

Administrator's
End of Term
Report

9 September 2016 to 9 September 2017



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1 Introduction



On 9 September 2016 the New South Wales Government, by Governor's proclamation, dissolved the former Council of the City of Botany Bay and the Rockdale City Council and merged them to form the new Bayside Council. At that time, all of the positions of councillor and Mayor of the two Councils were declared vacant and I was appointed as Administrator to stand in their stead for a 12 month period until fresh elections were to be held on 9 September 2017.

Together with the interim General Manager, also appointed by proclamation, I was given the task of creating the new Council organisation and transitioning the two former entities into one modern local government authority.

This document is my report on the challenges, achievements and the progress of the past year. It is provided to give some context to the newly elected Council and to record, for the community of Bayside, how we went about building a new Council.

In addition, a separate document will be provided to the new Council with a range of initiatives that have been identified during the transition period but have not been able to be completed or commenced due to the truncated timeframe of the administration period. That document will set out the respective issues, provide some context and background and will identify the work still required. Where practical, recommendations will be provided for the new Council's guidance. Of course, the new Council is under no obligation to adopt any of those recommendations.

It has been a great privilege to work with the management, staff and communities of the Bayside local government area. By Administrator's Minute at the Council's meeting of 9 August 2017 I set out, in particular detail, those people and organisations to whom I owe a debt of gratitude for their contribution to the successful merging of the two former councils. I extend my heartfelt thanks, once again, to all involved.

A handwritten signature in black ink, appearing to read 'Greg Wright', written in a cursive style. The signature is positioned above the printed name.

Greg Wright

Administrator
Bayside Council

9 September 2016 – 9 September 2017

2 Background

2.1 The Local Government reform process

The NSW Government had been working with local councils since 2011 to strengthen council performance and to ensure that the local government sector was well placed to meet future community needs.

Following a sector-wide consultation in 2011 called “Destination 2036”, an Independent Local Government Review Panel (ILGRP) was commissioned to undertake a comprehensive review of local government in NSW and to make recommendations for reform to the NSW Government. The ILGRP subsequently made a series of wide ranging recommendations for structural reform and improvements to the sector.

After considering the ILGRP’s report the Government initiated the “Fit for the Future” reforms which, among other matters, required each Council to undertake a self assessment against key performance indicators and submit proposals demonstrating how they would meet future community needs, as represented by the performance indicators.

In 2015 the NSW Government appointed the Independent Pricing and Regulatory Tribunal (IPART) to assess each Council’s submission. Both the City of Botany Bay and the Rockdale City Council made “Fit for the Future” submissions to remain as stand alone Councils. Both Councils satisfied the financial performance criteria of the assessment, however, IPART concluded that both of the Councils (along with 60% of Councils in NSW) were ‘not fit’ primarily because they did not satisfy the required benchmark for scale and capacity that would be needed to meet the needs of residents then and into the future.

Having considered the IPART report and recommendations, the NSW Government, in January 2016, formally proposed that the two Councils should be merged and commenced a review and community consultation process.

Between January and April 2016 an assessment of the merger proposal was undertaken by a delegate of the Chief Executive of the NSW Office of Local Government, Mr Rod Knockles. That assessment included a public enquiry, community and Council submissions and an assessment, by the Delegate, of the eleven criteria set out in Section 263(3) of the Local Government Act. Though the former Rockdale City Council was broadly supportive of a merger that did not financially disadvantage ratepayers and residents, the City of Botany Bay Council was firmly opposed to the proposal.

On 20 April 2016 the Delegate submitted his report to the Chair of the NSW Local Government Boundaries Commission recommending *“that the proposed merger of the City of Botany Bay Council and Rockdale City Council proceed...”*.

In May of that year the NSW Government announced its intentions to merge a total of 41 existing Councils into 24 new Councils. However, several of the Councils quickly launched legal proceedings attempting to overturn the merger process, including the City of Botany Bay.

Pending the outcome of the legal proceedings, the Government deferred 5 of the proposed metropolitan mergers and proceeded with the creation of 19 new Councils on 12 May 2016. The merger of Botany Bay and Rockdale was one of the mergers deferred at that time.

In late August 2016, after losing its case in the NSW Supreme Court, the City of Botany Bay Council conceded its position and, on 9 September 2016 the merged Bayside Council became the 20th new Council in NSW.

The merger process has been a source of considerable political and community contention since the various merger proposals were announced in January 2016. Just prior to finalising this report the NSW Government abandoned the outstanding metropolitan mergers, having already abandoned the outstanding rural and regional mergers some months previously.

2.2 The role of the Administrator

Established by proclamation, the role of the Administrator is set out within the NSW Local Government Act of 1993.

The proclamation states that *“The Administrator of the new council has, during the initial period, the functions of the council and the mayor of the council”*. The “initial period” in Bayside’s case was 12 months from 9 September 2016. Within the local government legislation the functions of the council and the mayor are set out in Sections 223, 226 and 232.

Simply put, my view of the Administrator’s role, in the framework of a merger, encompasses the roles of:

1. Making decisions on behalf of the community in the context of the Council meeting process;
2. Representing the community and the Council at public occasions;
3. Advocating on behalf of both individual citizens and the broader community;
4. Providing support to the General Manager and staff in implementing the merger.

Certainly, the formal decision making processes have been undertaken in a proper and transparent manner. We have conducted Council meetings at least monthly during the Administration period and have transacted the business of the Council in accordance with the legislation and the Code of Meeting Practice.

In addition, I have attended as many community events, meetings and other functions as was possible. As only one individual replacing 22 former councillors, this was always going to be difficult and I am grateful to the members of the Local Representation Committee (comprising 20 of the former councillors) for assisting me in this process. I trust that I have adequately represented the community’s interests and have enjoyed my interactions with local groups and individuals. Of particular pleasure to me was conducting 11 Citizenship Ceremonies during the year and officially conferring Australian citizenship on 1,182 Bayside residents.

However, the role that has been of the most importance, in my humble opinion, has been to support the General Manager in her role and to offer some modest advice gleaned from my 40 years in the local government sector in NSW including time as a former Council General Manager and as an Administrator in another Council context.

2.3 The former councils of the City of Botany Bay and Rockdale City

The merge of the former Botany and Mascot Municipal Councils approximately 100 years ago, created the Botany Municipal Council and in 1996, the name change to incorporate City status was granted to the City of Botany Bay. Located on the northern shores of Botany Bay, the former Council was relatively small, by metropolitan Sydney standards, in both population (44,700 people) and geographic size (22 square kilometres). The area was a collection of traditional, low density, working class suburbs and contained a range of commercial and industrial activities including the Port of Botany, manufacturing plants and a large portion of Kingsford Smith Airport. In recent years, the area had begun a significant urban transformation with the rezoning of substantial areas of industrial lands to high density residential and the construction of high rise apartment developments, particularly in the suburb of Mascot.

Though only slightly larger geographically (27 square kilometres), the former Rockdale City Council had a significantly larger population than the former City of Botany Bay at the time of the current merger (108,000 people). This reflected a much smaller industrial and commercial footprint and more of its area given over to low density residential uses. Occupying much of the western shoreline of Botany Bay and proceeding approximately three kilometres inland, the council area is dissected by the Princes Highway and South Coast rail line. This area is also being converted to higher density urban uses along the highway and rail corridor and in the locality of Wolli Creek particularly. Rockdale City Council was also the product of an earlier amalgamation of the former municipalities of Rockdale (West Botany) and Bexley in 1948.

The following table identifies the relative sizes of several key elements of the two former Councils:

	City of Botany Bay	Rockdale City Council
Population	44,700	108,000
Annual Operating Budget	\$65,554,000	\$89,153,031
Asset Base	\$164.5 million	\$359.7 million
Total Staff	430 FTE	364 FTE
Number of elected Councillors	7	15
Number of properties	16,215	40,211
Average Residential Rate	\$678.65 per annum	\$1,138.44 per annum
Average Garbage Charge	\$481.00 per annum	\$443.00 per annum (including the domestic admin fee)
Number of Businesses	4,423	8,886
Employment (Local jobs)	18,397	44,953

As part of the “Fit for the Future” reform program (described in 2.1 above) both of the former Councils were determined, by the IPART’s 2015 assessment, to be “not fit” to remain a stand alone entity.

The key commonality of the two former Councils was their shared positioning around Sydney’s major airport and Botany Bay.



In addition to the new community’s profile, the Council organisation itself is now much larger:

	Bayside Council
Population	160,000 (est.)
Annual Operating Budget	\$197 million
Asset Base	\$527 million
Total Staff	850
Number of elected Councillors	15
Number of properties	56,426
Average Residential Rate	\$678.65 per annum
Average Garbage Charge	\$481.00 per annum
Number of Businesses	13,309
Employment (Local jobs)	63,350

The new Council is stronger in so many ways than its forebears.

It is certainly much stronger in a financial sense with access to the substantial reserves of the former councils and the flexibility inherent in a \$200 million annual budget; it has a larger voice in metropolitan Sydney covering four State Government electorates and three Federal electorates with a population base of 160,000 people; and it has access to a more diverse range of staff jobs and the ability to attract and retain a broader range of applicants and a broader range of specialist skills.

A perhaps under-rated strength is the ability to deal with the issues of the major international airport with one voice and one approach providing consistency for all parties.

4 The Challenges

Developing a new Council from two former Councils will always be a challenging task. Differences in service types and service levels; pricing and costing approaches; custom and practice; demographic and economic differences; staffing establishments and structures; and cultural differences in both the organisations themselves and the communities they represent can all be challenges to the transition process and provide obstacles to effective integration.

Some of the challenges encountered in the Bayside merger include:

4.1 The financial cost of change

Bringing two sizeable organisations together, under a new name, is always going to be a relatively expensive exercise. As part of the merger program, the NSW Government made an operational grant available to the new Council of \$10 million to meet the costs of the merger. The funding was provided at the outset and there were no holding costs involved in the Council having to fund the expenses and then seek reimbursement.

There is little doubt, however, that the total cost over time of the merger will exceed the \$10 million provided. Ultimately a broad range of activities will be required to continue the merger process and some of those activities will require continued funding. Notwithstanding this, significant savings in expenditure are projected as a result of the merger and some of those savings will be required to fund merger related expenses.

Expenditure has been, and will continue to be, required to fund personnel changes (senior staff redundancies and salary harmonisation), livery changes (stationery and signage), systems integration, accommodation changes at offices and depots, and a myriad of other operational requirements. A Project Management Office was established to work specifically on transitional merger issues and was funded from the NSW Government's contribution.

At the time of writing, it is estimated that \$3.7 million has been spent on merger related activity and \$14.7 million is still required to be spent over the next two years. Of course, some of that expenditure will pay dividends in better services as a result of harmonisation however the proportion involved is difficult to quantify and an exercise of that type would not be economically useful at this time.



4.2 Relatively short timeframes

Unlike the other 19 new Councils, Bayside has had only a bare 12 months to accomplish the majority of merger activity, 4 months less than the other Councils. This has imposed a considerable amount of additional pressure on staff and management in many respects. It is true that utilising the experience of the earlier Councils in transition has been of some benefit however it has still been necessary to carry out much of the required work within the shortened timeframe.

Notwithstanding the minimal period, the Council has achieved most of the benchmarks provided by the Government during the process.

Of particular benefit has been the settling of the new organisational structure and the populating of the three most senior tiers of the organisation. Final appointments were made in June and it is anticipated that the remainder of the staffing structure will be fully appointed by the changeover in September.

Information technology improvements have largely been implemented, bringing both former Councils to a series of common platforms in recent months. Common email, records and financial systems have been introduced and release of a single web site is imminent.

Given the short timeframes and the complexity of bringing the two organisations together, it has not been possible to build an entirely new Operational Plan and Budget for the 2017/2018 financial year. The adopted Budget, particularly, is more akin to simply bringing two different budgets together than a new, purpose built Budget. With the next iteration, in 2018, it will be possible to reflect the savings envisaged and the opportunities that those additional funds will present.

4.3 Service harmonisation

The two former Councils operated in very different ways in many respects and bringing together disparate service levels and standards is a continuing challenge. Service harmonisation is perhaps the greatest challenge facing the new Council and will continue to exercise the minds of management and the newly elected Councillors for some time yet.

The challenges include not only differing standards of service but different modes of delivery. As just one example, the former Botany Council utilised its own day labour and vehicles to collect domestic waste (except green waste) while the former Rockdale Council was part of a regional contract for waste collection. Today there remains this disparity in the mode of delivery and the cost structures in this area.

Together with management, I have compiled a list of matters requiring some determination around service harmonisation for the new Council. The list has been prioritised for the benefit of the new councillors as it will be a fundamental need for the organisation over time to ensure that there is equity and fairness in the way all residents and stakeholders are treated across the entire area of the Council.

4.4 Pricing and rating

As with service harmonisation, there are very different approaches taken to both the revenue and expenditure sides of the two former Councils.

The NSW Government, in proclaiming the new area, decreed that there can be no fundamental changes to the rating system for the first four years of the new Council's existence. This will continue to be a source of inequity among ratepayers for that period at least.

Both of the former Councils had very different approaches to rating policy. The former City of Botany Bay adopted a policy position that kept residential rates at low levels and pushed the rating burden onto commercial properties, while the former Rockdale City Council had a more even distribution of the rating revenue across all rating categories. In a similar vein, Rockdale had secured agreement from its community to impose a Special Rate Variation to generate additional funding for asset revitalisation. In Botany's case, this wasn't a priority as is evidenced by the relatively poor condition of many buildings, plant and equipment. I make no judgement as to which, if either, of these two differing approaches is better – simply observing that matters such as this will need to be dealt with over time. To illustrate the point, the average residential rate in the former Botany area was \$649 (total residential rate revenue / total residential assessments) while in the former Rockdale area it is \$970. The average business rate is \$10,382 in Botany and \$2,641 in Rockdale.

Similar disparities occur across a variety of pricing systems that will need to be addressed.

4.5 Community concern and opposition

There has been some resistance to the merger in some quarters of the community, noticeably the former Botany area where the former Council had promoted an anti-amalgamation campaign until it lost its court proceedings in August 2016. That resistance has not manifested itself in any significant impediment to the merger but has proved distracting on occasions. There have been several oppositional, social media activities throughout the merger period, however they appear to represent only a small (less than 1,000 participants) proportion of the population.

4.6 Practice, procedure and policy harmonisation

There is an enormous catalogue of policy, practice and procedure required in the metropolitan local government context. It will be a continuing challenge to harmonise practice and procedure as well as determining appropriate policy settings for the combined community and organisation. These elements of organisational infrastructure require regular review (either as the result of statutory obligation or simple good governance practice) and it will be important to grasp each of those review opportunities to harmonise the framework in which the new organisation functions.

4.7 Staff matters

By and large, the new Council's staff complement has been most willing to work with the new organisation in an effective and co-operative manner. There has been resistance in some areas of operations (as should be realistically expected) however it has been noticeable that engagement has improved as the staffing structure was finalised and career paths and team arrangements have been clarified. It is becoming clear that the new, larger staff organisation can offer greater opportunities for staff seeking greater challenges. In particular, the General Manager and executive staff have very effectively championed the changes in a consultative and participative manner with the general staff.

Of more concern has been the loss of corporate knowledge brought about by changes to the senior staff arrangements. The nature of the merger meant that senior staff were presented with redundancy opportunities that were very attractive. From two General Managers and a total of six Directors down to one General Manager and four Directors, the shrinking of the senior staff cohort has seen the loss of three very senior staff and the consequent loss of their corporate knowledge. It should be re-affirmed, however, that all of the departures were amicable and conducted with the utmost respect and dignity.

At the tier 3 manager levels there have been departures also although many of those were for opportunities in other organisations rather than for redundancy purposes.

Nevertheless, there has been some difficulty in gaining a full understanding of some of the policy context and operational activity, particularly on the Botany side, that has only been exacerbated by poor records and systems (see section 4.6 above).

4.8 Overcoming poor practice and questionable corrupt conduct

It has been common knowledge for some time that the former City of Botany Bay had been the subject of an investigation by the Independent Commission Against Corruption (ICAC) in relation to very significant corruption and fraud issues. The ICAC's report into Operation Ricco was tabled in Parliament just weeks ago, on Wednesday 26 July 2017.

In addition, or perhaps as a contributing factor, the Auditor-General in conducting the audit of the final financial year's accounts (2015 - 2016) has identified a range of other deficiencies in financial policy and practice in that Council.

It would be inappropriate to comment further on these issues, as the new Council will be extensively briefed on the issues, but suffice to say these matters have been a major distraction for the management of the new organisation and dealing with them has been extremely expensive in terms of both time and money.

The ICAC Act requires Bayside Council to respond, *"...in writing within three months (or such longer period that the Commission may agree in writing) after receiving the recommendations, whether they propose to implement any plans of action in response to the recommendations and, if so, the plan of action"*.

I can safely say that all of the matters covered by the recommendations have already been addressed as part of the implementation of the merger. Council's management will prepare an appropriate response for the new Council to endorse prior to the expiry of the three month period.

5 The Achievements

Despite the challenges outlined above, the new Bayside Council organisation has made substantial progress in bringing together – and improving – the operations of the two former Councils.

Specifically, the following matters have been successfully implemented:

5.1 Stronger Communities funding

The NSW Government made a \$10 million grant available to the new Council on start up for major infrastructure projects (\$9 million) and smaller grants to eligible community grants (\$1 million).

Three major projects were funded under the infrastructure component across the combined area following a dedicated community consultation program. Eastgardens Library and Customer Service Centre was funded for a major refurbishment, extension and upgrade to the total of \$2.5 million. That work is now nearing completion. In addition, \$2.5 million was allocated for major landscape and car park works at Pine Park along the Sans Souci foreshore; and \$4 million for upgrades to facilities and landscape improvements at Cahill Park, Wollli Creek.

The \$1 million community grants program was broken into two tranches of \$500,000 each. The first tranche was allocated among 11 groups in early May and the second tranche has now been opened for applications and will be allocated by the new Council after the September election.



5.2 Bayside Planning Panel

As Administrator, I resolved to transfer the elected Council's right to approve development applications that could not be determined by qualified staff under delegated authority. That approval power was vested in a new Bayside Planning Panel comprising a roster of five experts with qualifications in town planning, architecture, engineering and the like; and a roster of four community representatives who demonstrated the skills and acumen to sit on such a panel.

A very highly skilled and qualified range of panellists was appointed after a public expressions of interest process and commenced meeting in April. Feedback from applicants, objectors and others has been extremely positive. The panel is meeting every two weeks and has not had any deleterious impact on approval times. Very few of the former councillors have attended a meeting to assess it for themselves and I would commend that to the new councillors before making any decision to return approval powers to the elected Council. I am aware that a number of former councillors have explicitly stated their opposition to the independent panel but I would urge at least a 12 month trial before any review.

5.3 Information Systems Upgrade

The former Rockdale City Council had, before the merger, contracted to upgrade its corporate information systems and had selected Technology One as the provider through a public tender process. In doing so, and with a merger likely, it had also negotiated into the contract an extension to cover a potentially merged Council at the same licence rates.

This foresight enabled the new Council to proceed effectively with the implementation of the new systems – the finance and asset management systems in the first round. This has been complete and has added significant capacity in respect of the poorly implemented systems that were in place at the former City of Botany Bay.

The merger gave rise to the opportunity to both consolidate IT infrastructure and harmonise duplicated software applications.

Bayside has transitioned the infrastructure of both former councils to a single server environment housed in the cloud at the GovDC (data centre), lowering costs and increasing flexibility, availability and security. The team also modernised the network between Council facilities offering much greater data speed at a lower cost. This infrastructure and network environment will enable an integrated system for the sharing of data and the delivery of voice and video communication using the internet to replace an outdated and unserviceable analogue telephone system.

Application harmonisation has resulted in an initiative to reduce the software suite from 43 to 19 distinct applications. The benefits include a common email system, a single electronic document management system, one finance, rating and property system and the development of a Council intranet enabling seamless information sharing with the Councillor portal, developed for the newly elected Council.

Council is also creating a new website using insights from the community to enable much improved dealing with Council. This is the first step to providing a greater range of digitised services in the future to achieve anytime, anywhere and any device service delivery.

5.4 Medium term staff accommodation

The merging of the staff cohort in common locations and teams has been a priority of the management Executive. Co-location of teams is fundamental to the building of cohesion, consistency and common corporate culture. None of the existing buildings or depots of either former Council were suitable “as is” to utilise as common sites and so a range of options has been adopted.

In terms of the majority of administrative and professional staff, the Rockdale administrative centre has been selected as having the most capacity and alterations are under way at present to accommodate approximately 80 additional administrative and technical staff. The Hillsdale Community Centre is currently nearing the completion of a refit to accommodate much of the City Life division and the Bexley depot has had a renovation of two buildings to accommodate the Major Projects team and the Environmental Health and Compliance team. Given the age, condition and capacity of the former Mascot administrative centre, it has not been selected for longer term accommodation of staff and will be available to the Council for re-allocation or disposal.

In the longer term it would be desirable to acquire a larger administrative centre purpose designed for the use of the Council’s major teams, particularly if it could promote sustainable building practices and offer easy access to reliable public transport. There are a number of opportunities available and these are discussed in a separate paper to the new Council.

5.5 Financial savings

As part of the initial merger proposal the NSW Government commissioned accounting firm KPMG to model the potential financial savings for the new Council. At the time the KPMG estimate of the net financial benefit was \$52 million over twenty years. The KPMG modelling was relatively generic in nature and was the source of much controversy among both opponents and proponents of council mergers. Ultimately it proved to be a critical element in one of the court cases.

Soon after the merger was proclaimed the management of the Council undertook its own modelling utilising more locally reflective data and came to the conclusion that the KPMG estimates were a reasonable approximation of the savings potential. It was clear that the composition of the savings was different between the two assessments but the broad total was likely to be achieved.

Notwithstanding the arguments, in principle, about the savings total and how it was developed, it is clear that there are very obvious financial savings to be made. Two obvious examples include:

1. Fewer senior executives - \$750,000 per annum / \$15 million over 20 years
2. Fewer Councillors - \$90,000 pa / \$1.8 million over 20 years

In addition, an assessment of community event expenditure could see savings of \$3 million due to the differing way that each Council had run events. There are many other examples and a separate report will be provided to the new Council in due course.



5.6 Refreshed Executive Team

As identified in Section 3.7, there has been a transition of senior staff as a direct result of the merger. In coming down from a total of 2 General Managers and 6 Directors to one and four, respectively, the Council has made significant savings. It has also provided an opportunity to refresh the team and introduce new blood and new ideas. Once the original structure was determined it comprised four directors, one from the former Rockdale, one from the former Botany, one from outside of the Council and one who was originally a contractor to Botany. Subsequent to the offers being made to these individuals, the former Botany director declined and sought a redundancy which was granted. After a further external recruitment process, a former Rockdale employee was promoted to the position. This mix of executive staff from both former Councils and outside of the area has proven to be creative and collaborative and I commend them all to the new councillors.

5.7 Asset renewal and fleet replacement

It has been mentioned earlier in this report that the former Rockdale Council had secured community support for a major building asset renewal program funded by a special rate variation. That program had been underway for two years and the Council's other assets, including fleet and plant assets were renewed on a regular basis. Regrettably, the same could not be said for the former Botany Council. Despite its success and good work in some areas, asset renewal had not been a strong suit for the Council. In fact, the vehicle and plant fleet was of such poor quality and condition that I was gravely concerned about our work health and safety obligations, let alone service efficiency.

In becoming aware of the poor state of the plant fleet and the risks that it represented, a decision was made to implement an accelerated plant renewal program. The former Council had provided for the replacement of garbage trucks (separately funded by the domestic waste management charge) but not the "general fund" assets. A total of \$9 million was committed to replacing the fleet over two or three years. Largely this will be funded from reserves of the former Rockdale Council and this demonstrates the greater operational capacity that is possible as a result of the merger.

5.8 New corporate livery and logo

By taking a pragmatic approach to the likelihood of the merger, the former Rockdale Council had undertaken some preliminary work on new corporate livery prior to the merger. The teal colouring and Bayside name configuration was available on day 1 of the merger.

By moving to a completely different name (the State Government's choice, not Council's), typestyle and colouring than either of the two former Councils, the opportunity has been taken to provide a fresh image that doesn't suggest any seniority of one former council over another and reinforces the new organisation's position.

The development of a new corporate logo has taken a somewhat different path. Rather than commissioning an expensive graphic design exercise from the commercial design industry, the development of a logo was offered to the Bayside community. Essentially, a public competition was arranged and an extraordinary range of potential logos were submitted. Entries were restricted to Bayside residents and came from children, amateur and professional designers. The shortlisted logos were all of exceptional quality and the final winner will be determined at the final Council meeting of the Administration period.

Savings of hundreds of thousands of dollars and a great community development initiative in one program!

5.9 Strategic Reference Groups

In common with many NSW Councils, the two former councils had a range of committees to manage or advise on a myriad of local issues. Most of them were operational in nature and, despite the participants' best efforts, were limited in scope and capacity. With two or three notable exceptions, we disbanded them all.

Instead we have established six Strategic Reference Groups to advise the Council on matters of importance at a higher, strategic level. An impressive range of applicants have sought to be a part of these groups, following an extensive community consultation process. Four of the six groups will deal with issues thematically and based around the Council's delivery structure:

- | | |
|----------------------|--|
| 1. City Life | Community development and community services |
| 2. City Futures | Planning and development, property and traffic |
| 3. City Presentation | Roads and streets, recreation and waste services |
| 4. City Performance | Corporate performance, audit and risk |

In addition, there are two specific groups to deal with high profile demographic issues:

5. Youth
6. Seniors

These Strategic Reference Groups are just being established as the Administration period comes to a close. I would commend them to the new Councillors and ask them to implement a 12 month trial period to establish the benefit of this higher level of community engagement.

5.10 Independent Audit & Risk Committee

Although both former Councils had Audit Committees, the new Council has developed a more strategic model and a broader range of independent members. Following an extensive expressions of interest process four well qualified independent members have been appointed. The Administrator is also a member and will be replaced with two councillors from the new Council. Unlike the members of the former committees, the members of the new committee are remunerated.

The independent members are:

Jennifer Whitten Bayside resident and qualified accountant with experience in assurance and business advisory services.

Barry Munns Head of Audit at the City of Sydney with extensive experience in corruption prevention, fraud control and business continuity.

Catriona Barry Bayside resident and General Manager of Rainbow Club Australia and Harvard Business School graduate.

Lewis Cook Bayside resident and executive Chairman of eLearning company, Obvious Choice with vast experience in IT, governance and management.

Given the issues coming to light as a result of the work of both the ICAC and the Auditor-General, the new Committee will have a difficult, but vital, role to play over the coming term.





5.11 Events and Community celebrations

In the past, the former Rockdale City Council had a dedicated team of event staff to design, organise and run community events and celebrations. The former City of Botany Bay, on the other hand, had one dedicated staff member and outsourced much of the organisation and delivery of these types of events. The Botany approach has recently been criticised by the Auditor-General as being unnecessarily expensive. My view is that it was indeed expensive, overly expensive, however it did aspire to a very high standard. The question, of course, is whether that standard is justified.

By employing the salaried team to develop and deliver the events and celebrations, rather than the expensive contractors, it is estimated that \$3 million in savings will be achieved. Already a number of events on the Botany side that were previously outsourced have been delivered by employed staff to good reviews by the participants.

5.12 Overcoming Poor Practice and Corrupt Conduct

Given that the ICAC investigation, Operation Ricco, had conducted a public inquiry, many of the failures of financial practice and good governance were known to the former leadership team of the City of Botany Bay and that of the former Rockdale City Council.

The General Manager of the former City of Botany Bay at the time of the merger had, in fact, begun the work of improving the situation there by employing independent consultants and contractors to review and revise the financial systems and practices. Due to the severity of the problem, however, progress was relatively slow.

Upon the merger being proclaimed it became a high priority for the General Manager of the new Council to ensure that poor practice was eliminated and better governance processes implemented. It was helpful that the former Rockdale Council had, at that time, contemporary policy and practice in place.

With the release of the ICAC report has come eight major recommendations for the new Council to implement and I am confident that, as part of the merger transition work, all of them have been complied with prior to their release.

Beyond the financial management sphere there are many areas of policy and practice, from both former Councils, that have benefitted from the merger process and the necessary review that comes with the merger.

6 Work Still To Be Done

I mentioned early in this report that 12 months was too short a period in which to achieve the full transition of the two former Councils into one new organisation. Much has been achieved but just as much still needs to be addressed.

There are a number of major issues that have been identified during the past year that need attention but time has not permitted a thorough review of all of them. Instead I leave behind a series of brief issues papers, on a variety of matters, that I hope will provide the new Council with some guidance will make the most of the opportunities presented for its community by the merger.

Given the sometimes commercial or sensitive nature of these discussions, I do not propose to publish them in the public realm in detail. However, I have set out below a listing of those matters so that the public and the community of Bayside might understand the scale and diversity of the matters still to be resolved.

Briefing papers on the following topics will be provided to the newly elected Councillors:

- ◆ Standardisation of service levels, delivery techniques, pricing and access
- ◆ Service level reviews generally
- ◆ Harmonisation of the broader policy framework and content
- ◆ Longer term considerations around rating and property issues
- ◆ One, new Local Environmental Plan for the Bayside Council area
- ◆ Long term office accommodation
- ◆ Membership of regional and special interest groups
- ◆ Independent planning and reporting (Community Strategic Plan) update
- ◆ Airport Business Unit

Apart from these issues that I feel are important, there will be a wide ranging series of briefings and workshops provided by Council management to the new councillors over the first three months of the new Council. They will be both operational and strategic in nature and I commend this to the new councillors, as much has changed.





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