

Auditing for the Australian Capital Territory

The Auditor-General is head of the Auditor-General's Office. He and his Office act independently of the Government. The Office assists the Auditor-General to carry out his duties, which are set out in the Auditor-General Act 1996, by undertaking audits of management performance and the financial statements of public sector bodies. The aim is to improve public sector management and accountability by firstly, ensuring the Legislative Assembly and the electorate are provided with accurate and useful information about the management of public sector resources and secondly, by providing independent advice and recommendations for improving the management of public resources.



AUDITOR-GENERAL
AUSTRALIAN CAPITAL TERRITORY



PA 98/03

10 December 2001

The Speaker
ACT Legislative Assembly
South Building
London Circuit
CANBERRA ACT 2601

Dear Mr Speaker

In accordance with the Authority contained in the *Auditor-General Act 1996*, I transmit to the Legislative Assembly my Report titled "*Managing Canberra Urban Parks and Open Spaces*".

This Audit was managed by Greg Martin and conducted by Michael Sharp, Kamlesh Mudaliar, Naomi Perera and Mark Scanes of this office.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John A Parkinson'.

John A Parkinson

TABLE OF CONTENTS

CHAPTER	PAGE
1 REPORT SUMMARY _____	1
2 CUSTOMER SATISFACTION WITH PARKS _____	13
3 IMPLEMENTATION OF MANAGEMENT SYSTEMS _____	18
4 SAFETY OF PLAYGROUND EQUIPMENT _____	25
5 ECOLOGICALLY SUSTAINABLE DEVELOPMENT _____	27
6 COMPETITIVE TENDERING _____	33
7 REFURBISHMENT PROJECTS _____	38
8 COSTS AND STAFFING _____	41
<i>APPENDIX 1: AUDIT REVIEW APPROACH</i> _____	45

1 REPORT SUMMARY

INTRODUCTION

1.1 This Report presents the results of an Audit review which addressed major activities related to the management of Canberra's urban parks and open spaces.

1.2 Urban parks and open spaces includes town, district and neighbourhood parks, semi natural open space, pedestrian parkland, laneways, road verges and medians and paved areas such as suburban shopping centres and Civic.

1.3 The land, buildings, community and tree assets comprising Canberra's urban parks and open spaces are valued at approximately \$210m. The total cost of maintaining the parks and other related activities was \$31.1m in the 1999-2000 financial year. Almost half of this total cost was expended on horticultural maintenance and cleaning (\$15.17m).

REVIEW SCOPE

1.4 The Audit review mainly relied on examination of community satisfaction surveys conducted by the Department of Urban Services, evaluation of the introduction of competitive tendering for the delivery of parks and open spaces related services, and responses provided by management to questionnaires distributed by the Audit.

1.5 The review also included an assessment of whether there are major indications that Canberra's urban parks are not being managed in accordance with the principles of ecologically sustainable development.

1.6 More detail on the Audit review approach is provided in Appendix 1 to this Report.

1.7 This Report only contains matters that came to attention during the course of reviewing the evidence referred to in the Report. The Audit review was confined to identifying whether the evidence reviewed by the Audit indicated that significant ineffectiveness or inefficiencies may exist in the management of parks and open spaces. The conduct of the Audit review and the content of this Report should not be taken as providing a

complete assurance that inefficiencies or ineffectiveness do not exist in the delivery of services related to urban parks and open spaces.

REVIEW OBJECTIVES

1.8 The objectives of the Audit review were to provide independent advice to the Legislative Assembly on whether:

- the ACT community is satisfied with the management of urban parks and open spaces;
- adequate management systems are used to manage urban parks and open spaces;
- playground equipment situated in urban parks is adequately maintained and in safe condition;
- urban parks and open spaces have been maintained in accordance with the principles of ecologically sustainable development;
- the implementation of competitive tendering has resulted in the efficient purchasing of services for urban parks and open space;
- management of capital works purchasing for the refurbishment of regional and suburban shopping centres is efficient; and
- the introduction of competitive tendering for horticultural maintenance of urban parks and spaces has resulted in reductions to costs and staff numbers.

AUDIT OPINIONS

Community Satisfaction with Parks (*Chapter 2*)

1.9 According to surveys commissioned by the Department of Urban Services, visitors to parks are generally satisfied with large urban parks, the management of those parks and most of the facilities associated with those parks. In view of the relative importance of large urban parks and the high level of community satisfaction with the parks, the Audit opinion is that management has been generally effective. There are, however, important areas where improvements can be made.

1.10 The surveys show that the community considers neighbourhood parks to be very important, however, the level of community satisfaction with these parks does not match the importance attached by the

community to these parks. Efforts should be made to find ways of improving this situation.

1.11 The surveys also show that community satisfaction with the maintenance and cleanliness of toilets, barbecues and lake foreshores is below community expectations. Results of a public reports register maintained by the Department suggests that satisfaction with tree maintenance may also be below community expectations.

Management Systems (*Chapter 3*)

1.12 In 1998, consultants identified areas of asset management which were not adequate. Recommendations were made by the consultants to address the inadequacies identified.

1.13 The Audit's view is that the majority of the consultants' recommendations, or suitable alternatives, have been implemented. Asset registers, service specifications and competitive tendering strategies have been developed and implemented, as have processes, contract management, performance monitoring systems and capital refurbishment programs.

1.14 The nature of the systems introduced, or improved, and the relative importance of contract management in parks and open space management led the Audit to the overall opinion that sound management systems are currently in place.

1.15 The Audit notes that some of the consultants' recommendations such as risk management processes, predictive modelling techniques and a financial systems asset register have not yet been implemented.

Playground Equipment (*Chapter 4*)

1.16 Playground equipment within urban parks is maintained and regularly monitored for safety by the contractors who maintain and clean the parks. The requirement for regular monitoring led the Audit to the opinion that systems in place should be sufficient to ensure that playground equipment is regularly maintained for safety.

1.17 There is a program in place to upgrade an estimated 100 playgrounds to the relevant Australian Standards. At current funding levels it will take at least five years to complete the program. Until the upgrade is

completed there will remain some equipment which does not comply with current design standards for safety. The Audit considers that the timetable for the upgrades to playground facilities should be reconsidered.

Ecologically Sustainable Development (*Chapter 5*)

1.18 On the basis of the evidence available to the Audit, the Audit review is of the opinion that the Department of Urban Services is fully aware of the principles of ecologically sustainable development in its management of urban parks and open spaces. The Audit is also of the overall opinion that the Department has systems in place to produce compliance with the principles.

1.19 The terms of the Department's contracts with contractors for performing horticultural maintenance services include requirements for the contractors to comply with the *Environment Protection ACT 1997*, to use environmentally safe chemical handling procedures, to follow environmentally conscious procedures for native grass land management and to use practices which conserve water.

1.20 Management plans prepared by the Department of Urban Services for parks and Lake Gininderra also reflect the principles of ecologically sustainable development.

1.21 The Audit, however, is of the view that there are some significant procedural matters which should be addressed. These include the following.

1.22 The Department's business and corporate documents make limited mention of an objective of complying with the principles of ecologically sustainable development.

1.23 Contractors are required by the terms of their contracts to follow ACT Planning Policy and the *Environment Protection Act*. While the contracts embody elements of the principles of ecologically sustainable development the principles are not specifically stated in the contract.

1.24 While the Audit acknowledges that other contract management methods are used to assess compliance with ecologically sustainable development principles, the main system for monitoring contractor performance does not include assessing compliance by contracted service

providers with the more readily measurable elements of the principles of ecologically sustainable development.

Competitive Tendering (*Chapter 6*)

1.25 Four of the six regions within Canberra had been let to competitive tender at the time this Report was being prepared. The ACT Purchasing Guidelines were adhered to in the tender assessments. This led the Audit to the opinion that services were being purchased efficiently.

1.26 Although there is some evidence that aspects of competitive neutrality principles were not fully addressed the matters identified were not significant to the outcomes of the tender selection processes reviewed. The Audit is of the view that the Department should develop guidelines with the purpose of facilitating consistency in the future application of competitive neutrality principles in tender selection processes.

Refurbishment Projects (*Chapter 7*)

1.27 In a review previously conducted by management a number of deficient procedures and work practices for capital works management of refurbishment projects were identified. Since that review was conducted new guidelines, manuals and other arrangements have been introduced. In the Audit opinion the identified deficiencies will be satisfactorily addressed provided that the newly introduced measures are adhered to.

Costs and Staffing (*Chapter 8*)

1.28 On the basis that total costs to 30 June 2000 have not altered significantly from the previous year the introduction of competitive tendering does not seem to have resulted in any material variation to the cost of urban parks and open spaces.

1.29 As noted in *paragraph 1.13* several new and/or improved management systems have been implemented in recent years. The costs of designing and implementing these systems have been met without adding to the overall costs of urban parks and open spaces.

1.30 The number of staff involved in directly managing urban parks and open spaces¹ has remained relatively unchanged between 1998-99 and

¹ The staff referred to are those of the Canberra Urban Parks and Places group within the Department of Urban Services. The groups responsibilities include management of the

2000-2001. This would indicate the introduction of competitive tendering has not produced changes in management staff numbers.

1.31 As costs and numbers of staff involved in directly managing urban parks and open spaces have not materially altered the Audit opinion is competitive tendering has had little effect on costs and management staff.

1.32 The Audit notes that the reasonableness of staff numbers directly involved with managing parks and open spaces has not been recently assessed by senior management.

CONCLUSION

1.33 The overall Audit opinion is that the evidence which the Audit reviewed does not indicate that significant ineffectiveness or inefficiencies exist in the management of urban parks and open spaces. The Audit review did identify several issues that should be addressed, however, the total significance of these was not sufficient to form an overall conclusion, that management has been ineffective or inefficient.

FUTURE ACTIONS

1.34 The following suggestions for future actions are presented as guidance for addressing the audit findings in this Report which require attention. The Department of Urban Services' responses to each of the suggestions is also provided.

Suggested Future Action 1 – Departmental surveys show that the level of community satisfaction with neighbourhood parks can be improved. Consideration should be given to identifying strategies which will achieve the necessary improvements (*see Chapter 2*).

Urban Services Response – Canberra Urban Parks and Places undertakes an annual customer survey to identify specific issues which park users want improved. This survey identifies particular issues for individual parks, and the improvements sought are programmed into park maintenance and development programs as funds allow. The intent is that actions will be taken as funds allow. The actions may be undertaken

horticultural maintenance of urban and open spaces and the refurbishment of town and regional centres.

through reallocation of priorities within existing budget or larger projects may be funded through a Capital Works bid.

Suggested Future Action 2 – Departmental surveys show that the maintenance and cleanliness of toilets and barbeques in parks and lake foreshores adjacent to parks can be improved. Consideration should be given to approaches which will achieve improvements (*see Chapter 2*).

Urban Services Response – *Canberra Urban Parks and Places is working closely with contractors to improve the cleaning and maintenance regime for toilets and barbecues. A recently completed update survey indicates the level of satisfaction for toilets has increased from 57% to 68%, and for barbecues has increased from 61% to 86% over the past 12 months.*

Suggested Future Action 3 – The content of a Departmental complaints register indicates that a gap exists between the community's expectations and the maintenance being provided for trees. Consideration should be given to how the gap might be addressed (*see Chapter 2*).

Urban Services Response – *Canberra Urban Parks and Places has recently completed development of a detailed specification and performance criteria for the tree maintenance service, and has invited tenders for the delivery of that service. Proposals for the delivery of the tree maintenance program will be critically assessed to ensure an improved maintenance outcome is achieved.*

Suggested Future Action 4 – Risk management processes, predictive modelling techniques, a financial systems asset register and some other systems which were recommended for implementation by consultants in 1998 have not been implemented. Given the time that has elapsed since the recommendations were made and accepted, consideration needs to be given to whether implementation of the recommendations should be completed. The benefits to be achieved and the costs of implementation should be taken to account in this consideration (*see Chapter 3*).

Urban Services Response – *Noted. The intent is that 1998 recommendations will be reviewed and consideration will be given as to whether recommendations not yet implemented remain relevant.*

Audit Comment – The Department's response appropriately addresses the suggested future action provided that the Department's review considers

the benefits to be achieved and the costs of implementing the remaining recommendations.

Suggested Future Action 5 – The current program to upgrade playgrounds within parks to the relevant Australian Standard could take at least five years to complete. Consideration should be given to accelerating the upgrade program (*see Chapter 4*).

Urban Services Response – *The government has allocated \$2.25M to this program in the last 3 financial years, and has indicated that further funding will be provided as priorities permit. The intent is that the upgrade program will be progressed as quickly as available funds permit. The upgrade progress is funded by a specific capital allocation and the speed of progress is therefore governed by the level of annual allocation from the capital program.*

Suggested Future Action 6 – The requirements to follow the principles of ecologically sustainable development are not specifically stated as a contractual requirement in contracts for horticultural maintenance. The principles should be specifically identified in the statement of requirements in contracts. The contract monitoring system should specifically monitor for compliance with the more readily measurable principles (*see Chapter 5*).

Urban Services Response – *Canberra Urban Parks and Places will review contracts and the performance monitoring system with a view to identifying practical mechanisms for implementing this recommendation.*

Suggested Future Action 7 – Departmental strategic management documents i.e. business plans and corporate plans, currently do not contain specific objectives to comply with the principles of ecologically sustainable development. Strategic management documents should include specific objectives to comply with the principles of ecologically sustainable development (*see Chapter 5*).

Urban Services Response – *Noted. The intent is that where practicable CUPP will ensure that ecologically sustainable development is specifically recognised as an objective and that appropriate actions are identified to pursue the objective. An example of this intent is that CUPP recently recognised the ESD objective in an internal audit of pesticide management.*

Suggested Future Action 8 – Authorisations for the use of chemicals by contractors were not up to date at the time of the Audit review. These authorisations should be kept current and frequently reviewed (*see Chapter 5*).

Urban Services Response – Procedures have been reviewed to ensure documentation of authorisations is always up to date. The intent is for records to be kept current and frequently reviewed.

Suggested Future Action 9 – Some competitive neutrality matters do not seem to have been fully addressed in recently completed competitive tendering processes reviewed by the Audit. To assist with consistency the Department of Urban Services should develop guidelines for applying the principles of competitive neutrality in competitive tendering (*see Chapter 6*).

Urban Services Response – The Department has identified a project to address this issue.

Audit Comment – The Department's response appropriately addresses the future suggested action provided that guidelines developed include demonstrating how the principles of competitive neutrality should be applied to competitive tendering processes.

Suggested Future Action 10 – The reasonableness of staff numbers directly involved in managing parks and open spaces has not been recently assessed by senior management. A system should be implemented which enables a regular assessment to be made of the staff numbers needed to directly manage urban parks and open spaces (*see Chapter 8*).

Urban Services Response – This action is expressed to refer to the staffing of CUPP. The number of staff required to deliver Output 1.4 Canberra Urban Parks and Places was assessed in detail in 1998 and a new staff structure implemented. At the time this Performance Audit was concluded Audit was aware that a revision of the Canberra Urban Parks and Places structure (including a consideration of the number of staff required to deliver Output 1.4) was in progress. That review has now been completed and a new structure will be implemented over the next few months. In addition, as discussed with Audit, a project is in progress to benchmark the cost of the urban park and open space program against comparable programs elsewhere in Australia, and the first stage report of

MANAGING CANBERRA URBAN PARKS AND OPEN SPACES

that project is due for completion in September 2001. In this context I consider the level of review of this program is adequate.

Audit Comment – The Audit comments made at paragraphs 8.13 to 8.15 of this Report remain relevant. The Audit acknowledges that the approach adopted of periodic reviews of staff requirements is an alternative to maintaining a task recording system. The Audit, however, considers that it is preferable to have systems in place which record the staff resources used on individual activities. These types of systems allow senior management to review in a timely manner whether staff resources used are appropriate to the tasks being undertaken.

DEPARTMENTAL RESPONSE

1.35 In accordance with Section 18 of the *Auditor-General Act 1996*, a copy of the proposed report was provided to the Chief Executive of the Department of Urban Services. The Chief Executive's response is set out following.

1. *I am pleased to note the overall Audit opinion that 'the evidence which Audit reviewed does not indicate...that significant ineffectiveness or inefficiencies exist in the management of urban parks and open spaces'.*
2. *I also provide the following response to the Audit Conclusion contained at paragraph 1.39, and repeated elsewhere in the report – 'The implementation of competitive tendering ... does not seem to have resulted in any material variation to the cost of urban parks and open spaces':*
3. *We do not agree with this conclusion. The actual expenditures on routine horticulture, cleaning and tree maintenance are listed in Table 1 and demonstrate that there has indeed been progressive cost reductions over the past 4 years, especially when CPI adjustments are included.*

Table 1 – Budget Outcomes for Routine Horticulture, Cleaning and Tree Maintenance

Year	Year \$ M	CPI for Government %	Year \$ adjusted to 2000/01 \$ M	Value of 2000/01 \$ compared to 1997/98 - %
1997/98	13.010	1.75	13.784	

MANAGING CANBERRA URBAN PARKS AND OPEN SPACES

1998/99	12.290	1.8	12.806	-7.1
1999/00	11.325	2.4	11.597	-15.9
2000/01	12.723	2.25	12.723	-7.7

4. *These savings have been achieved whilst achieving at least the same quality outcomes 'on the ground', and in many situations a significant improvement in maintenance. I also note the increase in expenditure in 2000/2001 reflects the inclusion of additional services formerly undertaken by other agencies, or formerly provided on an ad-hoc basis.*

CONCLUDING COMMENTS

1.36 The Audit's views on the issue identified in the Chief Executive's response is discussed in the following paragraphs. At issue is the cost implication of the introduction of competitive tendering.

1.37 As stated in *Chapter 8* the Audit sought to assess the impact of the implementation of the recommendations on costs by comparing the costs of horticultural maintenance services prior to the implementation of restructuring in 1996-1997 and after the introduction of competitive tendering in 1999-2000. However, insufficient cost data was available for the earlier years to enable this comparison to be performed.

1.38 A comparison was made between 1998-99 and 1999-2000, the two years for which comparable data was available. The comparison indicated that the full cost of urban open space management as well as for horticultural maintenance remained largely the same.

1.39 The Audit acknowledges that budget figures indicate a reduction in the direct payments to providers for horticultural cleaning and maintenance services. These figures, however, represent less than half the total cost of urban parks and open space management. The Department's response does not address the total costs of urban parks and open space management (i.e. the combined costs of purchaser and provider functions). It is the Audit's view that this total cost figure has remained largely unchanged. As outlined in this Report, Canberra Urban Parks and Open Spaces has introduced new or improved systems to manage urban and open space. The additional costs of developing and implementing these

systems has been met within the total cost of urban open space management.

1.40 After considering the Department's response, the Audit has not changed its views expressed in *Chapter 8* of this Report that the introduction of competitive tendering does not seem to have resulted in any material variation to the total costs of urban parks and open spaces management.

2 CUSTOMER SATISFACTION WITH PARKS

INTRODUCTION

2.1 The Department of Urban Services is responsible for managing the urban parks and open spaces of Canberra. This Chapter reviews community satisfaction with the parks managed by the Department.

2.2 It is a generally accepted practice, in order to assess whether services being provided by an agency meet the needs of the community, for surveys of the community's satisfaction with the services to be carried out. The levels of satisfaction expressed by the community are strongly persuasive evidence of the effectiveness of the agency in meeting the community's expectations.

2.3 The Department of Urban Services regularly conducts surveys to assess community satisfaction with parks. The Audit reviewed the results produced from the Department's community surveys. This Chapter includes the findings from the Audit's review.

SIGNIFICANT FINDINGS FROM THIS CHAPTER

- *There are high levels of community satisfaction with large urban parks.*
- *Residents consider neighbourhood parks are very important.*
- *The level of community satisfaction with these parks does not match the importance attached to them by the community.*
- *There is room for improvement in the maintenance and cleanliness of toilets, barbecues and lake foreshores adjacent to parks.*
- *A gap may exist between the expectations of the community and the maintenance being provided for trees.*

COMMUNITY SATISFACTION WITH URBAN PARKS MANAGEMENT AND TREE MAINTENANCE

Background

2.4 Market research was commissioned by the Department of Urban Services to monitor community usage and satisfaction with town, district

and neighbourhood parks, pedestrian parkland, semi-natural open space, and lakes and ponds for which the Department has responsibility.

2.5 The research has been conducted for the four years 1997-2000 and included both in-park visitor surveys and a random telephone survey.

Audit Comment

2.6 The Audit's view is that it is good practice for the Department to conduct surveys of the nature described. If the community expresses high levels of satisfaction with town, district and neighbourhood parks, pedestrian parkland, semi-natural open space and lakes, this is important evidence that these assets are being effectively managed. The next part of the Chapter comments on the survey results.

LARGE DISTRICT AND TOWN PARKS

2.7 The survey results showed that, in 2000, 92% of Canberra residents were satisfied with the experience provided by visiting large district and town parks (large urban parks). A satisfaction level of 90 to 92% has been consistently achieved between 1997 and 2000.

2.8 High levels of customer satisfaction were also recorded by the survey for the management of the parks. Between 1997 and 2000, 86% to 82% of respondents recorded an excellent or good rating.

2.9 The survey estimates that 6.85 million visits were made to these parks in 2000.

Audit Comment

2.10 The high levels of satisfaction with large urban parks expressed by the community is persuasive evidence that the parks are being managed effectively.

COMMUNITY SATISFACTION WITH NEIGHBOURHOOD PARKS INCLUDING PLAYGROUNDS

2.11 Between 1999 and 2000 the satisfaction level with neighbourhood parks declined from 75% to 69%.

2.12 Survey results indicate that residents consider neighbourhood parks are very important. This is also indicated by the estimate made in the survey that over 2.5 million visits by 71% of Canberra residents are made to these parks annually.

Audit Comment

2.13 The survey results show that the community considers neighbourhood parks to be very important however the level of satisfaction being expressed by the community with these parks falls short of community expectations. This is persuasive evidence that there is a need to address the condition of these parks.

ASSETS MAINTENANCE AND CLEANLINESS

2.14 The survey showed that maintenance and cleanliness of toilet facilities rated between 49 and 57% satisfaction for the four years 1997 to 2000.

2.15 Satisfaction with the cleanliness and maintenance of barbecue facilities rated between 53 and 61% for the four years 1997 to 2000.

2.16 Water quality of lakes and ponds and litter not being present in the water or shoreline joining large urban parks rated between 51% and 62%.

Audit Comment

2.17 The results reveal that there are relatively low levels of satisfaction with water quality and litter for areas immediately adjacent to lakes and ponds in large urban parks, and the maintenance and cleanliness of barbecues and toilet facilities. The survey results are evidence that improvements can be made in maintenance and cleanliness.

PUBLIC REPORTS REGISTER

2.18 The Department also collects data on complaints from the public. The complaints which management consider warrant maintenance action are recorded on a database and listed as “public reports”. Other complaints are not recorded on the database.

2.19 For the financial year ending June 2000, 5130 complaints were recorded on the “public reports” register. Public reports were recorded in

twelve categories; built assets, fire hazard reduction, graffiti, grass, irrigation, landscape, litter, pest control, playgrounds, stumps, trees, and road verges.

2.20 Approximately half of the 5130 public reports recorded related to trees. The reports relating to trees were spread throughout the year. Between 100 and 400 public reports were recorded per month with peaks in recording occurring in late summer and autumn.

Audit Comment

2.21 The public reports register provides an insight into areas of tree maintenance not covered in the community satisfaction surveys. The content of the reports register may indicate a gap between the expectations of the community for tree maintenance and the level of tree maintenance actually being provided. The extent of and reasons for the existence of the expectations gap should be identified and addressed to the extent practicable.

2.22 The remaining 2600 public reports relate to eleven types of asset maintenance or 20 complaints per asset type month. This does not seem excessive.

CONCLUSION

2.23 The survey results show that visitors to parks are generally satisfied with large urban parks, the management of those parks and most of the facilities associated with those parks.

2.24 The survey results also show that the level of satisfaction with neighbourhood parks is relatively low and declining.

2.25 The results further show that satisfaction with the maintenance and cleanliness of toilets, barbecues and lake foreshores is below community expectations. Results of a public register maintained by the Department suggests that satisfaction with tree maintenance is also below expectations.

2.26 On the basis of the evidence outlined in this Chapter the Audit's view is that the Department of Urban Services can be regarded as effectively managing the most significant aspects of parks and open spaces. Given the relative importance of large urban parks and the high level of community satisfaction with the parks, the Audit view is that

MANAGING CANBERRA URBAN PARKS AND OPEN SPACES

management has been generally effective in the management of urban open spaces. There are, however, important areas where improvements can be made.

3 IMPLEMENTATION OF MANAGEMENT SYSTEMS

INTRODUCTION

3.1 This Chapter reviews the implementation of management systems for urban parks and open spaces between 1998 and 2001 (including contract management systems).

3.2 Maintaining and using adequate management systems assists managers to make effective decisions. The systems relevant to this Audit review included:

- contract monitoring;
- asset accounting and costing;
- asset information; and
- strategic planning systems.

3.3 In view of the importance of management systems an absence of well designed systems would be evidence that management of parks and open spaces, may not be effective. For this reason the Audit review included the significant systems in use.

SIGNIFICANT FINDINGS FROM THIS CHAPTER

- *A comprehensive contract management system has been developed; the system addresses activities and payments for almost half the total cost of management of urban parks and open spaces.*
- *A majority of consultants' recommendations made in 1998 to improve the then existing management systems have been implemented or reasonably progressed.*
- *Some of the consultants' recommendations such as risk management processes, predictive modelling techniques and a financial systems asset register have not yet been implemented.*

ASSET MANAGEMENT IMPROVEMENT PLAN

3.4 Consultants engaged by the Department of Urban Services prepared an asset management improvement plan for parks management in

March 1998. The consultants' key objective was to provide a strategic framework to develop a plan to improve the quality of parks and open spaces asset management activities.

3.5 A major part of the consultants' study was assessing the status of the existing management systems. The study identified a gap between existing management systems and better practices.

3.6 The plan identified several areas where improvements were required. The improvements were grouped in the following categories:

- development of commercial tactics;
- contract monitoring for condition of assets;
- data and information capture;
- asset accounting and costing processes;
- asset information systems; and
- strategic planning.

3.7 To address the issues identified the consultants made recommendations for the implementation of new management systems as well as for alterations to the existing systems.

Audit Comment

3.8 Management advised the Audit review that in some instances alternative methods to the consultants' recommended methods had been identified. Management also advised that some of the consultants' recommendations were not adopted because they were considered to be inappropriate. The Audit reviewed the implementation of the consultants' recommendations and also the alternatives initiated by management.

IMPLEMENTATION OF THE CONSULTANTS' RECOMMENDATIONS

Background

3.9 The Audit prepared a questionnaire to gather information on the extent of implementation of management systems since the completion of the consultants' study. Responses to the questionnaire are summarised under the major headings identified in the study.

Development of Commercial Tactics

3.10 'Commercial tactics' was a term used by the consultants for processes associated with the development and implementation of competitive tendering.

3.11 Competitive tendering has been introduced in four of six regions. There are plans to implement competitive tendering for the remaining two regions.

3.12 A contract implementation team was set up, contract documentation has been reviewed, contract selection criteria has been developed as have contract administration systems, procedures and monitoring systems.

Audit Comment

3.13 The Audit review sighted adequate evidence to support the view that the consultants' recommendations for the adoption of commercial tactics have been fully implemented.

Contract Monitoring for Condition of Assets

3.14 A system to monitor the compliance of contractors with contract specifications has been implemented. The system is based on the concept of regularly assessing the condition of a random sample of 14 major asset classes. The condition of each sampled asset is compared with the condition required in the contract specification.

3.15 Assessment criteria for each asset class are clearly defined and recorded on check sheets. Departmental staff conduct field surveys to assess compliance with the criteria in the check lists.

3.16 The Audit observed the monitoring procedures being followed by staff in the field.

Audit Comment

3.17 The Audit's review indicates that the contract monitoring system should, if used as intended, be an effective system for ensuring that contractors comply with the terms of their contracts.

3.18 In general the implementation of the contract monitoring system appears to have been of a higher standard than the guidance proposed by the consultants.

Data and Information Capture

3.19 With a small number of exceptions, the majority of the recommendations made by the consultants for data collection and management have been reasonably progressed. The exceptions are mentioned following.

3.20 The development and enhancement of asset condition and assessment techniques has not yet been implemented.

3.21 Asset data has not been up-loaded to the financial systems asset register.

3.22 The capture of street tree inventory data has been commissioned. This will facilitate contractors building up a database of trees progressively during the life of their contracts. Although the capture of the data has been commissioned limited progress has been made.

Audit Comment

3.23 Most of the recommendations for the adoption of data information capture have been progressed. As the recommendations, when made, were accepted by management the recommendations must have been considered sound at that time. The Audit is of the view that the unimplemented recommendations should not be abandoned. The recommendations should be reconsidered to determine whether, under current conditions, the benefits to be achieved from their implementation will exceed the costs of their implementation. If the result is positive implementation should proceed.

Asset Accounting and Costing Processes

3.24 Two recommendations made by the consultants related to asset accounting and costing. The two recommendations have been progressed.

3.25 Guidelines for asset accounting and the valuation of assets have been completed. The Australian Valuation Office has undertaken a

valuation of land and other asset types and an interim asset register and depreciation schedule is now maintained.

Audit Comment

3.26 The consultants' recommendations relating to asset accounting and costing processes have been reasonably progressed.

Asset Information Systems

3.27 An information technology strategy, an asset information system strategy and a contract management system have been developed.

3.28 The implementation of an Oracle financial asset register has not been completed. Therefore the up-load of asset data to the financial systems asset register has not been implemented. The Department has advised that this is contingent upon the purchase of a new financial module.

Audit Comment

3.29 Most of the recommendations related to asset information systems have been progressed. The remaining recommendations should be implemented as soon as practicable. Alternatively the benefits and costs of implementation should be reconsidered.

Strategic Planning

3.30 Strategic planning processes for asset renewal decision making, total asset management plans and contingency plans for pest and weed control have been developed.

3.31 Modelling techniques to predict the timing of asset failure have not been universally applied to all asset groups. The Department advises that the adoption of a planned Asset Accounting Management System will facilitate such data collection.

3.32 While an Asset Management Plan for 1999 to 2002 has been developed formal risk management processes have not been implemented.

Audit Comment

3.33 Most of the recommendations for strategic planning processes have been progressed. A recommended formal risk management process however has not been implemented. The Audit view is that this recommendation should be implemented as soon as practicable.

Systems Capabilities and Final Implementation

3.34 It is planned that completion of the asset management system will enable a desktop visual inspection of individual assets, all details of those assets, and adjacent service lines and obstructions. The completed system will enable predictive modelling to arrive at the optimal time for asset maintenance and replacement.

3.35 Accounting, asset and geographic information system databases have to be integrated and spatial (site specific) trees data has to be collected and up-loaded for systems implementation to be completed. The Department has advised that the central computer system's ability has to be modified to accept the spatial data.

3.36 A move to interface all asset databases within City Management² as part of a branch wide asset management system requires a solution to make all databases of the Department of Urban Services compatible.

3.37 The completion costs of implementation have not been identified but management estimates that the costs have been \$860,000 to date. The final cost of completion for the system for urban parks and open spaces is unknown because the solutions for its full implementation have not been developed and internal costing systems do not enable accurate estimates of in house costs.

Audit Comment

3.38 Software capabilities and compatibilities have impacted on the implementation of a number of the more complex components of the asset management system.

² City Management is the branch within the Department of Urban Services of which Canberra Urban Parks and Places is part.

3.39 This issue needs to be reassessed as to whether the expense of solving the problems necessary to complete the implementation of these components is warranted.

Conclusion on Implementation of Consultants' Recommendations

3.40 The responses to the Audit questionnaire indicate that a considerable number of the inadequacies in management systems identified in 1998 have been addressed through the implementation of well designed management systems.

3.41 Some recommendations have not been implemented. For example a formal risk management assessment has not been introduced.

3.42 The Audit is generally of the view that most of the recommendations which have not been implemented should be implemented as soon as practicable. However, a small number of the recommendations which have not yet been implemented would require complex projects to be completed. Consideration should be given to the cost and feasibility of completing these projects in relation to the benefits which may be achieved.

CONCLUSION

3.43 In 1998, consultants identified areas of asset management which were not adequate. Recommendations were made by the consultant to address the inadequacies identified.

3.44 The Audit's view is that the majority of the recommendations or suitable alternatives have been implemented, particularly comprehensive systems for the management of contracts. The nature of these systems and the relative importance of contract management in parks and open space management led the Audit to the overall conclusion that sound management and contract monitoring systems are currently in place.

3.45 Although the Audit view is that systems are currently sound, it should be noted that there are areas where improvements can be made.

4 SAFETY OF PLAYGROUND EQUIPMENT

INTRODUCTION

4.1 This Chapter considers the safety of playground equipment situated in urban parks.

SIGNIFICANT FINDINGS

- *Playground equipment within urban parks is maintained and regularly monitored for safety by the contractors who maintain and clean the parks.*
- *A program introduced to bring an estimated 100 playgrounds up to the relevant Australian Standard could take at least a further five years to complete.*

MAINTENANCE OF PLAYGROUND EQUIPMENT

4.2 Playgrounds are required to be inspected weekly by contractors as part of the contractual arrangements for horticultural maintenance and cleaning. Equipment is assessed as to whether it is safe on a monthly basis by a separate contractor. Soft-fall material under play equipment and footings are also assessed on a monthly basis.

Audit Comment

4.3 The monitoring activities described should adequately deal with the maintenance aspects of playground equipment.

Upgrade of Playground Equipment

4.4 The Department of Urban Services has an ongoing program to upgrade the design of playground equipment. The Audit has estimated that the playground upgrade program will take at least five years to complete at current budget funding levels.

4.5 At proposed budget funding of \$500,000 per year the program would not be completed until 2006-2007.

4.6 In January 2001 the Government Solicitor's Office advised that three cases have been settled in recent years for claims arising from accidents involving playground equipment at a cost of \$370,000. There were a further three unsettled claims at that time with an estimated total settlement cost of \$430,000.

4.7 The Territory is a self insurer for up to \$5m annually for accidents occurring on Territory property and for which the Territory is liable. This can include accidents occurring in park playgrounds.

4.8 Above \$5m, subject to provisos, the Territory is covered by insurance arrangements with a number of commercial insurers to a total of \$300m annually.

Audit Comment

4.9 The risk of accidents and litigation may be greater in the playgrounds which have not been upgraded to current design standards. In view of this the Audit considers that an expected five year period to address the design standards should be reconsidered. It may well be better to address the problem with accelerated upgrades than with liability payments.

CONCLUSION

4.10 The Audit's overall opinion is that the systems in place should be sufficient to ensure that playground equipment is regularly maintained for safety. The Audit is of the opinion that the timetable for the upgrades to playground facilities should be reconsidered.

5 ECOLOGICALLY SUSTAINABLE DEVELOPMENT

INTRODUCTION

5.1 This Chapter includes a review of the Department of Urban Services' systems for compliance with the principles of ecologically sustainable development in relation to the maintenance and cleaning of parks and open spaces.

5.2 The Audit reviewed available evidence to form a view whether the practices and procedures being followed showed that environmental legislation and ecologically sustainable development principles were being complied with.

SIGNIFICANT FINDINGS FROM THIS CHAPTER

- *The Department of Urban Services strategic management documents (i.e. business and corporate plans) make limited mention of an objective to comply with the principles of ecologically sustainable development.*
- *Contractors are required by the terms of their contracts to follow ACT Planning Policy and the Environment Protection Act 1997. While the contracts embody elements of the principles of ecologically sustainable development the principles are not specifically stated in the contract.*
- *While the Audit acknowledges that other contract management methods are used to assess compliance with ecologically sustainable development principles, the main system for monitoring contractor performance does not include assessing compliance by contracted service providers with the more readily measurable elements of the principles of ecologically sustainable development.*

ECOLOGICALLY SUSTAINABLE DEVELOPMENT PRINCIPLES

5.3 Ecologically sustainable development is defined in the *Auditor-General Act 1996* as:

The effective integration of economic and environmental considerations in decision-making processes achievable through implementation of the following principles:

- *The precautionary principle, namely, that if there is a threat to serious or irreversible environmental damage, a lack of full scientific certainty should not be used as a reason for postponing measures to prevent environmental degradation;*
- *The inter-generational equity principle, namely, that the present generation should ensure that the health, diversity and productivity of the environment is maintained or enhanced for the benefit of future generations;*
- *Conservation of biological diversity and ecological integrity; and*
- *Improved valuation and pricing of environmental resources.*

REFERENCES IN CORPORATE, BUSINESS AND OTHER PLANS

5.4 Under the *Environment Protection Act 1997* the Department of Urban Services has responsibilities to comply with ecologically sustainable development principles. A number of Government guidelines also impose similar responsibilities on the Department. The responsibilities however are not clearly reflected in specific terms in the Department's corporate plan or its business plans.

5.5 The Department prepares plans of management for public land to describe the way urban open space is to be managed to provide for community use. Ecologically sustainable development principles are reflected in the Department's plans of management for urban parks, sportsgrounds and Lake Ginninderra.

5.6 The Department has advised that ecologically sustainable development principles are to be incorporated in a quality assurance system which is being introduced.

Audit Comment

5.7 It is noted that the Department's intentions to comply with ecologically sustainable development principles have not been specified in

the Department's strategic management documents (i.e. corporate and business plans). It is suggested that the principles should be specifically stated in future strategic management documents.

REQUIREMENTS FOR CONTRACTED SERVICE PROVIDERS TO FOLLOW ECOLOGICALLY SUSTAINABLE DEVELOPMENT PRINCIPLES

5.8 Contracts let for the provision of horticultural maintenance and cleaning services include references that contractors are to follow all ACT planning policy documents and the *Environment Protection Act 1997*. The contracts however do not specifically state what the requirements are.

Audit Comment

5.9 Because of the general contractual requirement for contractors to comply with ACT planning policy documents and the Environment Protection Act, the Audit's view is that the contractors are required contractually to follow ecologically sustainable development principles. Nevertheless, given the importance of the requirements, the Audit considers future contracts should clearly state the specific requirements of the planning policy documents and the Act.

MONITORING COMPLIANCE WITH ECOLOGICALLY SUSTAINABLE DEVELOPMENT

5.10 The Audit review was unable to identify procedures in the Department's contract monitoring system specifically related to monitoring compliance by contractors with ecologically sustainable development principles.

5.11 Management, however, provided the following comment:

Quality assurance [being implemented³] will ensure ecologically sustainable development principles are formally and fully evaluated in future assessments of provider performance against specifications and/or contract conditions. Contract specifications and or conditions can and will be modified to achieve the required outcomes.

³ Words in parenthesis added by the Audit.

Management uses various other systems to enable the monitoring of environmental performance of service providers at its disposal including follow up audits, evaluation of monthly reporting by contractors, public reports and complaint investigations.

Audit Comment

5.12 The Audit accepts that some aspects of existing monitoring activities enable a limited assessment to be made of compliance by contractors with ecologically sustainable development principles. Given, however, the importance of the principles being followed, the Audit view is that the regular monitoring system should include specific procedures to ensure the contractors are complying on an ongoing basis.

MONITORING COMPLIANCE WITH CHEMICAL USAGE

5.13 Chemical usage is an important environmental risk area for the management of urban parks and open spaces.

5.14 Legislation and the service provider contracts require that contractors must obtain authorisation from the Department of Urban Services for the use of chemicals. These authorisations require the contractor to list all staff and their respective qualifications and training, to ensure that they meet the requirements of the ACT Competency Standards for Weed Control and Pest Control Technicians.

5.15 Contractors are required to submit monthly reports on pesticide usage to the Department of Urban Services.

5.16 Chemical handling in horticultural maintenance depots is assessed by environmental audits undertaken annually in addition to an audit of the contracted service providers by Environment Protection Service staff.

Audit Comment

5.17 Management's monitoring procedures address some aspects of chemical usage. The regular reports from contractors provide some additional assurance as to the contractors' use of chemicals. The Audit, however, was unable to sight evidence that current authorisations for the use of chemicals are maintained. A system should be implemented to ensure that current authorisations are in place at all times.

EXAMPLES OF COMPLIANCE

5.18 The following are some examples of the Department's compliance with ecologically sustainable development principles. These examples represent the position in 1998.

Tree Database

5.19 A database of aging trees has been established covering mature trees, trees in poor health and streetscape in decline. Computer modelling programs have been established. These not only identify the tree asset but provide advance warning of the timing, place and the extent of future tree maintenance and replacement works. The database and modelling information has the potential to be a significant component of effective and economic management of tree assets.

Native Grasslands

5.20 Twenty five grassland sites have been identified throughout Canberra under the Environment Protection Act. The maintenance and management of native grasslands is carried out as required by the *Nature Conservation Act 1980*. The management requirements for each site are very clearly set out in the Department's Dryland Grass Mowing Manual.

Water Usage

5.21 The Control irrigation system used by the Department incorporates the use of rain gauges, moisture sensors, regular monitoring, fault reporting for high flows and low flow leakage losses. The Control system has resulted in a reduction in water usage.

5.22 Several parkland areas are irrigated with second class water to conserve quality water resources.

Fire Fuel Reduction

5.23 A Fire Fuel Reduction Policy and Fire Fuel Reduction Activities Plan exists for every parcel of land managed.

CONCLUSION

5.24 On the basis of the evidence available to the Audit the Audit review is satisfied that the Department of Urban Services is aware of, and complying generally with, the principles of ecologically sustainable development in its management of urban parks and open spaces. As reflected in the content of this Chapter however the Audit view is that there are some areas which could be improved.

6 COMPETITIVE TENDERING

INTRODUCTION

6.1 As part of the government's adoption of National Competition Policy, competitive tendering was introduced for the maintenance and cleaning of Canberra's parks and open spaces.

6.2 This Chapter reviews whether sound competitive tendering processes have been followed. The absence of sound procedures would be evidence that the management of urban parks and open spaces is not efficient.

6.3 The Audit reviewed the tender selection processes for the regions where competitive tendering processes have been completed.

SIGNIFICANT FINDINGS FROM THIS CHAPTER

- *In a general sense ACT Purchasing Policy Guidelines have been followed in competitive tendering processes.*
- *Some competitive neutrality matters may not have been appropriately addressed in the competitive tendering processes.*

IMPLEMENTATION OF COMPETITIVE TENDERING OF MUNICIPAL SERVICES

6.4 The ACT Government agreed to implement National Competition Policy and related reforms at a meeting of the Council of Australian Governments on 11 April 1995.

6.5 In accordance with the guidelines for Competitive Tendering and Contracting and the Competitive Neutrality Policy, the delivery of horticultural maintenance and cleaning services was identified as a function to which the competitive neutrality principles should be applied and competitive tendering implemented. Competitive neutrality refers to organisations competing on their inherent strengths and weaknesses irrespective of whether they are privately or government owned.

6.6 On 6 July 1998 Cabinet agreed to proceed with competitive tendering for the delivery of horticultural maintenance and cleaning services for Woden/Weston Creek and Inner South regions.

6.7 *Table 6.1* sets out progress with the competitive tendering program at the time of preparing this Report.

Table 6.1 Implementation of Market Testing for Horticultural and Cleaning Maintenance

Region	Selected Contractor	Commencement Date
Woden/Weston	Excell Corporation	May 1999
Inner South	CityScape Services	August 1999
Inner North	Canberra Horticultural Maintenance	May 2000
Belconnen/Gungahlin	CityScape Services	October 2000

6.8 Planned competitive tenderings are outline in *Table 6.2*.

Table 6.2 Planned Market Testing Activities

Region	Contract Type	Target Date
Tuggeranong	Horticultural Maintenance and Cleaning Services	July 2001
City	Horticultural Maintenance and Cleaning Services	August 2001
Three Regions	Tree Maintenance	November 2001

Audit Comments

6.9 The Audit reviewed documentation relating to the tender processes for the Woden/Weston, Inner South and Belconnen/Gungahlin regions. ACT Purchasing Guidelines for tender evaluation were used as suitable criteria to assess the tender selection processes. The Audit review also considered the broader issues of competitive neutrality in the competitive tendering process.

6.10 The results of the Audit’s reviews are set out in the following part of this Chapter.

TENDER EVALUATION PROCEDURES

Compliance with ACT Purchasing Guidelines

6.11 Tenders were widely advertised, comprehensive tender evaluation plans were developed and approved prior to the evaluation, the evaluation of offers followed the evaluation plans and the decisions based on the tender evaluation reports were reasonable.

Audit Comment

6.12 Overall the ACT Purchasing Guidelines were complied with in the competitive tendering processes reviewed. On the whole this adherence to ACT Purchasing Guidelines led the Audit to the view that efficient purchasing decisions in relation to horticultural maintenance have been made.

PROBITY REVIEW OF WODEN WESTON TENDERS

6.13 A probity auditor was engaged by the Department of Urban Services to advise on the Woden/Weston competitive tendering process.

6.14 The probity auditor, while reporting that the selection process was generally satisfactory, noted also that prospective tenderers were not advised specifically that their bid prices would be adjusted to reflect the cost of recovering redundancies. The Audit noted this was also the case in later tender processes.

Audit Comment

6.15 From the perspective of competitive neutrality principles the prospective tenderers should have been informed of the bases on which their tender would be compared with other bids and given the opportunity to decide whether they wished to proceed with the process. In future tendering processes, prospective tenderers should be informed of the position in relation to redundancies.

INTERNAL AUDIT OF COMPETITIVE NEUTRALITY PRINCIPLES

6.16 Consultants engaged to perform internal audit services for the Department of Urban Services completed a review in July 2000 of the Department's compliance with the competitive neutrality principles.

Competitive tendering for the Woden/Weston Creek Regions was included in the scope of the internal audit.

6.17 The internal audit recommended:

- in-house bids should include a profit margin;
- only those overheads that will be eliminated if the in-house provider loses the bid should be included in the in-house price; and
- redundancy costs should be treated separately from the tender evaluation.

6.18 This Audit review noted that profit margins were not included in the in-house bid and that redundancy costs were included in the tender evaluations reviewed.

6.19 Procedures conducted by this Audit review disclosed that the outcomes of the tender selection process would probably not have altered had the competitive neutrality issues referred to been taken to account. One very close decision may have been affected, however, the Audit cannot conclude on this.

Audit Comment

6.20 A few generally accepted competitive neutrality issues as identified by the internal auditor do not seem to have been addressed in the tender selection processes. These include the treatment of overhead and profit margins for the in-house bids.

6.21 While it would have been sound practice to consider the matters mentioned during the tendering process, the Audit's view is that if they had been taken to account the selections are unlikely to have been different.

6.22 The Department should, prior to conducting further tender selection processes, develop and document a clear set of guidelines on how the competitive neutrality principles are to be applied. Preparation of the guidelines should take to account that application of the guidelines should not result in inefficient or uneconomic decisions being made.

CONCLUSION

6.23 The ACT Purchasing Guidelines were adhered to in the various completed competitive tendering processes. This led the Audit to the major conclusion that services were being purchased efficiently.

6.24 Although there is some evidence that aspects of the competitive neutrality principles may not have been fully addressed the matters identified were not significant to the outcomes of the tender selection processes reviewed. The Audit, however, is of the view that the Department should develop guidelines with the purpose of facilitating consistency in the future application of competitive neutrality principles in tender selection processes.

7 REFURBISHMENT PROJECTS

INTRODUCTION

7.1 Capital works management of the refurbishment of regional and suburban shopping centres across Canberra was included in the scope of the Audit review. Capital works management was included because of the significant amount of capital expenditure involved.

7.2 The costs incurred in refurbishment and construction of new projects was \$2.5m in 1999-2000. The expected completed cost of these projects was \$7m.

7.3 This Chapter reviews reforms introduced, or being introduced, to improve the management of capital projects across the Department of Urban Services as they affect the refurbishment projects relevant to this Audit review. If sound practices are being adopted this would be evidence that capital works management was efficient. Poor practices would be evidence of inefficiency.

SIGNIFICANT FINDINGS FROM THIS CHAPTER

- *A number of deficiencies in the practices and procedures for the refurbishment of living places have previously been identified by the Department of Urban Services.*
- *The identified deficiencies in practices and procedures will be addressed provided that recently introduced arrangements are adhered to.*

INTERNAL REPORT – ANALYSIS AND RESTRUCTURING OF THE PROJECT MANAGEMENT DELIVERY PROCESS

7.4 A number of issues, which required actions to improve the management of refurbishment processes, were identified in an internal review completed by management in April 2000.

7.5 The internal review reported that the efficient and effective delivery of capital works had been effected by a number of factors. The review report specified the issues which should be addressed and included recommendations.

7.6 The findings of the internal review were confirmed by similar findings in a Department of Urban Services internal audit report titled 'Urban Services Capital Works Procedures 1999'.

Audit Comment

7.7 The Audit considers that the issues identified in the internal review indicate that at the time the internal review was conducted significant inefficiencies existed.

ACTIONS TAKEN TO ADDRESS IDENTIFIED DEFICIENCIES

7.8 This Audit review confirmed that a number of the issues identified in the internal review have now potentially been satisfactorily addressed.

7.9 Some of the actions taken by management to address the negative issues include:

- the responsibilities of the sections in the Department of Urban Services which have functions related to refurbishment projects have been clarified;
- project selection and prioritisation has been transferred to PALM⁴;
- new processes have been introduced to streamline consultation processes with stakeholders including members of the ACT Public Service;
- minimum qualifications of staff involved in projects are now specified; and
- a formal Capital Works Manual and Quality Assurance program has been introduced for the Department of Urban Services.

Audit Comment

7.10 The Audit view is that the range of initiatives which have been introduced, or are in the process of being introduced, satisfactorily address the deficiencies previously identified by management.

⁴ Planning and Land Management : This is a branch within the Department of Urban Services which has responsibility for land use planning and metropolitan planning.

CONCLUSION

7.11 Management had previously identified a number of inefficient procedures and work practices. In the Audit view these deficiencies will be satisfactorily addressed provided that the newly introduced guidelines and programs for capital projects are adhered to.

7.12 Based on the information outlined in this Chapter, the Audit is of the view that procedures are now relatively efficient.

8 COSTS AND STAFFING

INTRODUCTION

8.1 A Cabinet Submission dated 12 March 1997 recommended proceeding with the implementation of restructuring and competitive tendering for the provision of horticultural maintenance and cleaning services. Cabinet approved the recommendations.

8.2 The Audit sought to assess the impact of the implementation of the recommendations on costs by comparing the costs of horticultural maintenance services prior to the implementation of restructuring in 1996-1997 and after the introduction of competitive tendering in 1999-2000. However, insufficient cost data was available for the earlier years to enable this comparison to be performed. As a result the Audit's comparison was made between 1998-99 costs and 1999-2000 costs.

8.3 This Chapter considers trends in costs and staffing levels over 1998-1999 and 1999-2000. Increasing costs could be evidence that the management of urban parks is becoming less efficient than it has been in the past. Similarly increasing staff numbers may be evidence of declining efficiency.

SIGNIFICANT FINDINGS FROM THIS CHAPTER

- *The costs of urban parks and places has remained relatively static in recent years; the introduction of competitive tendering has had little effect on costs.*
- *The number of staff involved in directly managing urban parks and open spaces has remained relatively unchanged.*
- *The reasonableness of staff numbers directly involved with managing parks and open spaces has not been recently assessed by senior management.*

TRENDS IN COSTS SINCE THE IMPLEMENTATION OF COMPETITIVE TENDERING

8.4 The first competitive tender for horticultural maintenance and cleaning services was awarded in March 1999. Costs for 1998-1999 and 1999-2000 were compared by the Audit. The introduction of competitive tendering was significant as it marked a major change in the manner through which urban parks and open space services are delivered.

8.5 Externally reported results⁵ indicate that the costs rose from \$27.28m in 1998-99 to \$31.12m in 1999-2000. Depreciation expense of \$2.9m was recognised for the first time in 1999-2000. A further additional cost of \$1.1m for new year celebrations and the street smart program were also identifiable as added expenses.

8.6 Internal cost reports prepared by the Department of Urban Services were also reviewed by the Audit. These reports indicated that the cost of horticultural maintenance remained at similar levels before and after the introduction of competitive tendering.

8.7 It is noted in recent years that several new and/or improved management systems have been designed and implemented. Asset registers, service specifications, competitive tendering strategies and processes, contract management and performance monitoring systems, and capital refurbishment programs have been developed and implemented.

Audit Comment

8.8 After allowing for the introduction of depreciation expenses, additional activities and inflation effects, costs have not changed to any material extent. Competitive tendering does not seem to have resulted in any major increase or decrease in costs. It should be noted that the costs of designing and implementing improved systems have been met without adding to the overall costs of urban parks and open spaces.

⁵ Published in the Department of Urban Services Annual Report, 1999-2000, page 114.

TRENDS IN STAFFING SINCE THE IMPLEMENTATION OF COMPETITIVE TENDERING

8.9 Over the period 1998 to 2000 the number of staff directly managing urban parks and open spaces has remained relatively constant at 50 (including redeployees). A management review of staffing levels conducted in May 1998 is the basis for current staff numbers. The review addressed resource needs, division of duties, classification levels and expertise requirements.

8.10 Since the 1998 review the function of precinct refurbishment has been added to urban and open space management. With the additional responsibilities taken into account the current staffing numbers reflect the resource levels indicated by the 1998 review.

8.11 Systems to record the time spent by staff on individual activities or projects, are not in place.

8.12 The Department has informed the Audit review that staffing requirements will be examined in the second half of 2001.

Audit Comment

8.13 As a task recording system is not in place, information is not available of the staff resources actually applied to individual management tasks. Senior management is therefore not in a position to review regularly whether the staff resources applied are appropriate to the tasks being undertaken.

8.14 The Audit acknowledges that the approach adopted of periodic reviews of staff requirements is an alternative to maintaining a task recording system. The Audit, however, considers it is preferable to have systems in place which record the staff resources used on individual activities. If the periodic review approach is followed it is essential that the time between reviews should not be excessive (e.g. no more than six months). In any case, whenever there is a significant change in responsibilities, a staffing review should be performed.

8.15 The Audit's limited review of staffing numbers did not produce any conclusive evidence that efficiency or inefficiency exists in the management of urban parks and open spaces.

CONCLUSION

8.16 On the basis of costs to 30 June 2000 it appears that the introduction of competitive tendering has not resulted in material variations to the costs of urban parks and open spaces.

AUDIT REVIEW APPROACH

The Audit review focussed on contract management activities. It also reviewed compliance with the principles of ecologically sustainable development. The efficiency of capital works management processes and procedures for refurbishments in Civic and suburban shopping centres were included in the review.

The scope and approach for each audit objective is set out in the following sections.

The Audit review considered the results of community satisfaction survey data collected by the Department to consider the satisfaction of the community with parks. The results of the complaint register were also assessed to consider any significant areas of complaints.

Departmental staff responded to an audit survey questionnaire, which was used to assess the asset management systems. The Audit also gave consideration to a relevant internal audit report commissioned by the Department of Urban Services.

To review contract management systems the Audit review conducted field visits, considered data from the system and made comparisons between the test programs of the monitoring system and contract specifications.

Insurance policies, legal advice, the Department's program to upgrade facilities and contract requirements were considered to assess the safety of playground equipment in Canberra urban parks.

Contract requirements, strategic management documents, contract monitoring systems, an audit questionnaire and files were used to consider whether contractors and departmental staff are required to follow the principles of ecologically sustainable development.

The tender selection processes for the competitive tendering of horticultural maintenance and cleaning services were compared with ACT Purchasing Guidelines to form a view on whether efficient purchasing decisions were made. Competitive neutrality issues were also considered in this context by assessing relevant Department of Urban Services internal audit reports.

MANAGING CANBERRA URBAN PARKS AND OPEN SPACES

The impact on costs of the implementation of competitive tendering was considered by assessing movements in costs since the introduction of competitive tendering.

Staff resource data was considered for the period 1998 to 2000 to assess the impacts on staff resources from the introduction of competitive tendering on the direct management of urban parks and open spaces.

Annexure

Reports Published in 1996

- 1 Legislative Assembly Members - Superannuation Payments/Members' Staff - Allowances and Severance Payments**
- 2 1995 Taxi Plates Auction**
- 3 VMO Contracts**
- 4 Land Joint Ventures**
- 5 Management of Former Sheep Dip Sites**
- 6 Collection of Court Fines**
- 7 Annual Management Report For Year Ended 30 June 1996**
- 8 Australian International Hotel School**
- 9 ACT Cultural Development Funding Program**
- 10 Implementation of 1994 Housing Review**
- 11 Financial Audits with Years Ending to 30 June 1996**

Reports Published in 1997

- 1 Contracting Pool and Leisure Centres**
- 2 Road and Streetlight Maintenance**
- 3 1995-96 Territory Operating Loss**
- 4 ACT Public Hospitals - Same Day Admissions
Non Government Organisation - Audit of Potential Conflict of Interest**
- 5 Management of Leave Liabilities**
- 6 The Canberra Hospital Management's Salaried Specialists Private Practice**
- 7 ACT Community Care - Disability Program and Community Nursing**
- 8 Salaried Specialists' Use of Private Practice Privileges**
- 9 Fleet Leasing Arrangements**
- 10 Public Interest Disclosures - Lease Variation Charges and Corrective Services**
- 11 Annual Management Report for Year Ended 30 June 1997**
- 12 Financial Audits with Years Ending to 30 June 1997**
- 13 Management of Nursing Services**

Annexure (continued)

Reports Published in 1998

- 1 **Management of Preschool Education**
- 2 **Lease Variation Charges - Follow-up Review**
- 3 **Major IT Projects - Follow-up Review**
- 4 **Annual Management Report for Year Ended 30 June 1998**
- 5 **Management of Housing Assistance**
- 6 **Assembly Members' Superannuation and Severance Payments to Former Members' Staffers**
- 7 **Magistrates Court Bail Processes**
- 8 **Territory Operating Losses and Financial Position**
- 9 **Financial Audits with Years Ending To 30 June 1998**
- 10 **Management of Schools Repairs and Maintenance**
- 11 **Overtime Payment To A Former Legislative Assembly Member's Staffer**

Reports Published in 1999

- 1 **Stamp Duty on Motor Vehicle Registrations**
- 2 **The Management of Year 2000 Risks**
- 3 **Annual Management Report for Year Ended 30 June 1999**
- 4 **Financial Audits With Years Ending to 30 June 1999**

Reports Published in 2000

1. **Bruce Stadium Redevelopment — Summary Report**
2. **Bruce Stadium Redevelopment — Value for Money**
3. **Bruce Stadium Redevelopment — Costs and Benefits**
4. **Bruce Stadium Redevelopment — Decision to Redevelop the Stadium**
5. **Bruce Stadium Redevelopment — Selection of the Project Manager**
6. **Bruce Stadium Redevelopment — Financing Arrangements**
7. **Bruce Stadium Redevelopment — Stadium Financial Model**

Annexure (continued)

8. **Bruce Stadium Redevelopment — Actual Costs and Cost Estimates**
9. **Bruce Stadium Redevelopment — Market Research and Marketing**
10. **Bruce Stadium Redevelopment — Stadium Hiring Agreements**
11. **Bruce Stadium Redevelopment — Lawfulness of Expenditure**
12. **Bruce Stadium Redevelopment — Governance and Management**
13. **Annual Management Report for the Year Ended 30 June 2000**

Reports Published in 2001

1. **Financial Audits with Years Ending to 30 June 2000**
2. **Enhancing Professionalism and Accountability**
3. **Market Research and Marketing (Second Report)**
4. **Peer-Based Drug Support Services Tender – 1998**
5. **The Administration of Payroll Tax**
6. **Annual Management Report for the Year Ended 30 June 2001**

Availability of Reports

Copies of Reports issued by the ACT Auditor-General's Office are available from:

ACT Auditor-General's Office
Scala House
11 Torrens Street
BRADDON ACT 2601

or

PO Box 275
CIVIC SQUARE ACT 2608

Phone (02) 62070833 / Fax (02) 62070826

Copies of Reports are also available from the
ACT Auditor-General's Homepage: <http://www.audit.act.gov.au>