council, and in particular *may, unless otherwise directed by or under this Act or by resolution of the council —*
 - (a) carry on the regular services and operations of the council within the sums voted by the council for expenditure thereon, and in accordance with the resolutions of the council;
 - (b) control and direct the servants of the council;
 - (c) suspend any servant of the council, and appoint some person to carry on the work until the next meeting of the council;
 - (d) authorise the payment of the salaries and wages of the servants of the council within the sums voted by the council for expenditure thereon;
 - (e) authorise any work which in his opinion is urgent, at a cost not exceeding twenty dollars or such other limit beyond that amount as the council may determine;
 - (f) at any meeting of the council, remove or cause the removal of any member of the council who after warning is guilty of disorder, and at the same or any subsequent meeting exclude or remove such member unless he apologise without reservation.
- (3) The mayor or president shall give effect to the provisions made by or under this Act and any other Act conferring powers or imposing duties on the council, and to any resolution, minute, or report which has been passed or adopted by the council.

As will be seen subsection (2) only provides that the Mayor/President *may* exercise the powers of the subsection. If he does not want to he is not obliged to do so. Alternatively, if the council decides by resolution that he shall not exercise the powers then again he does not have them. With regard to subparagraph (b) above, Ordinance 4 clause 12(1) provides as follows:—

The Clerk shall be the chief administrative servant of the Council, and shall (subject to any direction given by the Council, or Mayor, or President) advise as to their duties and exercise general control over all other servants of the Council.

The result is that the Mayor can control and direct the servants of the council (unless the council otherwise resolves). The Clerk can exercise general control over the servants of the council in his capacity as chief administrative servant. If the Mayor/President decides to enter this arena of controlling and directing the servants of the council then very close liaison will be necessary with the Clerk to avoid contravening the biblical injunction that 'no man can serve two masters'. In several cases the Mayor/President does not specifically exercise the powers conferred upon him and no direction is given by the council as to who should exercise them. This vacuum is often then filled by the Clerk.

3.19 Translating the council's decisions into action is a matter for people who have been trained in the art of management and is not a matter for someone who has probably not been elected primarily for his skills as an administrator. In fact, as some Clerks have indicated, occasionally a person stands for a local authority for the first time, is elected, and is then elected Mayor/President by his colleagues. Such

a person, in theory, can take over the whole of the running of the local authority and if he so desires relegate the Clerk to what amounts to a subordinate role. In fact, there would not seem much need for a fully qualified and experienced Clerk if the Mayor/President himself carries out the functions of subsection (2). It was sometimes remarked that such difficulties are avoided by the good sense of all those involved. On the other hand, on certain occasions it is understood that some Mayors/Presidents have taken their responsibilities under section 87 of the Act factually and attend in the mayoral offices throughout the day becoming involved in the most trivial details of administration. This they are entitled to do under the law as it stands unless they are 'otherwise directed' by the council.

3.20 Mr. Ray Dalglish, a Management Consultant who has had much experience in the field of local government, kindly gave me the benefit of his views upon this subject. In certain of the authorities with which he has been concerned the members have faced up to the more modern concept of the role of the Mayor/President as being involved in policy making and not in its execution. These authorities have authorised the Clerk to exercise the functions set out in sub-paragraphs (a), (b), (c), (d) and (e) of subsection (2) section 87 of the 1919 Act in lieu of the Mayor/President. Any local authority could if it so desired pass a similar resolution giving the Clerk these executive functions which properly fall to him as the professionally trained chief administrative servant rather than to the Mayor/President who may be completely inexperienced in administration; furthermore he may have to earn a living and not have the time necessary to carry out the executive role assigned to him under the Act. It would be regrettable if the role of Mayor/President were to become the prerogative only of those with private means enabling them to devote the time to be a Chief Executive.

3.21 In these authorities where the Clerk has been given the Chief Executive functions, normally the prerogative of the Mayor/President, the latter is still authorised by the council to supervise the Clerk in the exercise of his delegated powers, duties and functions. Under this system the Mayor/President has the over-riding responsibility of directing the Clerk to take whatever action is necessary in order to ensure that results will conform, or are conforming to the council's policies. The Mayor/President is given authority to clarify policy as circumstances dictate. He is accountable to the council personally in each case where he has invoked his over-riding responsibility or authority to direct the Clerk in any management matter and for his own actions and performance in policy clarification.

3.22 This method of allocating responsibility is in my view preferable to leaving the position as it stands under section 87 of the 1919 Act. The Town Clerks' Society referred in evidence to this action taken by certain councils 'curtailing' the executive authority of the Mayor/President but considered a more permanent and definite demarcation to be desirable. The Society submitted draft amendments to the 1919 Act and the Ordinances providing in effect for the Clerk to be the 'Principal Servant' of the council with general control over the other servants. The Mayor/President would retain a right to direct the Principal Servant only.

3.23 Neither the Maud nor Bains reports gave the Mayor a special executive position. They were, however, starting from a position in which there was no history of mayoral powers of this nature. The Barnett Committee, after indicating that many Mayors/Presidents had given dedicated and outstanding service, stated that, notwithstanding this, the public should not be expected to rely upon fortuitous circumstances at the ballot box to obtain efficient and competent administration of council affairs. The Barnett Report recommended that the Mayor/President should no longer be the Chief Executive Officer responsible for carrying on the regular services and operations of the council. This would be the task of a 'Chief Officer', who would be appointed by and 'accountable to the council' for the effective and efficient performance of his duties.

3.24 The Barnett Committee pointed out that under its proposals the Mayor/President would still be the first local government citizen of the district and the principal spokesman on local government affairs. As such he would need to keep in close touch with the 'Chief Officer' so as to be fully informed on matters affecting the council and alerted to problems and difficulties which might arise. Being relieved of the responsibility for detailed administration he would have more time to devote to policy matters and key issues.

3.25 The Barnett Report was not implemented and it is recognised that this is a matter upon which there are conflicting views. From the way in which the roles of the elected members and staff are described in the earlier part of this Chapter it is clear that I do not see the role of the Mayor/President as an executive one. The biggest deficiency in section 87 of the 1919 Act is that the Mayor has control and direction over *all* the staff.

3.26 In my view that control over the staff should be placed in the hands of a Clerk/Chief Executive who should be the co-ordinator of the council's total operation and responsible for seeing that council departments operate within the council's determinations of policy and expenditure. The nature and extent of the duties envisaged for this post are developed further in Part V and Table 5 of this report. The Act and Ordinances should desirably be amended to provide for this situation.

3.27 In the absence of such amendments to the Act and Ordinances councils should secure the same result by issuing an appropriate direction under section 87 of the Local Government Act, 1919, conferring the administrative duties contained in subsections (2)(a) to (e) upon the Clerk/Chief Executive and should also expand his role to embrace the duties referred to in Chapter V and Table 5 of this report.

3.28 The Mayor/President should continue to be 'ex officio' a member of all Committees but I agree with the evidence submitted by several bodies that he should not be entitled as of right to assume the Chairmanship of all Committees as provided by clause 44 of Ordinance 1. This clause should be amended accordingly.

3.29 Although the Mayor will be relieved of the responsibility for detailed administration he will continue to be the first local government citizen of the district and the principal spokesman on local government affairs. He will continue to be 'speaker' of the council. If the council wish the Mayor/President to have an additional special status this should be achieved in the realm of policy formulation (and not its execution) by his appointment to the important post of Chairman of the policy and resources committee described in Part IV of this report.

3.30 It should always be remembered that the elected members are accountable to the public. The Mayor/President and a Clerk/Chief Executive can only carry out such functions as the council may delegate to them or as are conferred upon them by law. Other matters should be referred to the appropriate committee and, if necessary, to the council for decision.

3.31 It next becomes necessary to consider what alterations are required in the organisational structure at both member and staff levels to ensure that the roles which have been ascribed to them are fulfilled.

IV. ORGANISATION TO FULFIL THE MEMBERS' ROLE

4.1 Having identified the respective roles of the members and the staff it is now necessary to translate those roles into the organisational structure of local authorities. In doing so an attempt must also be made to overcome some of the deficiencies of local authority management which have already been mentioned. These include the failure of many local authorities to assess the needs and problems of their areas comprehensively, the absence of forward planning and informed decision making about priorities, not merely within each service but also between services. There should also be adequate delegation within the authority.

Term of Office for Members

4.2 A number of bodies submitting evidence supported the concept of a longer period of office for members and expressed the belief that council administrations and the public would benefit by, for example, the term of elected members being for six years with half the council retiring every three years. This matter is however beyond my terms of reference and I express no view upon it.

The Council and its Committees

4.3 In New South Wales the Local Government Act, 1919, provides for only one type of organisational structure, namely a council with a statutory requirement for finance and works committee and such other discretionary committees as the council decides to appoint. There should be a logical pattern of delegation with the council reserving to itself matters of policy and delegating to committees matters of importance which cannot be left to Heads of Departments. The latter should have sufficient delegation to enable them to carry out the day to day running of the organisation within the approved policies. Section 530A(2) of the Local Government Act, 1919, provides as follows:—

Subject to this section the council may by resolution authorise an officer or a servant, or a person, or a committee consisting either wholly or in part of officers, servants or persons to exercise or perform on behalf of the council any power, authority, duty or function of the council other than a power, authority, duty or function relating to:—

- (a) the making of any rate, the fixing of any charges or fees or the borrowing of any moneys;
- (b) the voting of moneys for expenditure on the works, services or operations of the council;
- (c) the resumption, purchase, sale, exchange, leasing or surrender of any land or other property or the granting of any lease of land;
- (d) the acceptance of tenders;
- (e) any application or notice to the Governor or the Minister;
- (f) the payment of travelling expenses;
- (g) any other matter which may be prescribed.

4.4 It would seem to me that items (c), (d) and (f) need not be in this list and that the council should be allowed to delegate these matters if it thinks fit. If they were removed from the list it would be in the council's discretion as to how they were dealt with.

4.5 In the case of item (c) there may be a case for the council to delegate to a committee or the Clerk the power to enter into tenancy agreements etc. within approved policies. In relation to item (d) it would be in accordance with practice elsewhere for committees or even Heads of Departments to open tenders and accept the lowest which complied with the council's specification. This would be subject to appropriate safeguards that the Clerk or his representative be present at the opening of tenders and that the Clerk be the person to accept on behalf of the council. In relation to item (f), if travelling and subsistence expenses are in accordance with approved scales and the journey authorised, payment could well be made by a member of the staff to the person incurring the expenditure provided that person certified that the expenditure has been properly incurred.

4.6 On the subject of delegation, the very wide powers to delegate given by section 530A seem inconsistent with clause 49 of Ordinance 1 which provides as follows:—

A Committee of the Council shall not have power to incur expenditure or to bind the Council. Recommendations or reports of Committees shall not have effect unless and until adopted by the Council. Provided that the Council may delegate to Committees functions of inspection and supervision, and any orders which a Committee may find it necessary to give in pursuance of any such delegation shall be given to or through the Clerk.

4.7 If the council so desires it should have the right to delegate to a committee the power to authorise the incurring of expenditure within approved votes and to authorise action binding the council. The necessity for clause 49 of Ordinance 1 should be reconsidered.

4.8 This would bring the law into accordance with some of the views expressed by the Department of Local Government in Bulletin 8A (issued in November, 1976). At the present time there is virtually no delegation by the council to committees and often committees consist of the whole of the

members of the council. I agree entirely with the Department when it urges the creation of an efficient committee system to enable the council to concentrate upon the framing of policy within which the administration must work. Committees should not, however, always be limited to an advisory role.

4.9 Councils and committees in New South Wales meet at very frequent intervals varying from weekly to monthly cycles. Some councils appoint the whole of their membership to each committee — a practice which should continue to be discouraged as is done in Bulletin 8A. Where there are very frequent meetings of committees and the council the Clerk's department becomes a paper producing machine. All matters are regurgitated for consideration by the council; even lists of accounts which have been to the finance committee containing amounts as low as \$1.00 are often submitted to the full council. As is stated in Bluett's *Local Government Handbook*¹ 'many good men are driven from local government by the inordinate length of time occupied in council meetings and those who remain in service frequently suffer unnecessarily'.

4.10 The council should reserve to itself in the terms of delegation to committees the right to consider and approve all policy matters. It will receive reports and recommendations from the committees on these reserved matters. Whenever possible new policies or proposals for alterations in policy should come forward as discussion papers for consideration and debate by the council. Positive proposals would emanate from committees later bearing in mind the views members had expressed.

4.11 By the intelligent use of delegation to relieve the council of routine matters so that it can concentrate on important issues and major decisions it should rarely need to meet more frequently than once a month. Experience elsewhere has shown that a monthly or six weekly cycle of meetings is effective. If councils in New South Wales persist in such frequent meetings it is inevitable that they will become involved in detail.

4.12 Professor Ruth Atkins in her evidence stated that if a vigorous committee system was desirable the councils probably needed more members. There is, as indicated in Part I, a vast variation in the numbers of electors per member of the council in the different authorities. I would agree with Professor Atkins that in the more populous authorities there is a case for an increase in membership. The Barnett Report also envisaged an increase in the membership of local authorities. However, I would most definitely not emulate the English pattern where some large counties have 100 members and a non-metropolitan district with 100,000 population might have 50 members. The large membership of English local authorities causes many problems (which are enumerated in the Maud Report) and in my view the largest foreseeable authority in New South Wales would not require more than about 25 members.

4.13 In the creation of a system of committees it is desirable that they reflect the objectives and programmes which the council has in mind by the appropriate grouping of services and functions. For example, some authorities group such activities as libraries, parks, playing fields, open spaces, swimming pools, caravan parks, markets, museums, entertainments etc. under a Community Services and Recreation Committee. Other committees might include Planning, Development and Transportation; Environmental Health and Public Protection; and Social Services (if this function is developed). The whole span of the local authorities' functions should easily be embraced within a maximum of five committees. The creation of a 'one Head of Department one Committee' syndrome should be avoided whenever possible.

4.14 The advantage of building a committee structure on the basis outlined is that it becomes directly linked to the main needs and objectives of the authority. There is no reason why committees of this nature should not call upon and be serviced by the skills and experience of a number of different departments. For example, at a Planning, Development and Transportation Committee it would be appropriate for the Engineer, the Planning Officer and the Building Surveyor to be present at least for parts of the meeting.

4.15 Local authorities should have freedom to appoint such committees as they think fit. They should, however, be encouraged to appoint one which would assist the council in considering and formulating its forward plans and the use of its resources of finance, land and buildings, and manpower.

The Corporate Approach

4.16 In the complexities of modern society, issues do not always arise entirely within the boundaries of one department. In many cases they affect the authority as a whole, for example, in problems concerned with unemployment or the redevelopment of outworn areas.

4.17 There is no doubt that with multi-purpose functions special arrangements are frequently necessary to ensure that:

- (a) the affairs of a local authority are dealt with as a whole and that co-ordinated forward planning is achieved;
- (b) issues are examined in depth taking into account all factors and not just those affecting one service;

¹ Bluett, *Local Government Handbook* (N.S.W.), 9th Edition R. D. Stuckey, Law Book Co., Sydney, 1975, P. 5.

- (c) the resources of an authority are fairly shared out according to the needs of the community; and
- (d) there is proper monitoring of performance with an independent review being undertaken from time to time to see that value for money is being obtained and that the organisation is operating effectively.

Policy and Resources Committee

4.18 The function of producing a general management approach to the affairs of the authority should be assigned to a policy and resources committee, which would guide the council in producing its overall plan of objectives for its community and in establishing its priorities. The committee would have the duty to consider the broad social and economic needs of the area, including the contents of the plans prepared under planning legislation. Table 3 lists the role of a policy and resources committee.

TABLE 3

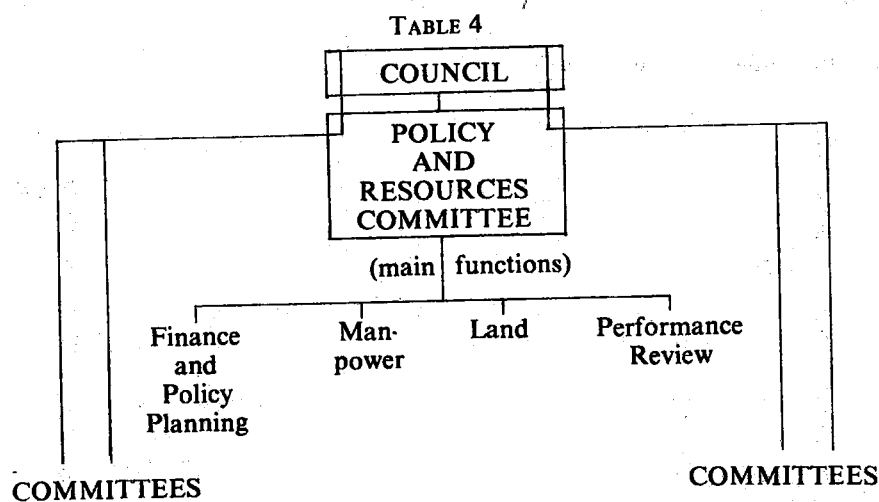
Terms of Reference for a Policy and Resources Committee

- (a) To guide the council in the formulation of its corporate plan of objectives and priorities, and for this purpose to recommend to the council such forward programmes and other steps as may be necessary to achieve those objectives, either in whole or in part, during specific time spans. For this purpose to consider the broad social and economic needs of the authority and matters of comprehensive importance to the area including the implications of planning schemes. To advise the council generally as to its financial and economic policies.
- (b) Without prejudice to the duties and responsibilities of the other committees, to review the effectiveness of all the council's work and the standards and levels of service provided. To identify the need for new services and to keep under review the necessity for existing ones.
- (c) To submit to the council concurrent reports with the other committees upon new policies or changes in policy formulated by such committees, particularly those which may have significant impact upon the corporate plan or the resources of the council.
- (d) To be responsible for allocating and controlling the financial, manpower and land resources of the council (and to be the finance committee for the purposes of clause 40(a) of Ordinance 1).
- (e) To ensure that the organisation and management processes of the council are designed to make the most effective contribution to the achievement of the council's objectives. To keep them under review in the light of changing circumstances, making recommendations as necessary for change in either the committee or departmental structure, or the distribution of functions and responsibilities.
- (f) To be concerned together with the appropriate programme committee in the appointment of Heads of Departments and any Deputies.

4.19 The policy and resources committee would be a powerful body, through which all new policy proposals would flow to the council. It would also have the power to submit concurrent reports upon new policies or changes in policy formulated by the other committees.

4.20 A Planning, Development and Transportation Committee might well prepare recommendations, for example in relation to a local plan for the area, but these would not be approved by the council unless and until the views of the policy and resources committee were available. This is necessary to ensure that the resources which are needed to implement the recommendations have been carefully considered by the central committee, whose functions would include a responsibility for the finance, manpower and land resources of the council. It would also be regarded as the finance committee for the purposes of clause 40(a) of Ordinance 1 if it is considered necessary for that Ordinance to be continued in being.

4.21 Table 4 depicts the effect of the proposed new corporate structure.



4.22 A policy and resources committee on the lines described in the foregoing paragraphs should be one of the main features in the structural organisation of local authorities in New South Wales to enable members to fulfil their role in policy formulation which has been described in Part III of this report.

4.23 Indeed the Sutherland Shire Council, in 1976, set up a resources and policy committee which, in principle at least, is similar to the kind of committee advocated above.

4.24 The membership of the policy and resources committee should consist of the Chairman of the other committees which have been established together with the Mayor/President of the council.

4.25 I am supported in recommending a policy and resources committee by a report by the Institute of Local Government Studies of Birmingham University which has recently completed a study of the operations after 1974 of 27 English local authorities and their management situations². The results of this study are quite encouraging. All of these authorities have set up committee structures on the lines indicated in the Bains Report. The policy and resources committee is being used in somewhat different ways. In some authorities there still remains a 'departmental' approach and co-ordination by the central committee is loose. Even in these cases the fact that financial, land and manpower resources are controlled by the central policy committee is in itself causing an authority-wide approach. The next type of situation falls very much within the Bains concept, with a constructive interaction taking place between the policy committee and the other committees and with issues between them sometimes being resolved by the council as a whole. The study describes this as the 'collaborative' type situation. Finally, at the other end of the continuum is the 'comprehensive corporate approach'. These authorities are striving for a system in which 'most policy analysis is handled on an interdepartmental basis'. Their policy and resources committees adopt a strong role in relation to the other committees. On the methodology of corporate planning, as would be expected from the above description of the different types of policy committee the documentation ranges from loose descriptions of future committee policies to more ambitious attempts to produce corporate plans. This aspect is explored in greater depth in Part VI of this report.

Admission of Press and Public to Meetings

4.26 In several councils committees consist of the whole of the members. Sometimes these committees meet on the same day as the council and their proceedings are formally reported verbally to the meeting of the council later in the day. In these cases the council meeting is a formality and very little discussion or debate takes place giving the press and public little information. In my view the device of having committees consisting of the whole of the members or of the council 'going into committee' should be avoided wherever possible. Councils should adopt an outgoing approach towards their affairs and give as much information as they possibly can to the press and public. Committees should be authorised to issue information about their decisions on delegated matters and upon their proposed recommendations to the council (where these are not genuinely confidential). In this way often useful information about public reactions can be obtained before the council meets to receive the recommendations.

4.27 In England because of the undesirability of the former practice the law was amended³ to provide that where a council proposed to go into a committee of the whole they must pass a resolution specifying the reason why it was contrary to the public interest for the press and public to be allowed to remain. Since the passing of that Act the proceedings of at least one council have been held to be invalid because, although they passed a resolution excluding the press and public, they omitted to specify why it was in the public interest that this should occur. Obviously there are matters where such a resolution is justified because of the confidentiality of the matter concerned or the fact that it affects individual members of the staff. However, these occasions should not arise all that frequently. It is a salutary experience for a council to have to specify why the ratepayers should not be entitled to the benefit of a press report upon their deliberations. Councils should be discouraged from going into a committee of the whole unnecessarily.

² In Pursuit of Corporate Rationality: Organisational Developments in the Post Reorganisation Period, Royston Greenwood, C. R. Hinings, Stewart Ramson and Kieron Walsh, University of Birmingham. Institute of Local Government Studies, 1976 (hereafter called the INLOGOV study).

³ Public Bodies (Admission to Meetings) Act, 1960.

V. ORGANISATION TO FULFIL THE STAFF ROLE

The Heads of Departments

5.1 All councils in New South Wales are required to appoint a Town or Shire Clerk, an Engineer, a certificated Building Inspector and normally a certificated Health Inspector. Where a council conducts an electricity or gas undertaking it must employ a certificated Electrical Engineer or Gas Engineer, as the case may be. A council is given the general authority to appoint such other servants as it thinks fit and one normally finds a certificated Town Planner, a Librarian and frequently a Social Services Officer. The latter post may become of greater importance if the recommendations in the Bailey Report are implemented. A few councils have also appointed Personnel/Training Officers, Public Relations Officers and Industrial Development Officers. As had already been indicated the Heads of Departments are expert officers fully trained in the professional and technical work of their Departments and they should be given responsibility and authority accordingly.

5.2 As staff advance in their careers their work involves more and more of an administrative or managerial content. As stated in the Maddick Report¹, 'many professionals (e.g. planners, engineers, etc.) will be responsible for the efficient deployment of expensive resources of personnel and equipment. For them a structured training program is required to replace the optimistic belief that management is something which is either inherent within the individual or which can be picked up on the job, or both'. Councils should therefore be encouraged to allow these officers to attend appropriate training courses in management such as the ten week course provided by the Canberra College of Advanced Education. This course enables senior staff from all departments to obtain knowledge of modern management practices in an interdisciplinary atmosphere. The course is also designed to improve their qualities of leadership.

5.3 It is clear that, at the higher levels in the local authorities, the task of senior officers is management on a scale which bears comparison with quite large companies. Advantage could well accrue to senior staff by attending management courses with their counterparts from industry and commerce. Opportunities for attendance at such short management courses, for example at the Australian Graduate School of Management in the University of N.S.W. and the Australian Administrative Staff College, Mt. Eliza, should be encouraged.

5.4 The local authority structure at staff level will, no doubt, continue to be founded upon a professional base. As staff reach more senior positions, however, advancement should depend progressively more upon general management ability. At Head of Department level management skills are equally as important as professional skills and this criterion should be observed when appointments are made.

5.5 The submission of the Local Government and Shires Associations mentions the apparent in-breeding in some councils where staff are automatically advanced up to fill vacancies without due consideration being given to their suitability. The Associations suggest that the use of outside evaluation to narrow the applicants particularly for senior positions over, say, \$20,000 per annum be considered; they mention that one such facility that could be made available is the appraisal section of the Public Service Board. The Department of Local Government will, no doubt, wish to see if this facility can be made available to local authorities who seek it.

The Clerk/Chief Executive

5.6 The Maud, Bains and Barnett reports all recognised the need for every council to have a Chief Officer in charge of general administration and able to advise the council on policy as a whole. The Maud Committee recommended that the Clerk be recognised as the Head of the authority's paid service. The Bains Report recommended the appointment of a separate Chief Executive in every authority and like the Barnett Committee (which recommended the appointment of a Chief Officer) suggested the translation of the former role of Town or Shire Clerk to that of Secretary to the local authority. This position has substantially been achieved in England following reorganisation where all but three of the new local authorities appointed a Chief Executive. In many cases the appointment was separate from that of Secretary to the authority. The Chief Executive quite often only operates with a personal assistant and has no other formal department. In fact, the whole of the council's organisation and staff are regarded as his department and the Heads of Departments could all be regarded as his 'deputies'. The Bains Report went considerably further than the other two reports in spelling out the terms of reference for a Chief Executive. Table 5 shows the terms of reference for a Chief Executive which have been adopted by most English authorities:—

¹ Education and Training of Local Government Administrators in Australia: Henry Maddick, Australian Government Publishing Service, Canberra, 1974.

TABLE 5

Job Specification for a Chief Executive

1. The Chief Executive is the Head of the council's paid service and shall have authority over all other staff so far as this is necessary for the efficient management and execution of the council's functions.
2. He is the leader of the staff management team and, through the policy and resources committee, the council's principal adviser on matters of general policy. As such it is his responsibility to secure co-ordination of advice on the forward planning of objectives and services and to lead the management team in securing a corporate approach to the affairs of the authority generally.
3. Through his leadership of the staff management team he is responsible for the efficient and effective implementation of the council's programmes and policies and for securing that the resources of the authority are most effectively deployed towards those ends.
4. Similarly he shall keep under review the organisation and administration of the authority and shall make recommendations to the council through the policy and resources committee if he considers that major changes are required in the interests of effective management.
5. As Head of the paid service it is his responsibility to ensure that effective and equitable manpower policies are developed and implemented throughout all departments of the authority in the interests both of the authority and the staff.
6. He is responsible for the maintenance of good internal and external relations.

Source: Bains Report, op. cit., p. 165, Appendix J.

5.7 These posts were all advertised on the reorganisation in 1974 and the majority were filled by the former Clerks of local authorities. In a few cases persons who had previously been Treasurers and Planning Officers were successful in obtaining the post. Of the 55 appointments of Chief Executive which have fallen vacant in the last two years nearly all the replacements have come from other Chief Executives or Heads of Departments who have had experience of working as part of a management team.

5.8 Local government is very traditional and reluctant to accept change; this characteristic still remains after the reorganisation. Some of the old style Clerks have failed to realise the full implications of the more exacting role of Chief Executive. This was no doubt inevitable, because few if any of the new leaders had been trained for the task and there is very little systematic training for the next generation of Chief Executives. In a few cases there has been a withdrawal from the concept of a separate Chief Executive particularly in the smaller districts. In some cases the job has been combined with that of Secretary or has even been dispensed with entirely. On the whole, however, the Bains Committee's recommendations have continued to carry weight and most authorities do not seem to wish to depart from the new management structures which have been adopted.

5.9 The Barnett Committee recommended that after a date to be proclaimed it would be an obligation upon each council to appoint a Chief Officer. A new position of Secretary would be created and the appointment of a Secretary would be made mandatory where a Chief Officer was appointed, the Secretary to have the qualifications now prescribed for a Council Clerk.

5.10 The Barnett Committee recommended that the council exercise certain reserved functions (namely those which are already reserved by law to the council under section 530A(2) of the Local Government Act, 1919) and recommended that the Chief Officer exercise all the other functions of the council. In their recommendations the Barnett Committee appear to have been very heavily influenced by the system applying with the Sydney County Council which is of course a one purpose authority supplying electricity. The analogy to me seems less direct and I believe there are dangers in attempting to transplant it to a multi-purpose local authority. An electricity authority is after all a trading undertaking set up to supply and distribute electricity without making any loss. It does not have to weigh the conflicting claims of different departments and services for scarce resources. Nor does it have the much wider role of being responsible for the overall economic, social and physical wellbeing of a community. Nor is there so much scope for an electricity county council to be organised on political lines. In my view the multi-purpose local authority has a much more difficult task to carry out and the committee and the scheme of delegation need to be more sophisticated. Instead of giving blanket authority for everything (other than the council's reserved functions) to be exercised by a Chief Officer I consider that the terms of delegation both to committees and Heads of Departments need also to be carefully considered.

5.11 Furthermore, the positive role of the Clerk/Chief Executive outlined in Table 5 requiring him to produce forward plans and to co-ordinate the affairs of the authority are matters to be included in the job description and contract specifying the terms of appointment. Similarly the job descriptions of other Heads of Departments should make reference to the role of the Clerk/Chief Executive as Head of the council's paid service and they should be required to consult him on all appropriate occasions before taking action. Under the present system in N.S.W., where the Mayor/President does not exercise the powers of direction and control, the Clerk in his capacity as Chief Administrative Servant already has the power to exercise general control over the Heads of Departments. This does not extend to precise or detailed control over the works of the professional and technical servants of the council.

5.12 An example given by the Industrial Commission of N.S.W.² is that an Engineer would be obliged to conform with an order given to him by the Clerk that, either for budgetary or policy reasons, work on a particular engineering project should cease or be postponed. This power of 'general' control does not of course extend to the day to day supervision of the execution by the Engineer of his professional and technical functions. Similarly a Clerk/Chief Executive with the more positive role now envisaged would have powers of control over Heads of Departments but not of supervision of professional and technical matters.

Should the Chief Executive Post be Combined with that of Clerk?

5.13 Firstly, bearing in mind that the role is not only to advise the council and its committees on policy matters but also to see that the council's decisions are translated by the organisation effectively into action, I prefer the title Chief Executive to that of Chief Officer used in the Barnett Report. Although both the Bains and Barnett reports envisaged an additional appointment of Chief Executive with the former routine work of the Clerk's department being carried out in future by a Secretary's department, I have a great reservation about applying this solution in New South Wales. With the present limited functions in the small and medium sized authorities in New South Wales there is not sufficient justification for an additional senior appointment. The duties of the post of Chief Executive should be combined with those of Clerk to the authority and the routine work of the Clerk's department (servicing of committees and the council, the keeping of accounts and records, the preparation of statutory reports and outward correspondence etc.) should be part of the duties of the Deputy Clerk. In several authorities the Clerk has already arranged the work of the authority on these lines to enable him to carry out the role of chief administrative servant effectively. In these cases the translation to the role of Clerk/Chief Executive outlined in Table 5 will be more one of form than substance. In other cases there will be a real change in the allocation of work between the Clerk/Chief Executive and his Deputy to enable the former to fulfil effectively the Chief Executive part of the combined role.

5.14 It may be that in the larger authorities (and by this I mean the few authorities with populations in excess of 100,000) there is a case for having a Chief Executive occupying this role alone and for a post of Secretary to the authority to be created as envisaged in the Bains and Barnett reports to carry out the Clerk's conventional role. The trouble with this proposal is that it involves the creation of an additional very highly paid post above that of the post of the Clerk which would become that of Secretary to the authority.

5.15 On balance I would prefer a uniform situation in New South Wales where the post of Clerk and Chief Executive to the authority is combined in one person. If the Clerk's position is strengthened as suggested in this report then there is no real need to change his title. However, to indicate the more positive role the post will in future paragraphs be described as Clerk/Chief Executive.

Amplification of the Role of Clerk/Chief Executive³

5.16 The first three paragraphs of Table 5 stress the Clerk/Chief Executive's link with policy formulation and the use of resources — which is a key area of his responsibilities. The Clerk/Chief Executive will be very much concerned with the annual budget and expenditure forecasts of the authority, and with decisions as to spending priorities. Because he is not himself concerned with providing a service to the public, he is in a unique position to take an impartial and balanced view as to the share of resources which might reasonably be allocated to the various activities of the authority. Decisions on priorities are essentially matters for members, but they will be assisted by the experience and knowledge of the Clerk/Chief Executive. This is particularly important at a time of recession; the competition for resources is then at its greatest, as is the need for soundly-based opinion as to what can and cannot be expected in the way of economies.

5.17 Concern for the use of resources implies that the Clerk/Chief Executive will also be involved in policies for land and buildings and for manpower. He will be anxious to secure that land and buildings are used to the best advantage and this may involve the introduction of project control systems to ensure that land is developed within the programmes set by the authority and so avoid mounting loan charges for land acquisition.

5.18 The Clerk/Chief Executive should also play the leading part in ensuring coherent and compatible staffing policies as between departments. He will be closely involved in the setting of manpower targets and devising means of attaining them in co-operation with Heads of Departments. He will take part in consultation and negotiation with trade unions on important matters. In all these and other ways the Clerk/Chief Executive should help to ensure that the authority adopts a co-ordinated approach to the main manpower areas — overall numbers, forward manpower planning, filling of vacancies, training, redeployment, retirement and redundancy, with their many implications for staff

² See Judgment of Industrial Commission of New South Wales (dated 30th September, 1976) in Numbers 30, 180 and 146.

³ The English Society of Local Authority Chief Executives (SOLACE) has recently issued advice to its members and some of the material covered in the 'amplification of the role' is derived from this source.

and unions. Even where a separate Personnel Officer is appointed he will still need the support of his Clerk/Chief Executive if sound policies are to be developed.

5.19 There are at least three references in Table 5 to the Clerk/Chief Executive's 'leadership' of the management team. Leadership is sometimes confused with chairmanship, and thereby a concentration on consensus is implied. Consensus has its value but the emphasis must always be on leadership. In matters of policy, the management team gives advice and the responsibility for decision-making lies with the authority. Advice tendered to the authority by the management team must be good advice and it is the Clerk/Chief Executive's responsibility to ensure that this is so. He must also recognise that he may have a significant role to play in ensuring that the members of the team understand the policies of the council and that their advice is directed towards the achievement of those policies. But the management team may not always be unanimous and, if the Clerk/Chief Executive is not to march until all his men are in step, he might not be able to march at all, and this is not tolerable. The council's policies must be implemented and, where advice is required, the Clerk/Chief Executive must ensure that it is sound and that it is tendered at the right time. He might not — perhaps should not — always exert his authority by virtue of his office, but he must lead his team and, if necessary, back his judgment against that of his colleagues. This calls for management expertise, general awareness of the day-to-day activities of the authority, an intimate knowledge of the availability of resources and a clear understanding of the strategies and policies which the council has adopted. His relationship with Heads of Departments calls for special skills. The development of a spirit of mutual reinforcement is valuable particularly in a period of retrenchment.

5.20 In those councils which are organised on political lines relationships must be established and maintained with the Leaders of the political parties. With the Leader of the majority party, the relationship will be a close and working one, albeit informal and impartial. With the other leaders it will be helpful, informative and, again, impartial and informal. In some respects, the advice tendered by the management team will reflect the aspirations of the majority party; to advise a course of action known to be contrary to the policy of that party would certainly not speed up the decision-making process and could enter or appear to enter the Clerk/Chief Executive and his team into the political arena. This is not to say, however, that the majority party should not be given clear advice as to the perceived consequences of framing a particular policy and whether it is legal, practical and there is the necessary finance for it. Furthermore, occasions could arise when a Clerk/Chief Executive might have a duty to suggest a course of action which runs counter to the policy of the majority party. Provided he has sound reasons for so doing, no one should be offended. The advice may be rejected, for it is the prerogative of members to decide policy; but the Clerk/Chief Executive could lose the respect and confidence of the council if he failed to give advice because of its likely unacceptability.

5.21 The Clerk/Chief Executive should not be politically partisan but he should certainly be a diplomat and sufficiently sensitive to realise when thoughts are beginning to crystallise and a course to be chosen. A picture of what might shortly be described as the Clerk/Chief Executive's political role cannot be painted by words alone; there are too many variations. Neither will formal training solve many of the problems that the Clerk/Chief Executive will encounter in practice; it requires wisdom and skill and a measure of experience.

5.22 Paragraphs 4 and 5 of Table 5 can also be taken together. These two paragraphs mean that it is the job of the Clerk/Chief Executive to see that the organisation operates effectively and economically and that the targets set by the council are achieved. It is suggested that this function is not confined solely to effective management in the wider sense. A good Clerk/Chief Executive must see to it that the arrangements by which members are able to fulfil their functions are smooth and that they have access to all the information that they can reasonably and properly expect. This may involve another Head of Department as well but in practice the council will rightly look to the Clerk/Chief Executive to ensure that the 'domestic' machinery is effective. The council's overriding concern will be that resources are allocated in the best possible way. So far as manpower is concerned the Clerk/Chief Executive will find that this is one area where he must take and maintain a close personal interest.

5.23 With regard to paragraph 6 of Table 5 dealing with the Clerk/Chief Executive's responsibility for the maintenance of good internal and external relations, this is rather more important than it sounds. The need for good internal relations is obvious but sometimes overlooked. The Clerk/Chief Executive needs to be concerned with the arrangements for informing and explaining council policies to staff at all levels. He must also ensure that councillors can readily obtain the information they need to be effective. But the requirements of the post go further than this. He must be alive to the needs which may arise from time to time for a particular department of the council to be reinforced if it runs into difficulties or if there are deficiencies in its management or organisation. And even in the best of authorities differences and conflicts can arise between departments. Members can then turn only to the Clerk/Chief Executive for assistance in resolving the problem, just as they rightly expect to rely on him for sound advice and guidance when exercising their choice in the making of appointments of Heads of Departments.

5.24 External relations embrace a number of different facets. There is an obvious role for the Clerk/Chief Executive as a troubleshooter and problem solver. Complaints are sometimes revealing and useful indicators of the state of the organisation.

5.25 The Clerk/Chief Executive will be the main channel of communication with Members of Parliament, the departments of State Government and other important bodies and associations. It is his job to establish and maintain a regular contact with neighbouring local authorities, and when necessary with the health and housing commissions, the public utilities and services, such as gas, water, electricity, rail and docks. He should be concerned with the well-being, in the broadest sense, of the area for which his council is responsible and be sensitive to the local economic conditions in which the authority seeks to act. He will therefore need to make himself known to major employers and representative bodies such as trade unions, chambers of commerce and the like. Nor can he neglect contact with voluntary bodies and with organisations concerned with culture and recreation. The Clerk/Chief Executive should ensure that the authority's policies and programmes are being effectively put to the public, through the media or otherwise.

5.26 The Clerk/Chief Executive should be in a better position than most to stand back and take a long, critical look at what is going on — or not going on — in the area of his authority and the reasons why this should be so. This he must constantly do and his day-to-day activities are likely to be much influenced by the economic and social conditions and his council's concern for them. Consequently, the way his time is spent will vary from place to place and from time to time. Authorities by reason of size and for other reasons will vary in the organisational structures they favour and their demands upon their staffs will not be uniform. In terms of career prospects the duties of the post should be so arranged as to make it open to candidates from all professions and backgrounds.

Recruitment and Training of Clerk/Chief Executives and Heads of Departments

5.27 While there are some exceptional people who may be able to translate to local government from the world of business or elsewhere, the need for experience of the relationship with elected members, political parties and between local and State government is likely to make an experienced senior local government employee the candidate best qualified for appointment. It would seem likely that Clerk/Chief Executives will come, in the main, from present Heads of Departments and Deputies who have had experience of working in a management team. If it is accepted that most local authorities are likely to tend to see as the Clerk/Chief Executive a Head of Department with a proven record of administrative and managerial ability, seasoned in the ways of local government, it becomes obvious that no matter how carefully and thoroughly a young graduate, or any other recruit, is trained and groomed, he will seldom achieve his goal unless this training leads him into a post as a Head of Department which carries with it membership of the management team. The basic aim should be that no junior entering local government in any department is debarred from progression to the top post.

5.28 It is to be hoped that as increasing attention is paid to the managerial openings available to all disciplines, the professions will add management subjects to their curricula and examinations. Whatever management training may be available during the obtaining of a professional qualification, it is unlikely to be sufficient to fit an employee for the top positions in local government. He should desirably have experience with a number of different local authorities during his career progression. Experience outside local government in industry, State or Federal Government, or with the commissions and public authorities also would be valuable. The interchange of staff between public bodies should be encouraged⁴.

5.29 Some formal training will be needed at mid-career. Mainly this can be met by courses of the type provided by the Canberra College of Advanced Education. Management training is in any event desirable before an employee assumes the post of Head or Deputy Head of a Department. Further instructional developments could take place specifically to meet the needs of potential Clerk/Chief Executives. Professional and technical officers should be encouraged to develop their potential in the wider administrative fields and authorities should look closely at the machinery by which they identify promising material. Staff at mid-career level can also obtain practical management experience by involvement in central issues extending 'across the board' and the chairing of working parties. Clerk/Chief Executives should in collaboration with Heads of Departments take a personal concern in the career developments within their authority so that there is an adequate supply of properly prepared people for senior positions in the years ahead.

5.30 Local government may be criticised for not being able to offer a well-defined and certain path to the posts of highest responsibility. This will not be a culpable failing if, and only if, by suitable training and positive guidance anyone with the necessary talent, ability and application can be enabled to see the way ahead at all stages of his or her career.

5.31 The point was put strongly to me by some professional associations that their members should be eligible for appointment as Chief Executive. This point has been accepted. If, as recommended, the post is combined with that of Clerk it should not be necessary for the office holder to have the Clerk's Certificate provided the Deputy Clerk is so qualified. As an additional appointment is not proposed, however, the first occupants of the combined post of Clerk/Chief Executive will be the present Town or Shire Clerks. It will be when a vacancy arises in the combined post that others will be

⁴ This subject is currently under review by the Advisory Council for Inter-Government Relations which has invited evidence on the transferability of staff between the three tiers of government.

able to apply. The salaries paid to Clerks of councils at present are by no means ungenerous and are probably intended to take account of their wide ranging role; I would not expect the more precise specification of that role as Clerk/Chief Executive to constitute grounds for a special salary review.

Deputy Chief Executive

5.32 There is no need for the creation of a full-time post of Deputy Chief Executive, in the way that, for example, Deputy Clerks or Deputy Engineers are usually to be found today. If it is essential to designate one man to act formally for the Clerk/Chief Executive in his absence, this can be dealt with on an ad hoc basis by the council. There could be merit in the various Heads of Departments taking on the role of Chief Executive on a rotational basis whenever he is absent for any time. There should be no automatic designation of the Deputy Clerk as Deputy Chief Executive. In any event designation should not be expected to carry with it any automatic assumptions about succession to the Clerk/Chief Executive's post. When the Head of some other Department is acting as Clerk/Chief Executive he will need to remember that in these circumstances he, like the Clerk/Chief Executive, becomes able to exercise general control but not detailed supervision over the professional work of the Heads of Departments.

The Management Team

5.33 In several of the local authorities in New South Wales the Clerk in his capacity as chief administrative servant holds regular meetings with all or some of the Heads of Departments. The Clerk/Chief Executive clearly needs the close support of the Heads of Departments and this group will be the counterpart at staff level of the proposed policy and resources committee. Heads of Departments will no doubt recognise that there are few major decisions which can be made in isolation without some impact upon the present or future resources of the authority. On occasions, it may be necessary for a Head of Department to subordinate his own particular interests to those of the authority as a whole. It is the responsibility of the Clerk/Chief Executive and the Heads of Departments to ensure that advice submitted to members on major matters is fully co-ordinated.

5.34 However, meetings of the management team should not be held for their own sake. Perhaps 20% or 30% of the work of the authority needs to be viewed on an 'across the board' basis, but the balance of the work is the provision of services and it is the professional expertise of the engineer, planning officer, librarian, etc. that makes for good and effective services. In addition to ensuring that when necessary the Heads of Departments work as a team, the Clerk/Chief Executive will also need to establish an understanding with the individual Heads of Departments that policy matters which are of a particular departmental concern and are of some significance should be shared with him.

5.35 Where corporate meetings will be necessary is in forward planning and in establishing priorities in the sharing of the resources of finance, land and manpower. Heads of Departments should guard against the danger of corporate management becoming obsessed with the internal organisation rather than the way the authority as a whole affects the community it serves. Corporate management is not designed to be introverted or centralising. In fact the expression itself may be too inward looking in connotation and the concept of 'policy planning' for the community may be preferable.

5.36 Sutherland Shire Council has responded to the progressive outlook of its Shire Clerk, Mr. A. G. Hill, by setting up a Resources and Policy Committee served by a group of Heads of Departments called a Management Executive Committee. This latter Committee comprises the Shire Clerk as Chairman, the Deputy Shire Clerk, the Shire Engineer, the Chief Health and Building Surveyor, the Town Planner and the Chief Librarian. Its functions include the following matters:—

- to advise the Council through the Resources and Policy Committee on the allocation of resources;
- to advise the Council through Standing Committees and the Resources and Policy Committee on major policy issues;
- to examine and report on major proposals in any area;
- to co-ordinate the activities of the Heads of Departments in major programmes;
- to advise the Council on organisation and administration matters generally;
- to administer the budgetary control procedures within the Council; and
- to review and assess the effectiveness of groups and individuals exercising delegated authority.

5.37 Two basic reasons were given in Sutherland Shire for the establishment of the Management Executive Committee. The first was the need continually to evaluate the performance and efficiency of the organisation as a whole and the second was firmly to establish the concept of one organisation.

The Matrix Form of Organisation

5.38 There is much to be gained by involving officers from the various departments directly in the policy planning process. By involving practical managers with responsibility not only for recommending plans but also for carrying them out, policy planning will be kept in close touch with the reality of council activities.

5.39 A system of interdepartmental groups formed in this way by horizontal organisation is increasingly being referred to as matrix management. The Heads of Departments' group itself is of this nature and it is natural that it should assign tasks to other such groups. The chairman or leaders of these groups should be chosen by the Clerk/Chief Executive and the management team. They may be set up either for individual *ad hoc* subjects or on a more permanent basis. The extent to which they are used and the quality of their work will obviously affect the amount of time the Heads of Departments have to spend together. They should, however, normally be regarded organisationally as sub-groups of the management team, which will receive their reports and review their performance.

5.40 Sometimes it is desirable that such a matrix group be given delegated powers. A good example of this is again in the case of Sutherland Shire where a Development Control Unit has been constituted by the Council and powers delegated to it under section 530A of the Local Government Act, 1919, to deal with a variety of matters. The Unit comprises the Assistant Shire Clerk (Chairman), together with the Senior Assistant Shire Engineer, Assistant Town Planner and Senior Health Inspector. It can grant development consent where proposals comply with the Council's policy and likewise can refuse an application where it is outside the policy requirements. It can deal with many other matters including decisions on the Council's behalf in respect of subdivision applications, the naming of roadways, etc.⁵

Other Central Services

5.41 It is not possible to go into the detailed working of individual departments in a report of this nature. The following paragraphs are included merely to refer to certain aspects of the council's work which merit particular attention.

The Personnel Function

5.42 The Personnel function is not so well developed in local government as it is in industrial concerns. In the larger authorities there is clearly a case for a full-time personnel/training officer accountable to the Clerk/Chief Executive to deal with manpower planning, job description and job evaluation, industrial relations, and arrangements for the recruitment and training of staff. In any event the Clerk/Chief Executive and the Heads of Department must themselves be concerned with personnel management in its widest sense. This will involve, for example, manpower planning, including the examination of future requirements and the consequences of implementing particular alternative manpower policies. They should apply their minds to such questions as identifying the 'high fliers' within the authority and the training needs of staff generally.

Policies for career development for such people should be considered and put to the members. Generally they should promote the effective use of human resources both in the short and long term. They should be conscious of the necessity to create and maintain a climate in which changes which are beneficial to the local authority can be achieved⁶.

Supplies

5.43 A number of authorities have on the staff of the Clerk a central purchasing officer. The advantage of such an arrangement is that the buying requirements of the authority are assembled as a whole and negotiations can take place to obtain the best terms for bulk buying. Sometimes there will be a case for a consortia between a number of adjoining authorities. Local authorities should examine their arrangements to ensure that they are co-ordinating their purchasing requirements. The fact that the State Government has placed its purchasing facilities at the disposal of local authorities is also a welcome step forward.

Legal Services

5.44 In one or two authorities a Solicitor has been appointed and from my inquiries this system has worked well. Obviously it is only possible in the medium and large sized authorities with sufficient population and functions to justify a whole time appointment. The work of the Solicitor would embrace real property and conveyancing, contracts, planning appeals, employment legislation, miscellaneous local authority prosecutions, the recovery of debts and the defence of actions brought against the local authority for negligence, etc. as well as general advice on local government law. In my own experience there is sufficient work for a full-time Solicitor when the population of an authority grows to around 40,000. There are also normally financial savings to be achieved when the volume of work carried out by a Solicitor employed by the local authority is costed as against the fees which would be charged by practitioners in private practice.

⁵ See paper by A. G. Hill and K. Brown entitled 'Organising for Effective Development Control: The Sutherland Shire Case', presented to Public Conference at Australian National University on 24 May 1977 to be published in R. L. Mathews (ed.), *Local Government in Transition — Responsibilities, Finances and Management*, Centre for Research on Federal Financial Relations, Distributed by ANU Press, Canberra.

⁶ See article by Mr. Charles Foley in Vol. 32 of the Local Government Bulletin dated 4th August 1977. A survey of a number of authorities by Mr. Foley (who is on the staff of the School of Administrative Studies at Canberra College of Advanced Education) showed that in the authorities covered little planning is carried out. In relation to human resource planning only one of the 33 senior officers interviewed stated that his organisation had even a rudimentary manpower plan covering one year.

Land and Buildings

5.45 Land and buildings are amongst the most expensive and scarce resources of a local authority and the efficient management of these resources is a matter of first importance. The Clerk/Chief Executive should ensure that someone in the organisation is paying particular attention to this aspect of its work. Authorities should co-ordinate all forward land acquisition proposals. Wherever possible, consideration should be given to the combination of separate acquisition and building proposals on to one site, in order to achieve savings in building costs and in common services and for the convenience of the public. The possibility of combining commercial and public uses should not be overlooked.

Information Services⁷

5.46 Local authorities should adopt an outgoing attitude towards the dissemination of information to the members of the community which they serve. Some authorities already publish an information booklet about their areas including not only the local authority facilities but also more general information about schools, entertainments, places of worship and the various recreational and leisure clubs which exist. This sort of information should be provided by all authorities. Local authorities should also publish an Annual Report to be circulated with the rate demand notice giving not only information about the use of resources but also identifying the major problems facing the authority and the plans it has for solving them.

5.47 The press, sound broadcasting and television services should be provided with all possible information. This can be achieved in a variety of ways including regular meetings with the press, regular talks by the Mayor/President on the local radio station to give information about council affairs, and the provision of written press releases on important matters. In some authorities this work is carried out by a full-time officer. However, this will not be possible in most cases and it will be the responsibility of the Clerk/Chief Executive to see that this outgoing approach towards the dissemination of information is achieved. All staff and particularly those having contact with the public should be courteous and be regarded as having a responsibility for securing good public relations.

⁷ The Local Government and Shires Associations of N.S.W. published a useful booklet of guidance in 1975 entitled 'Public Relations Guidelines for Local Government'.

VI. MANAGEMENT PROCESSES

Planning Ahead

6.1 Adverting to the first of the principles of management, namely the necessity to plan ahead, there are in most local authorities two attempts at this activity. First, an annual budget, and secondly, a local plan prepared under Planning legislation indicating the possible physical development of the area. The costing of the proposals in the plan will probably have not been done and it may not be related consciously in any way to the annual budget. The plan is primarily concerned with land use and development within the area whether to be carried out by the local authority itself, by other public bodies or by the private sector. It may attempt to prognosticate over a time span of several years.

6.2 The traditional form of local authority budget expresses expenditure by reference to the type of resource which is to be purchased with the income the authority receives from rates and Government grants. It deals with only one year at a time, whereas the important decisions affecting the level of expenditure in the current year may have been taken several years earlier. With probably upwards of 90 per cent. of the next year's budget already committed by past decisions the only way material changes can be made is by making plans now to influence the course of events in several years time. A few authorities have progressed beyond an annual budget and provide members with forecasts of expenditure on capital schemes for some years ahead.

6.3 Valuable as these may be they concentrate on inputs to services rather than upon their outputs. Something more is required. Such approaches give no clear indication of the needs which the authority is seeking to meet and do not help members to measure the effectiveness of the manner in which services are performed or the spending of money in a particular way. It is not possible to discern from the budgets of local authorities the underlying policies the local authority is attempting to achieve. In their evidence the Local Government Engineers Association indicated that one of the main deficiencies in local authority management is 'the lack of objective planning by councils acting as a corporate body, in the short, medium and long term'.

Policy Planning

6.4 Members of councils and the public should know where the council is heading. For this it needs a clear statement of its objectives and priorities set out in some sort of a plan. It is also important that any planning mechanism be one in which social and urban planning is fully integrated with financial planning.

6.5 The Sydney City Council as explained earlier does use the concept of a corporate plan. Such planning need not be confined to the large municipalities. What is required is that the council considers and consults on its objectives under all areas, e.g. town planning and development, traffic and transport, recreation and community services etc., over say a three year period ahead, evaluates all the alternatives and emerges with a strategic plan for the municipality, knowing the financial implications of this plan and then budgets accordingly. Very few of the authorities studied have attempted to plan ahead in this way.

6.6 An exception is the Municipality of Drummoyne where a system of informal but recognised objectives has been adopted. This system is apparent in the procedure which has been followed since 1965 to define a "ten-year plan" to direct Council's activities. It is understood that the first plan expired in 1974, at which point the current plan came into force to operate until 1983. The 1965/1974 plan emphasised development of roads within the Municipality to a satisfactory standard. The current plan is particularly orientated towards improving parks and similar public amenities. This procedure is implemented, in the first instance, through development of 'three-year plans' which extend over the life of each Council. These plans in turn form a basis for preparing yearly 'estimates' which determine final implementation of the objectives.

6.7 Another council which has made substantial progress in the direction of corporate planning is the City of Blue Mountains. This Council with the assistance of Consultants has produced a Statement of Objectives which has been adopted by the Council to guide the Council in the future exercise of its powers and duties. The document is some 30 pages in length and all Council committees and departments are directed to relate their reports to Council to relevant parts of the Statement of Objectives. It would probably be of assistance to other local authorities if they could see the format of this document.

Several of the objectives involve the participation of both public and private enterprise to initiate and develop projects and programmes of action which will help to achieve these objectives. The Council accept the responsibility for taking initiatives and undertaking negotiations with these bodies. Furthermore, the action to attain each of the objectives usually involves more than one of the Council's departments. The Town Clerk and Heads of Departments have allocated responsibility for the various activities between them and meet regularly to co-ordinate and review their progress in attaining the objectives.

6.8 Much hard work is involved in producing a forward plan. In England according to the Institute of Local Government Studies (INLOGOV) Report elements which are emerging in some authorities in this direction prior to the production of a corporate plan are documents called 'profiles' and 'position statements'.

- (2) Outer metropolitan councils which are still in the course of development and expansion. This is particularly true of the peripheral suburbs of Sydney and adjoining shires and municipalities. With population increasing, the relevant councils' works programmes and planning operations are of great concern.
- (3) Country major centres of population, which in many cases are cities. Expansion programmes here come from a variety of sources, such as new industries and populations being attracted to the area, which add to natural increases in population. Councils here often assume a wider range of functions than their metropolitan counterparts.
- (4) Smaller country shires and centres of population. The major activity of councils in this category is often roadmaking and servicing of traffic arteries.
- (5) Shires and municipalities on the coastal strip of the State. Their major distinction is the seasonal influx of holiday makers and tourists, which has often necessitated particular actions by councils to stimulate further development or occasionally to impose some controls.

1.8 The above categories are not mutually exclusive — there being some councils which have functions and responsibilities which extend over more than a single category. Representative type councils from each category were investigated. Some 35 councils were circulated with a questionnaire requesting specific information shown in Appendix 3. As an attachment I invited interested members of councils and staff to comment on the Relevant Factors shown in Appendix 1. Twenty-four or 70% of the councils approached in fact replied.

1.9 There is a great distinction between multi-purpose country authorities such as Wagga Wagga City Council, Dubbo City Council, Tamworth City Council and Shoalhaven Shire Council and metropolitan authorities of comparable population. It might be generally stated that the more diverse the functions of the authority the more flexible its management structure should be.

1.10 From the responses to the questionnaire, visits to local authorities and the evidence received it was clear that in a number of matters improvements could be made in some authorities. These matters to which I will be devoting some attention in this report include the following:

- (1) Lack of clear understanding of the respective roles of the elected members and the staff (or where the roles were understood an inability to accept them).
- (2) Very little forward planning.
- (3) Lack of delegation to committees and varying degrees of delegation to council staff; members were generally very much involved in detail rather than policy.
- (4) A need for greater education in management principles and practice.
- (5) Insufficient attention to the review of performance.
- (6) A failure to develop positively the personnel function.
- (7) The lack of research facilities for individual councils and local government as a whole.

1.11 The authorities with a small population and employing only a few staff do not need elaborate management systems. This report is mainly directed to the municipal and shire authorities which have populations in excess of 20,000 persons and in which the majority of the population of New South Wales live.

1.12 Lord Mayors and Mayors of cities and municipalities and Presidents of shire councils will for the sake of brevity be referred to in the text as Mayor/President. Similarly, Town Clerks and Shire Clerks will be described generically as Clerks or as Clerk/Chief Executive when the more extensive management role which is suggested for them is being mentioned. I am aware that there is some aversion to the use of expressions such as Chief Officer, City Manager, Chief Administrator or Chief Executive. As I am recommending that the wider management role should be carried out by the Town or Shire Clerk there is of course no need to use any other title. The terms of reference of the more positive management role assigned to the post (which are developed in Part V of this report) are the material factor.

1.13 Several responsible bodies submitting evidence raised matters such as increasing the payment to elected members and extending their term of office. These are matters which are beyond my terms of reference but deserve attention. In this connection the Local Government and Shires Associations expressed concern that they had not been consulted about my terms of reference and questioned the validity of an investigation which dealt with only one aspect of local government. The Associations in particular referred to a Resolution passed at their 1977 Conference requesting the Premier and the Minister for Local Government to institute a major inquiry into the role of local government in the 1980's².

² At the April 1977 Premiers' Conference an examination of the role of local government including its functions, powers and revenues and the relationships which should exist between it and the Federal and State Governments was referred to the Advisory Council on Inter-government Relations. It is understood that this Council is aiming to issue a discussion paper on local government which will raise the main issues in the latter part of 1978.

1.14 Despite their objection to the limited parameters of this study the Associations submitted valuable evidence. An improvement in the management capability of local authorities is significant in itself in endeavouring to secure that members and staff of the necessary calibre come forward for service in the future. People prefer to be associated with an effective organisation.

1.15 It is unnecessary for me to give further factual information about local authorities in New South Wales. Margaret Bowman has recently carried out extensive research and produced for the Department of Environment, Housing and Community Development a comparative survey of local authorities in each State: what they can do, what they in fact do, and how they organise themselves to do it. Reference should be made to this publication for what appears to be the only systematic and detailed description of the local authorities in New South Wales³.

³ Local Government in the Australian States. Margaret Bowman. An Urban Paper. Department of Environment, Housing and Community Development. Australian Government Publishing Service, Canberra. 1976.

27th February, 1978.

The Hon. H. F. Jensen, M.L.A.

Dear Mr. Jensen,

REVIEW OF LOCAL AUTHORITY MANAGEMENT

You appointed me at the beginning of September, 1977, to review the internal organisation and management processes of the local authorities in New South Wales and to recommend such improvements as may be considered desirable to provide an effective structure of management. The detailed terms of reference are set out below.

A maximum period of six months was allowed for completion of this task. It has been possible to keep within this timetable and I now have the honour to submit my report.

Yours faithfully,

M. A. Bains.

TERMS OF REFERENCE

To review the management systems of local government authorities in New South Wales, and to recommend such improvements as may be considered desirable to provide an effective and efficient structure of management at council member and staff levels, with special reference to —

- (a) the role and responsibilities of the elected member, and the powers, duties and responsibilities of the Mayor or President;
- (b) the role and responsibilities of senior staff;
- (c) the use, functions and responsibilities of committees of the council;
- (d) the decision making processes of the council;
- (e) the departmental system and corporate planning.

METHOD OF WORKING AND ACKNOWLEDGMENTS

A considerable number of organisations were informed of the terms of reference and requested to supply any observations they might have. The bodies consulted fell into three main categories:—

- (1) associations representing industry and commerce, local authorities, professional bodies and ratepayers;
- (2) government departments and statutory commissions;
- (3) individual local authorities.

The individual local authorities were selected with a view to representing a good cross-section of the varied sizes which exist both in population and spatially. The local authorities were asked to fill out a detailed questionnaire showing their existing structure and management practices and all consultees were provided with a list of factors which seemed to be relevant, although it was stressed that these factors did not purport to be an exclusive or comprehensive list. These relevant factors are set out in Appendix 1 to this report.

I am grateful to the authorities, organisations and individuals listed in Appendix 2 who responded and gave written or oral evidence.

A number of local authorities were also visited (indicated by an asterisk in Appendix 2) and I would like to express thanks to all who had any part in the arrangements of those visits.

Local Government has recently been reformed in England, Wales and Scotland and where relevant I have drawn upon my experience in this area to indicate some of the good and some of the less desirable features of this reorganisation.

I would also like to express my thanks to Mr. Frank Pogson, the Under Secretary to the Department, and his senior staff for their co-operation. Finally I am particularly grateful to Mrs. Christine O'Halloran for her secretarial and typing assistance.

1. LOCAL AUTHORITIES IN NEW SOUTH WALES

1.1 The present 205 local authorities in New South Wales despite some common ground in functions and procedure are, in reality, widely differing in area, population and ratable value. The most recent population statistics are those which were recorded at the June 1976 Australian Census when there were 214 local government areas. Table 1 below shows these local authorities divided into six population ranges and indicates the total staff employed in each range.

TABLE 1
Populations of Local Government Areas and Staff Employed

Size of Population (June 1976 Census)	No. of Authorities	Total Staff Employed	Total Population	Proportion of Total Population
				Per cent
Less than 5,000	86	4,000	282,100	5.9
5,000 and under 10,000	49	4,200	364,100	7.6
10,000 and under 20,000	21	2,600	302,700	6.3
20,000 and under 50,000	30	8,900	984,600	20.6
50,000 and under 100,000	15	7,200	1,058,100	22.2
100,000 or more	13	9,000	1,776,300	37.3
Total	214	36,000	4,768,000	100.0

NOTE: Where figures have been rounded, any discrepancies between the totals shown and the sums of component items are due to rounding.

1.2 By far the greater percentage of population in this State is confined to the seaboard and the several major country centres. It will be seen that although the small authorities are numerically strong 80% of the population in fact live in the 58 local authorities with populations exceeding 20,000 persons. These authorities employ 70% of the staff of the municipal and shire councils. The figures for number of authorities and total staff employed exclude county councils. There are approximately 18,700 staff employed by the latter bodies¹.

1.3 When classified according to area the opposite result is achieved. Most local authorities in the metropolitan area are compact (under 10,000 acres) while only two large metropolitan shires have areas exceeding 100,000 acres. On the other hand, about two-thirds of the other local government areas exceed 100,000 acres in area, and about one-quarter contain over one million acres. With the exception of the two large cities outside the metropolitan area (Wollongong and Newcastle) and the growth area of Gosford Shire, there are no rural local authorities with a population in excess of 50,000 people.

1.4 Even in the metropolitan area, where the greatest concentration of population occurs, there are cities, municipalities and shires which vary greatly in regard to area, population, expenditure and the variety of services given to the public. The 42 metropolitan authorities embrace a population in excess of three million. The size of individual areas varies from approximately two square miles to over 100 square miles; populations from 14,000 to 170,000; representation varies from one elected member for 1,500 of the population to one elected member to 15,000 of the population. Annual expenditure of these councils varies from a little over one million dollars per annum to over twenty million dollars (excluding the City of Sydney).

1.5 In the metropolitan area the Metropolitan Water, Sewerage & Drainage Board and the Metropolitan Waste Disposal Authority carry out the functions that their titles imply and the Sydney County Council is responsible for electricity supply. In most of the country areas water supply, sewerage and drainage and waste disposal are functions of the local authorities which also provide services such as markets, caravan sites, gas, abattoirs, etc. which are not usually provided by the metropolitan authorities.

1.6 There is a big contrast between the large councils with their varied organisations covering a multitude of functions, and the small rural shires which are often concerned mainly with the maintenance of council roads and perhaps the eradication of noxious weeds. Several of the larger authorities have total staffs in excess of 500 persons. On the other hand, some of the sparsely populated shires have an administrative and clerical staff of less than 20. In a situation of such diversity it is difficult to propound one doctrine which will cover all management situations and eventualities.

1.7 New South Wales local councils might be divided into five broad categories. As with most conditions for categorising objects, it must be remembered that these categories are simply as I see them. Briefly they are:—

- (1) Inner metropolitan councils which are fully developed. Here there is basically a maintenance effort on the part of the council, but in some cases major capital works (redevelopment of outworn areas and replacement of roads, for example) arise from time to time.

¹ Most of the 18,700 staff are employed by the county councils which are electricity authorities. The terms of reference did not extend to county councils and it would not have been possible to study them separately in the time allowed.

Profile

6.9 An authority's profile is prepared in order to convey to readers a picture of the community that the council exists to serve. It concentrates on people — their characteristics and surroundings — rather than upon what the council is or is not doing for them. The profile covers the following features:

- the environmental character of the district;
- population;
- employment;
- industry and commerce;
- housing;
- social disadvantage;
- educational aspects;
- leisure;
- communications — the changing modes of transport;
- communications — television and radio, postal and telecommunications, and the press;
- personal incomes and expenditure.

Position Statements

6.10 Many authorities appear either to be working towards the production of statements of service provision or to have already produced them. To illustrate the importance these documents are assuming, Appendix 4 provides an indication of their content.

6.11 Position statements are needed for two main reasons:

- (a) most obviously, to clarify the present position; and
- (b) to discover the total task of the authority, by helping to develop a conceptual framework within which to place any individual part of that task.

6.12 According to the INLOGOV study, position statements will be used:

- (1) to help in drawing up objectives;
- (2) to help decide priorities by determining the importance of one activity relative to another;
- (3) to help identify gaps in policies and conflicts between objectives and policies.

6.13 In the United Kingdom, the critical economic crisis which has existed since 1974 has caused severe cutbacks in public expenditure. However, by analysing current needs, existing provision and the gaps between them, position statements frequently facilitated a more rational selection of priorities and of desirable cuts by local authorities. With the help of such information, some management teams have begun to reclassify budgets on a cost/damage basis and to evaluate possible savings by differentiating between the following:

- List (1) — items the deletion of which will reduce standards but will not have a seriously damaging effect on the service;
- List (2) — items the deletion of which will significantly affect the standard of service; and
- List (3) — items which in the management team's view must be preserved.

6.14 Experiments are now being made to present budgets in a way that provides more information about the timing of revenues and expenditures. The realisation that commitments for future years are often hidden has led to multi-year expenditure projections. Secondly, it is becoming recognised that the traditional budget, concerned as it is with inputs, may be useful for financial control but is almost useless for the purpose of policy control.

Objectives and Needs

6.15 The various authorities who are experimenting in these uncharted seas have accepted the importance of indicating their objectives and that these should be based as far as possible on the identified needs of the community. A list of objectives is not attempted merely in order to provide an interesting chart to hang on the wall. What really matters is the process which members and staff must go through in order to produce an agreed statement of their aims. Without such a process services already in existence are rarely questioned as to their continued justification.

6.16 As objectives should reflect the local community's needs, the first step is to identify the needs of individuals, families and groups who live and work in the area. While human needs are great, resources are limited. So a line has to be drawn somewhere. Members must decide to what extent community needs should be met by the local authority. To ensure that services are aimed at real need, research will often be necessary. In fact, in order to ascertain the real need for a service it may be wise to carry out a survey of public requirements. This enables the local authority to see the service in question with a true sense of perspective.

6.17 In times of economic stress, the importance of the corporate approach and the structure set up to apply it assume increased importance in securing rational decision making. No certain criterion or technique exists for determining the priority between, say, a proposed major road improvement or a new library. The procedures described are processes for improving decision making in relation to resource allocation. They will not of themselves produce decisions or replace the judgment of individual members.

6.18 Some authorities may feel initially that a forward planning system using some of the approaches already described is too elaborate for them and that the end results may not be justified. In these cases a step forward would be a simple statement of what the council hopes to achieve over the next three years. A projection of the resulting capital projects and their estimated cost, ranked in priority order, for this period would be the next step. The implications of new capital projects in terms of annual running and maintenance costs should not be overlooked in any forward projections. The manpower implications of the proposals would also be projected over the three year period. The financial implications of the proposals would then be related to the council's existing budget for its present activities. Financial stringency has the incidental effect of requiring current activities to be scrutinised more closely to find savings in order to promote new or expand the more important existing ones. After allowing for income, grants and possible inflation the resultant effect upon the rates may be tentatively projected.

6.19 With this kind of information the authority can make provisional decisions about priorities and forward programmes always retaining to itself a degree of flexibility. In this connection the State Grants Commission has in its 1977/78 report stated that councils can now plan forward programmes, involving long term commitments, with a measure of confidence, knowing that their normal revenues will continue to be supplemented from revenue sharing at a predictable level. The Commonwealth Minister for Transport has also now given an undertaking that grants for the next two years will not fall below the 1977/78 level in real terms. The Local Government and Shires Associations welcome this step and submit that it must be developed for all grants to allow for proper forward planning. There would also appear to be advantage in the local authority financial year being brought into line with the State and Federal fiscal year.

6.20 The production of a first draft of a forward plan for the authority is a matter for the Clerk/Chief Executive and the Heads of Departments. They may need to allocate staff from Departments to help in this work on an inter-disciplinary basis. In the larger authorities consideration might additionally be given to the appointment of a person, probably a Graduate in Economics/Statistics, to assist in the work of policy planning. This 'servant' would probably be located in the office of the Clerk/Chief Executive and under his direction be available for research and forecasting services for all departments in addition to his forward planning role.

6.21 Persons holding such qualifications and the Solicitors mentioned earlier in this report, if recruited to a few of the large authorities, might form a source by which the local government service would be strengthened in N.S.W. In 1978, under arrangements which have been approved, the Mitchell College of Advanced Education is able to prepare a person holding a Degree in Law, Accountancy or Economics for the Clerks Certificate by correspondence in two semesters, i.e. one year. There is, therefore, no reason why persons recruited for such posts should not aspire to the highest positions in the local government service after they have gained the necessary experience.

Management by Objectives

6.22 The Management Services Unit of the Local Government Association and the Shires Association of New South Wales is currently introducing this system into two of the councils which responded to the questionnaire. The following are extracts from a report by the Unit to one of the councils concerned:

M.B.O. is a system of management designed to produce a highly rational approach to achieving Council's goals. It is one of the newer techniques and has developed a considerable following since its introduction in 1965.

The purpose of M.B.O. is to provide:

- a fair and reasonable technique for predicting performance
- a more precise method for appraising that performance
- an opportunity for staff to motivate themselves even further by setting their own objectives.

The major thrust of this system lies in the belief that council management requires a clear definition of the objectives to be achieved before any resources are committed. M.B.O. accordingly starts by defining the ultimate purpose of council activities. The objective(s) so established becomes the performance target against which all progress can be reviewed. Finally, once each activity has been completed it can be evaluated by measuring its results against the objective.

The ideal system consists of the following steps:

definition of Council's objectives

liaison between officers and staff to develop mutually acceptable job descriptions and responsibility statements.

The main advantage of M.B.O. over other "behaviour science" techniques is that it consists of a defined sequence of steps which are followed to produce the desired result. This system removes the need for Council to delve into the depths of psychology, sociology and motivation assessments. By having staff participate in setting their own objectives (and, hence, performance measurement criteria) it is reasonable to expect that the means to generate the necessary staff motivation will be built into the system.

In addition to the advantages the system offers the individual, certain advantages accrue directly to the operation itself, including:

a defined direction, purpose and continuity of departmental operations arising out of the necessity to set departmental objectives based on Council's goals.

pinpointing attention on departmental results so ensuring total effort is directed to specific accomplishments with the resultant minimisation of unproductive activities.

effective and efficient overall operation through the consistency and co-ordination which result from having a defined objective.

an effective reference for measuring, appraising and controlling performance.

The regular, periodic comparison of performance against objectives can highlight areas which require corrective action. The same review can also indicate whether an individual's level of accomplishment is satisfactory.

There is little experience in the use of this system in a local authority environment and it will be interesting to know how successful it is after it has been introduced and developed in the authorities concerned. The experience gained will no doubt be available to other authorities.

Review of Performance

6.23 Having planned ahead and secured the right kind of organisation with appropriate delegation, the fourth of the principles of management arises, namely the necessity to review performance to see that the organisation is achieving its plans. The introduction of management by objectives on the lines envisaged by the Management Services Unit in the preceding paragraph would facilitate this.

6.24 In the absence of such a system there are still areas which can be identified for the review of performance, for example:

- (1) planned 'cost effectiveness' reviews concentrating on those areas where it seems benefits might be gained, i.e. those involving greatest expenditure, change or growth, involving the use of substantial assets, or where standards are discretionary. The Auditors and Inspectors of Accounts should also be encouraged to mention areas which warrant review;
- (2) 'emergency' reviews in response to specific pressures or events from a variety of sources, i.e. the ombudsman, individual council members, or the general public through complaints about particular aspects of the authority's activities.

A Policy and Resources Committee is concerned with the council's overall objectives and priorities and therefore needs to know whether objectives have been met and what priorities should be adopted for the allocation of resources in the future. It should be an essential part of the procedures of every committee, once clear objectives are established for their activities, to keep under review progress towards the attainment of such objectives.

6.25 The effectiveness of a council's operations could also be more easily assessed by better estimating. In replying to question 10 in the list of relevant factors (Appendix 1) several bodies indicated that generally the quality of estimating left much to be desired. The reason for this, it was stated, lies in the fact that the normal techniques of cost accounting with cost/benefit analysis have barely started to filter through to local government and in fact are in the infancy stage throughout Australia. There are few qualified cost accountants in local government in New South Wales. The Local Government Engineers Association conceded the ineffectiveness of estimating at present and mentioned that there was a body of opinion in the State to the effect that it should be based on man-days involved, plant and materials required etc.; the Association indicated every support in the direction of improving the quality of estimating.

6.26 It is important that departments should be actively involved in performance review and staff should be encouraged to suggest areas for investigation where it is thought improvements might be possible. In the larger authorities the Clerk/Chief Executive and Heads of Departments may wish to assign staff periodically to a small central team to carry out the actual exercises. It is important that reviewing performance should be regarded as an accepted and constructive part of the management processes of a local authority; it should not be regarded as a subject with disciplinary connotations.

Management Efficiency

6.27 In this part of the report the objectives of the authority have been dealt with first. It is important that these be established before one looks at the efficiency of operation. There is no point in doing the wrong things really efficiently. In the first instance, the efficiency with which operations are carried out must rest with the Executive, i.e. the Heads of Departments and the Clerk/Chief Executive. An authority may also wish to employ outside Management Consultants with local government experience or the new Management Services Unit created by the Local Government and Shires Associations from time to time.

6.28 It is understood that the Inspection of Accounts Branch of the Department of Local Government is not restricted merely to examining the accuracy of book-keeping with a view to detecting fraud, etc. but has a wider 'management efficiency role'. In the U.S.A. the audit of public bodies is carried out by the General Accounting Office. This Office has the prime purpose of reporting on the efficiency and economy with which the agencies under review carry out their operations and manage their activities. It has defined 'economy and efficiency' audits as determining:—

" . . . Whether the entity is managing or utilising its resources (personnel, property, space and so forth) in an economically efficient manner, and the causes of any inefficiencies or uneconomical practices, including inadequacies in management information systems, administrative procedures or organisational structure."

As has already been mentioned the local authorities are obliged to have their own audit each year and it is suggested that agreement should be sought through the Local Government and Shires Associations that the functions of the Inspection of Accounts Branch should be primarily directed towards management efficiency on the lines mentioned. This may well involve the widening of the training of the incumbents of the posts of Inspectors of Accounts to enable them to perform this role.

Computers

6.29 It appears from a recent survey which has been carried out on the use of computer resources in New South Wales¹ that many authorities have access to electronic data processing and are sharing computer facilities. Before any authority, which does not have such facilities available to it, embarks upon securing access to a computer it is desirable that it consults the Local Authorities Management Services Unit. In this way not only will it obtain impartial advice as to the type of facilities required but also the possibility of sharing equipment with adjoining authorities will be first explored.

¹ Register of Local Authority Computer Resources: New South Wales, J. R. Davis, CSIRO, Technical Memorandum 77/15, September 1977.

VII. THE COMMUNITY APPROACH

Co-ordination between Public Bodies

7.1 The man in the street is concerned with whether or not public services are provided effectively and not with which authority, be it State, public corporation or local authority, is responsible. What he wants is for the machine to work and for there to be adequate co-ordination between all the public bodies concerned.

7.2 At local authority level there should be contact between adjoining local authorities particularly when considering their objectives and the means of attaining them. Councils should at least be cognisant of major developments taking place or planned in adjoining authorities which might have some bearing on policy decisions for their own authorities. There will also on occasions be scope for the sharing of personnel and equipment. There is some limited evidence of this sharing between local authorities already and there have been joint projects for such matters as libraries, water supply, refuse disposal plants and traffic planning. The smaller authorities particularly should be encouraged to think in terms of the sharing of resources with their neighbours, whenever possible, in order to justify the full use of personnel, equipment and facilities.

7.3 State departments, commissions and public bodies tend to look at matters from a subject point of view whereas local authorities are primarily concerned with the impact of events from an area point of view. Over the years successive Governments have chosen to create by statute a plethora of public bodies and commissions and a difficult task rests upon any State Government to try and ensure that the necessary co-ordination is secured between the activities of these various bodies and local government. In this connection the Sydney City Council has produced a diagram showing the large number of departments, commissions and authorities having control or influence over aspects of the management, development and community services of the City (see Appendix 5). Local authorities can play a vital role in trying to secure a community approach to the problems of their areas. Not only should they react to outside events but they must persuade these other agencies in the direction of securing that the plans which they have formulated for their areas are fulfilled.

7.4 The Advisory Councils set up under the Regional Organisation Act, 1972, are required under section 25(2)(h) of that Act to 'assist in and make recommendations concerning the co-ordination and decentralisation of the activities of Government Departments and public authorities'. This advisory function, however, applies over very wide areas, there being ten regions covering the whole of the State. The local authorities indicated that they had found little evidence of the impact of the regional councils within their particular boundaries. They found the best way to make progress was by establishing direct personal links with the officer concerned in the relevant Government Department.

7.5 If local authorities produce forward plans on the lines suggested in this report they will wish to know whether the capital expenditure which they have included for the period ahead stands any chance of being supported by the State Government and approved by the Loans Council. In the case of the Statement of Objectives of the City of Blue Mountains it is a requirement that each year detailed projections of the Council's capital expenditures ranked in priority order, for the following three years be prepared and submitted annually to State and Federal Governments in support of applications for grants and loans. This is to be done not only to influence the various Departments concerned to recommend the grants or loans to the Council but also in the case of public bodies which expend money or provide works or services in the City in order to assist in co-ordinating the projects of those other authorities with those of the Council.

Role of the Department of Local Government

7.6 A recent report by the Central Policy Review Staff in England on the relations between the Government and local authorities may well have relevance in New South Wales and other Australian States¹. In this report it is pointed out that Government Departments, in making and implementing policies, will act for most purposes in isolation from each other, and conduct their relationships with local authorities accordingly. They find it very hard to see local authorities 'in the round', as corporate entities trying to deal with inter-related problems. Departments responsible for particular services rarely know about other services, or about the overall situation with which an authority is dealing. This makes it hard for them to see how 'their' services could best contribute to dealing with an authority's problems. Guidance given in terms of individual services may then cut across what an authority is (or should be) doing.

7.7 This report recommends that efforts should be made to break down the 'compartmentalisation' of activities between and within Departments, and to develop genuinely interdepartmental thinking about policies relating to local government wherever possible. It also recommends that one Government Department should be designated to play an explicit and active part as the normal contact point in Whitehall for individual local authorities wanting to discuss problems going beyond the boundaries of any single service. Probably in the New South Wales context the

¹ Relations between Central Government and Local Authorities, Report by the Central Policy Review Staff, H.M.S.O. 1977.

Department of Local Government would be the most appropriate body to fulfil this function of being 'friend at Court' of the local authorities.

7.8 If this concept of the Department of Local Government becoming the 'friend at Court' were to be pursued the Department would be concerned with the overall impact of Government policies on particular local authorities. It would also be a point at which local authorities' corporate plans and activities could be discussed if they wished. The interim Wilenski Report² does not deal with the relationship between the State and local authorities. However, mention is made in the report of a Task Force which has been set up on 'regionalisation and community participation'. Among the subjects which are currently being considered by this Task Force under this heading are the question of 'mechanisms which might provide for co-ordination of inter-governmental processes with special reference to local government'³. It would seem that this subject merits consideration in a general context and not necessarily limited to the establishment of a regional administration of certain State activities. The Advisory Council on Inter-government Relations was also asked to look into this area at the April 1977 Premiers' Conference and there could well be room for consultation between the Task Force and the staff of the Advisory Council.

7.9 It is beyond my terms of reference to explore this subject further. I draw attention to it to show that local authorities should be regarded as having an important role and may well be the first line of defence in trying to secure a 'community approach'.

Research for Local Government

7.10 In any event I would suggest that consideration be given to the establishment of a small planning and research section in the Department of Local Government headed by a graduate possibly with an economics background. Such a section would be able to devote time to research into local government problems in the State, to consider the implications of any forward plans submitted by local authorities, to liaise with other Departments thereon and similar matters. The Boundaries Commission indicated in its evidence that it would be interested in having access to research staff if such a section were established.

7.11 The Local Government and Shires Associations referred to the lack of any basic research into local government and felt that with improved status and general competence many councils themselves will see research as a necessary function. Whilst some of this research will necessarily apply only to local needs, much of it will be of wider application. The Associations see themselves as a suitable vehicle for collecting and redistributing all such research information while at the same time co-ordinating individual projects to ensure there is no unnecessary duplication. In view of this there should be prior consultation between the Department of Local Government, the Boundaries Commission and the Associations to ensure that the most effective research unit is set up and to secure agreement as to where it is best located.

Conclusion

7.12 Management has been defined as 'the art of getting things done through people'. The first task is to ensure the continued recruitment of people of the necessary calibre. Local authorities' pay scales are competitive. In fact, in the large authorities some of the Heads of Departments receive a salary and emoluments which are comparable with those of the Heads of State Departments; their deputies are often paid on a ratio of 80%. If the salary scales and opportunities were generally known there should be no difficulty on this score in attracting entrants of a high calibre.

7.13 People, however, want more than a good salary. They wish to have worthwhile and interesting work; there is no shortage of opportunities on this account either. More publicity about the attractiveness of a career in the local government service could well be desirable in showing the interesting openings available in the professional and technical departments such as engineering, town planning, building and health, and in the personal social services, librarianship etc. Additionally, the central Clerk's department provides interesting openings in the secretarial, legal, accounting and computing spheres. Being associated with the provision of services to the public by a well run local authority can provide a worthwhile and interesting career. It has been the objective of this report to produce practical advice to assist in ensuring that local authorities are well run.

SUMMARY OF MAIN POINTS

The following is a list of the main points in this report. It is emphasised that the full meaning of these brief extracts can only be appreciated in the context of the report as a whole.

Local Authorities in New South Wales

1. There are wide differences between the councils serving reasonably large populations along the eastern seaboard (and in several country towns) and the sparsely populated rural shires covering

² Review of N.S.W. Government Administration. Interim Report by Professor Peter Wilenski. Government Printer, 1978.

³ Ibid. p. 83, paragraph 5.20.

large areas in the western part of the State. In a situation of such diversity it is difficult to propound one doctrine which will cover all management situations and eventualities.

(para. 1.6)

2. The 58 local authorities with populations exceeding 20,000 persons contain 80% of the State's population. These authorities also employ 70% of the 36,000 staff engaged in local government.

(Table 1)

3. Some of the sparsely populated authorities have problems of viability rather than of internal management; the report is mainly directed to the authorities having populations of 20,000 and over where management problems are more likely to arise.

(paras. 1.11 and 2.10)

4. Improvements are desirable in the following areas where management in some authorities is deficient:—

- (i) Lack of clear understanding of the respective roles of the elected members and the staff (or where the roles were understood an inability to accept them).
- (ii) Very little forward planning.
- (iii) Lack of delegation to committees and varying degrees of delegation to council staff; members were generally very much involved in detail rather than policy.
- (iv) A need for greater education in management principles and practice.
- (v) Insufficient attention to the review of performance.
- (vi) A failure to develop positively the personnel function.
- (vii) The lack of research facilities for individual councils and local government as a whole.

(para. 1.10)

The Nature of Local Authority Management

1. There is no one perfect system of management for all local authorities; the needs of areas are diverse and changing and local authority management must be sufficiently flexible to meet those changing needs.

(para. 2.6)

2. Nevertheless, there are certain principles of management which are fundamental to all types of organisation and these are specified in para. 2.4.

(paras. 2.4 and 2.14)

3. There is a general consensus revealed in the Maud, Bains and Barnett Reports that local government has a wide role to perform. Local authorities are responsible not only for the services with which they have been entrusted by statute but they also have within their purview the overall economic, social, cultural and physical wellbeing of their communities.

(para. 2.15)

4. Local authorities in New South Wales have since their inception been heavily circumscribed in their internal administration. They should be given freedom from unnecessary controls on their internal organisation and treated as responsible bodies capable of exercising functions in their own right.

(paras. 2.20 and 2.21)

5. There should be a co-ordinated review by Government departments and commissions of all controls and checking procedures relating to local authorities. As such controls can lead to frustration, delays and duplication of manpower only those which can be shown to be necessary for essential reasons should be retained.

(para. 2.25)

6. The provisions in the Bailey Report recommending an important role for local authorities in the field of welfare services and the provisions of the Coombs Report urging the greater use of local authorities in carrying out Federal programmes should be welcomed and implemented.

(paras. 2.27 and 2.28)

7. There is scope for local authorities to be more entrepreneurial in outlook.

(para. 2.31)

8. Local authorities should be given a general competence to undertake works and provide services in their areas.

(para. 2.37)

9. There should be a comprehensive review of local government law to bring it into line with modern conditions.

(para. 2.33)

Role of Elected Members and Staff

1. The respective roles of the elected members and the staff are broadly summarised as follows:
 - (i) ultimate direction and control of the affairs of the authority to lie with the members;
 - (ii) the members to take the key decisions on the objectives of the authority and on the plans to attain them;
 - (iii) the members to review, periodically, progress and the performance of the services;
 - (iv) the Heads of Departments to provide the necessary staff work and advice so that members may set the objectives and take decisions on the means of attaining them;
 - (v) the Heads of Departments to be responsible for the day-to-day administration of services, decisions on case work, and routine inspection and control;
 - (vi) the Heads of Departments to be responsible for identifying and isolating the particular problem or case which in their view, and from their understanding of the minds of the members, has such implications that the members must consider and decide on it.

(Table 2 and paras. 3.2 and 3.3)
2. The foregoing division of duties is not generally observed and members often devote too much of their time to administrative detail.

(paras. 3.3 and 3.14)
3. Heads of Departments are skilled men trained specifically for the work of local government and should be given authority and responsibility accordingly.

(paras. 3.11 and 3.13)
4. Councils should review the terms of delegation from the council to committees and from the council to senior staff to ensure that issues are dealt with at the lowest level consistent with effective decision making.

(para. 3.14)
5. The Mayor/President should continue to be 'ex officio' a member of all committees but should not be entitled as of right to assume their chairmanship. Clause 44 of Ordinance 1 should be amended accordingly.

(para. 3.28)
6. Control and direction of the staff should be placed in the hands of a Clerk/Chief Executive (referred to in Part V of the report) who should be co-ordinator of the council's total operation and responsible for seeing that departments operate within the council's determinations of policy and expenditure. The Act and Ordinance should desirably be amended to provide for this.

(para. 3.26)
7. In the absence of such statutory amendments councils should secure the same result by issuing appropriate directions under section 87 of the Local Government Act, 1919, conferring the administrative duties contained therein upon the Clerk/Chief Executive and should also expand his role to embrace the duties referred to in Chapter V and Table 5 of the report.

(para. 3.27)
8. Although the Mayor will be relieved of the responsibility for detailed administration he will continue to be the first local government citizen of the district and the principal spokesman on local government affairs. He will continue to be 'speaker' of the council. If the council wish the Mayor/President to have an additional special status this should be achieved in the realm of policy formulation (and not its execution) by his appointment to the important post of Chairman of the policy and resources committee described in Part IV of the report.

(para. 3.29)

Organisation to Fulfil the Members' Role

1. Because of the vast variation in the number of electors per member of council in the different authorities there is a case for an increase in membership in the more populous authorities; however the largest authority should not require more than about 25 members.

(para. 4.12)
2. There should be a logical pattern of delegation with a council reserving to itself matters of policy and delegating to committees matters of importance which cannot be left to Heads of Departments.

(para. 4.3)
3. Section 530A(2) of the Local Government Act, 1919, should be amended by the deletion of subclauses (c), (d) and (f) thus removing the requirement that the matters referred to therein should always be dealt with by the full council.

(para. 4.4)

4. The committee structure of the authority should be linked to the objectives of the authority rather than to the provision of particular services. The whole span of the local authorities' functions should easily be embraced within a maximum of five committees. There is no reason why committees of this nature should not call upon and be serviced by the skills and experience of a number of different departments.

(para. 4.13)

5. Each local authority should be able to decide upon its own committee structure and the requirement that every local authority must appoint a Works Committee and a Finance Committee should be abolished.

(para. 4.15)

6. Many councils and committees meet too frequently and inevitably become involved in minor detail. Experience elsewhere has shown that a monthly or six weekly cycle of meetings is effective.

(para. 4.11)

7. If the council so desires committees should be able to authorise expenditure within approved votes and to authorise action binding the council within the committees' terms of reference. Clause 49 of Ordinance 1 (which relegates committees to purely an advisory role) should accordingly be repealed or amended.

(para. 4.7)

8. To enable the elected members to fulfil their role in policy formulation one of the main features in the structural organisation of local authorities should be a Policy and Resources Committee to provide co-ordinated advice to the council in the setting of its plans, objectives and priorities.

(para. 4.18)

9. This Committee should exercise overall control over the major resources of the authority, namely, finance, staff and land. It should also be responsible for ensuring that performance is regularly reviewed. The detailed terms of reference for the Committee in Table 3 are recommended for adoption by councils.

(paras. 4.18 to 4.25)

10. A realistic and critical examination of alternatives should be made before final decisions are taken. Whenever possible, therefore, new policies should come forward as discussion papers from committees and the Policy and Resources Committee for consideration and debate by the council without the need for formal decisions at the conclusion. Positive proposals would emanate subsequently bearing in mind the views expressed.

(paras. 4.10 and 4.19)

11. The membership of the Policy and Resources Committee should include the Chairmen of the other committees and the Mayor/President.

(para. 4.24)

12. Councils should pursue an outgoing approach towards their affairs and give as much information as possible to the press and public. They should restrict passing resolutions going into 'committees of the whole' to cases where this is really essential because of the confidentiality of the matter concerned or the fact that it affects individual members of the staff. A resolution excluding the press and public from a meeting of the council should specify the reason why it is against the public interest for them to be allowed to remain.

(para. 4.26)

Organisation to Fulfil the Staff Role

1. The organisation of the staff into professionally based departments has strengths and weaknesses. There is no clear advantage to be gained in altering the present arrangements but staff should guard against 'departmentalism'. The use of interdisciplinary groups should be encouraged when appropriate.

(paras. 5.4, 5.33 and 5.39)

2. As staff progress with their authorities their advancement should depend progressively more upon general management ability. At Head of Department level management skills are equally as important as professional skills and this criterion should be observed when appointments are made.

(paras. 5.2 and 5.4)

3. Councils should therefore be encouraged to allow suitable staff to attend appropriate training courses in management at different stages of their careers.

(paras. 5.2 and 5.3)

4. There is apparent in-breeding in some councils where staff are automatically advanced without due consideration as to their suitability. The use of outside evaluation to narrow the candidates for senior appointments should be considered.

(para. 5.5)

5. Each local authority should have a Clerk/Chief Executive who should have authority over all other staff so far as this is necessary for the efficient management and execution of the council's functions. He should be principal adviser to the council on matters of general policy and as such should have responsibility for securing co-ordination of advice on the forward planning of objectives and services. Terms of reference on the lines set out in Table 5 are recommended for adoption.

(paras. 3.26, 3.27 and 5.6 to 5.15)

6. There is not sufficient justification for an *additional* highly paid separate appointment of Chief Executive. In the few large authorities with populations in excess of 100,000 there may be a case for having a Chief Executive free of specific departmental responsibilities. On balance, however, a uniform situation is preferred where the post of Clerk and Chief Executive to the authority is combined in one person. If the Clerk's position is strengthened as suggested in the report then there is no real need to change his title.

(paras. 5.14 and 5.15)

7. In order to enable the Clerk/Chief Executive to carry out the latter part of the role, the routine work of the Clerk's department including the servicing of committees and the council, the keeping of accounts and records, the preparation of statutory reports and outward correspondence, etc., should be part of the duties of the Deputy Clerk. Deputy Clerks are paid on the basis of 80% of the Clerk's salary and they should be expected to be capable of carrying out the day to day running of the Clerk's department.

(paras. 5.13 and 7.12)

8. The post of Clerk/Chief Executive should be open to staff of any profession. In the future when vacancies occur it seems likely that these posts will be filled by Heads of Departments or Deputies with a proven record of managerial ability, seasoned in the ways of local government. The basic aim should be that no junior entering local government in any Department should be debarred from progression to the top post.

(paras. 5.27 to 5.31)

9. The Heads of Departments should be regarded as a management team and should meet regularly on matters of common concern. They should be responsible, under the leadership of the Clerk/Chief Executive, for the preparation of plans in connection with the long term objectives of the council and for general co-ordination of those plans. In the larger authorities there may be scope for multi-disciplinary working groups of officers to be set up to assist the management team; this will ensure that policy planning is kept in close touch with the reality of council activities.

(paras. 5.33 to 5.39)

10. The personnel function is not well developed in local government. In the larger authorities there is a case for a full-time Personnel/Training Officer accountable to the Chief Executive to deal with manpower planning, job description and job evaluation, industrial relations, and arrangements for the recruitment and training of staff.

(para. 5.42)

11. Local government is highly labour intensive and the Clerk/Chief Executive and Heads of Departments must be aware that improvements in efficiency will largely depend upon their effective use of the personnel for whom they are responsible.

(para. 5.42)

12. Local authorities should co-ordinate their purchasing arrangements to ensure that they obtain the best terms.

(para. 5.43)

13. In the larger authorities there is sufficient work to justify the appointment of a full-time Solicitor.

(para. 5.44)

14. Land and buildings are amongst the most expensive resources of a local authority and their efficient management is a matter of first importance; the Clerk/Chief Executive should ensure that someone in the organisation is paying particular attention to this subject.

(para. 5.45)

15. Local authorities should adopt an outgoing attitude towards the dissemination of information to the community which they serve. Consideration should be given to the publication of an Annual Report containing not only factual information about the use of the authority's resources, but also identifying needs and indicating any plans for meeting them.

(paras. 5.46 and 5.47)

Management Processes

1. One of the main deficiencies in local authority management is the lack of forward planning in the short, medium and long term.

(para. 6.3)

2. The traditional budget, concerned as it is with 'inputs', whilst useful for annual financial control is ineffective for the purpose of policy formulation. (paras. 6.1 and 6.2)

3. Councils need a clear statement of their objectives and priorities. (para. 6.4)

4. Objectives should reflect the community's needs and to ensure that services are aimed at real need research will often be necessary. (paras. 6.15 and 6.16)

5. Sufficient experience has been obtained by the handful of authorities which are experimenting in this field of corporate planning to show its usefulness. (paras. 6.5 to 6.7)

6. In times of economic stress it is more than ever imperative that there be a rational selection of priorities. 'Position Statements' can be of assistance for this purpose. (paras. 6.9 to 6.14 and Appendix 4)

7. The Clerk/Chief Executive and Heads of Departments should prepare the first draft of the forward plan for review by the members. In the large authorities the appointment of a graduate in economics/statistics to assist in the work of policy planning and research should also be considered. (para. 6.20)

8. The experience gained by the local authorities introducing 'management by objectives' should be made available to other authorities. (para. 6.22)

9. Regular review of performance is desirable to ensure that the local authority is achieving its plans. There should also be additional cost effectiveness reviews in appropriate areas. (paras. 6.23 and 6.24)

10. The quality of estimating should be improved. (para. 6.25)

11. As local authorities already have their accounts audited independently it is suggested that the functions of the Inspection of Accounts Branch of the Department of Local Government should be primarily directed towards management efficiency. (paras. 6.27 and 6.28)

The Community Approach

1. The public are not particularly concerned with which body provides them with the services they require, be it the State, a local authority or some other public body. They are concerned that the services are provided as effectively and economically as possible. (para. 7.1)

2. Local authorities should, when necessary, consider sharing resources with their neighbours to justify the full use of personnel, equipment and facilities. (para. 7.2)

3. There should be adequate co-ordination between public bodies. Local authorities may well be the first line of defence in trying to secure a 'community approach' to the problems of their areas. (para. 7.3)

4. Not only should local authorities react to outside events but they should persuade other agencies in the direction of securing that the plans which they have formulated for their areas are fulfilled. (para. 7.3)

5. Consideration should be given to the Department of Local Government being recognised as the normal contact point at State level for individual local authorities wanting to discuss problems going beyond the boundaries of any single service. (paras. 7.6 to 7.8)

6. There is a lack of any basic research into local government. A small policy planning and research section could usefully be established in the Department of Local Government. This should first be discussed with the Boundaries Commission and the Local Government and Shires Associations as both these bodies also have requirements in this field. (paras. 7.10 and 7.11)

APPENDIX I

INTERNAL ORGANISATION AND MANAGEMENT PROCESSES OF LOCAL
AUTHORITIES

SOME RELEVANT FACTORS

1. What are the main deficiencies in the present internal organisation and management processes of local authorities and how can these be rectified.

2. The proper role and responsibilities of the elected member; the powers, duties and responsibilities of the Mayor or President of the Council.

3. The proper role and responsibilities of the Town Clerk/Shire Clerk, Heads of Departments and senior staff.

4. The inter-relationship between the foregoing roles.

5. Chief Executive —

(a) Is there a need for such an appointment.

(b) If so, what shall be the terms of reference.

(c) Who should hold it — e.g. shall it be a function of the Mayor or President, be a separate appointment or added to the role of Town or Shire Clerk.

6. Corporate approach —

(a) Is there a need for an overall corporate approach in the affairs of the authority to formulate objectives, determine priorities, allocate resources, etc.

(b) If so, how is this best secured at member and departmental level.

7. The role of Council and Committees.

What matters need to be considered by the full Council.

What kind of Committee structure is desirable.

Is there any justification for statutory appointments and statutory committees being prescribed by the State or should the local authorities be given freedom to decide how they will organise themselves internally.

8. Delegation.

Are improvements desirable here, e.g. what should be the extent of delegation to Committees and Heads of Departments or groups.

9. Forward planning and effective decision making.

How are the formulation of forward plans and objectives for the local authority best secured.
Is there scope for more advanced budgeting covering anticipated expenditure for two or three years.

10. Estimates.

Are estimates for particular projects prepared with a full breakdown of the costs of materials and manpower. Is expenditure adequately controlled. Are subsequent running and maintenance costs of new projects sufficiently identified.

11. The Personnel function.

Is adequate attention paid to this. How are personnel matters such as staff numbers, job description, job evaluation, forward manpower planning and training to be dealt with.
Who should appoint and control staff.

12. Management services and management efficiency.

What management services are relevant to local authorities, e.g. O. & M., Work Study, etc.
Who shall be responsible for providing them.

13. Other central functions, e.g.

Central purchasing and supplies;
Public relations and information services;
Secretarial services for members.

14. Reviewing performance.

What arrangements should be made for local authorities periodically to review their performance.

15. Central/local relationship.

Are there any administrative controls by Government departments or other bodies which significantly inhibit management performance.

16. The community approach.

Are any particular administrative arrangements necessary at local authority level to improve collaboration between local authorities and Government departments, and statutory bodies to ensure that the needs of the community are viewed comprehensively.

17. Politically organised Councils.

Where local authorities are elected on political lines should this be reflected in the internal organisation of the authority in any way.

18. Relationships between local authorities.

Are any improvements desirable here, e.g. sharing of staff and equipment, etc. between small authorities to extend available resources.

19. Size.

To what extent does the size of the local authority affect its management structure and systems.

APPENDIX 2

LIST OF ORGANISATIONS AND INDIVIDUALS GIVING INFORMATION

GOVERNMENT DEPARTMENTS AND STATUTORY BODIES

Department of Decentralisation and Development
 Energy Authority of N.S.W.
 Health Commission of N.S.W.
 Housing Commission of N.S.W.
 Departments of Lands
 Local Government Boundaries Commission
 Department of Main Roads
 Meat Industry Authority of N.S.W.
 Metropolitan Waste Disposal Authority
 N.S.W. Planning and Environment Commission
 Department of Public Works
 Department of Sport and Recreation
 Department of Valuer General

ASSOCIATIONS, ETC.

Electricity Supply Engineers Association of N.S.W.
 Federated Municipal and Shire Council Employees Union of Australia
 Library Association of Australia (N.S.W. Branch)
 Local Government Engineers Association of N.S.W.
 Local Government Planners Association of N.S.W.
 Local Government and Shires Associations
 *Mitchell College of Advanced Education
 Royal Australian Institute of Architects, N.S.W. Chapter
 Town Clerks Society of N.S.W.
 United Farmers and Woolgrowers Association of N.S.W.

LOCAL AUTHORITIES IN NEW SOUTH WALES

Ballina Shire Council
 *Bathurst City Council
 Blacktown Municipal Council
 *Blue Mountains City Council
 Byron Shire Council
 *Drummoyne Municipal Council
 *Dubbo City Council
 Illawarra County Council
 Lake Macquarie Municipal Council
 Macquarie County Council
 *North Sydney Municipal Council
 Orange City Council
 Port Stephens Shire Council
 Ryde Municipal Council
 *Shoalhaven Shire Council
 *Sutherland Shire Council
 *Sydney City Council
 *Tamworth City Council
 Tweed Shire Council
 Wagga Wagga City Council
 Waverley Municipal Council
 Wentworth Shire Council
 *Wollongong City Council
 *Wyong Shire Council

LOCAL AUTHORITIES OUTSIDE STATE

City of Caulfield, Vic.
 City of Fremantle, W.A.
 City of Perth, W.A.
 Malling & Tonbridge District Council, England
 Sevenoaks District Council, England

INDIVIDUALS

Professor R. Atkins
 Ald. R. W. Clarke
 Mr. Ray Dalglish, Management Consultant
 Mr. L. Easton
 Mr. C. D. Marshall
 Mr. Tony Power, A. R. Power and Associates
 Mr. R. Stuckey

* Indicates authority visited.

APPENDIX 3

Name of local authority

.....

LOCAL AUTHORITY QUESTIONNAIRE*Population:**Area:**Value of ratable land:**Number of Staff:* Office:

Outside Workforce:

Council:

No. of Members:

How frequently does it meet.

Committees:

What Committees are there. Please supply a set of papers for a typical Council and Committee meeting.

*Delegation
to**Committees:*

What is the extent of delegation to Committees.

Departments:

What departments are there and what is the approximate number of staff in each.

*Delegation
to Staff:*

What delegation is there to the Town/Shire Clerk and to Heads of Departments.

*Policy
Formulation:*

Please describe any particular steps taken to formulate plans and objectives, determine priorities, allocate resources, etc.

*Heads of
Departments:*

Do they meet corporately and if so how regularly. Who acts as Chairman of meetings.

*Management
Services:*

Are there any staff engaged upon O. & M., Work Study, etc.

Have outside management consultants been used. If so would you be prepared to let me have a sight of their report.

Personnel:

Is there a personnel officer.

How are personnel matters such as staff numbers, job description, job evaluation, forward manpower planning and training dealt with.

Who is responsible for the appointment of staff.

Estimates:

How are estimates prepared for particular projects and do they contain a breakdown of costs of materials and manpower to be used, subsequent running and maintenance costs etc.

Expenditure:

How is expenditure controlled.

*Management
Improvements:*

Have any management changes been introduced recently and if so, please supply particulars.

*Review of
Performance:*

Are any particular steps taken periodically to review the authority's performance.

*Relationship
with Adjoining
Authorities:*

Is there any sharing of personnel, equipment or other facilities with adjoining authorities. If so, please supply general information.

NOTES:

- (1) It is appreciated that some of the foregoing questions will not apply to the smaller authorities who should please mark 'not applicable' where appropriate.
- (2) Please see also enclosed Appendix and if possible submit separate observations on the matters referred to therein and in the terms of reference.

APPENDIX 4

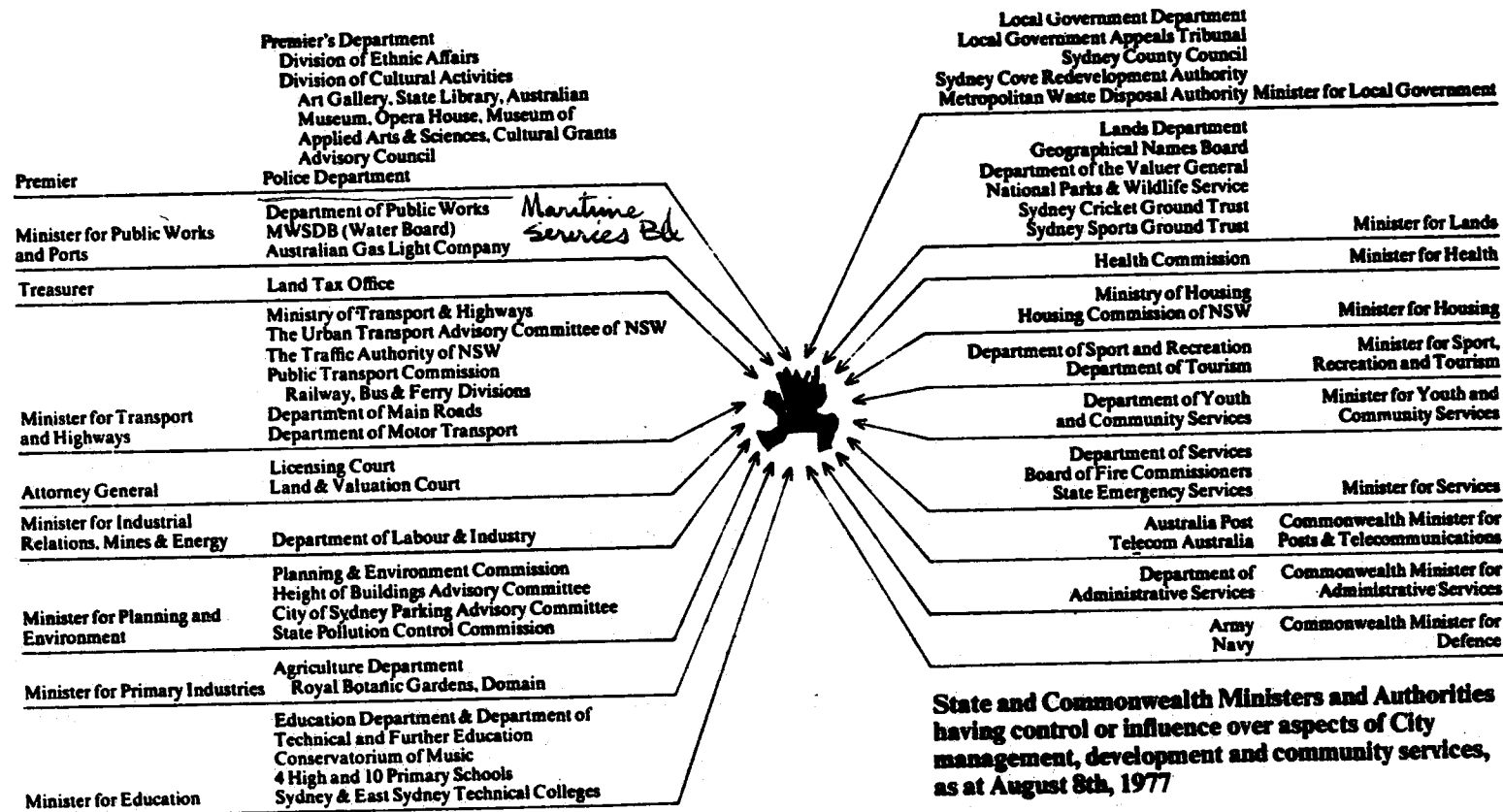
POSITION STATEMENT CONTENTS

Position statements include the following information:

- (1) *An analysis* of the various programme areas:—
 - describing the programme
 - the main policies currently operating
 - which department or section is working to achieve each part of the programme.
- (2) *Discretion level* — are we obliged to undertake a particular activity or do we have discretion? If so — how much?
- (3) *Client group served* — what part of the population is each activity intended to serve?
- (4) *Extent of 'need'* — how do we know that there is a need for this activity? Past experience? Guess? Hunch? Research?
- (5) *Standard and extent of service* — how much of a particular activity do we undertake? What standard of service are we delivering?
- (6) *Resources* — does a particular activity use a lot of our resources or a little?
- (7) *Plans* — what plans are already being carried out? What other plans are being prepared?
- (8) *Trends* — how is the world changing and affecting the need or demand for each activity? Is population growing or declining?
- (9) *Output indicators/performance yardsticks* — how can we measure or assess the output of each activity — if at all? How might we judge our performance?
- (10) *Targets* — are there any measurable targets that divisions are seeking to achieve this year?
- (11) *Shortfalls/surpluses* — are we providing enough of a particular service? At the right place and time and in the right quantities and qualities? Is there a gap? Or a surplus?
- (12) *Inter-relationships* — how are the various programmes related to one another? Do particular departments work to serve several programmes — or even several programme areas? What is the significance of these inter-relationships?
- (13) *Issues involved* — what questions hang over each programme? What issues should the authority be thinking about?

APPENDIX V

AUTHORITIES HAVING INFLUENCE OVER ASPECTS OF THE MANAGEMENT OF THE CITY OF SYDNEY



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