

capability building good governance improvement

Promoting Better Practice Program

REVIEW REPORT

HURSTVILLE CITY COUNCIL

OCTOBER 2011



Division of Local Government
Department of Premier and Cabinet

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EXECUTIVE SUMMARY

Overall, the review team finds that Hurstville City Council is a well-managed and efficient local government authority. However, some important issues that Council will need to address for the future are apparent.

While compliance to a range of legislation was checked and a number of the policies and practices relating to how Council operates were examined, this report focuses on Council's better practices and those aspects of its operations that warrant further development.

Council appears to have a good track record in working with its diverse community to plan and deliver services. A clear vision for the area has been set as follows:

"Hurstville, a friendly, diverse and sustainable city built on an all embracing community spirit where we live, learn, work and play"

Work on the *Hurstville Community Strategic Plan 2021: Your Ideas, Your Vision* was progressing well and was completed by 30 June 2011 as required by the legislation. Delivery of the plan commenced from 1 July 2011.

While effective governance systems and processes are in place to guide Council's operations as a whole, some suggested improvements to build a stronger governance framework are outlined in the body of the report. Council has recently committed to strengthening its internal controls by creating separate Internal Auditor and Ombudsman positions.

Council's financial position, when taking into account key financial indicators appears to be satisfactory. Council appears to take a strategic and integrated approach to managing its finances and assets.

In November 2007 Council undertook a review of its planning and other regulatory functions and implemented a number of improvements. Planning staff are guided by an ethics statement and best practice principles in the assessment and determination of development applications (DAs). While Council's performance in assessing DAs is very good compared to the state average, some comments about how to enhance this result even further have been suggested in the body of the report.

Council reports that it is on track with the development of its long term Resourcing Strategy (a Long Term Financial Plan, an Asset Management Strategy and a Workforce Management Strategy) to enable the delivery of the Community Strategic Plan. This Strategy was completed by 30 June 2011.

Hurstville City Council has had an overarching plan to become an Employer of Choice and effectively manage its employees since 2007. Its workforce is somewhat diverse and appears to be representative of the broader community it serves. Overall, the review team observed staff members to be enthusiastic, dedicated and skilled in their area of expertise.

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SUMMARY OF KEY FINDINGS		
BETTER PRACTICE	NOTEWORTHY	AREAS FOR DEVELOPMENT
STRATEGIC PLANNING AND REPORTING		
<ul style="list-style-type: none"> Hurstville Horizons 2004 - 2014 - strategic plan. Community Engagement Plan - Hurstville Community Strategic Plan 2021: Your Ideas, Your Vision. 		
GOVERNANCE		
<ul style="list-style-type: none"> Values and business ethics. Local Government Managers Australia Management Excellence Award 2009 for Governance Excellence in Local Government for its Enabling Councillors for Fully-Informed Decision Making project. A range of customer service initiatives including a Charter and multi-lingual material. 	<ul style="list-style-type: none"> Expenses and facilities policy includes good practices. With some further development could be classified as better practice. 	<ul style="list-style-type: none"> All policies must be available on Council’s website as required by the <i>Government Information (Public Access) Act 2009</i> and policy formats should be consistent. Consider reviewing Code of Conduct to include any supplementary provisions which may relate to particular local circumstances. Council should adopt its amended Gifts and Benefits Policy. All staff and elected representatives should re-acquaint themselves with their obligations as outlined in Council’s code of conduct concerning Gifts and Benefits. All designated staff should re-acquaint themselves with their obligations in relation to completing their s.449 returns. Council’s Risk Management Plan needs finalising.

BETTER PRACTICE	NOTEWORTHY	AREAS FOR DEVELOPMENT
GOVERNANCE (cont)		
		<ul style="list-style-type: none"> • Finalise and implement a Fraud Control Policy and link it to the Risk Management Plan. • Formally adopt its Business Continuity Plan. • Establish an Audit Committee and establish a three (3) year ongoing strategic audit plan. • Council implement a system to ensure legislative compliance. • Adopt its draft Assets – Acquisition and Disposal Policy. • Finalise and adopt its procurement procedures. • All Councillors should re-acquaint themselves with a detailed understanding as to their role. • Comply with its obligations concerning political donations and gifts.
PLANNING AND OTHER REGULATORY		
<ul style="list-style-type: none"> • Ethics statement. • Development assessment performance. 	<ul style="list-style-type: none"> • Formal pre-DA service. • Access via Council’s website. • Swimming pool safety information on Council’s website and reference to the DLG website. • Joint Authority Inspection Program. 	<ul style="list-style-type: none"> • Ensure the Strategic Land Use framework and associated policies align with the delivery of the commitments set out in the Community Strategic Plan. • Review DAC and DACDEL process and delegations.

BETTER PRACTICE	NOTEWORTHY	AREAS FOR DEVELOPMENT
PLANNING AND OTHER REGULATORY (cont)		
		<ul style="list-style-type: none"> • Consider adoption of a local approvals policy. • Use the ICAC development assessment internal audit tool in relation to its DA processes. • Consider adopting a policy on fixed development consent levies. • Adopt a proactive program for monitoring compliance re environmental issues. • Adopt a compliance program for operations re public health legislation. • Adopt a parking priority policy. • Adopt a waste management strategy.
ASSET AND FINANCIAL MANAGEMENT		
<ul style="list-style-type: none"> • Strategic Process Property Management 	<ul style="list-style-type: none"> • Strategic approach adopted. 	<ul style="list-style-type: none"> • Restore the level of Available Working Capital. • Address effective expenditure of income raised by Special Rate Variation. • Ensure all required asset maintenance is covered in its Resourcing Strategy. • Infrastructure renewal – Council to be mindful and proactive in this regard.

BETTER PRACTICE	NOTEWORTHY	AREAS FOR DEVELOPMENT
COMMUNITY AND CONSULTATION		
<ul style="list-style-type: none"> • Hurstville City Council Social Plan 2009-2011. • Jack High Child Care Centre co-locates several children’s services. • Hurstville Library Museum and Gallery operates as a centre of cultural excellence. 	<ul style="list-style-type: none"> • Makes available a range of interpreting and translation services. • Economic development is a recognised strategic program coordinated by Council’s Place Manager. 	<ul style="list-style-type: none"> • Adopt an Ageing Strategy to respond to the needs of its rapidly expanding aged population.
WORKFORCE RELATIONS		
<ul style="list-style-type: none"> • Customised leadership program – Lead for Success. • Council has an Excellence Awards scheme. • Occupational Health and Safety. • The 2008 Your Voice Your Say (employee opinion survey) indicates employees believed Council had significantly improved since 2006. 	<ul style="list-style-type: none"> • The Commitment to Collaboration Consortium – this partnership with Wollongong University encourages ongoing staff development. 	<ul style="list-style-type: none"> • Finalise and implement its Workforce Strategy. • Suggestions have been made to improve Council’s Secondary Employment Management Guideline.

PART I. BACKGROUND

1. ABOUT THE REVIEW

1.1 Review objectives

Promoting Better Practice Reviews have a number of objectives. The objectives include generating momentum for a culture of continuous improvement and the promotion of good governance and ethical conduct. The reviews are designed to act as a "health check", giving confidence about what is being done well and helping to focus attention on key priorities.

1.2 Review process

The process involves a review team from the Department of Premier and Cabinet's Division of Local Government (the Division) evaluating the effectiveness and efficiency of the council's operations and giving feedback.

There are essentially five steps in a typical review - preparing, assessing, checking, analysing and reporting. The completion of a comprehensive self assessment checklist by the council is a key element in all PBP reviews.

The review team takes a risk based approach targeting its resources to areas identified as core matters to be examined as part of a PBP review and those matters considered to be important having regard to the circumstances of an individual council. It does not examine every aspect of a council's operations.

All reviews involve checking compliance with a range of statutory requirements, examining appropriate practices and ensuring that council has frameworks in place to monitor its performance. All reviews seek to identify better and noteworthy practices and areas requiring improvement or further development.

The review team examines local circumstances in order to understand the pressures on council and how the council has sought to manage that environment.

1.3 Review report

The scope of the review report is limited to documenting those areas the review team identified as:

- exceeding good practice (referred to as better practice)
- in need of improvement or further development
- otherwise noteworthy for the reasons detailed in the body of the report.

SIGNIFICANT OBSERVATIONS	DESCRIPTION
Better practice	<ul style="list-style-type: none"> • Beyond or above minimum compliance requirements and good practice indicators. • Innovative and/or very effective. • Contributes to continuous improvement within the sector.
In need of improvement or further development	<ul style="list-style-type: none"> • Does not satisfactorily meet minimum compliance and good practice indicators and may impact negatively on council operations. • Significant improvement initiatives that are in progress and which need to be continued.
Otherwise noteworthy	<ul style="list-style-type: none"> • May include successful initiatives which respond effectively to local circumstances or practice that is in other ways significant for the council/community. • Practice which in general exceeds good practice but may have some aspects that require fine tuning.

1.4 Hurstville City Council Review

Hurstville City Council was asked to complete a comprehensive checklist/questionnaire about key Council practices. Councillors were provided with a survey to complete in order to gauge their views and an invitation to meet with the review if they wished. One councillor completed the survey. The review team comprised of Caroline Egberts, Senior Investigations Officer and Chris Rowe, Acting Senior Investigations Officer. They examined these and a range of other source documents prior to visiting Council in order to gain a preliminary understanding of the circumstances of Council.

The on-site component of the review took place in early December 2010 and February 2011. The visits involved interviews with the Mayor, the General Manager,

a cross section of staff. Individual meetings were also held with six councillors. The review team also observed a Council meeting and reviewed a range documents, policies, procedures and systems at Council.

The draft review report was forwarded to Council on 30 May 2011 for its corporate response and the preparation of an action plan to implement the recommendations. Council's comments and completed action plan have been included in this report.

1.5 Implementation and monitoring of the recommendations of final report

The review team's overall assessment is that the Council appears to be generally performing well. Council appears to have structures and systems in place which means it has the capacity to implement and monitor the action plan that it has prepared. Therefore, the Division does not propose to monitor the implementation of the recommendations of this report. This responsibility will rest with the elected body and senior management of Council.

Some ways in which Council could facilitate the implementation of the recommendations and monitor progress include:

- Delegating the role of coordinating the implementation and monitoring of Council's PBP action plan to a nominated Council officer.
- Making the action plan and progress reports a standing item on the Executive Management Team.
- Providing Council with quarterly reports advising on the progress of implementing the PBP actions.

2. ABOUT THE COUNCIL AND THE AREA

2.1 Location and demographics

The city of Hurstville is located 15 kilometres south of the Sydney central business district and is close to Sydney Airport. The local government area of Hurstville covers an area of 23 square kilometres. It is bounded by Canterbury City in the north, Rockdale City in the east, the Kogarah Council area and the Georges River in the south and Salt Pan Creek in the west.

The original inhabitants of the Hurstville local government area (LGA) are the Cadigal and Bidjegal people. European settlement dates from 1804. Currently, Hurstville is one of the fastest growing regional centres within the Sydney metropolitan region. Its population rose by 11 per cent between 1996 and 2001.

The area has a number of major residential, shopping and commercial centres and around 26,000 dwellings that are home to a population of 79,648 (ABS Census 2009).

The City's population is culturally diverse with 37.5% of residents born overseas and 32.4% were born in non-English speaking countries. The most common countries of birth are China (10.9%) and Hong Kong (3.0%). Between 2001 and 2006, the overseas population increased by 12.0% or 3,217 persons. Indigenous people represented 0.5% of the total population.

The most common languages spoken at home other than English are Cantonese 10.8%, Mandarin 8.0%, Greek 4.9%, Arabic 4.0%, Macedonian 2.6% and Italian 1.8%. The population is ageing, with the proportion aged over 60 years or more at 20% compared to 16.7% for the Sydney region. (ABS Census 2006).

2.2 Local issues

The Hurstville central business district (CBD) contains significant commercial and retail space. It is the base for small to medium enterprise in sectors such as finance, insurance, property and medical services. State and Federal Government departments are also located in the CBD.

The LGA has 30,316 rateable properties. Of these, 15.0% were classified medium density (semi-detached dwellings, villas and townhouses) and 20.9% were high

density (flats and apartments) compared with 17.4% and 17.3% respectively in the Sydney Statistical Division. (ABS Census 2006)

In 2009 there were an estimated 37,998 employed persons in the Hurstville LGA and the unemployment rate was 5.6% compared to 4.5% at the same time in 2008 (Council data).

The CBD is the major public transport interchange for the St George region. Hurstville Railway Station is the fourth busiest metro station and about 80,000 passengers use the services every week. For the calendar years 2008 and 2009 there were 8,385,208 rail passenger entries and 9,941,932 exits. This represents an annual growth of 18.6%. (RailCorp data) A new Hurstville Transport and pedestrian access link is under construction and due for completion in the first half of 2011.

2.3 Current Council

Hurstville was incorporated as a municipality in March 1887 and was proclaimed a City on 25 November 1988. The Council consists of 12 Councillors who are popularly elected to represent three wards. The three wards are Peakhurst, Penshurst and Hurstville.

The Council has three standing Committees:

1. Finance, Property & Projects
2. Service Delivery, Child Care Policy and Senior Citizens Policy
3. Policy Planning, Environment and Master Plan Implementation

A Development Assessment Committee comprising the full Council considers development applications. Further, Council has a committee, which reviews senior staff performance.

As at 30 June 2010 Council employed approximately 331 full time equivalent staff. Council's organisational structure is described in more detail later in this report. In summary, it has three (3) operational groups (Administration, Service Delivery and Planning and Development) which support the Council's committee structure.

PART II. PLANNING A SUSTAINABLE FUTURE

This part of the review focussed on Council's strategic intent and how it has involved its communities and other stakeholders in developing long term strategic plans. The review assessed the clarity of Council's strategic direction, whether its plans reflect a shared and realistic vision and its overall approach to corporate planning. Monitoring and reporting progress to promote continuous improvement was also an integral consideration in regard to Council's performance in this area.

1.1 STRATEGIC PLANNING AND REPORTING

A new planning and reporting framework for NSW local government has been introduced to improve local councils' long term community planning and asset management as well as streamline reporting to the community.

The new framework aims to improve the sustainability of local communities by encouraging councils, residents and State agencies to work together on long term plans. The community strategic plan will be supported by a resourcing strategy comprising a long term financial strategy, asset management strategy and plans and workforce management strategy. The framework is set out in the following diagram.



1.2 HURSTVILLE CITY COUNCIL'S STRATEGIC POSITION

Hurstville City Council commenced a long term strategic planning process in 2001 well before the introduction of the planning and reporting framework. Hurstville City Council reports that it is on track with the development of its long term Community Strategic Plan and the Resourcing Strategy which is due for completion by 30 June 2011.

1.3 SIGNIFICANT OBSERVATIONS

1.3.1 Better practices

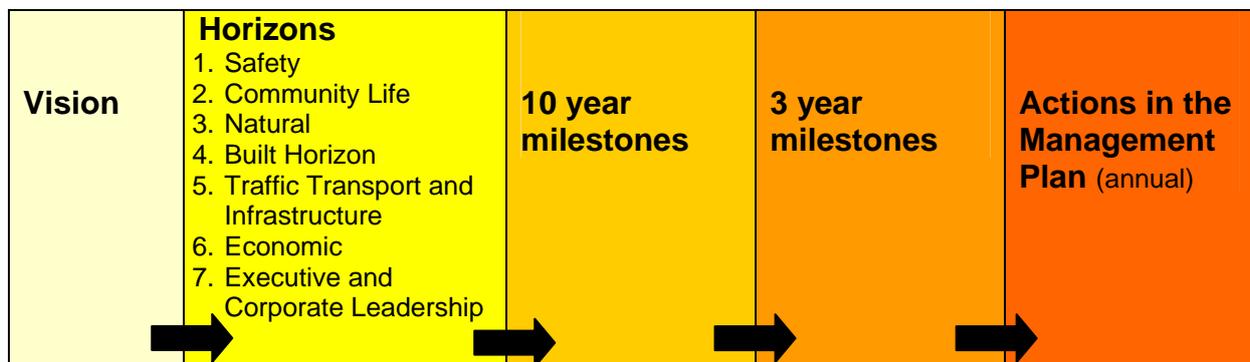
Hurstville Horizons 2004 - 2014 - strategic plan

The results of Council's strategic planning process are documented in *Hurstville Horizons 2004 - 2014* (the City's strategic plan for the future). The plan aims to achieve the following shared community and Council vision:

"Hurstville, a friendly, diverse and sustainable city built on an all embracing community spirit where we live, learn, work and play"

The vision is being delivered through seven (7) Horizon Programs which set out long, medium and short term goals in response to key issue areas. Progress towards reaching the goals set out in the Horizons is measured by ten (10) year and three (3) year milestones as well as actions in each year's management plan.

Diagram 2: How Horizons 2004-2014 works



The Horizon goals and milestones appear to be well integrated with Council's Management Plan and Annual Report. The Horizons document is easy to read and can be accessed on Council's website.

Council has also developed a project plan template which ensures that all projects contribute toward achieving one or more of its Horizons.

Work on the *Hurstville Community Strategic Plan 2021: Your Ideas, Your Vision* appears to be progressing well. At the time of the site visit Council advised that it was on track for releasing a draft plan for public comment in April 2011 and submitting the final plan to the Division by 30 June 2011 as required.

Community Engagement



To encourage the community, councillors and staff to be involved in guiding the development of a new vision and plan, Council developed a comprehensive *Community Engagement Plan* which appears to exceed minimum compliance requirements and good practice indicators in this area. In particular, it adopted the core values and principles of community engagement of the International Association for Public Participation (IAP2) model. Secondly, Council has combined traditional and innovative approaches to engaging with stakeholders as follows.

- *Previous engagements* – learning from past experiences in this area.
- *Survey stream* - surveys were conducted online, by telephone and in person (at community events and shopping centres) as well as councillor and community forums. It is worth noting that Council officers participated in carrying out these surveys at various community events and shopping centres. A number volunteered their time to do so.
- *Artistic stream* – Council is collaborating with the Museum of Contemporary Art to use artwork/theatre to creatively and innovatively reflect the aspirations and vision of the community. These works will help launch the draft plan at a community event. Actors will present key messages of the new plan to the community during the launch.

- *The web* - A dedicated section of Council's website provides a platform for ongoing communication of activities, updates on the plan and posting of documents.
- *Media Relations* - An active partnership between Council and the local media informs them of news items and opportunities for participation.
- *Translation* – Translation and interpretation services to community members of non-English speaking backgrounds has been made available throughout the process. In particular, this involved Council staff using their expertise in a community language to improve customer service.
- *Deliberative engagement forum* – This forum will test/validate actions and options in the draft plan before it goes on public exhibition.
- *Engagement with government agencies* – A targeted strategy referring to existing plans, policies and strategies has been used.

Review Team comment

The Division's records indicate that Hurstville Council's Community Strategic Plan has been received and it is considered to be of a high standard.

However, the Delivery Plan and Operational Plan have not been submitted. According to Council's interpretation of the *Local Government (Planning and Reporting) Amending Act 2009* the plans are not required until 30 June 2012. In the interim Council has prepared a Management Plan in the old style.

The Division (Integrated Planning and Reporting Team) is currently working with Council to clarify this misunderstanding.

Recommendation 1

Council should work with the Division of Local Government, Department of Premier and Cabinet toward meeting all of its integrated planning and reporting obligations under the Act and the Guidelines.

PART III. DELIVERING AND ACHIEVING

This part of the review focussed on examining key structures, systems and processes involved in delivering the stated outcomes of Hurstville's management plan. This included considering the means by which Council:

- governs its day to day operations;
- undertakes its planning and regulatory obligations;
- manages its assets and finances;
- involves the community; and
- recruits and retains its workforce.

As outlined earlier, the scope of this review report is limited to documenting those significant observations the review team identified as:

- exceeding good practice (referred to as better practice)
- in need of improvement or further development
- otherwise noteworthy for the reasons detailed in the body of the report.

Each of these categories is further described in Part I. Background.

1. GOVERNANCE

1.1 OVERVIEW

“Corporate governance refers to all the means by which entities are directed and controlled.” (Standards Australia, HB401-2004:12) Corporate governance is important because it enhances organisational performance; manages and minimises risks; increases the confidence of the community and the local government sector in the organisation; ensures that an organisation is meeting its legal and ethical obligations; and assists in the prevention and detection of dishonest or unethical behaviour.

1.1.1 Scope of review

- *Ethics and values*
- *Management planning*
- *Procurement, disposal & tendering*
- *Privacy management*
- *Code of conduct*
- *Communication devices*
- *Disclosure of pecuniary interests*
- *Risk management, legislative compliance and internal control*
- *Council's decision-making processes, including delegations and conduct of meetings*
- *Support for councillors*
- *Records management*
- *Access to information*
- *Complaints handling*
- *Information technology*

1.1.2 Overview of Hurstville City Council's governance practices

Overall, Hurstville City Council has many effective governance systems and processes in place to guide Council's operations as a whole. Council has established a position that is charged with the responsibility of overseeing corporate governance for the organisation. Recently it has committed to strengthening its internal controls by creating separate Internal Auditor and Ombudsman positions.

Council has also completed a Governance Health Check using the Local Government Managers Australia - NSW tool. The review team have suggested some improvements to build a stronger governance framework later in this section.

1.2 SIGNIFICANT OBSERVATIONS

1.2.1 Better practices

Councillor development and access to information

In 2009 Council received a Local Government Managers Australia Management Excellence Award for Governance Excellence in Local Government. The award specifically recognises Council's work in its Enabling Councillors for Fully-Informed Decision Making project.

The project delivered an extensive handbook, a series of workshops, e-learning induction modules and a web-based information portal, linked to Council's electronic business paper.

Council has policies and procedures in place in relation to access to information by councillors. The Councillor's Intranet or Portal provides councillors with direct access to a wide range of information and resources. Regular emails alert councillors to a range of information. A link to the councillor's Blackberry phones provides immediate notification about new information on the Portal.

1.2.2 Noteworthy practices

Values and business ethics

Council has set clear organisational values to guide councillors, staff and other Council officials on how to carry out their business. The values were developed in consultation with staff and councillors. The extent to which Council ensures that its values are visible, understood and practiced is above average. For example, the values are:

- Clearly displayed in posters at various work locations within Council, its intranet and on its website.
- Incorporated in Council's Lead for Success Program which is a leadership program for all supervisors and managers.
- Included in Council's position descriptions and the online induction program for staff.
- Provided in the councillors induction folder and via the online induction program for councillors.
- Linked to Council's Employee Excellence Awards.
- Included in a number of corporate documents such as the Management Plan and policies. The values are not however included in Council's Annual Report 2009-2010.

Of particular note, is that some of the officers who were interviewed as part of the review quoted these values or referred to their importance as part of their responses to our questions.

Recommendation 2

Council should include its values within the Annual Report.

Statement of Business Ethics

Council has also created a *Statement of Business Ethics* dated July 2010. The Statement sets out the minimum standards all parties are expected to meet when carrying out business with Council. This includes information about potential conflicts of interest as well as a summary of Council's Gifts and Benefits Policy. The document is well presented and easy to read. Readers are also made aware of relevant Council's policies such as the *Conflicts of Interest Policy*, *Code of Conduct*, *Code of Meeting Practice* and the *Local Government Act 1993*. The Statement is readily available on Council's website and appears to be included in all tender documents.

Expenses and facilities policy

Council adopted the Civic Office Expenses Policy (long title is "Policy for the Payment of Expenses and Provision of Facilities to the Mayor, Deputy Mayor and other Councillors") in August 2010. The primary purpose of the Policy is to ensure that there is accountability and transparency in the payment of allowances or reimbursement of expenses reasonably incurred or to be incurred by councillors. The Policy also ensures that the facilities provided to assist councillors to carry out their civic duties are adequate.

The Division has rated Hurstville City Council's Civic Office Expenses Policy as a 'Good' policy. It largely complies with the Act, regulations and the 2009 Guidelines on the payment of expenses and the provision of facilities for Mayors and Councillors in NSW.

Aspects of the policy that are good practice are:

- It is well structured and easy to follow.

- Clear and appropriate provisions, processes and templates for claiming/reconciling councillor expenses are included.
- The policy development, review and reporting processes are very good indicating a high level of transparency and accountability.
- Council considered public submissions made on the draft policy.
- The annual reporting in the 2008/09 Annual Report exactly accords with the requirements of the Regulation.

The only aspects of the Policy that do not comply are:

1. Council has elected to pay for some of the Mayor's private use of the Mayoral vehicle. Council claims it is for appropriate private use. In particular the policy excludes use for electioneering purposes). Section 252 of the Act requires that the amount representing any private benefit of a facility provided to a councillor may be deducted from a councillor's fees. The Guidelines clarify that where other than incidental private use occurs a payment should be made by the councillor to cover the cost of that private use. The Division notes that this is a cultural practice across the sector that is gradually changing. A recent review of 45 policies highlighted that a quarter of policies reviewed allow for private use by the Mayor of a council vehicle at no cost to the Mayor.
2. The Policy lacks a dispute resolution process that is a new requirement of the 2009 Guidelines (see Guidelines pp.6-7). However, it is noted that the policy does include the two other new requirements of the 2009 Guidelines and may simply have overlooked this one.

Addressing these factors would mean the Policy could be rated as 'very good' or 'better practice'.

Recommendation 3

Council should review its Civic Office Expenses Policy to ensure that it complies with all requirements of the Division's 2009 Guidelines on the Payment of Expenses and the Provision of Facilities for Mayors and Councillors in NSW.

1.2.3 Areas for further development

Council meetings

The review team attended Council's ordinary meeting held 24 November 2010. A number of better practices were observed as follows:

- The Agenda and Council business paper have a useful cover sheet which displays the layout of the Council chambers into the respective wards. The position of each councillor at the table is identified along with the council committee(s) he/she is a member of. The name and position of each Council officer sitting alongside of the Mayor are also listed. This is a handy reference for members of the community present in the gallery.
- Each report in the business paper appeared to have a clear and consistent structure. This includes name and position of the author, relevant file number, reason for the report, policy and financial implications. This is good practice which could be further enhanced through integration with Council's strategic plan Horizons 2004 - 2014. The author could identify which Horizon the report relates to. From 1 July 2011 the reports should be linked to the relevant section of the Community Strategic Plan.
- Three large screens display reference details pertaining to each report under consideration. Motions being debated and subsequently resolved are also clearly visible to councillors, officers and members of the gallery thereby enhancing transparent communication.

The review team noted that a Mayoral Minute about councillor behaviour at Council meetings was considered early in the meeting. Despite this, the following unacceptable conduct was observed during the meeting:

- One councillor made a racist comment which was easily heard by the gallery.
- A number of discussions occurred between individual councillors which were disruptive to the proceedings.
- Another councillor left their seat on a number of occasions to interact loudly with some gallery members.

- Some councillors were overly focussed on their telephones rather than the meeting. One councillor left their seat several times to show another councillor something on their telephone screen.

There appeared to be some evidence of caucusing. The use of this practice was later confirmed by some councillors. Binding caucus votes on matters is inconsistent with the obligation of each councillor to consider the merits of the matter before them. Political group meetings must not be used to decide how councillors should vote on matters like development applications where there are specific statutory considerations for each decision-maker to consider. For more information, refer to section 4.2C of the Code of Conduct Guidelines.

The review team also noted inconsistency in the meeting procedure adopted by Council. An example of this was in relation to Council acting essentially as committee of whole without moving into such.

The review team was also advised that Council meetings are often long in duration, with many meetings finishing close to midnight. The Team was advised this is because planning matters and Questions On Notice dominate with meetings “*getting bogged down in detail or operational matters*”.

Council has a Code of Meeting Practice which has been recently amended. Council must be mindful to comply with the relevant sections of the Act when amending and adopting its Code.

Recommendation 4

Council should have regard to the requirements of the Act, Regulation, Code of Meeting Practice and Code of Conduct regarding practice and procedure at Council meetings.

Council's response

- a) **EBP** [Electronic Business Paper] templates to be amended to include a link to the relevant pillars of Council's Community Strategic Plan.
- b) **Training** As noted in the review Councillors were provided hardcopy material, attended an in-house training session on Governance and most Councillors attended the voluntary Induction program organised by the DLG. Unless training is made mandatory at least once or twice a term, Councillors may become lax in their compliance with meeting protocols and procedures. Additional training will be made available for all Councillors and for the Chair, as required.
- c) **Code of Meeting Practice** was recently amended by including a 'Note'. The Code specifically states Notes do not form part of the Code.
- d) **Length of Council Meetings** Of the 16 meetings held in 2010 and to June 2011 10 finished before 10:30pm and a further two before 11:30pm. The majority have finished within 3 ½ hours which is not considered to be unreasonable given the amount of business Council's must consider.

Review Team Comment

Noted.

Policy register

Council's website explains "*Hurstville City Council makes decisions based on its Policies and Codes. Policies and Codes are approved by Council. Administration Policies (previously referred to as Management Guidelines) are approved by the General Manager.*" While Council has some policies and codes available online the list is by no means exhaustive.

On 1 July 2010 the *Government Information (Public Access) Act 2009* known as the GIPA Act, replaced the *Freedom of Information Act 1989* and the right to document access and publication requirements of section 12 of the *Local Government Act 1993*.

The GIPA Act introduces a new right to information system that is focused on making government information more readily available. This means that information will generally be released unless there is an overriding public interest against disclosure.

To comply with the new legislation, Council has determined which of its policies and codes are publicly accessible. All of these documents are being transferred into its TRIM computer program to then enable website publication.

As part of this review a number of Council's codes and policies were examined. Many contained a detailed document status and version control. This provides the reader with information about the author, whether it has been approved and when, relevant Council meeting references, related documents and a change or review history. Some policies and procedures did not contain such information.

It was evident that most documents are reviewed regularly. For instance, Council resolutions regarding existing and new policies are referred to the responsible officer by the Manager, Governance. Where relevant, new administrative policies or those under review, are generally discussed at a meeting of managers and supervisors (HCC Management Group). The policies are then considered by the executive team prior to submission to the General Manager for approval.

Recommendation 5

Council should ensure all of its policies, codes and guideline documents contain a consistent document status and version control.

Council's response

Under the GIPA Act Council is only required to place Open Access Policies on its website subject to technology and as resources allow. Council has a program in place to review outdated, superseded by legislation and other irrelevant documents for deletion before more relevant Policies which have an affect on the community are transferred to a suitable technology platform for uploading to the Council's website. Although the priority is high it is subject to resources given Council's many other competing demands/priorities. The main policies and codes are listed on the website and all other policies are available for viewing by the public if requested.

Review team comment

Noted. However, by reference to section 6 (2) of the GIPA Act in the interim Council must make open access information publicly available.

Recommendation 6

Council should finish transferring its publicly available policies, codes and other documents to its website and ensure it has a mechanism to keep this information up to date.

Code of Conduct

The Council's code of conduct adopted under the Act is important because it assists councillors and Council staff to understand the standards of conduct that are expected of them.

Council's code of conduct is based on the Model Code of Conduct for Local Government in NSW.

It was initially adopted on 23 July 2008 with the most recent version being adopted on 26 August 2009.

A copy of the code is forwarded with all offers of employment to prospective staff members. All new staff are required to read the document and sign a declaration at induction that they will abide by its terms and conditions. The compulsory induction session also covers key principles of the code.

Councillors were issued a copy of the code at Councillor Induction Sessions held on 20 and 27 September 2008.

The Model Code provides the minimum standard regarding the handling of code of conduct complaints. However, it may not necessarily address all the potential matters that each individual council may need to consider when adopting its own code, having regard to the particular local circumstances of the Council. A range of additional matters are also canvassed in the Code of Conduct Guidelines (published by the former Department of Local Government).

Recommendation 7

Council should consider reviewing its code of conduct to identify any supplementary provisions which may respond to particular local circumstances and any relevant issues canvassed in the Guidelines for the Model Code of Conduct for Local Councils in NSW, Department of Local Government 2008

Council's response

It is noted the DLG released a discussion paper on 1 June 2011 on a review of the Model Code of Conduct. Council will consider the issues raised in the paper when it is reviewing its Code (the Model Code) when considering the inclusion of any supplementary local provisions.

Review team comment

Noted.

Gifts and Benefits

In the past (ie before the present Council and General Manager), there appears to have been issues concerning Council's Gifts and Benefits Register. It is noted however, that Council has undertaken considerable development in this area.

Council has developed a:

- (a) Gifts and Benefits Policy;
- (b) Gifts and Benefits Procedures; and
- (c) Gifts and Benefits register.

Gifts and Benefits are also referred to at Clause 8.1 to 8.6 of Council's adopted Code of Conduct.

Council's Gifts and Benefits Policy was adopted on 25 July 2007. The Procedures are included in that Policy.

The Policy was last reviewed by Council's Internal Auditor/Ombudsman in late 2009 by including a section from Council's Code of Conduct relating to '*personal benefit*'.

However, it appears the amended Policy has not been formally adopted by Council.

From a practical perspective, while not essential, it is noted that Council records all gifts and benefits, even if of a token value or less (determined to be <\$50.00).

Councillors and staff should be mindful of the gift-giving relationship and the 'public perception' before deciding if it is appropriate to accept a gift or benefit. With that in mind, Councillors and staff are reminded that they must not accept any gift of more than token value. However, if a gift cannot reasonably be refused or returned, Councillors and staff should disclose it promptly to Council's General Manager or the Mayor (in case of the General Manager).

Councillors and employees should all have regard to clause 8.4 of Council's code of conduct which states:

'Where you receive a gift or benefit of more than token value, that cannot reasonably be refused or returned, this must be disclosed promptly to your supervisor, the Mayor or General Manager. The recipient, supervisor, Mayor or General Manager must ensure that any gifts or benefits of more than token value that are received are recorded in a Gifts Register. The gift or benefit must be surrendered to Council, unless the nature of the gift or benefit makes this impractical.'

It appears both Councillors and staff have been diligent in relation to their obligations concerning the registering of gifts and benefits. However, the Gifts and Benefits Register indicates that a number of gifts and benefits received by Councillors and/or staff above a token value were kept. It is not apparent whether these were approved by Council as required by its Policy. It may be the case that they were approved by the General Manager under delegated authority. In any event, it appears that this practice is contrary to Council's code of conduct and the Model Code. Accepting and retaining gifts and benefits over a token value should be the exception rather than the rule. In practice, however, it appears the opposite occurs at Hurstville Council as nearly all gifts were retained with approval of the General Manager.

Such a practice is contrary to the Model Code of Conduct. Further guidance on this subject is covered by the Managing Gifts and Benefits in the Public Sector – Toolkit produced by the Independent Commission Against Corruption (ICAC). This resource has been developed to help NSW public sector agencies and local councils to

develop, update and implement their gifts and benefits policy and procedures for reporting and managing gifts and benefits. The resource offers advice and guidance for developing policy, communication and training about the policy and an on-line reporting and management tool.

Recommendation 8

Council should formally adopt its Gifts and Benefits Policy.

Recommendation 9

Council should be guided by its Code of Conduct, the Model Code and the Managing Gifts and Benefits in the Public Sector – Toolkit to more appropriately handle gifts and benefits of a greater than token value that have been received and declared by councillors or staff.

Council's response

Council's Gifts and Benefits Policy will be referred to Council for adoption in July 2011. The Policy was strengthened regarding gifts and benefits over a token value

Review team comment

Noted.

Disclosure of Pecuniary Interests

All returns of Councillors and the General Manager (s449) were reviewed. While we did not test their accuracy, we noted that all returns appear to have been lodged by the required dates and all the required sections of the returns appear to have been completed.

It is concerning that some Councillors appear not to have completed their returns to the required standard.

Examples such as:

- Failing to include the period to which the Return refers.
- Incorrect recording of Nature of Interest concerning Real Property.
- Failure to record Rental Income as Income.

- Failure to record Councillor Fees as Income.
- Recording debts owed to financial institutions (eg mortgages etc) (see Clause 190 of the Local Government (General) Regulation 2005).
- Recording interests of spouse where not required. For example, as beneficiary and executor of will.

Further, it was noted that Council did not on all occasions record the date the Return was filed.

Recommendation 10

Councillors need to be mindful to complete their Disclosure of Interests return (s449) to the required standard by referring to the Division's Self Help Guide For The Completion of Returns Disclosing Interests.

Recommendation 11

Upon receipt of each Disclosure of Interests return received from a councillor or designated staff, the date lodged should be recorded before filing.

Risk Management

Risk management is about the systematic identification, analysis, evaluation, control and monitoring of risks. While risk cannot be entirely eliminated, councils should aim to establish a risk aware culture and to continually work towards establishing structures, processes and controls that can effectively reduce the council's risk profile and thereby protect the interests of the council, the public and other key stakeholders. There should be a balance between the cost of managing risk and the benefits expected from engaging in an activity that has inherent risks.

Council does not have a risk management plan that addresses all key business risks facing council.

It appears Council has a Risk Management Policy, however it has not finalised its Risk Management Strategy. That document is still in draft form and is still being developed.

Plans identifying and managing risks at the section level are in the process of being developed. These plans are prepared at section level and reviewed by the Director of the area.

Council has not assigned responsibility across the organisation for implementation of the Risk Management Plan. However, Line Managers and supervisors are responsible for Risk Management during all projects and tasks.

Council monitors risk management from an Occupational Health and Safety (OH&S) perspective with the Executive Committee considering a quarterly report provided to it by the OH&S Coordinator.

Recommendation 12

Council should ensure that a Risk Management Plan is finalised and implemented as soon as practicable.

Fraud Control

Fraud is defined as "*dishonestly obtaining a benefit by deception or other means and includes both tangible and intangible benefits*" (Commonwealth Fraud Control Guidelines).

Council has not yet prepared and adopted a fraud and corruption prevention control policy that is linked to the Council's Risk Management Plan. A draft policy was prepared in 2007, but has not been adopted.

Council has not undertaken a systematic fraud risk assessment. The Australian Auditing Standard 210 (AIS210) requires all external auditors to obtain a written representation from management that the organisation has systems to deal with fraud risks.

Recommendation 13

Council should ensure a Fraud Control Policy is finalised and implemented as soon as possible. The Policy should:

- *be linked to Council's Risk Management Plan,*
- *ensure fraud risk assessments of the core areas of organisational risk are undertaken and that these are managed in a manner which limits exposure to fraudulent and corrupt activities.*

Business Continuity

Recent events/natural disasters both locally, nationally and internationally illustrate the importance of having an effective business continuity plan.

Simply put, such a plan provides the framework, structure and direction a Council will adopt and operate under in the event of a disaster.

Council has prepared a business continuity plan to manage the impact of adverse events on its operations. While it does not appear the plan has been formally adopted by Council, it was presented and reviewed at the Hurstville City Council Management Group (HCCMG) on 1 September 2010 with the draft Business Continuity Template.

Council also advised that:

- A Core Services Priority Listing for the Business Continuity Plan was developed and reviewed by the HCCMG on 27 October 2010.
- The documents and the Section Business Continuity Plan template were considered and approved by the Executive Committee on 17 November 2010.

Recommendation 14

Council formally adopt its draft Business Continuity Plan.

Internal Audit

Having an Internal audit function is important for the following reasons:

- it supports good internal governance;

- to ensure consistency with other levels of government;
- to improve the effectiveness of risk management, control and governance processes;
- helps to instill public confidence in an organisation's ability to operate effectively.

Council has been slow to consider and implement the Internal Audit Guidelines, which were issued by the former Department of Local Government in October 2008 and updated by the Division of Local Government, Department of Premier and Cabinet in September 2010.

Previously, Council employed one person to undertake the role of Internal Auditor/Ombudsman. In that capacity, the incumbent answered or reported to the General Manager in both roles. However, it is noted that the roles have now been split. That means there will now be an Internal Ombudsman and an Internal Auditor. The role of Internal Auditor has recently been advertised.

The Internal Auditor's role encompasses the areas of internal control, risk and governance. Typically the role's scope includes some or all of the following areas:

- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations and resource usage;
- Safeguarding of assets;
- Compliance with laws, regulations, policies, procedures and contracts;
- Adequacy and effectiveness of the risk management framework.

The Internal Ombudsman's role typically includes:

- Corruption prevention by providing induction and ongoing training for staff in regard to Council's adopted code of conduct;
- Providing probity and ethical advice to councillors, General Manager and staff;
- Assisting in the development and improvement of Council procedures and policies;

- The oversight of Council's risk management strategies; and
- The investigation of complaints referred by the General Manager.

The commitment of full-time staff resources to these functions demonstrates that the Council recognises the importance of good governance and the need for proper resourcing of it. In making this observation, it should be noted that the review team is not commenting or otherwise on Council's decision to appoint an internal ombudsman.

While Council has advised of its intention to establish an Audit Committee, it has not finalised the process.

Council does not appear to have an Internal Audit Program. While Council appears to be committed to establishing an Internal Audit Program its development has not progressed beyond the strategic or planning stage. Council has advised that this issue will be addressed when an Internal Auditor is employed.

Council is yet to establish an Audit Committee to guide/monitor the future internal reviews within the organisation, as well as other aspects of governance and compliance, etc. It is essential that Council establish a three year (3) ongoing strategic Internal Audit Plan as part of the internal audit process which is linked to its Risk Management Plan.

Reports from internal audits undertaken should be presented to the Audit Committee to assess the findings and recommendations, seek comment from Council before acceptance and monitor the implementation of the recommendations.

Council should consider the DLG '*Guidelines for Internal Audit*' in terms of the membership composition and the functions of the Audit Committee. The appointment of independent external members, including the Chair, should also be given due consideration to ensure that Council benefits from the input of independent professionals as well as the appointed councillors.

Recommendation 15

*Council should establish an Audit Committee consistent with the DLG '*Guidelines for Internal Audit*' and establish a three year (3) ongoing strategic internal audit plan.*

Council's response

Council's Audit Committee was established having regard to the DLG Guidelines and actually met on 30 May 2011 endorsing the Audit Committee Charter and Internal Audit Charter. The Audit Program for 2011-12 has also been endorsed by the Committee. The Internal Auditor commenced duties on 2 May 2011 and a 3 year Strategic Internal Audit Plan (Audit Universe) has also been developed and endorsed by the Audit Committee. A report of the inaugural meeting of the Audit Committee including plans were submitted to Council on 22 June and were adopted.

Review team comment

Noted.

Legislative Compliance

Councils are required to comply with a large number of pieces of legislation. Previously (until approximately 12 months ago), Council does not appear to have a system whereby all relevant employees are made aware of their obligations and promptly advise them of amendments to legislation or regulations as they occur.

Council is currently trialing the use of SAI Global Legislative Alerts to ensure it is aware of legislative amendments as they commence.

This of itself though does not necessarily ensure Council's legislative and regulatory obligations are met. Nor does it ensure there is a system in place to train and resource staff to identify and respond to changes to legislation affecting Council.

Recommendation 16

Council should establish an ongoing system/procedure for ensuring it is aware of changing legislation and complies with all of its legislative obligations.

Procurement, Disposal and Tendering

Councils should regularly review and analyse potential risk exposure within their procurement and disposal practices. This needs to be done to minimise financial loss through non-compliance. A risk analysis should be undertaken every two years as part of the internal audit program.

Council has a document entitled 'Asset Procedure - Acquisitions and Disposal.' That document appears to have been drafted on or about 02 September 2010. It does not appear that the document has been formally adopted by Council. With that in mind, at best, it can be said Council has a draft version of an Assets - Acquisition and Disposal Policy.

The adoption, implementation and monitoring of such a policy (that includes such information) is integral to the minimisation of risk.

Council's Procurement Policy was adopted at its Council meeting on 25 August 2010.

Council's Procurement Procedures appear to be in draft form and as such do not appear to have been formally adopted by Council. It is intended that the Procedures be read in conjunction with the Procurement Policy.

It is recommended the document also include a paragraph advising that where it is proposed a contract may be in the vicinity of \$150,000 and has the potential to exceed that threshold figure, it may be appropriate from a probity, transparency and public interest perspective that Council consider tendering.

Contract Management is undertaken by individual Managers by reference to the terms of the individual contract. There does not presently appear to be a Register of Contracts. This is because the present system (Civic View) does not evidently have the capacity to store such data.

Council has a contract management module in its new IT system (Tech 1). The platform of Tech 1 (Contract Management) will be rolled out in phase 1 of it becoming 'live'.

Recommendation 17

Council finalise and formally adopt its draft Assets - Acquisition and Disposal Policy.

Recommendation 18

Council should finalise and formally adopt its Procurement Procedures.

Council's response

Procurement procedures were approved by the Director Administration on 1 February 2011 to support the adopted Procurement Policy. Procedures state contracts with a value of \$150K over the life of the contract must be tendered. Both policy and procedures are on Council's Intranet and the Policy is on Council's website.

Review team comment

Noted.

Councillor Induction and Ongoing Training

Councillors had the opportunity to attend Councillor Induction Workshops on 20 and 27 September, 8 and 11 October 2008 held by Council as well as workshops provided by the Division of Local Government.

Councillors were provided with a folder entitled '*Hurstville City Council Councillors Handbook 2008*'. The Handbook provides a very detailed and helpful reference tool to assist Councillors understand their role and perform their duties. It provides summaries on a range of issues including:

- Roles
- Other Agencies
- Disclosure
- Codes
- Policies
- Plan/Budget
- Records
- Sister cities
- Circulars

The review team spoke with a number of councillors when on site. It was apparent that some did not fully understand their role in relation to, for example, the re-appointment of a Director already employed by Council. It was apparent that some appeared to believe it was the role of Council or a committee of councillors to advise the General Manager whether to renew a contract and on what terms. The knowledge and ability of Councillors to correctly participate in meeting procedure was also not up to the requisite standard (discussed previously in this report).

It is of concern that given the information already provided by way of the Handbook and other forms of training, that some Councillors do not appear to fully understand their role.

Recommendation 19

Councillors should re-acquaint themselves with a detailed understanding as to their role using the resources provided by both Council and those available on the Division of Local Government website.

Council's response

Councillors continue to be offered an opportunity to attend LGSA learning courses on all matters which would include Roles of Councillors and meeting procedures. Councillors' 2012 Handbook will be strengthened in relation to meeting protocols and procedures and additional training will be provided to all Councillors during Council's 2012 Induction Program.

Review team comment

Noted.

Campaign Donations

The requirements for disclosure of political donations and gifts under the *Local Government Act 1993* and the *Environmental Planning and Assessment Act 1979* are slightly different.

Section 328A of the *Local Government Act 1993* requires the general manager of each local council to keep a register of all current donations and expenditure

declarations lodged by councillors with the Election Funding Authority of NSW. This commenced on 1 October 2008.

The *Environmental Planning and Assessment Act 1979* (EP&A Act) was also amended in 2008 by requiring the disclosure of relevant political donations or gifts when planning or development applications are made to minimise any perception of undue influence. The relevant sections also commenced on 1 October 2008.

Under the EP&A Act, such disclosures or reportable political donations and gifts are to be made within 14 days by the disclosure being placed on a website maintained by the council.

While Council has an internal register that contains a number of files with references to disclosure statements regarding political donations and gifts, no such register is evident on Council's website.

Regarding Council's Political Donations Register, Council's website states:

- *Political Donations Register - This Register is currently in development for web publication*

The same response appears on Council's website concerning its obligations under the EP&A Act:

- *Voting Register - This Register is currently in development for web publication*

It is concerning that at the time of the review, it appeared that Council had not complied with its obligations concerning political donation disclosures.

Recommendation 20

Council should as a matter of priority comply with its obligations concerning political donations and gifts.

Council's response

Recommendation 20 – Council acknowledges the different requirements in the legislation between the Local Government Act, the Environmental Planning and Assessment Act and the Election Funding, Expenditure and Disclosures Act regarding declaration of political donations. The DLG by Circular 08-45 advises that by providing a link to the Election Funding Authorities (EFA) website Councils satisfy section 328A of the Local Government Act. In this regard, at the time of the review, Council provided a link to the EFA under its Planning and Development section of its website. It is noted that Council's Access to Information page on its website had not been updated to reflect the current status of its registers and this has since been rectified.

Council should have a register developed within 6 months for declarations lodged with Council as required under section 147 (12) of the Environmental Planning and Assessment Act. Council now has a voting register which is available to the public as required.

Review team comment

It is noted that Council's website now complies with both the *Local Government Act 1993* and also the *Environment Planning & Assessment Act 1979*. Recommendation 20 has been completed.

Managing the concerns of individual councillors

We noted that one councillor in particular has had significant concerns about the governance of Council.

We also discussed a number of issues with other councillors about, for example, Council's Code of Conduct and meeting procedure.

It is not the purpose of this review to examine and resolve the specific concerns raised by individual councillors. As mentioned, the objectives of this review include generating momentum for a culture of continuous improvement and the promotion of good governance and ethical conduct. The reviews are designed to act as a "health check", giving confidence about what is being done well and helping to focus attention on key priorities.

This review process and the recommendations in this report should prompt the councillors to reassess their overall concerns about Council.

Councillors are well placed to raise concerns about Council with their fellow councillors and Council's General Manager. However, having done so, councillors need to have proper regard to both the advice of the General Manager/senior staff and any decision of Council made in relation to those concerns.

All councillors must be mindful that their individual concerns do not adversely impact on the overall governance of Council and/or consume a disproportionate amount of limited Council resources. In this scenario, there clearly needs to be action on the part of the councillor, the other councillors and Council's senior staff to minimize potential negative impacts.

Councillors are referred to Recommendation 18 of this report. All councillors should re-acquaint themselves with a detailed understanding as to their role using the resources provided by both Council and those available on the Division of Local Government website. They are reminded to conduct themselves in a manner consistent to that required of them in the Act.

Council response to the Governance section

As the Division is aware Council made a decision over 18 months ago to replace its main core IT platforms due to the inability of those systems not being able to meet industry standards. The 1st stage is being implemented on 4 July and with the introduction of TechOne Council will be able to progress a number of matters highlighted during the review process.

Review team comment

Noted.

2. PLANNING AND OTHER REGULATORY FUNCTIONS

2.1 OVERVIEW

Council exercises regulatory functions in relation to a range of activities within its area. The efficiency and probity of Council's regulatory functions is important for effectively managing Council's responsibilities and for preserving public trust in Council and its staff. Regulation is important to achieve a wide range of social, economic and environmental goals.

2.1.1 Scope of review

A review was conducted of a range of aspects of Council's planning and regulatory practices, including:

- *Council's planning instruments and policies*
- *Development assessment*
- *Section 94 plans*
- *Companion animals*
- *Environmental management*
- *Compliance and enforcement practices*
- *Swimming pools*

2.1.2 Overview of land use planning, development assessment and regulatory practices

Hurstville City Council has a good planning and regulatory framework together with a commitment by Council and staff to meet community expectations and work towards best practice principles. In November 2007, Council appointed an external consultant to undertake a review of Council's development control system including the development assessment process (from pre-lodgement to occupation certification), other activities of the Directorate (environmental health and compliance) and also the organisational structure/staff positions, roles and responsibilities. The review team was advised that Council has implemented many of the suggested improvements.

2.2 SIGNIFICANT OBSERVATIONS

2.2.1 Better practices

Ethics - Staff

The review team was advised that:

- Each staff member in the Planning and Development Directorate agreed to adopt and follow a statement entitled *Our Ethics in the Assessment and Determination of Applications* which is published on Council's website;
- Procedures have been put in place to assess Council's own development applications. This is to ensure that robust, independent external assessment by consultant town planners and other experts takes place ensuring the highest levels of probity.

Development Assessment Performance

During 2008-2009 Council's performance in assessing development applications (DAs), benchmarked against all other Councils in NSW, has improved. Council (with 49 days turnaround time) was identified as the second best performer in the Sydney Metropolitan area.

Council advised it follows best practice development assessment principles, such principles being readily available on Council's website.

Waste Collection

Hurstville City Council commenced a new waste collection contract on 31 May, 2010 with WSN Environmental Solutions. This contract was the result of a lengthy joint tendering process with Kogarah and Rockdale Councils that delivered substantial environmental and financial savings to Council.

As a result of Council entering into the new waste collection contract, all eligible ratepayers in the local government area received a \$60 cheque prior to Christmas 2010. This represents a good example of a strategic regional alliance.

2.2.2 Noteworthy practices

Development Applications

It is noted Council has a formal pre-lodgment service for development applications with what appears to be extensive advice provided.

The review team was also advised that Council's DA checklist is very detailed and is updated constantly with the view of providing the appropriate level of guidance to applicants.

It is noted that development applications and documents that assist applicants and objectors can be accessed on Council's website.

Swimming Pool Safety:

It is noteworthy that Council promotes swimming pool safety. Its website provides very good advice and links about safety issues as well as links to relevant information on the Division of Local Government's website.

Council does not undertake mandatory inspections of residential pools.

While it is noted there is no legislative requirement for Council to implement mandatory inspections in relation to swimming pools, it has been recommended by the State Coroner that such a program be implemented.

Fire Safety:

It is noteworthy that Council provides a proactive Joint Authority Inspection Program with the NSW Licensing Police and the NSW Fire Brigade for high risk premises. Information about this is also provided on Council's website.

2.2.3 Areas for further development

Strategic

As stated earlier, Council is on track to complete its Community Strategic Plan and Resourcing Strategy by 30 June 2011. It appears that Council has the key elements of a strategic land use planning framework. For instance, Council adopted the Hurstville City Centre Concept Masterplan in December 2004.

Council advised by reference to its website that the Masterplan was developed in collaboration with the former NSW Government architect Mr Chris Johnson and contains design principles to improve the amenity of the City and reinforce its role as a regional centre for the St George Region.

The Master Plan identified a need for subsequent investigation and studies to further develop and implement its principles and this work is being undertaken as part of reviewing and developing new planning controls for the City Centre.

Council resolved to forward the draft Hurstville LEP (Hurstville City Centre) 2010 to the Department of Planning and Infrastructure on 18 August 2010, accompanied by a request that it be endorsed for public exhibition.

The Department declined to endorse the public exhibition of the draft LEP in its current form, pending further integrated land use and transport investigations, specifically the preparation of a Transport Management and Accessibility Plan (TMAP). Council made a submission seeking funding assistance for the TMAP from the NSW Department of Planning and Infrastructure under the LEP Acceleration Fund. Funding was subsequently offered subject to conditions. Council is currently reviewing the conditional funding offer.

The draft City Centre LEP (and associated draft City Centre DCP and draft update of the City Centre Masterplan) can only be placed on public exhibition once the NSW Department of Planning and Infrastructure has issued a Certificate to exhibit the draft LEP.

Council does not have an overall urban strategy document. A robust land use planning framework is vital to Council's delivery of its Community Strategic Plan.

Hurstville City Council is currently preparing a Comprehensive LEP for Hurstville City, which aligns with standards set by the NSW Government.

Council's Comprehensive LEP (Draft Hurstville LEP 2011) will replace Hurstville LEP 1994 and address the targets and objectives for Hurstville City that are set out in the NSW Government's Sydney Metropolitan Strategy and Draft South Sub-regional Strategy.

The Draft Hurstville LEP 2011 excludes land identified as the Hurstville City Centre.

On 24 November 2010, Council resolved to forward the Draft Hurstville LEP 2011 to the NSW Department of Planning and Infrastructure accompanied by a request that it be endorsed for public exhibition.

Council advised by reference to its website that it is anticipated that the Draft Hurstville LEP 2011 will be publicly exhibited when authorisation from the NSW Department of Planning and Infrastructure is received.

The plan is expected to be finalised/gazetted in mid to late 2011, subject to the approval of the NSW Minister for Planning and Infrastructure.

Recommendation 21

Council should continue to build its strategic land use framework and associated policies in order to maximise Council's capacity to deliver the commitments set out in its Community Strategic Plan.

Determination of development applications (DAs)

Council appears to have two (2) decision-making processes in relation to the determination of development applications (DAs) as outlined below.

1. Development applications can be dealt with under staff delegation under delegated authority with no involvement from Council Committees, Councillors or the like.
2. Development applications can be determined by the Development Assessment Committee (DAC) consisting of all councillors.

Council advises that the criteria/triggers for referring a DA to the DAC are:

- Those applications which in the opinion of the senior staff would be most likely to attract wide spread community interest (positive or negative), for example: Sex Service Premises, Extended Trading Hours for Licensed Premises, Places of Worship, traffic generating developments etc. There is usually a strong correlation between such applications and the “formalised” triggers outlined below which would require the applications to be dealt with by the development assessment committee anyway.

- Those with non-compliances other than ‘minor’ non-compliances go directly to DAC (rule of thumb - variations greater than 10% all go to DAC).
- Those with substantiated objections go directly to DAC.

Council also has a “DACDEL Process”. Development applications with minor non-compliances and unsubstantiated objections (as a rule of thumb) may go through this process. It is understood that planning staff undertake an assessment of the DA and prepare an abbreviated report whilst satisfying all essential assessment criteria for the consideration of Councillors. These applications go through this ‘quasi’ screening process by Councillors and if there are no objections by any Councillor the staff “sign off” under their delegated authority.

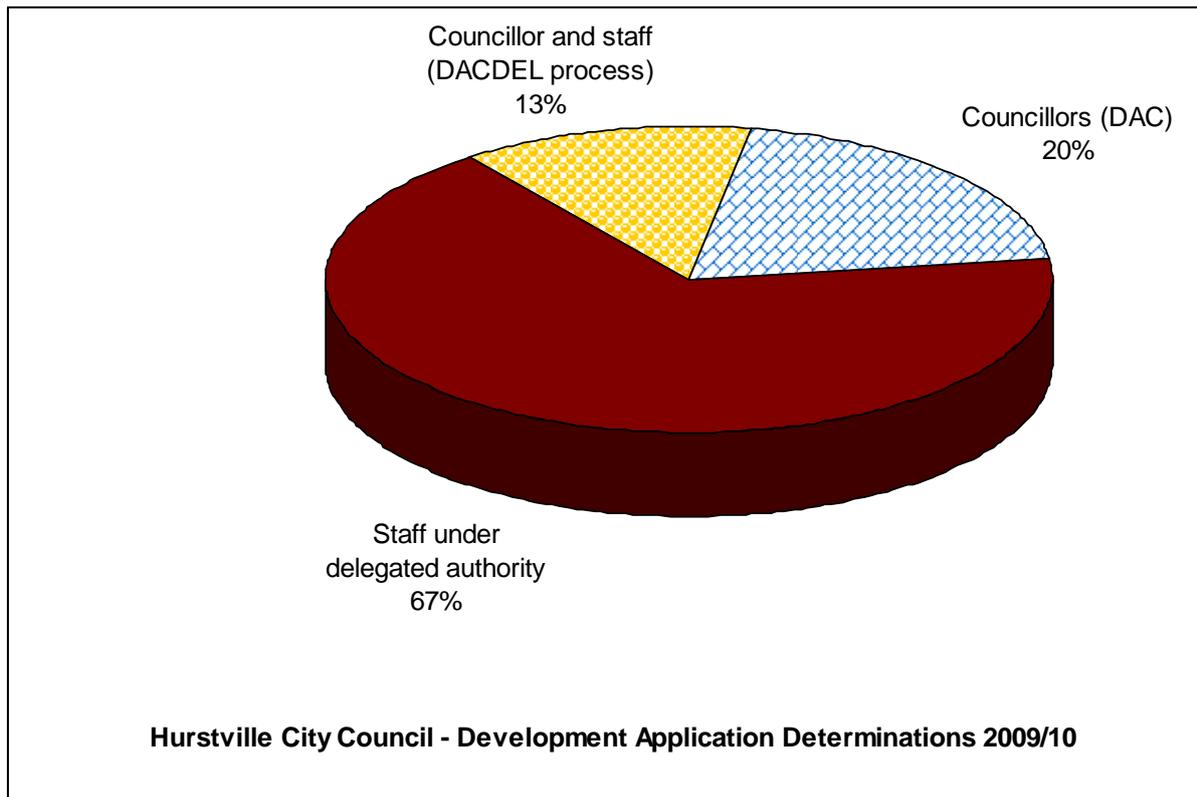
During 2009-2010 *“Councillors determined 4% of DAs state-wide while Council staff determined 96%”¹*.

During this period Hurstville Council received a total of 525 applications (excluding tree applications and Complying Development Certificates). Council staff² determined 80% (422) of these applications (under delegated authority and delegation via the “DACDEL process”) compared to the 96% state average. Councillors (as part of the DAC) determined the remaining 20% (103). This is approximately five (5) times greater than the state average.

While technically the applications determined through the DACDEL process fall within the definition of DAs determined by staff (13% of all applications), councillors are heavily involved in their consideration/determination. Add this figure to the 20% of DAC determinations (i.e. determined solely by councillors) and the percentage of applications with councillor involvement increases to approximately 33%. In real terms, it appears that Hurstville councillors are involved in approximately 8 to 9 times the number of applications than the state average.

¹ Performance Monitoring Report 2009-2010 Department of Planning.

² “Using the NSW Department of Planning’s Data Fields Letter for the Local Performance Monitoring Program 2009-2010, staff means: *“Staff (individual, staff committee or council certifier for Complying Development Certificates)”*.”



Councillors should not be intricately involved in the technical detail of DAs. Currently Council’s “DACDEL process” allows Councillors to request that a DACDEL item be referred to DAC and they must give their reasons for doing so. The process appears to provide the opportunity for councillors to interfere in assessment of DAs and then refer them back to staff to “sign off”. Should this occur, the lines of accountability may be become blurred and result in staff potentially having to compromise their professional opinion. Overall, this may impinge on their ability to independently exercise their delegated authority without influence. Finally, the process appears to reflect a lack of trust by councillors in the ability of Council staff.

Councillors can “call up” a DA for consideration and determination by the DAC using the criteria/triggers outlined above. All other DAs must be dealt with by staff under delegated authority.

It is acknowledged that officers recommendation in DACDEL reports are not changed before they go to DAC. The report is expanded to include other non-essential assessment criteria.

However, the review team is of the view that it is inappropriate for councillors to be involved via the DAC and the “DACDEL process” for the following reasons:

- The Act separates the roles of the councillors and the staff. Councillors exercise a determinative role. Staff members exercise an operational role.
- Council employs a range of qualified staff, including town planners, engineers, environmental and other specialists, whose task is to assess and report on development applications. Importantly each group brings its own discrete professional skills and experience to bear on issues emerging from development applications.
- Ultimately, this technical advice is combined into a report that forms the basis of consideration in the determination process. The sum of their consideration is contained in recommendations as to how the application should be dealt with.
- At its simplest, the recommendation may advise how the matters should be dealt with. More commonly the recommendation also provides for the conditions upon which consent is to be given. Ultimately, the staff report provides the technical and legal parameters in which Council can determine the matter. These should not be compromised.
- Councillor involvement in the determination of individual development applications may occur at the expense of strategic decision making and clear policy direction.
- In some instances the process requires staff to prepare a brief report to the DACDEL and then a further report to the DAC. While this may only involve adding non essential assessment criteria to the report, this appears to result in unnecessary additional effort
- Councillors must also be mindful about potential corruption risks. The ICAC publication *Corruption risks in the NSW development approval processes* provides more information about this issue.
- A potential risk of the DACDEL process is that any direction to staff may also be in breach of section 352 of the Act. This provides: *A member of staff of a council is not subject to direction by the council or by a councillor as to the content of any advice or recommendation made by the member.*

Therefore, Council should cease using the DACDEL process. It would be more appropriate to establish a Development Assessment Panel as used by a number of other NSW councils. These Panels exercise a number of roles including the review of staff reports for council meetings and the determination of certain development applications subject to agreed criteria/triggers. As these panels have an operational focus they do not include councillors.

Recommendation 22

Council should cease using the DACDEL process as a matter of priority and consider establishing a Development Assessment Panel which does not include councillors as members. Also, staff delegations should be aligned with the state average as published by the Department of Planning and Infrastructure.

Review team comment

Council provided comment by way of suggested amendment to the text of the draft report. The settled version is the review team's understanding of the process after extended consultation with Council representatives.

Local Approvals Policy

Council does not have a local approvals policy under section 158 of the *Local Government Act 1993*.

Recommendation 23

Council should consider developing and adopting a local approvals policy under section 158 of the Local Government Act 1993.

Development assessment and contributions processes

Council advised that it has not undertaken an audit of its development assessment (DA) and contributions processes using the ICAC development assessment internal audit tool.

Recommendation 24

Council consider undertaking an audit of its development assessment and contributions processes using the ICAC development assessment internal audit tool.

Council's response

Council has now adopted (22 June 2011) an Internal Audit Plan for 2011-12 and the assessment and collection of a sample S94 contributions is scheduled for August / September 2011.

Review team comment

Noted.

Compliance and Enforcement:

Compliance and enforcement are areas that appear to require significant improvement. This is because Council advised it does not have a:

- proactive program for monitoring compliance with the environmental requirements which it is responsible for regulating;
- compliance program for operations it is required to monitor under public health legislation;
- parking priority policy that outlines its priorities in regard to achieving an appropriate balance between public safety, traffic flow and equitable access to available parking spaces;

Recommendation 25

Council prepare and adopt a proactive program for monitoring compliance with the environmental requirements which it is responsible for regulating.

Recommendation 26

Council prepare and adopt a compliance program for operations it is required to monitor under public health legislation.

Recommendation 27

Council prepare and adopt a parking priority policy that outlines its priorities in regard to achieving an appropriate balance between public safety, traffic flow and equitable access to available parking spaces.

Waste Management Strategy

Council advised it does not have a waste management strategy to guide the direction of its waste function.

Recommendation 28

Council should prepare and adopt a waste management strategy.

3. ASSET AND FINANCIAL MANAGEMENT

3.1 OVERVIEW

Under its charter, Council has a responsibility to raise funds for the purposes of carrying out its functions. This can be achieved by the fair imposition of rates, charges and fees, borrowings and grants. The Council is also the custodian and trustee of public assets and must effectively account for and manage these assets.

3.1.1 Scope of review

A review was conducted of a range of aspects of Council's asset and financial management practices, including:

- *Financial management*
- *Asset management, including land assets, plant replacement and capital works*
- *Management of community land*

3.1.2 Overview of asset and financial management

As at 30 June 2010, Council's overall financial position, when taking into account key financial indicators appears to be satisfactory. Council appears to take a strategic and integrated approach to managing its finances and assets.

Council reported that is on track to developing a long term financial plan to meet the integrated planning and reporting requirements.

3.2 SIGNIFICANT OBSERVATIONS

3.2.1 Better practices

The review team did not identify any practices beyond or above minimum compliance requirements and good practice indicators.

3.2.2 Noteworthy practices

Strategic Property Maintenance Process

Council has developed a spreadsheet which lists the key steps of its strategic property management process. The current status of key assets in relation to each of these steps can be seen at a glance. The steps undertaken appear to align with

statutory and regulatory requirements. The initiative appears to respond effectively to an important internal process.

Asset Management and Maintenance

Strategically, Council has developed a long term asset management strategy which is linked to other key strategic documents particularly Council's financial strategy document.

Council maintains a register of assets. It determines the condition of its assets by:

- Regular inspections;
- Maintenance schedules;
- Work Orders;
- Photographs;
- Field inspection;
- Survey; and
- Community feedback.

Council revalues its assets according to the following schedule:

- Investment properties - annually;
- All others - every 3 years.

Council also has a funded asset maintenance program and an unplanned maintenance budget in place.

3.2.3 Areas for further development

Level of Available Working Capital

It is noted that Council's auditors have recommended that steps be taken to restore the level of Available Working Capital to a surplus position should Council wish to remain debt free.

Recommendation 29

Council should implement the steps recommended by its Auditor to restore the level of Available Working Capital.

Special Variation Rate Increase

Council had an increased minimum rate above the statutory limit approved as part of a special variation in 2006/07. The special variation to the general income approved in 2006/07 was an Infrastructure Plus levy in relation to parks, street lighting, footpaths, Town Centres, buildings, road resheeting and; kerbs and gutters. It appears that little of the funds were expended in the first four years of the proposed program.

Recommendation 30

Council continue to include in its Integrated Planning and Reporting documents evidence it has planned appropriate expenditure of the income raised by the Special Rate for the purpose it was intended.

Council's response

The total spend on SRV funding is on par with Council's application. It was estimated that \$8M would be spent in years 1-5 where Council has actually spent \$8,134,381M subject to 2010/11 accounts being finalised.

Review team comment

Noted.

Asset Maintenance

There has been a consistent gap between the estimated cost to maintain Council's assets and actual expenditure over the last five years.

As part of the development of the implementation of the Integrated Planning and Reporting framework, particularly the asset management framework and resourcing strategy, Council needs to ensure that adequate provision is made for expenditure on asset maintenance.

Recommendation 31

Council needs to ensure that all required asset maintenance is covered in its Resourcing Strategy as part of the Implementation of its Integrated Planning and Reporting framework.

Infrastructure Renewals

The Infrastructure Asset Renewal Ratio represents the replacement and/or refurbishment of capital assets compared with the consumption (depreciation) of assets. The benchmark for this ratio is 100%.

Council has recorded ratios that are less than 100% in the last four financial years. This means that Council is not fully replacing its assets as they are being consumed.

Recommendation 32

Council needs to ensure that it fully replaces its assets as they are being consumed. Council has the opportunity to do this when preparing its Resourcing Strategy as part of the Integrated Planning and Reporting framework.

Council's response to the Asset and Financial Management section

Generally specific comments are outlined in the action plan

Review team comment

Noted.

4. COMMUNITY AND CONSULTATION

4.1 OVERVIEW

A council's charter requires that a council:

- Provides services after due consultation
- Facilitates the involvement of councillors, members of the public, users of facilities and services and council staff in the development, improvement and coordination of local government
- Actively promotes the principles of multiculturalism
- Plans, promotes and provides for the needs of children, and
- Keeps the local community and State government informed about its activities

4.1.1 Scope of review

A review was conducted of a range of aspects of Council's community and consultation practices, including:

- *The methods council uses to involve and determine the views of its community*
- *Ageing population*
- *Social and community functions of council*
- *Annual reporting*
- *Customer service standards*

4.1.2 Overview of community and consultation practices

Overall, Council has a good track record of working with the community to plan and deliver a range of appropriate community services. Council successfully uses a range of methods and forums to involve and/or determine the views of the community in general as well as specific target groups. To this end, a detailed Community Engagement Strategy was implemented to encourage broad participation in the development of the new strategic plan. This strategy is discussed in more detail in Part II of this report.

Council's achievements are reported to the community via regular newsletters, quarterly reports, the annual report and consultative forums such as advisory committees.

Hurstville is a very culturally diverse local government area with 37.5% of residents born overseas and 32.4% were born in non-English speaking countries. Council has a range of multicultural policies and programs to promote a "*productive, culturally rich community*". A rapidly expanding aged population also presents significant challenges for community service provision.

4.2 SIGNIFICANT OBSERVATIONS

4.2.1 Better practices

Hurstville City Council Social Plan 2009-2011

Council's Social Plan was prepared in accordance with the Act, Regulation and the Guidelines issued by the Division. The Social Plan:

- considers federal, state and local government social policy frameworks and service provision parameters;
- incorporates Council's vision and is linked to the Strategic Plan – *Hurstville Horizons*;
- is well researched with evidence of community consultation;
- is very well presented and easy to access via Council's website;
- builds upon Council's significant investment in developing appropriate social infrastructure and services;
- is linked to other corporate documents/plans (e.g. Disability Action Plan, and Multicultural Access Action Plan); and
- is considered in the preparation of the Management Plan and Budget which reflects a commitment to implement the recommendations of the Social Plan.

Council reports that its Social Plan will be integrated with its Community Strategic Plan to ensure that the needs of groups with specific needs are considered and catered for. For example: children; young people; people with disabilities; people

from culturally and linguistically diverse backgrounds; Aboriginal and Torres Strait Islander people and older people.

Hurstville Library Museum and Gallery

Council describes its City Library, Museum and Gallery as *“a centre of cultural excellence which educates, inspires, and engages Hurstville’s diverse community through innovative programs and services that foster creativity, celebrate local identity and support life long learning.”*

In 2009 a review of Council’s library and museum indicated that the staff structure was based on the location of the employees rather than the services provided. Duplication and other inefficiencies were also identified. A restructure was undertaken to better position resources to meet the vision outlined above. The Hurstville 2010-2020 Library, Museum and Gallery Strategic Plan sets out the actions to achieve the vision for these facilities.

The facilities now offer a diverse range of coordinated programs for the community. These include education programs and services targeted to children, young people, seniors and the multicultural community. For example, during 2009-2010 the Library ran six (6) internet courses for older Mandarin speakers and a further 24 programs were held for older people. Of the total 794,921 items circulated by the Library, 172,594 were multicultural items in community languages. In 2009 Council received a Friends of Libraries Australia Award for Services to Children and Young People.

Jack High Child Care Centre

The former Beverly Hills Bowling Club was transformed into a family and children’s services facility. It co-locates several services including Hurstville’s Family Day Care Scheme and a Long Day Care Centre. The Jack High Child Care Centre provides long day care for 59 children, 20 of these places are for children aged 0-2 years in response to the identified need for more child care options for families with children of this age group. This represents an innovative and effective use of an asset which has outlived its original purpose to address a priority community need.

4.2.2 Noteworthy practices

Customer service

Council has produced a Customer Satisfaction Charter in the format of a colour brochure which is available in hard copy and/or on its website. It is a plain English brochure which clearly states Council's commitment to treating customers with courtesy, fairness and respect. More specifically, it outlines the standards of service that customers can expect from Council (e.g. how long will it take for council to reply to a letter) and what to do if those standards are not met.

All customer service officers are trained in how to deliver the Charter as well as a range of other topics to assist them in successfully fulfilling their role.

To service its culturally and linguistically diverse population Council makes interpreting and translation services available. This has included the Language Aide Scheme where Council uses the language skills of bilingual staff in public contact situations to improve services to customers. Brochures and articles translated into the top 10 languages are available in hardcopy and via Council's website. Examples of the translated material include Library, museum and gallery brochures; a general information card; a development assessment flyer; and a waste/recycling brochure.

Improving customer service by increasing on-line services is one of Council's key performance indicators. Key achievements in this area over the last 12 months include an online survey and public consultation tool, an on-line recruitment tool and five (5) pdf forms have been converted to e-forms which can be completed online.

Council measures its performance in this area by collecting and reviewing customer service data on a regular basis. For example, telephone performance is recorded; correspondence received is recorded and managed through its Records Management System; and monthly surveys are conducted of 20 external customers on performance.

This performance data is reported to and considered by the Executive Committee each quarter. Graphs containing customer complaint and call centre standards data are contained in Council's quarterly reports which measure Council's progress against performance indicators set in its Management Plan. These reports are available on Council's website.

In terms of response time on correspondence, the Customer Satisfaction Charter states that “*staff will respond in full to all written requests and inquiries within 21 days, or acknowledge the inquiry and explain who is handling the outstanding matter within 14 days*”. Council’s Annual Report 2009-2010 states:

In 2009/2010, 395 correspondence letters and emails were issued to customer service. Over the four quarters 98%, 85%, 85% and 93% of the correspondence was completed within the agreed times respectively.

While these results are considered to be very good, Council is encouraged to review the barriers to meeting the 21 day target and ensure it is indeed realistic and achievable. Appropriate strategies could then be developed to improve performance in this area

Recommendation 33

Council should continue to identify the barriers to meeting its 21 day target in relation to responding to correspondence and ensure that it is achievable. Strategies to improve performance in this area should be developed and implemented.

Council’s response

Council’s Executive Committee reviews Customer Service satisfaction at its quarterly focus group meetings. Issues raised or barriers identified are rectified immediately except for possible resource/staffing shortages with respect to staff movements which would appear to be the case outlined in the report.

Review team comment

Noted.

Translation and Interpreter Services

Over 43% of the Hurstville residents speak a language other than English at home. As reported earlier in the Governance section, Council makes available a range of interpreting and translation services.

Economic Development

Economic development has been identified as one of Council's Horizon Programs in its Strategic Plan. Key strategies and milestones by which to measure progress are set out in the plan. Several actions were included in the 2009-2010 Management Plan with progress being measured and reported in the Annual Report 2009-2010.

Council employs a Place Manager who provides advice and information to local businesses, promotes business clusters and government programs, and contributes to local initiatives. This officer has also worked on a regional level with other councils to produce a regional economic profile which identifies regional economic drivers and growth opportunities. A summary fact sheet and profile is available for interested stakeholders.

4.2.3 Areas for development

Ageing Population

Between 2004 and 2022, Council estimates that the aged population of Hurstville will increase by 44% for those aged 65 years and over and by 69% for those aged 85 years and over. Council has identified several strategies in its social plan to respond to the priority needs of older people. This includes preparing a Positive Ageing Strategy.

Recommendation 34

Given Hurstville's rapidly expanding aged population, Council should prepare the Positive Ageing Strategy as a matter of priority and should be linked to Council's Community Strategic Plan.

5. WORKFORCE RELATIONS

OVERVIEW

Councils have a number of legislative responsibilities in relation to their role as an employer. Council is required to conduct itself as a responsible employer.

Workforce planning is an important part of the new Integrated Planning and Reporting framework. A council's Workforce Strategy will form part of the overall Resourcing Strategy that will help to meet the community's priorities and aspirations expressed in the Community Strategic Plan. This relies upon having the right people in the right places with the right skills doing the right jobs at the right time.

5.1.1 Scope of review

A review was conducted of a range of aspects of Council's workforce relations practices, including:

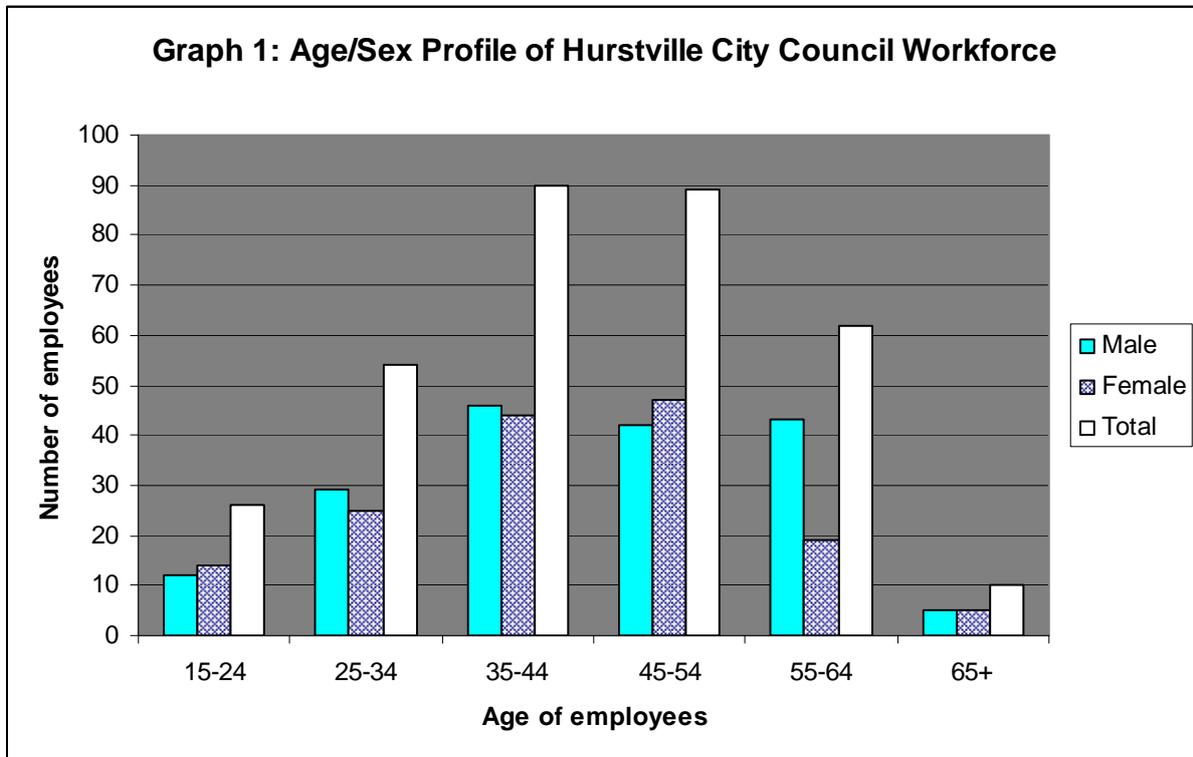
- *Human resources strategy and workforce planning*
- *Employee attitude surveys*
- *Job descriptions and job evaluation*
- *Recruitment and selection processes*
- *Equal employment opportunity*
- *Occupational health and safety*
- *Secondary employment*

5.1.2 Overview of the organisation

Hurstville City Council has three operational groups consisting of Administration, Service Delivery and Planning and Development. The Public Relations and Events and Internal Auditor/Ombudsman areas are directly managed by the General Manager.

Overall, the review team observed staff members to be enthusiastic, dedicated and skilled in their area of expertise.

As at 21 July 1010 Council employed 331 staff members (full-time equivalent employees). The age and gender profile of Council's workforce is displayed in graph 1 below.



Council's workforce is somewhat diverse and appears to be representative of the broader community it serves. Key characteristics include:

- 1% of its employees identify as being of Aboriginal and Torres Strait Islander origin
- 23% are from a culturally and linguistically diverse background
- 2% of its employees have physical disabilities
- 50% are female
- 22% of its workforce is aged 55 years and over. Ten (10) staff are aged 65 years and over.

5.1.3 Overview of human resource policies and practices

Hurstville City Council has had an overarching plan to become an Employer of Choice and effectively manage its employees since 2007. Council's Human Resources Strategy 2007-2010 was developed to deliver services to the community in line with its Strategic Horizons and Management Plan. The Strategy was also

informed by employee opinion surveys, key human resource and benchmark data as well as emerging demographic changes and emerging community needs.

The Strategy has resulted in a range of Human Resource systems, guidelines and practices to enable Council to recruit, develop/train and maintain an appropriately skilled workforce. Council's consultative committee which has employer and employee representatives provides a forum to discuss and guide the development of these systems, guidelines and practices. The committee perceived morale among the majority of employees to be very positive and that this results in employee retention levels being high. As at 30 June 2010 the retention rate was 88% just 2% short of Council's key performance indicator.

A Workforce Strategy is also a key component of the Resourcing Strategy which required as part of the Integrated Planning and Reporting framework. Whether Council's Human Resources Strategy meets the requirements of the Workforce Strategy will be assessed separately by the Division.

5.2 SIGNIFICANT OBSERVATIONS

<h3>5.2.1 Better practices</h3>
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Lead for Success

All supervisors and Managers are participants of a customised leadership program – Lead for Success. The program was launched in July 2009 and will continue over approximately two (2) years. Delivery is in two phases.

Phase 1: Leadership and Culture involved developing an understanding of how a leader's behaviour drives the culture of the organisation. This phase has been completed.

Phase 2: Leadership and Management is currently in progress. This phase focuses on building competence and confidence in a number of key areas including leading change, motivating/coaching a team and managing performance.

Some supervisors and managers reported to the review team that the leadership program and regular line manager meetings are very positive development opportunities with which to enhance the quality of their management.

Excellence Awards

Council has an Excellence Awards scheme in place. The Awards provide recognition for work that is well done in the categories of teamwork, customer service/professionalism, safety and excellence/innovation. All employees are invited to make a nomination using an electronic form. They are asked to be mindful of Council's values when framing their nominations. Awards are presented on a quarterly and annual basis.

Occupational Health and Safety

The *Occupational Health and Safety Act 2000* and *Occupational Health and Safety Regulation 2001*, require both employers and employees to work to stringent safety requirements. Council is required to develop written safe work procedures.

The review did not involve a comprehensive audit of Council's occupational health and safety (OH&S) practices. However, a number of observations were made which indicate that Occupational Health and Safety appears to be an area in which Council performs very well. Some key achievements or initiatives in this area are presented below.

- Every work area has a Risk Control Plan which identifies risks in order to maintain the area in a safe condition including entrances and exits.
- A monthly "In Good Health" newsletter is circulated to staff.
- Quarterly and annual awards provide recognition to individual staff members for actions that enhance safety in the workplace.
- The 2008 Employee Opinion Survey identified occupational health and safety as one of the top five (5) things Council is good at.
- Physical demands statements are used in position descriptions and pre-employment medicals.
- State Cover OHS Excellence Award 2007.
- The target of having less than 0.2% of staff time lost to workplace injury was met during 09/10.

Employee Opinion Surveys

Council undertook employee opinion surveys in 2006 and 2008. Council has implemented strategies to address issues raised by employees. Subsequently the 2008 Your Voice Your Say survey highlighted areas in which employees believed Council had significantly improved since 2006. These improvements included:

- Providing adequate training and guidance for new staff
- Increasing staff confidence in upper management through transparency and regular communication
- Building staff confidence in Council's corporate planning and operations
- Ensuring income satisfaction
- Embracing innovative work practices

Areas in which further improvements could be made and strategies to achieve these are captured in the Your Voice Your Say Scorecard for implementation and monitoring.

5.2.2 Noteworthy practices

Partnership with Wollongong University

Council has entered into a partnership with Wollongong University called the Commitment to Collaboration Consortium. Council participants engage in active research in the workplace with the support of university academic staff. This work is counted toward the completion of an academic qualification from the university.

5.2.3 Areas for further development

Workforce Strategy

As mentioned, councils are required to develop a Workforce Strategy to address the human resource requirements of the council's delivery program. The Workforce Management Strategy must be for a minimum timeframe of four (4) years.

As an essential element of the Resourcing Strategy, the Workforce Strategy needs to be closely linked with the development and review of the Financial Strategy and the

Asset Management Strategy. This is critical to the actual delivery of the priorities set out in the Community Strategic Plan and the Delivery Program.

When developing their Workforce Strategy, councils have been asked to consider five different but interlinked focus areas as illustrated below.

Key focus areas for the development of the Workforce Strategy:



Council is currently developing its Workforce Strategy. It is anticipated that the Strategy will be finalised in order to meet Council's Integrated Planning and Reporting commitments.

Secondary employment

Secondary employment refers to a situation where a person works for a council but also engages in paid work additional to their employment with Council.

Section 353(2) of the Act states:

A member of staff must not engage, for remuneration, in private employment or contract work outside the service of the council that relates to the business of the council or that might conflict with the member's council duties unless he or she has notified the general manager in writing of the employment or work.

A general manager may prohibit a member of staff from engaging in such work. If prohibited from doing so the member of staff must abide by the general manager's decision (sections 353(3) and 353(4) of the Act respectively).

Council released a Secondary Employment Management Guideline to all employees in May 2008. The Guideline is of a good standard. The document contains definitions, the relevant sections of the Act, the application process (including a form) and explains how breaches will be handled.

However, according to the document status and version control, it appears the Guideline has not been reviewed since its release.

Recently Council investigated allegations of a breach of the Guideline. The allegations were proven and Council managed the misconduct accordingly. In the light of this, it would be prudent and timely for Council to review how well this Guideline is understood, implemented and monitored.

Some suggestions on how Council's Guideline could be improved based on better practice examples are:

- Providing a clearer outline of the responsibilities of each party.
- Including a statement explaining how this policy will be conveyed to staff. (For example, upon adoption/review of the Guideline, at all recruitment selection interviews, as part of an induction program or a notification to employees on an annual basis).
- Listing who was consulted in the development of the Guideline.
- Explaining how the implementation of the Guideline will be monitored and its effectiveness measured. (For example, performance appraisal sessions with each employee could check whether a secondary employment approval is required or in the case of existing approvals whether any circumstances had changed.)
- Providing information about how to report a breach of the Guideline.
- Setting a schedule for future reviews of the Guideline and the review of any approved secondary employment applications (this could occur annually).

Recommendation 35

Council should review its Secondary Employment Guideline and in so doing, consider the suggestions for improvement contained in the body of the Hurstville Promoting Better Practice Report.

Council's response to the Workforce Relations section

Nil

PART IV. RISK RATING OF RECOMMENDATIONS

The recommendations made in this report have been assessed for a priority ranking based on the following risk analysis.

		CONSEQUENCE		
		Significant <i>Significant risk to the operations of council and if not addressed could cause public outrage, non-compliance with council's statutory responsibilities, severe disruption to council's operations and council's ability to meet its goals.</i>	Moderate <i>Moderate risk to the operations of council and if not addressed could cause adverse publicity, some disruption to council's operations and council's ability to meet its goals.</i>	Minor <i>Minimal risk to the operations of council, little disruption to council's operations and will not limit council's ability to meet its goals.</i>
LIKELIHOOD	Almost certain	High	High	Medium
	Possible	Medium	Medium	Low
	Rare	Medium	Low	Low

Priorities for recommendations: <i>(based on application of risk analysis)</i>	Risk categories could include:
<ul style="list-style-type: none"> • High • Medium • Low 	<ul style="list-style-type: none"> • Reputation • Compliance with statutory requirements • Fraud/corruption • Financial • Legal liability • OH&S

PART V. ACTION PLAN

The Action Plan is to be completed and adopted by Council to guide the implementation and monitoring of the recommendations in this report. The reviewers have allocated notional priority rankings using the risk rating analysis in the previous section. Council is encouraged to review and revise these, if necessary.

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
<p>1 Council should work with the Division of Local Government, Department of Premier and Cabinet toward meeting all of its integrated planning and reporting obligations under the Act and the Guidelines.</p> <p>ADDITIONAL RECOMMENDATION</p>	H				
<p>2 Council should include its values within its annual report</p>	H	To be included in the 2010/11 Annual Report	30 November 2011	Manager Corporate Planning	
<p>3 Council should review its Civic Office Expenses Policy to ensure that it complies with all requirements of the Division's 2009 Guidelines on the Payment of Expenses and the Provision of Facilities for Mayors and Councillors in NSW.</p>	M	Include a dispute resolution clause and clarify private benefit in new draft Policy to be submitted to Council on 22 July 2011	31 July 2011	Manager Corporate Governance & Records	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
<p>4 Council should have regard to the requirements of the Act, Regulation, Code of Meeting Practice and Code of Conduct regarding practice and procedure at Council Meetings.</p>	<p>H</p>	<p>1. Increase emphasis and training on Values in Code of Conduct and requirements of the Code Meeting Practice at induction after next general election for all Councillors and Mayor. 2. Introduce Ethics training at next induction 3. Continue to ensure learning programs are brought to the attention of Councillors. 4. Code of Meeting Practice to be reviewed 5. EBP templates to be amended to reference pillars in CSP</p>	<p>A1: 31 December 2012. A2: 31 December 2012 A3: Ongoing A4: 31 December 2011 A5: 31 December 2011</p>	<p>Internal Ombudsman/ Consultants and Manager Corporate Governance & Records</p>	
<p>5 Council should finish transferring its publicly available policies, codes and other documents to its website and ensure it has a mechanism to keep this information up to date.</p>	<p>H</p>	<p>Council's 400+ policies require review before relevant Policies that affect the community are placed on website</p>	<p>Review by 30 June 2012. Relevant Policies on website by 30 June 2013</p>	<p>Manager Corporate Governance & Records</p>	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
6 <i>Council should ensure all of its policies, codes and guideline documents contain a consistent document status and version control.</i>	<i>H</i>	To be undertaken during review of Policies in 4 above	30 June 2013	Manager Corporate Governance & Records	
7 <i>Council should consider reviewing its code of conduct to identify any supplementary provisions which may respond to particular local circumstances and any relevant issues canvassed in the Guidelines for the Model Code of Conduct for Local Councils in NSW, Department of Local Government 2008.</i>	<i>M</i>	1.Review Code of Conduct Guidelines for supplementary issues 2.Review other Council's Codes for relevant supplementary issues 3. Further review by Councillors after next general election	A1: 31 December 2011 A2: 31 December 2011 A3: 31 December 2012	Internal Ombudsman / Manager Corporate Governance & Records	
8 <i>Council should formally adopt its Gifts and Benefits Policy.</i>	<i>H</i>	Policy to be submitted to Council for adoption on 27 July 2011	31 July 2011	Manager Corporate Governance & Records	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
9 <i>Council should be guided by its Code of Conduct, the Model Code and the Managing Gifts and Benefits in the Public Sector – Toolkit when considering how to handle gifts and benefits of a greater than token value that have been received and declared by councillors or staff</i>	<i>H</i>	Policy to be submitted to Council for adoption on 27 July 2011	31 July 2011	Manager Corporate Governance & Records	
10 <i>Councillors need to be mindful to complete their Disclosure of Interests return (s449) to the required standard by referring to the Division's Self Help Guide For The Completion of Returns Disclosing Interests.</i>	<i>H</i>	Reminder will be provided to Councillors to complete form in accordance with Guide. Self Help Guide and additional training to be provided to Councillors following general election in 2012	30 September 2011 31 December 2012	Manager Corporate Governance & Records	
11 <i>Upon receipt of each Disclosure of Pecuniary Interests form received from councillors or designated staff, the date lodged should be recorded before filing.</i>	<i>H</i>	Responsible officer to be reminded of requirements	30 September 2011	Manager Corporate Governance & Records	
12 <i>Council should ensure that a Risk Management Plan is finalised and implemented as soon as practicable.</i>	<i>H</i>	Prepare and adopt a Risk Management Plan. The Audit Universe (3 year SIAP) will inform the plan	31 March 2012	Financial Control & Risk Manager / Internal Auditor	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
<p>13 Council should ensure a Fraud Control Policy is finalised and implemented as soon as possible. The Policy should</p> <ul style="list-style-type: none"> • be linked to Council's Risk Management Plan. • ensure fraud risk assessments of the core areas of organisational risk are undertaken and that these are managed in a manner which limits exposure to fraudulent and corrupt activities. 	H	Prepare and adopt a Fraud Control Policy	30 June 2012	Financial Control & Risk Manager / Internal Auditor / Ombudsman	
<p>14 Council formally adopt its draft Business Continuity Plan</p>	H	Plan to be submitted to Council for adoption on 27 July 2011	31 July 2011	Chief Information Officer	
<p>15 Council should establish an Audit Committee consistent with the DLG 'Guidelines for Internal Audit' and establish a three year (3) ongoing strategic internal audit plan.</p>	H	Audit Committee has been established having regard to Guidelines and 3 year Audit Universe (SIAP) developed	31 May 2011	Internal Auditor	Completed

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
<p>16 Council should establish an ongoing system/procedure for ensuring it is aware of changing legislation and complies with all of its legislative obligations.</p>	<p><i>M</i></p>	<p>1. Liaise with LGMA Governance Network re systems in place</p> <p>2. Prepare a Procedure for notification to staff if SAI Global Legislative Alerts membership is renewed in September 2011</p> <p>3. Update all Manager PDs to ensure they are responsible for implementing alerts they receive from SAI Global or other sources</p>	<p>A1: 30 September 2011</p> <p>A2: 31 December 2011</p> <p>A3: 31 December 2011</p>	<p>1 & 2. Manager Corporate Governance & Records</p> <p>3. Manager Human Resources</p>	
<p>17 Council finalise and formally adopt its draft Assets - Acquisition and Disposal Policy.</p>	<p><i>H</i></p>	<p>Finalise and adopt an overall policy</p>	<p>30 June 2012</p>	<p>Director Service Delivery and Chief Financial Officer</p>	
<p>18 Council should finalise and formally adopt its Procurement Procedures.</p>	<p><i>H</i></p>	<p>Procurement procedures were approved by Director Administration on 1 February 2011 to support the Council's Policy. Procedures are on Intranet and Policy on Internet</p>	<p>Approved 1 February 2011</p>	<p>Director Administration</p>	<p>Completed</p>

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
<p>19 <i>Councillors should re-acquaint themselves with a detailed understanding as to their role using the resources provided by both Council and those available on the Division of Local Government website.</i></p>	<p><i>H</i></p>	<p>Councillors continue to be offered opportunity to attend LGSA learning courses including Roles of Councillors and meeting procedures. Strengthen this section in Handbook for new Council in 2012</p>	<p>Ongoing and 31 December 2012</p>	<p>Manager Corporate Governance & Records</p>	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
<p>20 Council should as a matter of priority comply with its obligations concerning political donations and gifts.</p> <p>COMPLETED</p>	<p>H</p>	<p>Create webpage for DA Applicant / submitters declarations. (Under Documents / Open Access / Registers)</p> <p>2. Disclosures by applicants / submitters registered in TRIM to be actioned in 5 days from receipt and loaded on web as a PDF on a weekly basis in financial years. Register to commence from 1 July 2011.</p> <p>3. Voting Register already in place</p> <p>4. Council will await the outcome of a motion from the LGSA Annual Conference before considering action to develop a register for political donations. If Council's motion is not supported at the Conference Council will develop a register by 31 March 2012.</p>	<p>1. 31 August 2011</p> <p>2. 31 August 2011</p> <p>3. Completed. Details are recorded in EBP</p>	<p>1. Manager Corporate Governance & Records</p> <p>2. P&D Admin team</p>	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
<p>21 <i>Council should continue to build its strategic land use framework and associated policies in order to maximise Council's capacity to deliver the commitments set out in its Community Strategic Plan.</i></p>	<p><i>H</i></p>	<p>Noted. Strategic Land use documents link to CSP and CSP now adopted. Comprehensive LEP and DCP review currently in progress</p>	<p>LEP – 31/12/2011 Review of DCP 30 June 2012</p>	<p>Manager Strategic Planning</p>	
<p>22 <i>Council should cease using the DACDEL process as a matter of priority and consider establishing a Development Assessment Panel which does not include councillors as members.</i></p>	<p><i>H</i></p>	<p>To be submitted to a Councillor Workshop for consideration</p>	<p>31 December 2011</p>	<p>Director Planning & Development</p>	
<p>23 <i>Council consider developing and adopting a local approvals policy as required under section 158 of the Local Government Act 1993</i></p>	<p><i>M</i></p>	<p>Local Approval Policy to be submitted to Council for approval</p>	<p>30 September 2011</p>	<p>Place Manager</p>	
<p>24 <i>Council consider undertaking an audit of its development assessment and contributions processes using the ICAC development assessment internal audit tool</i></p>	<p><i>M</i></p>	<p>Internal Auditor has scheduled a sample selection for August / September 2011 and is included in Council's 2011-12 Internal Audit Plan</p>	<p>30 October 2011</p>	<p>Internal Auditor</p>	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
25 Council prepare and adopt proactive program for monitoring compliance with the environmental requirements which it is responsible for regulating	M	Prepare program for compliance	31 July 2012	Manager Environmental Services	
26 Council prepare and adopt a compliance program for operations it is required to monitor under public health legislation	M	Prepare and Council adopt a compliance program	31 July 2012	Manager Environmental Services	
27 Council prepare and adopt a parking priority policy that outlines its priorities in regard to achieving an appropriate balance between public safety, traffic flow and equitable access to available parking spaces	M	Prepare a TMAP (Transport Management & Accessibility Plan) for the Hurstville CBD to inform a Parking Policy	Commence study by 1 November 2011, subject to Council approval	Manager Infrastructure and Traffic	
28 Council should prepare and adopt a waste management strategy	M	Prepare a Waste Management Strategy	30 November 2011	Manager Environmental Services	
29 Council should implement the steps recommended by its Auditor to restore the level of Available Working Capital.	M	Council to consider in future budget preparations	30 June 2011 & 30 June 2012 & on-going	Chief Financial Officer / Council	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
30 <i>Council include in its Integrated Planning documents evidence it has planned to appropriately use the income raised by the Special Rate for the purpose it was intended</i>	<i>H</i>	CSP to include relevant evidence of income / expenditure	30 November 2011	Manager Corporate Planning / Director Service Delivery	
31 <i>Council needs to ensure that all required asset maintenance is covered in its Resourcing Strategy as part of the Implementation of its Integrated Planning and Reporting framework.</i>	<i>H</i>	Asset maintenance is included in the Asset Maintenance Plan within the CSP	30 June 2011	Manager Corporate Planning / Director Service Delivery	Completed - ongoing
32 <i>Council needs to ensure that it fully replaces its assets as they are being consumed. Council has the opportunity to do this when it is preparing its Resourcing Strategy as part of the Integrated Planning and Reporting framework.</i>	<i>H</i>	Issue addressed in the SAMP and LTFP	30 June 2011 & 30 June 2012 & ongoing	Director Service Delivery / Chief Financial Officer	
33 <i>Council should identify the barriers to meeting its 21 day target in relation to responding to correspondence and ensure that it is achievable. Strategies to improve performance in this area should be developed and implemented.</i>	<i>M</i>	Reviewed & issues addressed every quarter at the Customer & Communications focus group of the Executive Committee	Next meeting 20 July 2011 & ongoing	Director Administration	

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIME FRAME	RESPONSIBILITY	PROGRESS REPORT
<p>34 <i>Given Hurstville's rapidly expanding aged population, Council should prepare the Positive Ageing Strategy as a matter of priority.</i></p>	<p><i>H</i></p>	<p>Prepare a Positive Ageing Strategy</p>	<p>30 June 2012</p>	<p>Manager Community Services</p>	
<p>35 <i>Council should review its Secondary Employment Guideline and in so doing, consider the suggestions for improvement contained in the body of the Hurstville Promoting Better Practice Report.</i></p>	<p><i>M</i></p>	<p>Review Secondary Employment Guidelines</p>	<p>31 December 2011</p>	<p>Manager Human Resources</p>	