

Promoting Better Practice Program

REVIEW REPORT

WOOLLAHRA MUNICIPAL COUNCIL

JANUARY 2011

capability good governance improvement



Division of Local Government
Department of Premier and Cabinet

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EXECUTIVE SUMMARY

The review was undertaken by one (1) officer contracted by the Department of Premier and Cabinet's Division of Local Government. The onsite component of the review took place in May 2010 and was preceded by a self assessment process which required the Council to complete a comprehensive checklist and collate evidence as to the current status of its plans, systems and processes.

Within the last twelve months, the Council's General Manager decided to use the Promoting Better Practice checklist to identify gaps in Council's systems and practices and then set about closing those gaps. Based on this review and the identification of minimal gaps, there is clear evidence that this operational management strategy has been a very successful initiative.

The intent on writing this report was to focus attention on better practice, how this can be used by other councils, and those aspects of Council's operations which warrant priority attention. Based on this, the report does not focus on the vast majority of Council's practices in significant detail. These practices appear to be of a good standard. The overall assessment is that the Council appears to be performing well. However, there are some issues that the Council needs to address as it looks to the future.

The review has identified examples of better practices, noteworthy practices and innovative approaches which would be of interest to other councils. Of particular note is the manner in which Council is approaching strategic planning, risk management and its asset maintenance program. These and other such practices are detailed in this report.

In relation to Council operations and decision making, a 'whole of organisation approach' has been adopted throughout the organisation. The Council also has implemented integrated planning and reporting throughout the organisation especially in development planning and workforce planning. Council staff work together as a complete unit with the objective of actions benefitting the whole Council.

The review has also identified areas for improvement that require some action being taken by the Council. Of major significance is the absence of an Audit Committee, an Internal Audit function and an Internal Audit Plan that is linked to the Council's Risk Management Plan and the lack of compliance with Division of Local Government (DLG) Internal Audit Guidelines. In order to strengthen the effectiveness of Council's risk management, internal controls and governance processes, this report recommends that Council establishes an audit committee and internal audit function. Other areas for improvement are discussed throughout the report.

The Council staff, interviewed as part of the review process, appear to be very committed to continuing to support the positive direction of the organisation. All staff interviewed were universally enthusiastic about the organisation and their work. Excellent levels of teamwork and dedication were observed among all levels of staff, including senior management levels.

1. ABOUT THE REVIEW

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.

Review process

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

There are essentially five (5) 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 the council has frameworks in place to monitor its performance. All reviews seek to identify better and noteworthy practices and areas for improvement or further development.

Reviewers examine local circumstances in order to understand the pressures on Council and how the Council has sought to manage that environment.

The scope of a review such as this is limited to documenting those areas the reviewer identified as:

- exceeding good practice (referred to as better practice)

- important processes in need of improvement or further development, and
- otherwise noteworthy for the reasons detailed in the body of the report.

Woollahra Municipal Council Review

Woollahra Municipal Council was asked to complete a comprehensive checklist/questionnaire about key Council practices. The review was conducted by an external contractor on behalf of DLG. The external contractor examined the completed checklist/questionnaire and a range of other source documents prior to visiting Council in order to gain a preliminary understanding of the circumstances of Council and how the Council is responding.

The on-site component of the review took place at Woollahra Municipal Council in May 2010. It involved initial interviews with the General Manager, interviews with a cross-section of staff, observation of a selection of Council Committee Meetings, observation of a Council Meeting, individual meetings with the Mayor and one (1) councillor, and a review of Council policies and other relevant documents.

Implementation and monitoring of recommendations of final report

Council is to be commended on its pro-active approach to addressing the recommendations made in the draft report. Due to the nature of the recommendations and work already undertaken by Council in relation to these, 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. The General Manager should prepare regular reports for Council on the implementation of the action plan.

2. ABOUT THE COUNCIL AND THE AREA

Some specific matters about the current circumstances of the Council and the area that were particularly important in making the findings in the report are outlined in this section. The Council provides comprehensive information about the Woollahra Local Government Area (LGA) on its website and includes various planning documents. This information has not been reproduced, but the reviewer commends it to the reader seeking a broader understanding of the context in which the Council operates.

Location and demographics

The location of the LGA and its geography are key factors in gaining an understanding of the circumstances of Council. It is a physically attractive location.

The Woollahra Municipality is located in Sydney's East, 10 minutes from the Sydney CBD. The area of the Council is relatively small, being only 12 square kms, with a population of approximately 55,228 residents.

The location of the Municipality is on the Sydney Harbour Foreshore. The area is mainly a residential area and is one of the most affluent areas in Sydney. In terms of house property prices, it is among the most expensive areas within the State.

Current Council

The Council is divided into five (5) Wards, with each being represented by three (3) councillors. The five Wards comprise of the following: Vaucluse, Bellevue Hill, Cooper, Paddington and Double Bay. The current Council has a mix of experienced and relatively new councillors and equal numbers of male and female councillors.

Councillors are elected every four years by ratepayers. The Mayor is elected every year in September by the councillors.

Organisation structure

The organisation structure of the Council is made up of four (4) distinct divisions, namely Planning and Development, Technical Services, Community Services and Corporate Services. Each division is managed by a Director and further divided into smaller subdivisions, for example, Strategic Planning, Development Control and Compliance within the Planning and Development Division; each has second tier managers. The Council also has a Communications Unit that is separate from the other four (4) divisions.

Local issues

There are three (3) main local issues that currently face the Woollahra Municipal Council.

The first issue is related to the Double Bay Town Centre. Trading in this area has significantly deteriorated due to a wide range of factors, such as the development of the Bondi Junction Westfield shopping complex, general universal changes in retail patterns, other increased competition at other areas within the city, and a general change in the nature of retailing. The loss of the cinema at Double Bay has also had a significant impact on 'pm' customers in respect of food services in the area.

Secondly, the Woollahra LGA is predominantly a highly established urban residential area and has a number of significant historical sites contained in its boundaries. New urban development occurs mainly through alterations, additions and replacement of existing buildings with new buildings. The high land costs and the desire to maximise development yield often results in conflicts with development proposals.

Thirdly, Council identifies the increasing costs associated with the maintenance and renewal of ageing infrastructure across the Municipality, along with constraints on Council's capacity to raise revenue to meet these increasing costs, as of concern.

3 SUMMARY OF KEY FINDINGS

In this section of the report, the reviewer has summarised better practice areas, noteworthy practices and areas for improvement that have been identified. Further details of these findings are available in the relevant sections of the report.

Council needs to give due consideration to the areas for improvement that have been noted. Each area for improvement noted in this section of the report has been annotated with a risk rating of medium or high. Any areas of improvement rated as low risk to Council have not been included. Information on the risk rating is included in the Appendix to the report.

KEY FINDINGS

Better practices/Other noteworthy practices	Areas for improvement or further development
STRATEGIC POSITION	
Self-assessment using PBP checklist	Develop a community engagement strategy
Implementation of Integrated Planning and Reporting framework	
GOVERNANCE	
A comprehensive range of resources, policies and information to assist councillors to fulfil their roles	Audit Committee, Internal Audit function and Internal Audit Plan
Decision-making/meetings processes with due regard to adopted policies and plans	Legislative compliance
Extensive use of risk management techniques on 'whole of organisation' basis	Ongoing councillor training
Good processes for identifying service standards and managing complaints	

Better practices/Other noteworthy practices		Areas for improvement or further development	
	Comprehensive procurement and tendering procedures and documents		
	Clear code of conduct consistent with the Model Code		
	Self assessment using PBP tools to identify improvement opportunities		
	Clear set of organisational values that are promoted both internally and externally		
	Organisation structure meets requirements to achieve key outcomes and ensure delivery of long term services, programs and initiatives		
	Panel of specialised legal practitioners is used		
	Effective strategic alliances		
PLANNING AND REGULATORY			
	A high percentage of development applications are determined by staff using delegated authority and have strategies in place to reduce the formal appeal processes being used		Council currently has no Companion Animals Management Plan
	Team approach to the interrelated processes of strategic planning, land use planning, development assessment and regulation development		Council has not adopted an Onsite Sewage Management Strategy
	Compliance/enforcement policy is implemented and		Swimming pool compliance and monitoring

Better practices/Other noteworthy practices		Areas for improvement or further development	
	monitored		
	Council uses two instruments to monitor changes in the local environment - BUSHCARE and STREAMWATCH		
ASSET AND FINANCIAL MANAGEMENT			
	Innovative asset maintenance practices and the provision of new/improved infrastructure		Infrastructure and asset management
	Financial management		Rates structure
COMMUNITY, COMMUNICATION AND CONSULTATION			
	Social and community planning		There are currently no publicly available publications in languages other than English
	Community participation and consultation		Council currently has no Economic Development Plan
	Excellent summary of the Annual Report		
	Council encourages and co-ordinates a high number of community volunteers across a wide range of community activities and programs		
	Provision of extensive community services and educational programs		
WORKFORCE RELATIONS			
	Comprehensive human resources strategy		Council does not currently have a separate Succession Plan
	Conducts a detailed employee attitude survey		

Better practices/Other noteworthy practices		Areas for improvement or further development	
	Council has a comprehensive recruitment policy and procedures manual		Council does not have a formal policy that requires every individual staff member to be assessed against performance targets
	Extensive staff development and induction program		
	The management of the General Manager's employment/ performance contract		

4. COUNCIL'S STRATEGIC POSITION

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.

A new planning and reporting framework for NSW local government has been introduced by the DLG 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 Government agencies to work together on long term plans and appropriate delivery programs. Community strategic plans will be supported by a resourcing strategy comprising a long term financial strategy, asset management plan and workforce strategy. The framework is set out in the following diagram.

Diagram 1: Proposed planning and reporting framework



Better practices

Self-assessment using the PBP Checklists

Over twelve months ago, Council's General Manager decided to use the PBP checklist to identify gaps in Council's systems and practices and then set about closing those gaps. This is clearly evident from the absence of gaps noted from conducting this review, and supports the view that this strategy has been successful. As a consequence, no recommendations have been required. This is better practice because it has provided the Council with an effective and efficient way of gaining an understanding of its strategic position and areas in which it could improve.

Noteworthy practices

Integrated Planning and Reporting Framework/Strategic Planning

Council is significantly advanced in the development of long term strategic planning. The current Community Strategic Plan 2025 was developed using a systematic strategic planning process that identified the Council's ambitions and strategic priorities and relates these strategic priorities to social, environmental, economic and civic leadership issues. This plan was developed in conjunction with the Council's Delivery Program and Operational Plan. The processes used in the development of these documents included the involvement of all councillors, the Council workforce, and community consultation. In discussions held with relevant staff and the examination of relevant documentation, assurance was provided that the Council has a solid understanding of the concepts of integrated planning and the associated processes.

The Council is in Group 1 of the council groupings for the implementation of the Integrated Planning and Reporting framework. Council met the timeframe for the adoption of its Community Strategic Plan by 30 June 2010. The Community Strategic Plan complies with most of the legislative and guideline requirements.

Council's resourcing strategies to achieve its strategic priorities are reflected in the Council's Draft Long-term Financial Plan, its Asset Management Plan and Workforce Management Plan.

The Community Strategic Plan will be reviewed every twelve (12) months and a full review will be conducted with community consultation when a new council is elected.

Council's Local Environmental Plan, State of the Environment Report, Social and Cultural Plan and all other strategic documents are integrated into the Community Strategic Plan and Delivery Program and Operational Plan, as well as Department Service Plans.

Council has a strong long-term focus, which is demonstrated in its commitment to the Council's adopted values. These values are reflected both within the Council itself and externally to the public via its website, its annual report, and other publications.

Areas for improvement

Council's Community Strategic Plan could be improved by ensuring that it addresses social justice principles and social justice target groups. Additionally, while the Plan discusses relevant State and Commonwealth agencies, it is difficult to determine whether Council has any partnership arrangements in place.

Improvements could be made to the community engagement aspect of the Community Strategic Plan. While Council has conducted a good level of engagement with the community, few aspects are in accordance with the legislative and guideline requirements. Council does not have a stand-alone community engagement strategy for the Community Strategic Plan. A review of available documentation found little on Council's identification of stakeholder groups.

Comments on the elements of the Resourcing Strategy are made in the relevant sections of the report.

Recommendation 1

Council should develop a community engagement strategy that incorporates the requirements of the Integrated Planning and Reporting Guidelines as well as Council's ongoing community participation activities.

Council response

Recommendation 1

Council prepared a comprehensive Community Engagement Strategy to guide the preparation of its Community Strategic Plan in close consultation with the Woollahra community. To ensure the community was engaged on a broad scale, Council established a Community Engagement Working Party, comprising both Councillors and staff, in June 2009 to assist in the development and implementation of the Community Engagement Strategy

The Community Engagement Strategy commenced in July 2009, with surveying of, and engagement with, the community undertaken between September and December 2009. The Project was broken into two distinctly different research components, a Community Engagement qualitative component and a quantitative Community Survey.

Part 1 - Community Engagement:

The community engagement process was qualitative research aimed to provide residents with families, older people, workers, business owners, people with disabilities and visitors to Woollahra, with a voice to 'Have your say' on the future of Woollahra. This was conducted across all Council Wards. The results from the Community Engagement, along with the results of the Community Survey, were used to inform the Community Strategic Plan and set the long term direction and vision for the Woollahra community. This Community Engagement included:

- *An Intercept Survey of over 1,000 participants, administered across the Council area*
- *An Online Survey hosted on Council's website*
- *A Photo Survey for primary and secondary students at local schools*
- *Community Group Workshops*
- *Engagement Strategy was undertaken with the assistance of specialist consultants, "The People for Places & Spaces".*

Part 2 - Community Survey:

As the last quantitative Community Survey was conducted in 2004, it was decided to re-survey the community on satisfaction levels and the importance of the services and facilities provided by Council. This component of the project aimed to assist Council to understand what is important to the Woollahra community and assist in determining priorities, allocating resources and future planning.

A statistically valid random telephone survey of 800 residents was conducted in October 2009. The sample size provided a maximum sampling error of +/-3.4% at 95% confidence, and is representative of Council wards.

The element of the Community Engagement Strategy was undertaken with the assistance of specialist consultants, “Micromex”.

To ensure the community engagement strategy undertaken to develop the Community Strategic Plan provided the opportunity for input from key target groups, Council undertook the following activities:

- Corporate Planning Workshop with Councillors undertaken in February 2009.*
- Establishment of the Community Engagement Working Party (consisting of 5 Councillors and senior staff members). Meetings held in July and October 2009 with minutes of these meetings reported to the Corporate & Works Committee.*
- Media Release issued in October 2009 – ‘Woollahra 2025 – Have your say!’ inviting input from people who live and work in the municipality and those who visit to participate in the community engagement process. Details of the locations of the face to face consultations with the community, telephone survey and online survey from Council's website were outlined.*
- Community Leaders Workshops held in November 2009.*

- *The specialist consultants (People for Places & Spaces and Micromex) activities already described above.*
- *Community engagement strategy results reported through the Community & Environment Committee in February 2010.*
- *Community information sessions held in March 2010.*
- *Media Release issued in March 2010 – ‘Future of Woollahra – our community has spoken - outlining the results of the community engagement process, specifically the most valued themes being the importance of local villages, local parks and open spaces and proximity to the city. The media release also invited the public to make submission and comment on the Draft Woollahra 2025.*
- *Information regarding the development of the Community Strategic Plan continually updated on Council’s website.*

The Community Engagement Strategy targeted ratepayers, residents, school students, workers, visitors and business owners of the Woollahra municipality. Invitations were extended to local resident and community groups, clubs and religious organisation within the Woollahra Municipality to attend a Woollahra 2025 - Have Your Say workshop hosted at Council offices. These workshops were attended by representatives of the following local community groups:

- *Darling Point Society*
- *Double Bay Partnership*
- *Harbour View Residents Group*
- *National Council for Jewish Women*
- *No High Rise in Double Bay*
- *Paddington Society*
- *Rose Bay Good Neighbourhood Watch*
- *Rose Bay Residents' Association Inc.*

- *St Peter's Anglican Church Watsons Bay*
- *Vaucluse Progress Association*
- *Woollahra Heritage Society*

Council considers that the community engagement strategy undertaken in preparing the Community Strategic Plan was extensive and involved key target groups in the process on developing a long term vision for the Woollahra Municipality.

This information was shared with the community via publicity, promotion, & published online via our website. We have also integrated feedback into our Delivery Program, Operational Plan and Departmental Service Plans.

Whilst the Promoting Better Practice Report notes as 'good' the level of community engagement Council undertook to prepare its Community Strategic Plan, Council also acknowledges that this Community Engagement Strategy was developed specifically to guide the development of the Community Strategic Plan and that an opportunity exists to develop a "stand alone" Community Engagement Strategy to support its ongoing community participation activities. This will also be a useful reference to guide the first review of our Community Strategic Plan in 2012.

Steps already underway to develop a "stand alone" Community Engagement Strategy are:

- *The preparation of an Online Community Engagement Strategy to provide practical guidance on incorporating online methods of communication and interaction into all activities undertaken by Council, with the end result being increasing community engagement.*
- *Undertaking a review of Council's existing "Community Consultation Policy & Guidelines for Communicating & Consulting with the Community" which focus more on offline methods for engaging with*

the community. Council has used this document to guide effective community consultation and engagement prior to the development of the Community Engagement Strategy used for the Community Strategic Plan preparation.

The opportunity exists for both of these tools to reside within an overall Community Engagement Strategy as referred to in the Promoting Better Practice Report.

Proposed Action R1

Council will finalise its review of the online Community Engagement Strategy” and “Community Consultation Policy & Guidelines for Communicating & Consulting with the Community” with a view to developing a “stand alone” Community Engagement Strategy to support Council’s ongoing community participation activities and to formalise the already extensive community engagement initiatives we are already implementing.

5. DELIVERING AND ACHIEVING

This part of the review focussed on examining key structures, systems and processes involved in delivering the stated outcomes of Woollahra Municipal Council's delivery plan and operational 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
- recruits and retains its workforce.

5.1 GOVERNANCE

“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.

5.1.1 *Scope of review*

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

- *Ethics and values*
- *Management planning*
- *Procurement, disposal & tendering*
- *Code of conduct*
- *Risk management, fraud & internal control and internal audit*
- *Council's decision-making processes, including delegations and conduct of meetings*
- *Support for councillors*
- *Access to information*
- *Complaints handling*

5.1.2 Overview of Woollahra Municipal Council's governance practices

Overall, the elected Council appears to be functioning efficiently, particularly in regard to the mix of new and experienced councillors, the professional backgrounds, and difference in political views among the councillors.

At an operational level, the Council has many effective governance systems and processes in place. Council has established a position that is charged with the responsibility of overseeing corporate governance for the organisation. Councillors do not participate in decision-making relating to the Council's operations. Council emphasises that its day-to-day operational decision-making is applied using 'a whole of council approach' to outcomes and performance rather than on a task driven approach. Council is managed through its Departmental Service Plans.

Council has a sound set of corporate directions and strategies that are delivered through a well-defined corporate governance framework.

5.1.3 Significant Observations

Better practices

Council and Committee meetings

Council meetings and committee meetings are the primary means by which Council makes its decisions. All business is conducted through the various Council committees, with no business being conducted directly through the Council meetings.

Council meetings and committee meetings are held regularly to discuss important local issues, projects and development applications.

Council meetings are held on the 2nd and 4th Monday of every month.

Council has five (5) formal committees that meet regularly to discuss a range of issues, applications and proposals. Council also has an Application Assessment Panel and convenes meetings of the Woollahra Local Traffic Committee.

The reviewer attended three (3) committee meetings and the Council meeting held on 24 May 2010.

The reviewer found the following:

- Council's Code of Meeting Practice, which guides the conduct of meetings, appears at the back of each and every meeting agenda. The Code of Meeting Practice complies with the procedures set out in the Act and Regulation.
- The meetings attended were effectively chaired and the overall proceedings of all of these meetings were very orderly.
- Councillors appeared to be very respectful of each other and Council staff in attendance and worked well together in discussing and resolving items on the agenda.
- Members of the public gallery making an appeal or comment on particular matters were also treated in a respectful manner by both councillors and Council staff present at the committee meetings.

Council and formal Committee meetings are convened and conducted in accordance with the Council's adopted Code of Meeting Practice.

Councillors, Council staff and community representatives are involved in a range of working parties and sub-committees that meet to discuss a range of community issues and projects.

All formal committee meetings are open to the public. These five (5) formal committees are as follows:

- Community and Environment Committee
- Corporate and Works Committee
- Development Control Committee
- Strategic and Corporate Committee
- Urban Planning Committee.

Councillor development and support

Council provides an extensive range of information, support and training to assist councillors in fulfilling their roles and responsibilities. All senior management are involved in the comprehensive induction training program for councillors.

Induction training includes the following topics: legal and political context of local government; roles and responsibilities of councillors and staff; legal and ethical responsibilities; team work; communication and conflict resolution; strategic planning; change management; and decision making.

Council also has a policy on payment of expenses and the provision of facilities to the Mayor, Deputy Mayor and Councillors, as required by section 252 of the Local Government Act. This policy sets defined limits for a range of common expenses, and complies with the relevant legislation and the Division's guidelines. The policy was last reviewed in September 2009 and includes the good practice of defined limits for a range of common expenses.

Organisational values

Council has a clear set of organisational values which are based on responses to a staff survey and various workshops. These values are clearly displayed in Council's management plans and annual reports to guide councillors, staff and other Council officials on how to conduct their business.

These values are promoted throughout the Council on posters and publications, and are displayed in various locations, such as in meeting rooms, and are located on the Council's website.

Organisation structure

The Council's organisation structure was last reviewed in August 2009. No changes were made to the organisation's structure, as the Council's current structure meets the requirements to achieve the key outcomes and ensures that the Council is able to effectively resource and deliver its long term services, programs and initiatives in the Council's Delivery Program and Operational Plan.

All priorities and actions from the Council's Delivery Program and Operational Plan are entered into the Council's Performance Management Software System (Interplan). Managers provide updated progress comments in Interplan on a regular basis for internal management purposes. Quarterly reports on all Priorities and Actions are then presented to the various Council Committees.

Legal services

Council uses a tender process to appoint its panel of lawyers for planning and development related matters. On occasion, other lawyers are used for other legal services, as required.

Council generally distributes its legal cases evenly between three (3) legal firms on its legal panel. However, variations in distribution will occur based on the nature of specific cases and the known expertise particular to any of the panel members when it is clear that any individual case requires expertise.

Council monitors legal services by requiring monthly reports from each of its legal panel members, case outcome reports on each matter and by conducting a quarterly review of all its cases including an analysis of outcomes and costs which is then related to the decision making level (delegations, committee, Council) and the panel lawyers administering the cases.

In the financial year 2009/10, the Development Application legal costs have been estimated to drop to \$670K, a reduction of \$1.38M compared to last year. The Council's legal costs are estimated to reduce \$1.6M in total in 2009/10 from the previous year. Total legal costs in 2008/2009 were \$2.7M. The revised estimate for 2009/10 is just over \$1.1M. In previous years, the Council was exposed to high costs associated with some significant developments.

The biggest exposure to the Council is that there are always DA appeals through the Land and Environment Court. Given the value of developments, particularly the return on investment in this area, there is a higher likelihood that applicants will test DA refusals and certain conditions impacting on developments through the Land and Environment Court. Within the Woollahra local government area, defending the

Council's decisions has not come without significant legal costs. Further discussion on development applications is presented in Section 5.2.

Procurement, disposal and tendering

Council's Procurement Policy is supplemented by companion procedures that make up the suite of Council's procurement documents. Council's Procurement Policy and the companion procedures that include Purchasing, Engagement of Consultants, Tendering, and Performance of Contractors and Consultants are comprehensive.

Risk management

Council's Risk Management Plan 2009 was prepared in consultation with senior management, facilitated by Viner Group International - an Australian based group of risk and industry advisers to industry, business and government (local and national). Its development was a recommendation of an external audit conducted by the Viner Group in 2004 on the Council's management systems and their value in controlling risks. Senior management incorporated the recommendations of the review as a strategic action in the Council's Strategic Management Plan and allocated the task responsibility to the Manager Risk Control and Safety Services.

The current Delivery Program 2009-2013 and Operational Plan 2009/10 has as a listed priority to *Maintain a risk management framework that achieves best practice in managing risks associated with Council's business activities* and an Action of *Review and amend where necessary the Corporate Risk Management Plan*. This task has been allocated to the Manager Risk Control and Safety Services. This review will be undertaken in consultation with senior management using the recommendations made in the previous annual external review of management system as they relate to controlling organisational and operational business risks.

All managers' Department Service Plans include specific reference to compliance with the Risk Management Plan. This requires the identification and assessment of physical hazards and business risks arising from the activities of the specific Department. The Council also undertakes an annual external review conducted by Viner Group International and quarterly management reports are prepared.

Council's approach has been to ensure that all Department Business Plans are explicit in identifying managers' responsibilities across seven (7) corporate priority areas, namely Risk Management, Financial Management, Good Governance, Workforce Development, Customer Service, Regional Engagement and Corporate Communications. Council also has in place a comprehensive Risk Management Plan and Program, which includes the engagement of Viner Group International to undertake regular external auditing of the Risk Management Program. At the time of undertaking this review, the reviewer examined the current Risk Management Plan and was informed that Council was developing its Risk Management Plan for 2010/2011.

Council's approach to risk management within the organisation is an area that would be of specific interest to other councils.

Noteworthy practices

Code of conduct

Council adopted its current Code of Conduct in April 2009 and is observed by councillors, members of staff and delegates. The Council's code is consistent with the DLG Model Code. The Council has added three (3) supplementary provisions that relate to: Alcohol and Other Drugs; Property; and Public Comment. The code clearly sets out standards of behaviour that are expected of councillors and Council staff.

Awards

In the last three (3) years, Council has received the following awards:

- LGSA Excellence in the Environmental Award and Highly Commended 'Keep Australia Beautiful Sustainable Cities Award for organics trial' (2007)
- Conservation Award for Rose Bay Promenade
- Marketing Awards for Public Libraries 2006 Kids Day Out
- Energy Australia National Trust Heritage Award - Conservation Maritime Heritage for conservation works on the Dunbar Anchor.

Strategic alliances

The Council is involved in strategic alliances with other council groups. Firstly, the Council is part of the Southern Sydney Regional Organisation of Councils (SSROC). SSROC is an association of sixteen (16) municipal and city councils in the southern area of Sydney. SSROC provides a forum for the councils to deal with common issues, particularly those that cross boundaries of the LGAs. The key issues discussed include planning, environment, transport, sustainability, procurement and waste management.

Secondly, the Council is part of the group called the Sydney Coastal Councils Group Inc. The group consists of fifteen (15) councils adjacent to Sydney marine and estuarine environments and associated waterways. This group promotes coordination between member councils on environmental and natural resource management issues relating to the sustainable management of the urban coastal environment.

Council is also involved in a range of resource sharing arrangements with other councils.

Complaints handling and service standards

Council has a Complaints Handling Policy. This policy defines a complaint, details who should deal with complaints, has performance targets for response turnarounds, and sets guidance on the proper recording of complaints and outcomes.

The Council has a set of specific customer service standards and each time staff enter the customer reporting system these service standards appear on the screen. These standards were determined in consultation with relevant Council departments having regard to average turnaround times. All standards are entered into the Council's Customer Request Management System.

Council also has a self-reporting tool that is used by managers to assess and report on the specific customer service standards on a weekly and monthly basis. These service standards also form part of the generic outputs of all position descriptions and staff are measured against these standards as part of their performance evaluations.

Council has a well-resourced Customer Service Centre that includes 'over the counter assistance' and a call centre. The Customer Service Manager coordinates the process. Council has implemented a Customer Request Management System (CRM). This system ensures that all telephone enquires and complaints are logged and categorised according to the function area and type. Service standards are part of this management system and are published on its website and appear on its intranet. All staff have access to the CRM and can input details of complaints received into the system.

Management prepares and receives regular reports on the number, progress and outcomes of all complaints received by Council. When a complaint is received it is immediately logged into the Customer Request Management (CRM) system and the Director of the relevant division receives a notification email that records the details of the complaint. The relevant Director then allocates the complaint to the relevant Manager who monitors the progress and outcome of the complaint. The internal CRM Report database is accessible by all Managers and it is each Manager's responsibility to access the complaint data for the purposes of analysis and reporting on outcomes.

The Complaints Handling Policy is complementary to the Council's Code of Conduct. Code of Conduct complaints are dealt with according to the Complaints Handling Policy but Code of Conduct complaints are distinguished from other complaints in the recording system.

Areas for improvement

Internal Audit and Audit Committee establishment

Council has been slow to implement the DLG Internal Audit Guidelines issued in October 2008. Council currently does not fully comply with these Internal Audit Guidelines and currently does not have an Audit Committee, an internal audit function or a risk based internal audit plan.

Risk management is an essential part of Council's management and internal control framework, which assesses risks that the Council may face and the best way to

address those risks. The assessment and management of risk is central to determining the internal audit activities.

As discussed in the previous section, Council has a comprehensive risk management plan that identifies and examines key risks throughout the organisation and allocates the responsibility of these risks to individual managers. This plan needs to be linked to a risk based internal audit plan. Currently, Council does not have an internal audit plan.

The Internal Audit function provides assistance to management in the identification and evaluation of the risk management system and contributes to the improvement of risk management and control systems.

The Internal Audit Plan is based on the risk management plan and risk assessment of Council's strategic and operational areas and should be developed after consideration of the Council's Risk Management Plan and Risk Registers and other areas of high risks to the organisation.

Recommendation 2

Council needs to establish an independent Audit Committee that will enhance corporate governance within the organisation.

Recommendation 3

Council needs to create an internal audit function to provide assurance that internal processes and systems within the organisation are operating in an effective way and that the likelihood of fraud is minimised.

Recommendation 4

Council needs to develop a risk based audit plan (strategic – 3 year and annual) that focuses on the areas of highest risk and links with its risk management framework. The audit plan should be reviewed / reconfirmed on an annual basis.

Legislative compliance

Council does not have a system for the internal reporting of legislative non-compliance and any fines, penalties, prosecutions that have been brought against the Council as required by clause 413A of the Local Government (General) Regulation 2005. This issue is related to a lack of internal audit processes being in place. Once an internal audit function has been placed within the Council, this is an area that will need to be examined.

Recommendation 5

Council needs to consider the review of legislative compliance as part of the Internal Audit function.

Ongoing training for Councillors

Training is offered to councillors by distribution of conference, workshop, seminar information and attendance arranged where requested by individual councillors. Council currently does not have a structured or regular training and development program for elected members. The reviewer was informed by relevant staff that the promotion of councillor participation in regular training sessions has been difficult to achieve. It is important that councillors regularly attend on-going training to ensure that councillor knowledge is kept up to date and that this is reflected in their conduct at Council and Committee meetings.

The Division of Local Government conducted workshops across the state for councillors following the 2008 elections. Notably, none of the councillors from Woollahra participated in these workshops. The Division has provided resources for councils to assist in developing programs for the ongoing training and development of councillors. These resources are available on the Division's website.

Recommendation 6

Council needs to consider developing a structured development and training program for councillors.

Council response

Governance - Summary

Council is pleased that the Promoting Better Practice Report acknowledges that Council has a sound set of corporate directions and strategies that are delivered through a well-defined corporate governance framework. It is particularly pleasing that the Report notes the following elements of our corporate governance framework as areas of Better Practice:

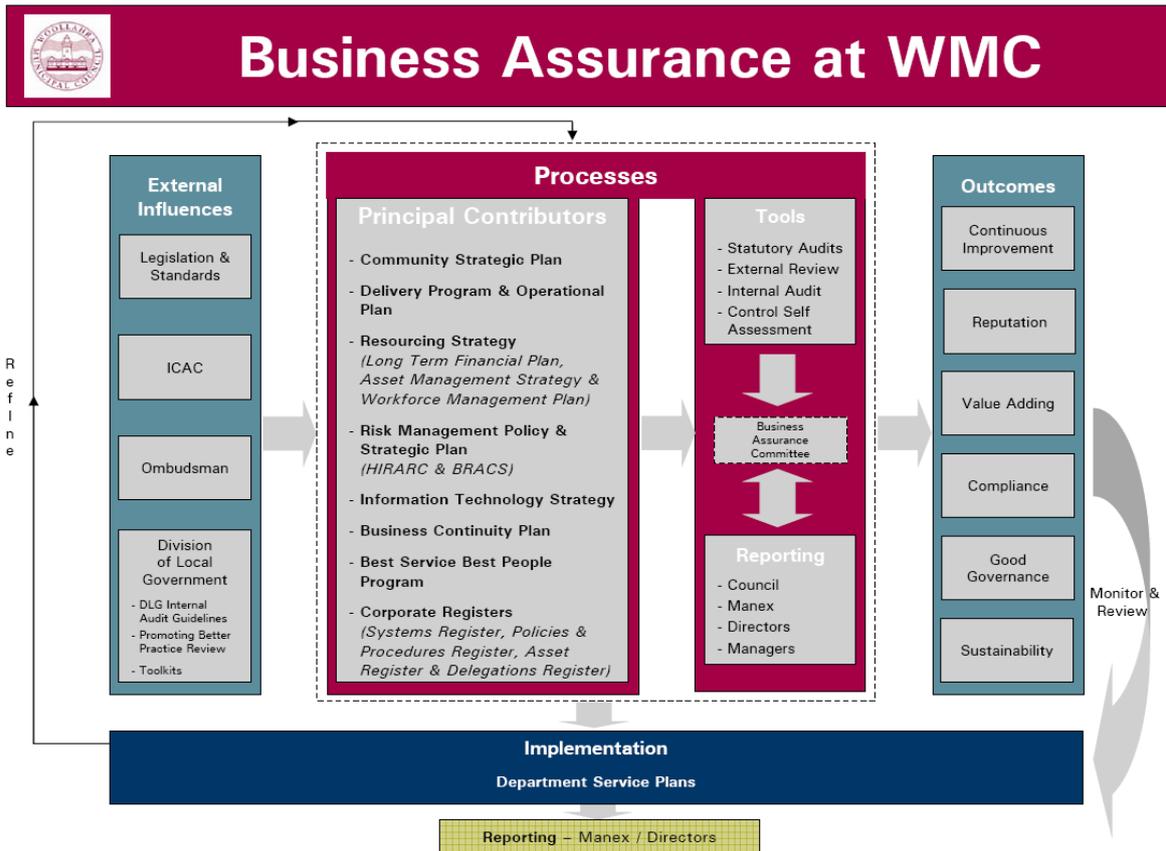
- *Council & Committee Meetings*
- *Councillor Support & Development*
- *Organisational Values*
- *Organisation Structure*
- *Legal Services*
- *Procurement, Disposal & Tendering*
- *Risk Management*

Further, Council agrees that Woollahra's approach to risk management is an area that would be of specific interest to other councils as our comprehensive risk management strategies and our whole-of-council approach to risk management, including a pro-active risk management culture throughout Council, have been developed over many years of committed and sustained effort. This strategic approach to risk management has ensured that effective risk management practices are not an additional task for a few, but rather, these practices are embedded in the day-to-day work activities of all staff. Council greatly values the commitment & dedication of all our employees to ensuring effective risk management strategies remain a high priority.

Council is taking a similar whole-of-council approach in response to the Division of Local Government's Internal Audit Guidelines. Whilst this approach may appear that Council has been slow to adopt the DLG's Guidelines, as noted in the Promoting Better Practice Review Report, Council's approach is to ensure that an effective internal audit function that not only meets the DLG's Guidelines, but when fully operational exceeds them, is intrinsically linked to our whole-of-council risk management plan and that our internal audit practices are as fully embedded in our day work practices as are our risk management strategies.

Council's approach to implementing an internal audit function is to make it a key component of what we are referring to as our "Business Assurance Framework". Council has defined Business Assurance as being the mechanisms that will help us manage our systems and risks to improve and protect the current and future performance of the Council. Our Business Assurance Framework therefore comprises a portfolio of actions and practices that manage uncertainty in the business, increases opportunities for improvement and provides comfort to stakeholders that the business is operating properly, efficiently and effectively. Key elements to achieving a robust Business Assurance Framework can be identified as good corporate governance coupled with effective risk management and strong internal controls.

The External Influences, Processes and Outcomes that comprise our Business Assurance Framework are presented in the following diagram:



As recognised by the Promoting Better Practice Report, good corporate governance and effective risk management are well established at Woollahra Council. Work is also well progressed on the third element of the Framework, being the establishment of the Internal Audit function, which along with the external statutory audit, a suite of specialist consultant reviews, and a program of control self-assessment embedded into work practices, comprise the Business Assurance Framework currently being developed. It is Council's view that our Business Assurance Framework will become a benchmark model for other Councils.

Details of our Business Assurance Framework were provided to the external consultant from IAB Services at the time of the Promoting Better Practice Review on-site visit and significant work has been done in progressing the framework since that time. Additionally, Council has continued to consult with IAB Services on key elements of our framework as it has developed. Specific advice received from IAB Services is assisting in the development of our

Business Assurance & Internal Audit Charter and our Business Assurance & Audit Committee Charter.

Implementation of the Outcomes from the Business Assurance Framework, being specific actions relating to good governance, risk management, compliance, audit, external reviews and control self-assessment, along with other continuous improvement initiatives, is through our Department Services Plans (DSPs). As recognised in the Promoting Better Practice Review Report, the DSPs have been developed as an extension of our Integrated Planning and Reporting Framework and have become an integral component of delivering effective & efficient outcomes across all Council Departments.

In summary, Council is fully committed to integrating an effective Internal Audit Program to support what the Promoting Better Practice Review has acknowledged as Council's already strong and effective risk management program. We are taking a whole-of-Council approach to this through the development of the Business Assurance Framework. It is Council's view that this approach represents a strengthening of the outcomes that would otherwise be achieved through the introduction of a stand alone Internal Audit function and our model will become a benchmark for showcasing to other Councils.

To demonstrate the mechanism by which Council is linking the Internal Audit function to our already well established Risk Management program, the following draft "Departmental Business Assurance Program" for Council's Depot & Waste Services Department is provided by way of example. Similar Departmental Business Assurance Programs are being developed for all Council Departments.



Departmental Business Assurance Program

Depot & Waste Services (1 July 2011 to 30 June 2014)

BUSINESS & PHYSICAL HAZARDS REGISTER		COMPLIANCE & INTERNAL AUDIT PLAN							
OPERATIONAL RISK	RISK RATING	AUDITABLE PROCESS / AREA	AUDIT PRIORITY RATING	AUDIT APPROACH	SCOPE OF AUDIT	ALLOCATED TEAM	2011/2012 FY	2012/2013 FY	2013/2014 FY
Failing to comply with procurement legislation.	High	Procurement & Tendering Procedures.	High	Council Wide Internal Audit Review	Process review of procurement and tendering to evaluate adequacy of internal controls	Senior Internal Auditor SSROC	✓		
		Code of Conduct/Corporate Governance Framework.	High	Council Wide Internal Audit Review	Review Council's corporate governance framework to provide assurance against risk of fraud, corruption and inappropriate actions by Council employees.	External Consultants	✓		
		Delegations.	High	Council Wide Internal Audit Review	Review of delegations of authority to assess adequacy and alignment with council operations.	External Consultants	✓		
		Finance 1 processes.	Medium	Council Wide Control Self Assessment	Review Checklist of controls in Finance 1 process that ensures correctness and accuracy of data.	Relevant Department Head/Delegate	✓		
Selling of faulty/dangerous plant and equipment.	Low	Disposal procedure.	Low	Council Wide	TBD	TBD			✓
Failure to collect waste.	Low	Waste collection process.	Medium	Departmental Control Self Assessment	Review Checklist of controls in waste collection process ensure process is effective and efficient.	Department Head/Delegate	✓		
		Fleet Management/Maintenance process.	Medium	Council Wide	TBD	TBD			✓
		Depot Security Systems.	Medium	Departmental	TBD	TBD			✓
		Fire Security System.	High	Council Wide	TBD	TBD		✓	
Impact of new infrastructure procurement on maintenance services.	High	Project Management Process.	High	Council Wide Internal Audit Review	Process review of project management processes to evaluate adequacy of internal controls.	Senior Internal Auditor SSROC	✓		

BUSINESS & PHYSICAL HAZARDS REGISTER		COMPLIANCE & INTERNAL AUDIT PLAN							
OPERATIONAL RISK	RISK RATING	AUDITABLE PROCESS / AREA	AUDIT PRIORITY RATING	AUDIT APPROACH	SCOPE OF AUDIT	ALLOCATED TEAM	2011/2012 FY	2012/2013 FY	2013/2014 FY
Increasing costs associated with waste disposal and/or recycling.	Extreme	Recycling and Waste disposal process and waste minimisation strategy	Medium	Departmental	TBD	TBD		✓	
Interference from crane operation with overhead services and private property.	High	Crane operating and maintenance process.	Medium	Departmental	TBD	TBD		✓	
Loss of income due to missed statutory deadlines and reporting with DECC.	Low	Council Reporting framework/process.	Medium	Council Wide Internal Audit Review	Review of Council's Reporting framework and evaluate rigour reliability of information included.	External Consultants	✓		
Poorly maintained footpaths, street furniture and other relevant assets within business centres.	Low	Asset maintenance scheduling process.	Medium	Departmental Control Self Assessment	Review Checklist of controls in constructing scheduled maintenance plans.	Department Head/Delegate	✓		
Potential for damage or loss as a result of inadequate Fleet maintenance.	Low	Fleet Management/Maintenance process.	Medium	Council Wide	As noted above.	As noted above			✓
Potential for vehicle incidents.	High								
Potential for financial loss associated with the purchase of unsuitable plant items.	High	Procurement & Tendering Procedures.	High	Council Wide Internal Audit Review	As noted above.	As noted above	✓		
Potential for fraudulent activity by Depot and Waste Services staff.	Low	Code of Conduct/ Corporate Governance Framework.	High	Council Wide Internal Audit Review	As noted above.	As noted above	✓		
Potential for fraudulent activity by waste collection staff.									
Reputation damage associated with fraudulent collection of monies, or incorrect application of fees and charges.									

This represents how Council is using the already existing risk profile for each Council Department/Operational Area, and clearly identifying the auditable process utilised to enhance corporate governance and to provide assurance that internal processes and systems within the organisation are operating in an effective way and that the likelihood of fraud is minimised. The auditable processes identified alongside each of the identified risks are the range of “Tools” shown in the Business Assurance Framework, being:

- *Statutory Audit*
- *External Consultant Review*
- *Internal Audit*
- *Control Self-Assessment*

An extract from the suite of “Departmental Business Assurance Program” identifying the specific organisational risks to be monitored through the Internal Audit function represents the three (3) year and annual Internal Audit Plan.

It is Council’s view that this approach is a very strong adaptation and customisation of the DLG’s Internal Audit Guidelines.

Recommendation 2

As presented in the Business Assurance Framework above, Internal Audit is one of the functions that will be overseen by a soon to be established Business Assurance & Audit Committee. In establishing the Committee, Council will carefully consider the DLG’s recently released revised Internal Audit Guidelines.

Proposed Action R2

Council will carefully consider the DLG’s Internal Audit Guidelines in the establishment of its Business Assurance & Audit Committee. It is expected that the Committee will be operational by July 2011.

Recommendation 3

Council is well progressed with the establishment of an Internal Audit function as a component of its Business Assurance Framework.

Council entered a resource sharing arrangement with the Southern Sydney Regional Organisation of Councils (SSROC) in June 2010 for the provision of Internal Audit Services. At this stage Council's commitment to the arrangements is for the engagement of one of the Internal Auditors employed by SSROC to work at Woollahra Council one day per week for an initial twelve (12) months. That level of commitment will be reviewed after 12 months for the remaining two (2) years of the agreement.

Work undertaken with the SSROC Internal Auditor to date has been:

- Assisting with the development of the Business Assurance Framework in consultation with the General Manager, Senior Management and Council's Manager Risk and Safety Systems.*
- The development of a three (3) year Internal Audit Plan that is intrinsically linked to Council's Risk Management Plan.*
- The development of appropriate actions for inclusion in annual Department Service Plans that respond to Internal Audit, Risk Management and Control Self-Assessment initiatives.*
- Reviewing draft Charters for the operation of the Business Assurance & Audit Committee and internal audit function.*

Proposed Action R3

Council expects to have its Internal Audit function fully operational by July 2011 at which time our current one day per week commitment to the SSROC Internal Audit Resource Sharing arrangement will be reviewed to determine requirements for the remaining two (2) years of the agreement with SSROC.

Recommendation 4

Council is already utilising the services of an Internal Auditor under an SSROC Resource Sharing arrangement. Work is well progressed with the establishment of a three (3) year and annual Internal Audit Plan that is intrinsically linked to our three (3) year Risk Management Plan. It expected the Internal Audit component of the Business Assurance Framework will be fully operational by July 2011.

Proposed Action R4

It expected the Internal Audit component of the Business Assurance Framework will be fully operational by July 2011.

Recommendation 5

Council has not incurred any fines or penalties, nor have any prosecutions been brought against the Council that would have necessitated the information required by clause 413A of the Local Government (General) Regulation 2005 being made available to the councillors.

Legislative Compliance is one of the key outcomes of Council's Business Assurance Framework as described above and is already addressed through our Risk Management Strategy and Plan. Opportunities to strengthen this process will be examined in conjunction with the implementation of the Internal Audit Plan.

Proposed Action R5

Any opportunity to strengthen Council's reporting processes for instances of non-compliance will be examined in conjunction with the implementation of the Internal Audit Plan.

Recommendation 6

The Division of Local Government (DLG) held Councillor Information Seminars following the 2008 local government ordinary elections which addressed the following topics:

- *Roles*
- *Responsibilities and relationships*
- *Code of conduct*
- *Meetings practice.*

The Seminar held for the Sydney area councils was on Monday 17 November 2008 which precluded Woollahra Councillors from attending as this was a Council meeting night. The DLG was advised of this and Council was informed that the Councillors could attend one of the other metropolitan Seminars being held at Sutherland and Penrith.

The Councillors were advised of the other Seminars however several indicated that they were not able to attend at Sutherland or Penrith, particularly as the Seminars were commencing at 5.30pm.

Apart from the DLG Seminars, Council's usual practice is to conduct induction sessions for the newly elected Councillors.

In addition to the Council conducted sessions, Woollahra Council joined with Waverley and Randwick Council following the 2008 elections and held a joint information session which included the following:

- *Mr Adam Seton, Partners with Marsdens Law Group addressed the Councillors on the following:*
 - *role of Councillor*
 - *role of the Mayor*
 - *role of the General Manager*
 - *role of council staff*

- *what is the legal framework within which councils operate*
- *how are councils structured*
- *what is the Council's Charter*
- *what services and functions do councils provide*
- *the role of the Minister for Local Government and the Department of Local Government*
- *what is expected of a councillor*
- *what does a councillor do as a member of the governing body*
- *what does a councillor do as an elected representative*
- *how do councils debate and make decisions*
- *how often are council meetings held and how are they conducted*
- *the Council decision making process*
- *delegations*
- *is a councillor protected from legal action against them*
- *what expenses and facilities are provided to councillors*
- *Mr Jeff Williams, Director of Fraud Prevention Services Pty Ltd addressed the Councillors on the following:*
 - *The new Code of Conduct*
 - *managing Conflicts of Interest*
 - *new Regulations on non pecuniary interest and annual disclosure of interest returns*
 - *councillors' role in the DA Process*
 - *the role of Councillors in planning matters and the need to be independent*
 - *decisions to be based on merit*
 - *interaction between Councillors and applicants*

- *the role of Council staff in planning and development control matters and their independence.*

In regard to ongoing Councillor training and development, Council provides each Councillor with information about local government related conferences and seminars and facilitates Councillors' attendance at any relevant conference or seminar should Councillors' advise of their interest in an event. In 2009/10, three (3) conferences and five (5) industry seminars were attended by Councillors.

Council does not consider that the development of a more formal and structured training & development program for Councillors is needed.

Proposed Action R6

Council will continue to provide training & development opportunities for all Councillors as has been effectively delivered to date.

Reviewer's comment

No matter what the individual circumstances of the councillors on a council, their role is an important one and their responsibilities are wide-ranging. Even experienced councillors say they can find it challenging to keep abreast of changes to the legislative and policy context for local government as well as changes to a council's policies and procedures.

While it is acknowledged that Council supports councillors by providing information on training and development programs, Council should consider undertaking a review of the professional development needs of councillors to inform planned continuing professional development programs for individual councillors.

5.2 DEVELOPMENT CONTROL & OTHER REGULATORY FUNCTIONS

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 the Council and its staff. Regulation is important in achieving a wide range of social, economic and environmental goals.

5.2.1 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*

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

The Council has a land use strategic plan which is used as a framework for its land use planning framework. There are key documents which have broadly influenced the Council's land use planning. These documents are the Woollahra Housing Study and Strategy 1997 and the State Government Draft East Subregional Strategy 2007.

5.2.3 Significant Observations

Better practices

Use of delegated authority

Council reported that 98% of development applications (DAs) are determined by staff using delegated authority. This process facilitates timely and objective decision-making by the Council on development issues and also suggests that the elected Council has a good understanding of its primary role and responsibilities in the determination of policy and strategic issues.

The criteria for the referral of DAs to Council is set out in the Council's delegations and the criteria has safeguards operating to allow councillors to call up matters to full Council for determination.

Council is kept informed of all determinations made under delegated authority by a notice that is included in the weekly Councillor Bulletin. Council also places regular public notices listing determinations in the *Wentworth Courier*.

Teamwork within the Council

Strategic planning, land use planning, sustainability and environment, development assessment and regulation of development are interrelated processes. During the time spent by the reviewer at Council, there was the opportunity to meet, collectively and separately, with key staff from these disciplines. The reviewer observed a high level of mutual respect and understanding of the need for a team approach to various matters. Again, this illustrates that the operations and decision-making processes of the Council are made on a 'whole of organisation' basis.

Development applications

In 2008, the Council processed 859 DAs, 57 construction certificates for houses, 452 applications to amend development consents and 29 applications to review determinations. Council conducted 53 formal pre-lodgement meetings to deal with 45 appeals to the Land and Environment Court.

Council has a panel that considers development applications of a certain nature or scale. The Application Assessment Panel is made up of senior staff who meet to assess and determine DAs that involve a significant community interest or have attracted submissions raising objections that cannot be resolved by way of a condition of consent.

Council uses strategies to minimise the use of formal appeal processes arising from its development assessments and approvals decisions (eg, mediation and conciliation). This includes careful consideration and resolution of issues as far as practicable prior to the determination, advice and use of section 96 and section 82A applications, where appropriate.

Council has put in place measures that ensure that the BASIX certification system is complied with, including the standard condition. This standard condition requires that all BASIX commitments are to be shown on the Certifying Certificate and specifications. Standard condition is imposed to require all BASIX commitments to be effected. Council requires that all BASIX commitments are checked prior to the issue of the final Occupation Certificate. The Council does not check jobs under the supervision of a private certifier.

State of environment (SER) monitoring

The Woollahra community has a formal role in monitoring changes in the environment, as part of the SER process, through two groups. Firstly, through BUSHCARE, the community collects biodiversity data (sq metres regenerated) and threatened species data. Secondly, through STREAMWATCH, the community collects and reports on data on water quality.

Enforcement

Council has an Orders Policy under section 159 of the Local Government Act. The table under section 124 of the Act sets out circumstances that must exist prior to an Order being issued. The Council's Enforcement Policy provides guidance to staff on how their discretion under section 124 should be exercised.

Council provides on-going training and information to assist enforcement staff to undertake their duties. Initial and ongoing training is conducted in the following areas: Code of Conduct; Investigation; Dealing with Aggressive and Potentially Violent Behaviour; POEO Authorised Officer; Technical BCA training; and OH&S Toolbox workshops.

Areas for improvement

Companion Animals

The Council currently does not have a Companion Animals Management Plan in place. However, the Council does have categorised public open space areas where animals are allowed on leash/off leash. Council presents this information on its website to facilitate public access to the information.

Council runs community education programs on responsible management of companion animals, such as brochures on responsible pet ownership, and events to raise public awareness about responsible dog ownership including 'Pooches in the Park'. This event has a localised focus and addresses responsible ownership and community involvement. A survey of attendance was conducted at this event. The current officer responsible for companion animals would like to establish a school education program promoting responsible ownership and pet care within the local schools.

Council only impounds animals where the animal is unattended or likely to be a danger to the public and the owner cannot be contacted. The LGA does not have its own pound facilities. Impounded animals are transferred to the Sydney Dogs Home for ongoing management.

The Council has a very low euthanasia rate for its companion animals. The rate has decreased in recent years to less than 10 animals per year for the past two years. The Council has reported on impounded dogs from the LGA each year for the last three years. These rates appear to be well below the state average. For example, the state average in 2007/2008 was 37%, for Woollahra the rate for the same year was 11%.

The Council is also currently up to date in payments to the Companion Animals Fund and currently has no outstanding amounts. There has also been no noteworthy complaints received from residents.

Recommendation 7

Council should consider developing a Companion Animals Management Plan to guide its companion animal activities.

Environmental Management

Council has not adopted an Onsite Sewage Management Strategy because all sewerage treated in the LGA is conducted through the Sydney Metropolitan Sewerage System, and as a result, a Woollahra specific system is not required. Council does allow for the re-use of grey water through referencing of AS3500:3:2003 in the Draft Stormwater Management DCP.

Council has four (4) catchments in the Woollahra LGA. Stormwater management instruments, which are consistent with State Government guidelines, are being developed for each and are at the following stages of development:

- **Double Bay Catchment.** The Flood Study has been completed. The Flood Risk Management Study is 70% complete and was expected to be completed by September 2010. The Flood Risk Management Plan had not commenced at the time of the review, but the Council stated that this Plan would be completed by January 2011.
- **Rose Bay Catchment.** The Flood Study has been completed. At the time of this review, the Flood Risk Management Study had not been started, but the Council plans to have this study completed by January 2011. The Flood Risk Management Plan has not commenced but is expected to be completed by June 2011.
- **Rushcutters Bay Catchment.** The Flood Study has been completed. The Flood Risk Management Study has also been completed. The Flood Risk Management Plan is currently in draft and was expected to be completed by September 2010.
- **Watsons Bay Catchment.** Drainage study has been completed.

On completion of the above named instruments, Council intends to aggregate these documents to form a LGA wide Stormwater Management Plan.

Council is also working with the Sydney Metro Catchment Management Authority (SMCMA) to develop a regional natural resource database. Council officers had a series of meetings with SMCMA staff in 2009 to populate the database with environmental data from the Woollahra LGA.

Recommendation 8

Council should ensure that the four catchment flood studies are completed, that Flood Risk Management Plans for each catchment are completed and that these management plans are then used to form part of the development of the LGA Stormwater Management Plan.

Swimming Pools

Council is aware of the Swimming Pools legislation. The monitoring process for backyard swimming pools in the LGA is included in the processing of DAs or complying development certificates. The Council does not have a compliance program to ensure that it is notified of all domestic swimming pools in its area and that swimming pools comply with the *Swimming Pools Act 1992*. Council does not conduct any monitoring of swimming pools in the LGA. The Council also does not have a register of swimming pools, but is able to search on the DA register for information on who has applied for approvals for swimming pools.

Recommendation 9

Council needs to:

- a) develop a compliance and monitoring program for domestic swimming pools in its area, and*
- b) develop a register for domestic swimming pools in the LGA.*

Council response

Recommendation 7

Council already has an established Animal Advisory Committee to assist with the refinement of general policies, programs, services and development of plans for the effective control of companion animals in the Municipality. The Committee reports to the Community and Environment Committee and consists of:

- Two councillors appointed by the Mayor,*
- Two Woollahra Council Compliance staff, one of which must be a Council Ranger, appointed by the General Manager,*
- Four local animal professionals (which may include, but is not limited to a veterinarian, animal behaviourist, member of the NSW Animal Welfare League, member of the Companion Animal Reference Group),*
- 7 local residents.*

Meetings of the Animal Advisory Committee may also be attended by representatives of interested groups and copies of the agenda will be sent to the following organisations when matters of relevance to these groups are under consideration:

- *Waverley Council,*
- *Centennial Parklands,*
- *Vaucluse House and*
- *Paddington Society.*

The Committee meets four times a year.

In addition, a comprehensive array of information to assist residents in the control and management of companion animals is available on Council's website. Information available on the website relates:

- *Animals & Pets*
- *Barking dogs;*
- *Dog attacks;*
- *Cats*
- *Walking your dog;*
- *Identification & Registration*
- *Choosing the purr-fect pet*

Relevant forms and checklists are also available on the website for download.

Council also employs a Companion Animals Officer to act as Council's specialist on all companion animal matters, providing support and guidance to staff on the provisions of the Companion Animals Act 1998 and Regulation 1999, general animal care and handling and improvements in companion animal management. Specific roles and responsibilities of this position include:

- *To be Council's principal community liaison person with regard to companion animal matters, educating the public on responsible animal ownership and their statutory responsibilities under the Companion Animals Act 1998 and Regulation 1999.*
- *To review and prepare updated policies and procedures concerning companion animal matters.*
- *To be Council's specialist companion animal handler, providing support and guidance to staff on the correct and safe methods of impounding and transporting stray and/or injured animals.*
- *Ensure regular routine patrols are conducted of Council's parks, reserves, beaches and other public areas to ensure compliance with the provisions of the Companion Animals Act 1998 and Regulation 1999.*
- *Investigate and take appropriate action on nuisance and dangerous animal requests and complaints, as prescribed by the Companion Animals Act 1998 and Regulation 1999.*

Notwithstanding the above, it is agreed that to achieve best practice Council should prepare a Companion Animals Management Plan to guide its companion animal activities.

Proposed Action R7

Council will develop a Companion Animals Management Plan having regard to the publication, "Guide to Preparing Strategic Companion Animals Management Plans, July 2001", published by the DLG.

Recommendation 8

Following the release of the New South Wales Government 'Floodplain Development Manual' in April 2005, Council established a Floodplain Risk Management Committee (FRMC) comprised of Councillors, staff and community representatives. The role of the committee is to oversee Council's progress through the Floodplain Risk Management Process outlined in the Manual.

As noted in the Promoting Better Practice Review Report, Council is well advanced towards completion of relevant stormwater management instruments for each of the four (4) catchments in the Woollahra LGA. For the Double Bay, Rose Bay and Rushcutters Bay catchments, this involves the preparation of Flood Studies, Flood Risk Management Studies and Flood Risk Management Plans. For the Watsons Bay Catchment, Council prepared and adopted the 'Drainage Management Study and Plan' in 2004, prior to the release of the revised guidelines. Council considers that this document covers the key elements required by the FRM process.

At this stage Flood Studies for the remaining three catchments have been completed. For the Double Bay Catchment, the Flood Risk Management Study and the Flood Risk Management Plan are complete in draft form and are now subject to community consultation. We anticipate adoption of the finalised documents in March 2011.

For the Rose Bay Catchment, proposals for the preparation of the Flood Risk Management Study and Flood Risk Management Plan have been submitted by consultants and are to be presented to the FRMC in late 2010. Completion of the two documents is anticipated in June and December 2011 respectively.

For the Rushcutters Bay Catchment, the Flood Risk Management Study is in place and the Flood Risk Management Plan is now complete and ready for review by the FRMC.

The consolidation of these various instruments into an overall Stormwater Management Plan is expected to be completed by June 2012.

Proposed Action R8

Council has a program in place to ensure that the four catchment flood studies are completed, that Flood Risk Management Plans for each catchment are completed and that these management plans are then used to form part of the development of the LGA Stormwater Management Plan.

Recommendation 9

Council anticipates that there are in excess of 3,500 properties with swimming pools within the Municipality and has identified over 2,600 properties with pools from our June 2005 aerial photograph. A more accurate record will be compiled as we update our aerial photographs.

Council's current practice, as explained at the time of the Promoting Better Practice Review, is to ensure that any swimming pools identified during building certificate inspections are compliant.

With regard to a swimming pool register, Council is proposing to flag on the Authority Property system, all known properties with pools.

Further, Council is currently in the process of implementing the following recommendations of the Department of Local Government contained in Circular 10-24 relating to its Swimming Pool Safety Campaign 2010:

- 1. Distributing a copy of the Department's brochure and checklist to every pool owner and occupier.*
- 2. Preparing information on swimming pool laws and safety for publication on Council's website, including links to the Royal Life Saving "Home Pool Safety in a Box" kit.*

Proposed Action R9

Council agrees with the recommendations in the report and have commenced action to:

- 1. Develop a compliance and monitoring program for domestic swimming pools, and;*

2. Develop a register of domestic swimming pools within the LGA.

5.3 ASSET & FINANCIAL MANAGEMENT

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 those assets.

5.3.1 Scope of review

A review was conducted on 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*
- *Special variations*
- *Rates structure*

5.3.2 Overview of asset and financial management practices

A review of Council's financial statements for the financial year 2008/09 showed that Council's overall financial position, when taking into account its financial indicators and further investment write downs, is in a satisfactory financial position. Council's 2008/09 financial statements were qualified due to certain investments not being able to be fair valued.

Council has prepared a Draft Long Term Financial Plan as part of its integrated planning framework. This Plan provides Council with an initial 20 year financial forecast, financial benchmarks for the future and an overview of the possible future financial scenarios.

Council uses the following indicators to assess the financial health of the organisation:

- Unrestricted current ratio
- Debt service ratio
- Restricted cash levels

- Unrestricted cash levels (working funds position)
- Rates and charges outstanding percentage
- Building and infrastructure renewal ratio
- Investment performance reports.

The 2008/09 results of these financial indicators are in general considered to be good. However, it is worth mentioning that the debt service ratio is low (2.35%) and Council could consider utilising debt for infrastructure replacement. The Outstanding Rates and Annual Charges ratio is 4.86%, which is close to the accepted level for a metropolitan council.

5.3.3 Significant Observations

Better practices

Asset maintenance

Council maintains a register of assets. Data relating to the condition of assets is collected and updated in the GIS register. For each class of infrastructure asset, a condition analysis is prepared based on periodic physical inspections. For example, footpaths are inspected annually and roads are inspected every five years. A condition inspection is undertaken for all property every six months in accordance with a documented inspection program.

Council established an Assets Working Party comprised of Councillors and staff in 2002. This working party oversaw the development of a Property Asset Study, which was adopted by Council in 2007. The study identified options for retention, disposal or redevelopment of key property assets. Actions from the study are underway and ongoing.

The Council's asset maintenance program consists of a proactive program of inspection of the condition of assets on all sites, which collects issues and enters these issues into the maintenance system of the GIS. This information is then transferred into the Defects Register and the maintenance team then addresses each of the maintenance issues that have been highlighted. The timing of the maintenance work is based on a risk assessment of the defect. The unplanned

maintenance budget is structured around both reactive maintenance work and proactive maintenance programs.

The reviewer found this system, which has been developed by a Council staff member using the GIS tool, to be a very impressive and innovative system that would be of specific interest to other councils.

Noteworthy practices

Financial management

The Council has a draft Long Term Financial Plan that was last updated in June 2010. This financial plan is linked to the Council's Asset Plan and Strategic Plans. Within the draft Long Term Financial Plan, Council has established a performance monitoring model that includes indicators and targets. The model uses the traffic light assessment to measure the targets. The draft Long Term Financial Plan is easy to read and understand. By using the traffic light assessment process, it gives the reader a visual indication of how well Council is meeting its targets. However, Council should complete the sustainability model within the financial plan.

The content of annual general purpose financial reports are reviewed each year with the objective of improving disclosure. In preparing the annual budget to Council, detailed presentations are provided to councillors in a committee forum. This forum enables full and frank discussion on the budget strategy, the composition of the operating and capital budgets and the impact of budget decisions on balance sheet items.

The Council's Investments Policy states that surplus funds, having regard to cash flow requirements, will be invested in accordance with the *Local Government Act 1993* and the Ministerial Investment Order. On this basis, and through cash flow management, the Council does not utilise its overdraft facility. Cash requirements are monitored on a daily basis and a positive bank account balance is maintained by utilising at call deposits and appropriately timed term deposits.

Areas for improvement

Infrastructure and Asset management

Council adopted an Asset Management Policy in 2005 that addresses asset management and the provision of infrastructure. This policy appropriately recognises the requirements under Special Schedule 7 in relation to the asset classes and respective conditions of these assets. The asset classes recognised are Council buildings, including the library, childcare centres, amenities, public roads, and, drainage systems. Water and sewerage in the Council area is Sydney Water's responsibility.

Council has consistently applied for special variations for infrastructure and environmental infrastructure for the last five (5) years.

In 2007/08 Council applied for a special variation for five years for infrastructure renewal. The 2006/07 special variation was for 5 years for infrastructure and environmental works. In Council's 2008/09 annual report, Council noted that a special variation to assist with funding asset management was approved for 2006/07, and listed specific projects but did not identify which were funded by the special variation. In this report, Council did not report on the 2007/08 special variation funding. In the 2008/09 financial report, Council identified a special rate for infrastructure renewal and environment for 2008 and 2009.

Council has developed a draft Asset Management Strategy up to 2020 and has a few asset management plans for some classes of assets. Having effective planning in place for the management of Council's assets will assist Council in determining the funding required and the appropriate sources of this funding to manage assets into the future.

Council's infrastructure and asset management ratios relating to written down values/total valuation for roads, bridges and footpaths, and stormwater and drainage are considered to be low when compared to industry benchmarks. In 2008/09 for roads, bridges and footpaths the ratio was 38% and the result for stormwater and drainage was 46%. These results may change following the conversion to fair value of the roads, bridges and footpaths assets class in the 2009/10 financial reports.

Recommendation 10

Council should:

- a) finalise its Asset Management Strategy, and*
- b) continue with the development of its asset management plans.*

Recommendation 11

Council should report on special variations in its annual reports as required so that the community are aware of special variations that have been received and how the funds have been expended.

Rates structure

Council's rates structure is a base amount plus ad valorem for residential rates and ad valorem with a minimum amount for business rates. Council has a Residential rate category plus a subcategory, Residential - Car Space. Council has a business general rate plus 13 Business subcategories. The subcategory, Residential - Car Space, is non-compliant. The special rate minimum amount raises 50.02% (this amount should remain under 50.0%). Council was advised of these compliance issues in 2009. No action has been taken at this point. Council has a Stormwater Management Service Levy on residential and business properties and residential and business strata properties.

Recommendation 12

Council should address the rating system issues which have been raised in earlier correspondence from the DLG and ensure compliance with DLG requirements.

Council response

Recommendation 10

In relation to Asset Management, Council is well placed in respect of all elements of the DLG's Integrated Planning & Reporting Guidelines primarily as a result of the significant effort that Council has put into asset management from 2004 until the present time. Woollahra Council is a participating

organisation in the Institute of Public Works Engineering Australia (IPWEA) National Asset Management Strategy program (NAMS.PLUS) and has been a contributor to the development of a series of templates which are expected to become the national standard for the development of asset management policies, strategies and plans for Australian Local Government.

The DLG Integrated Planning and Reporting Guidelines require Council to endorse an Asset Management Policy that ‘sets the broad framework for undertaking asset management in a structured and coordinated way’ and that ‘provides a clear direction for asset management and defines key principles that underpin asset management for the council’.

Council adopted its Asset Management Policy in June 2010 which seeks to set this broad framework and position Council’s asset planning activities within the broader context of the adopted Community Strategic Plan – Woollahra 2025.

Further, the Integrated Planning & Reporting Guidelines require Council to prepare an Asset Management Strategy which ‘will enable Council to show how their asset portfolio supports the service delivery needs of their communities into the future’. The guidelines recommend that the strategy should include;

- A description of the current status of Council’s asset management practices (asset data and information systems).*
- Specific actions to be undertaken to improve or enhance Council’s asset management capability (a gap analysis), including resource requirements and timeframes.*
- Specific actions to be undertaken to achieve the Council’s strategic objectives.*

A comprehensive Asset Management Strategy for the period 2010 – 2020, which addresses the DLG requirements, was presented to Council in June 2010. This strategy builds on the work commenced by Council in 2004 and places Woollahra at the forefront of local government asset management in

NSW. In presenting the Strategy to Council, it was recognised that further refinement of renewal expenditure modelling will be required over the coming months.

Some key findings drawn from the Strategy are;

- The condition of Council's infrastructure assets has improved since 2004 as a direct result of improved asset planning and increased asset renewal expenditure.*
- Notwithstanding the comment above regarding further refinement of asset renewal modelling, early indications are that current service levels can be maintained over a 20 year planning horizon if current levels of expenditure on renewal are maintained.*
- Our understanding of the value, condition and renewal cost of our transport assets (roads, footpaths, kerb and gutter, traffic facilities) is highly developed and predictions for renewal expenditure during the period of the Strategy can be made with a reasonable degree of certainty.*
- The value and renewal cost of our stormwater assets (pipes, pits, gross pollutant traps) is well understood and reasonable estimates of renewal requirements can be made based on age profiling. Further work is required to more fully understand their current condition.*
- The value and condition of some land improvements (sea walls, harbourside structures, retaining walls) is not well understood and greater emphasis on emphasis on these assets will be required in the short to medium term.*

The DLG Guidelines also require Council to prepare either an Asset Management Plan for all of our assets, or a series of plans for our various classes or group of assets (e.g. stormwater assets, road assets etc).

Woollahra Council has opted to develop a series of Asset Management Plans for the following classes of assets;

- *Transport infrastructure – roads, footpaths, kerb and gutter, traffic facilities*
- *Stormwater infrastructure – pipes, pits, gross pollutant traps*
- *Land improvements – park and sportsground structures, harbourside structures, sea walls, retaining walls*
- *Buildings & contents*
- *Other – street furniture, signage, plant & equipment, lighting infrastructure*

The plans for these classes of assets are at varying stages of development. Council's emphasis and effort to this point has been on the 'civil' asset classes (transport and stormwater infrastructure). The asset management plans for these are highly developed and sophisticated. Council's focus for 2010/11 will be on developing detailed asset management plans for Land Improvements and Buildings.

Proposed Action R10

Council is committed to completing its updated assets management strategy and supporting asset management plans by 30 June 2011.

Recommendation 11

In 2006 Council received approval for a special variation for the costs associated with infrastructure and environmental works for a period of 5 years. A condition of the special variation approval was that Council clearly reports in its annual report for the period 2006/07 to 2010/2011 information on the total income received, expenditure per project/program and outcomes received.

Council has been reporting the above information in its annual reports. In the 2008/9 Annual Report Council reported the Environmental & Infrastructure Levy income and levy expenditure on page 62. Council then reported the

projects/programs funded from the levy and the outcomes of those projects/programs in Annexure 3 (Performance in Terms of Principal Activities) of the Report. This information was reported under the section headed “Environmental, Infrastructure and Stormwater Works Program – Fourth Quarter Management Plan Review”.

It is acknowledged that reporting the levy income and expenditure separately may be confusing and Council is reviewing the reporting structure for the 2009/10 Annual Report.

Proposed Action R11

Council will review the structure of its reporting on its Special Rate Variations for the 2009/10 Annual Report.

Recommendation 12

The minor issues identified in respect of Council's rating structure have been addressed for the 2010/11 rates levy.

Specifically, the Residential subcategory, Residential - Car Spaces, has been re-categorised as a subcategory of the Business category, Car Spaces, and will continue to be rated on a pure ad- valorem basis. In relation to the non-complying Base Amount, Council's rates structure complies for the 2010/11 rates levy with Base amount percentages of 49.6% (Residential) and 49.65% (special rate).

Proposed Action R12

These minor issues have been addressed. No further action is required.

5.4 COMMUNITY & CONSULTATION

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.

5.4.1 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*
- *Social and community functions of Council*
- *Annual reporting*
- *Customer service standards*

5.4.2 Overview of community and consultation practices

The Council has a comprehensive approach to community consultation and councillors appear to be well connected with constituents. Council demonstrates a genuine and strong commitment to communicating with the specific groups within the demographic area in an effective manner.

In 2006, a report was prepared by StratCorp Consulting on the recreational needs assessment and strategy for the Council. This report highlights the demographic profile of the area, recreational and sports participation trends and proposes future areas of development strategy to support the area. This was used in the

development of the Council's Social and Community Plan 2008-2013, the Community Strategic Plan 2008-2017 and the Departmental Service Plan.

5.4.3 Significant Observations

Better practices

Social and community planning

Council adopted its Social and Cultural Plan 2008-2013 in July 2008. This plan is well presented and clearly shows that it has been developed based on a sound process. The plan is comprehensive in its scope and includes a solid demographic profile based on data from the Australian Bureau of Statistics and strong evidence of integration of strategies across the Council's functions and divisions. There is clear and solid evidence that Council is committed to the community in regard to community consultation both in the preparation and implementation of this Plan.

The Social and Community Plan contains information on recreational facilities and programs in the area. The Council does not use the 'Get Australia Active' publication, but the guidelines in relation to target groups are covered in the Social and Community Plan. A detailed recreational study was used to feed into the Social and Community Plan.

The Council's Social and Community Plan is linked to its Community Strategic plan, Delivery Program and Operational Plan and Departmental Service Plans. These plans are identified in the Social and Community Plan, which is integrated with the Council's Operational Plan and Annual Report. The Social and Community Plan is available on the Council's website.

The Social and Community Plan was developed in conjunction with Waverley, Randwick and the City of Sydney Councils.

The Social and Community Plan is monitored and its progress is reported through the Annual Report, Delivery Program and Operational Plan and the Departmental Service Plan.

The Council also has a Disability and Access Action Plan and Policy 2010-2013, which was adopted in May 2010.

The Council Administration Building and Council Chambers are accessible to people with a disability. The Council's library is currently not completely accessible, but the reviewer was informed that a DA has recently been approved for the installation of a ramp.

The Council has not developed any separate plans to deal with the potential impact of an ageing population, but this issue is addressed in the Social and Community Plan.

Provision of community services and education

The Council demonstrates a strong commitment to the needs of its residents in the provision of aged and disabilities services, children services, young people and families and community safety.

It provides an extensive collection of educational, recreational, cultural and general programs for a wide cross section of the community, including water safety, environmental protection, waste management and companion animals. Community surveys are also conducted by Council.

Council also provides a wide range of activities and workshops for community groups throughout the year. These programs are well publicised on the Council's website and in brochures and posters and in the Council's regular publications, such as local newspapers and newsletters.

Council also actively seeks feedback from participants in its programs to measure their satisfaction with events and suggestions for improvement.

Annual report

Council has produced an excellent summary of its Annual Report 2008-2009. The report, accompanying documents and summary are easily located on the Council's website.

Noteworthy practices

Community participation and consultation

Council has demonstrated that it has a strong commitment to consultation and engagement with its community for the purpose of providing the community with adequate, equitable and appropriate services and facilities. In this regard, Council employs a range of measures for the collection of community views, including the following:

- community attitude surveys about Council services
- focus and target groups
- community forums, which are conducted on project basis across the organisation
- review of customer feedback and complaints
- informal assessment through networking
- the collection of feedback at community events, volunteer networks, neighbourhood associations
- the opportunity for residents and interested parties to address meetings of Council and consultative committees
- a range of well produced and informative publications such as newsletters, weekly newspaper items, radio and television items, direct mail outs, the Council's website, email subscription service and weekly Mayoral column in the local newspaper.

Council could improve its practices in this area by developing an overarching community engagement strategy that addresses the requirements of the Integrated Planning and Reporting legislation, as well as incorporating Council's ongoing community participation activities. A recommendation has been made in relation to this in the strategic section of this report.

Areas for improvement

Ethnic affairs

Multicultural principles are highlighted and integrated into the Council's Social and Community Plan and Cultural Plan as key strategic areas with themed objectives. Council does provide access to community language translation services for telephone calls and visitors to the Council. The reviewer was informed that this facility is rarely used.

Currently, Council's publications are not available in any other languages, apart from English. The reviewer was informed by relevant staff that there is an action in the Council's current operational program to review and address this issue.

Recommendation 13

Council needs to consider the development of Council publications and information in other languages apart from English.

Economic development plan

Council supports economic development in its area by its strategies, priorities and actions set out under Goal 9 of the Council's Delivery Program and Operational Plan. Council has a public-private partnership proposal before the DLG in relation to the development of "Kiaora Lands" in Double Bay. This project is expected to have significant positive benefits to business activity within the Double Bay commercial area.

The Council does not have an Economic Development Plan. Council provides support to business activities. The Council's need for an Economic Development Plan is seen as being different from other councils, given that the Council provides services to an area of high social advantage.

Recommendation 14

Given the support that the Council provides to support local businesses in the LGA, Council should consider developing and formalising an Economic Development Plan.

Council response

Recommendation 13

Census data from 2006, which is available on Council's website, reveals that 97.4% of our population either speaks English only, or speaks another language and English well or very well. This statistic supports Council's view that there is little to no demand that would warrant the production of Council publications and information in languages other than English. By way of example, at no time in the last 10 year has Council been asked to produce material in languages other than English.

As acknowledged in the Promoting Better Practice Review Report, a telephone interpreter service is available at our customer service centre for general customer use however feedback indicates that this service has rarely been used in the last 10 years.

Also noted in the Promoting Better Practice Review Report was the following action in Council's 2009/10 Operational Plan:

- Review of the provision of community information in languages relevant to our community.*

Research undertaken during 2009/10 in response to this action concluded that there was not sufficient need to provide community information in languages other than English. Assistance will be provided for access to information in other languages on request from residents and organisations.

Proposed Action R13

Council will continue to monitor its demographic profile and consider the development of Council publications and information in other languages apart from English as demand warrants.

Recommendation 14

The Promoting Better Practice Report recognises that the Council's need for economic development is different from other councils, given that the council provides services to an area of high social advantage.

The need for an economic development plan is not identified in the report.

Council does not support the developing and formalising of an Economic Development Plan for the following reasons:

- 1. It is unlikely that an economic development plan will result in council decisions to reallocate funds and resources away from current infrastructure and service priorities identified in our Community Strategic Plan, our Delivery Program and Operational Plan.*
- 2. Woollahra is essentially a residential area with local business centres. We do not support significant employment generating land uses apart from our business centres.*
- 3. We have in place a strategy to support businesses in our largest centre, being Double Bay through support to the Double Bay Partnership and through our significant investment in public infrastructure within the Double Bay Commercial Centre.*
- 4. We are currently working with the Council of the City of Sydney to develop an equitable funding model to support local businesses in Oxford Street Paddington.*
- 5. Our community surveys and Community Strategic Plan, do not identify economic development as a key issue or priority.*
- 6. Less than 14% of Council's rates income is generated from its Business Rates category which represent 6% of the total number of rateable properties in the Municipality.*

Proposed Action R14

Council does not support the developing and formalising of a formal Economic Development Plan.

5.5 WORKFORCE RELATIONS

The Council has a number of legislative responsibilities in relation to its role as an employer. Council is required to conduct itself as a responsible employer.

5.5.1 *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*

5.5.2 *Overview of the organisation*

As demonstrated in this report, the Council emphasises a whole of Council approach to outcomes and performance, rather than a task driven approach found in most Position Descriptions.

Woollahra Municipal Council's workforce

Council currently employs 382 full-time equivalent (FTE) staff. The payroll system maintains a record of establishment and position occupancies. Regular monthly reports on employment and staff issues are also presented at MANEX meetings. Council's adopted budget provides funding for 410 full time and part time positions, which equates to 382 FTE staff.

Council's workforce is somewhat diverse, as follows:

- 1% of its employees identify as being of Aboriginal and Torres Strait Islander origin
- 42% of its employees are women
- 1% of its employees have a physical impairment.

The number of staff who are culturally and linguistically diverse is currently unknown, as HR Central, which is the Council's Human Resource information system that generates this information, is currently in a developmental stage. The reviewer was informed that Council currently has a very stable workforce despite some members of staff having to travel considerable distances between home and work.

5.5.3 Significant Observations

Better practices

Human Resource Strategy

Council has a Human Resource Strategy that was prepared in August 2009 and that was last reviewed in January 2010. The strategy includes actions in relation to recruitment and retention of staff, training needs of staff, skills and productivity, OH&S, workplace and industrial issues and equity issues. This strategy is supported by a Human Resources Policy and Practices Manual.

The Human Resources Policy and Procedures Manual includes the following areas:

- Recruitment and selection and appointment
- Attendance, leave and absences
- Discipline
- Salary system and performance management
- Workplace bullying and harassment
- Abandonment of Duties
- Access to Personnel Files
- Other Employment
- Casual and temporary employment
- Corporate wardrobe
- Counselling
- EEO

- Work expenses.

All Council staff are able to access these policies and procedures on-line with HR Central (the Council's HR system) and hard copies are also maintained at work sites located away from the main administration building, eg, the depot.

Noteworthy practices

Employee attitude surveys

In April 2010, Council conducted a detailed employee attitude survey and received an over 70% response rate from staff. The survey was conducted by Insync Surveys Pty Ltd. At the time this review was conducted, Council had not received the results of the survey.

Recruitment and selection

The Council's Recruitment Policy and Procedures stipulate the following requirements:

- Advertisement of vacancies
- Access for all candidates to selection documentation
- Formal receipt and recording of all applications
- Shortlisting process
- Objective reporting of decisions and recommendations
- Training for convenors
- Use and composition of the selection committee
- Vetting of decisions by senior management.

The Human Resources Department monitors this system and the processes relating to recruitment and selection and provides the appropriate guidance, as required.

Council has a process that is described in the Recruitment Policy that allows Council staff to undertake an appeal process in the same way as the external process works for external applicants who have been unsuccessful in their applications in the recruitment and selection process.

Staff development

Council has a structured induction program for all new staff. Council conducts a two (2) day induction program for all new staff that covers the following areas:

- Council organisation and functions
- Overview of the local government
- EEO
- OHS
- Conditions of service
- Training and development programs
- Tour of the area and facilities.

Participation of new staff is recorded and induction takes place on the first day of employment and the two (2) day induction program is conducted within eight (8) weeks of commencement date.

Management of the General Manager's Employment/Performance

The proper management of the General Manager's employment and performance is a key function of the elected Council. It was noted that the General Manager has been engaged using a performance based contract which identifies specific job goals and deliverables in each of the following areas:

- Management and Strategic planning
- Financial management
- Planning and development
- Business excellence
- Leadership and management
- Communications
- Governance and compliance.

The General Manager's contract was renewed on 30 June 2008. Council reviewed the General Manager's performance in March 2009.

Councillors were appointed to the General Manager's Review Panel by the Mayor in accordance with the Mayor's delegations. The General Manager's next review was scheduled to be completed prior to 30 June 2010.

The reviewer examined the documentation relating to the General Manger's previous review in 2008. The reviewer was satisfied that Council's practices in relation to this key matter were in order.

Areas for improvement

Workforce strategy

This Strategy was adopted by Council by 30 June 2010 in accordance with the Integrated Planning and Reporting requirements for Group 1 councils and implemented on 1 July 2010.

Currently, Council does not have a separate Succession Plan for key positions. However, workforce planning issues, including succession planning, are part of the Workforce Management Plan in the 'Best People' module. In addition, Council has identified the development of a succession plan as a strategy in its Workforce Strategy. This area is recognised by Council as becoming an issue in the next five years.

Recommendation 15

Council should consider developing a Succession Plan as a priority as part of its workforce strategy for key positions in light of the fact that this will become an issue in the short-term future.

Performance management

This area relates to individual performance management as part of the staff development function. Currently, Council does not have a formal policy that requires every individual staff member to be assessed against performance targets. However, the Council does have individual contracts for managers which require individual performance management against personal performance targets (as in each Department Service Plan). For other staff, annual skills assessments are performed which provide for consideration of performance. Council plans, under the 'Best

People Program', to have all staff subject to a clearer focus on individual performance. During our discussions with relevant staff, it was demonstrated how existing processes for performance management and the 'Best People Program' processes were provided.

The Council currently does not have a formal policy and practice for the review of job descriptions. However, as part of performance reviews, Council conducts and evaluates job design and descriptions which form part of a position reclassification. We were provided with documents that demonstrated that the Council's practice of encouraging job design as part of the recruitment process and it was demonstrated by relevant staff how job design works in the 'Best People Program'.

Recommendation 16

Council should consider the development of a formal performance assessment program that relates to all Council staff.

Recommendation 17

Council should consider the development of a formal policy for the review of job descriptions.

Council response

Recommendation 15

Council deals with the succession of key positions as part of the Workforce Planning Module of our Best People Program. The module requires all Department Managers to respond to the following question as part of their workforce planning:

- *Are there succession management plans in place?*
- *What management experience/skills do key leaders and successors have?*

Where succession plans are not in place, the Manager is required to identify this as a 'gap' and take corrective action.

This process also feeds information on skills requirements for successor candidates to HR which develops a Learning and Development response.

Council has taken a further proactive approach to leadership development by partnering with the Sydney Institute of Technical and Further Education (TAFE) in delivering an in-house Advanced Diploma in Management Course. Thirty three (33) staff recently graduated from the course with a second course currently underway for a further thirty three (33) participants.

Proposed Action R15

Council will continue to deal with succession planning for key positions as part of the Workforce Planning Module of our Best People Program.

Recommendation 16

Council “Best People Program” approach to workforce management has introduced an integrated approach to the management of individual careers, personal/professional training and development and performance.

The Program is being implemented in two (2) parts with the first focusing on Managers and the second on replacing the existing annual Skills Assessments Process for all other staff. There will be an online Employee self service facility accessed 24/7 through Council's existing HR Central system for all employees to have access to individual careers management information, personal/professional training and development opportunities, and performance management.

The performance management component of the Program for Managers focuses on the delivery of specific actions, business outcomes and continuous improvement initiatives that are prepared each year in consultation with Senior Management for inclusion in each Manager’s Department Service Plan, as well as an assessment of performance and behaviours in support of Council’s adopted Corporate Values. Specific action to be developed and included in each Manager’s Department Service Plans must respond to:

- *Specific deliverables identified in the Council’s Operational Plan*

- *Seven (7) Corporate Priorities from Council's Delivery Program, being:*
 - *Corporate Communications*
 - *Regional Engagement*
 - *Good Governance*
 - *Financial Management*
 - *Customer Service*
 - *Workforce Development*
 - *Risk Management.*

- *Business Specific Actions including continuous improvement initiatives.*

Council considers that this whole-of-council approach to performance management also strengthens our commitment to Integrated Planning & Reporting.

Proposed Action R16

Council will continue with the staged rollout of the Best People Program to strengthen its performance assessment program.

Recommendation 17

Council currently deals with policy and process relating to job design through its Recruitment Policy and through its Workforce Planning module of the Best People Program.

The former stipulates at various steps in the recruitment process, the need to consider and evaluate job design as part of the recruitment process. The latter requires Managers to evaluate job design in terms of new roles and work content where changes make this necessary.

A review of Job Descriptions is also an element of the Workforce Development component of the Department Service Plans.

Proposed Action R17

Council has embedded the review of job descriptions in its recruitment procedures, workforce planning practices and development of Departmental Service Plans and will continue to monitor the effectiveness of these procedures.

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 review team has allocated notional priority rankings using the risk rating analysis in the previous section. Council is encouraged to review and revise these, if necessary.

RECOMMENDATION	DLG ASSESSED PRIORITY	ACTION PROPOSED	TIME FRAME	COUNCIL ASSESSED PRIORITY	RESPONSIBILITY	PROGRESS REPORT
1. Council should develop a community engagement strategy that incorporates the requirements of the Integrated Planning and Reporting Guidelines as well as Council's ongoing community participation activities.	High	Council will finalise its review of the online Community Engagement Strategy" and "Community Consultation Policy & Guidelines for Communicating & Consulting with the Community" with a view to developing a "stand alone" Community Engagement Strategy to support Council's ongoing community participation activities and to formalise the already extensive community engagement initiatives we are already implementing.	Apr 2011	Low	Manager Communications	In progress.
2. Council needs to establish an independent Audit Committee that will enhance corporate governance within the organisation.	High	Council will carefully consider the DLG's Internal Audit Guidelines in the establishment of its Business Assurance & Audit Committee. It is expected that the Committee will be operational by July 2011.	Jul 2011	Medium	Director Corporate Services	In progress. Program for Establishment of a Business Assurance and Audit Committee being developed as part of the Business Assurance Program.

RECOMMENDATION	DLG ASSESSED PRIORITY	ACTION PROPOSED	TIME FRAME	COUNCIL ASSESSED PRIORITY	RESPONSIBILITY	PROGRESS REPORT
3. Council needs to create an internal audit function to provide assurance that internal processes and systems within the organisation are operating in an effective way and that the likelihood of fraud is minimised.	High	Council expects to have its Internal Audit function fully operational by July 2011 at which time our current one day per week commitment to the SSROC Internal Audit Resource Sharing arrangement will be reviewed to determine requirements for the remaining two (2) years of the agreement with SSROC.	Jul 2011	Medium	Director Corporate Services	In progress. Council engaged the services of an Internal Auditor in June 2010 through an SSROC Resource Sharing Arrangement.
4. Council needs to develop a risk based audit plan (strategic-3 year and annual) that focuses on the areas of highest risk and link with its risk management framework. The audit plan should be reviewed/reconfirmed on an annual basis.	High	It expected the Internal Audit component of the Business Assurance Framework will be fully operational by July 2011.	Jul 2011	Medium	Director Corporate Services	In progress. Development of a three (3) year and annual audit plan well progressed with assistance of SSROC Internal Auditor.
5. Council needs to ensure that Council's legislative compliance is reviewed as part of the Internal Audit Plan.	High	Any opportunity to strengthen Council's reporting processes for instances of non-compliance will be examined in conjunction with the implementation of the Internal Audit Plan.	Jul 2011	Medium	Director Corporate Services	In progress. Legislative compliance is already addressed in our risk management process but will be linked to the Audit Plan through the Business Assurance Framework.
6. Council needs to consider developing a structured development and training program for councillors.	Medium	Council will continues to provide training & development opportunities for all Councillors as has been effectively delivered to date.	On-going	Low	Manager Governance	On-going operational matter.

RECOMMENDATION	DLG ASSESSED PRIORITY	ACTION PROPOSED	TIME FRAME	COUNCIL ASSESSED PRIORITY	RESPONSIBILITY	PROGRESS REPORT
7. Council should consider developing a Companion Animals Management Plan to guide its companion animal activities.	Medium	Council will develop a Companion Animals Management Plan having regard to the publication, "Guide to Preparing Strategic Companion Animals Management Plans, July 2001", published by the DLG.	Jun 2011	Medium	Manager Compliance	Scheduled for 4 th quarter of 2010/11.
8. Council should ensure that the four catchment flood studies are completed, that the Flood Risk Management plans for each catchment are completed and that these management plans are then used to form part of the development of the LGA Stormwater Management Plan.	Medium	<p>Council has a program in place to ensure that the four catchment flood studies are completed, that Flood Risk Management Plans for each catchment are completed and that these management plans are then used to form part of the development of the LGA Stormwater Management Plan. The timetable is as follows:</p> <p><u>Double Bay Catchment</u></p> <ul style="list-style-type: none"> • Flood Study completed • Flood risk management study to be completed • Flood Risk Management Plan to be completed 	<p>Mar 2010</p> <p>Mar 2011</p>	Medium	Director Technical Services	In Progress.

RECOMMENDATION	DLG ASSESSED PRIORITY	ACTION PROPOSED	TIME FRAME	COUNCIL ASSESSED PRIORITY	RESPONSIBILITY	PROGRESS REPORT
		<p><u>Rose Bay Catchment</u></p> <ul style="list-style-type: none"> • Flood Study complete. • Flood Risk Management Study to be completed. • Flood Risk Management Plan to be completed <p><u>Rushcutters Bay Catchment</u></p> <ul style="list-style-type: none"> • Flood study complete. • Flood risk management study complete. • Flood risk management plan in draft: <p><u>Watsons Bay Catchment</u></p> <ul style="list-style-type: none"> • Drainage study complete • Flood risk management study completed • Flood risk management plan completed <p><u>Stormwater Management Plan</u></p> <ul style="list-style-type: none"> • Four catchment studies above to be aggregated into SWP. 	<p>Jun 2011</p> <p>Dec 2011</p> <p>Nov 2011</p> <p>Jun 2012</p>			

RECOMMENDATION	DLG ASSESSED PRIORITY	ACTION PROPOSED	TIME FRAME	COUNCIL ASSESSED PRIORITY	RESPONSIBILITY	PROGRESS REPORT
9. Council needs to a) develop a compliance and monitoring program for domestic swimming pools in its area, and b) develop a register for domestic swimming pools in the LGA.	High	Council agrees with the recommendations in the report and have commenced action to: <ul style="list-style-type: none"> Develop a compliance and monitoring program for domestic swimming pools, and; Develop a register of domestic swimming pools within the LGA. 	Sep 2011	High	Manager Compliance	Scheduled for 2011.
10. Council should: <ul style="list-style-type: none"> a) finalise its Asset Management Strategy, and b) continue with the development of its asset management plans. 	High	Council is committed to completing its updated assets management strategy and supporting asset management plans by 30 June 2011.	June 2011	High	Director Technical Services	In Progress.
11. Council should report on special variations in its annual reports as required so that the community is aware of special variations that have been received and how the funds have been expended.	Medium	Council will review the structure of its reporting on its Special Rate Variations for the 2009/10 Annual Report.	Nov 2010	Medium	Manager Governance	Completed
12. Council should address the rating system issues which have been raised in earlier correspondence from the DLG and ensure compliance with DLG requirements.	Medium	These minor issues have been addressed. No further action is required.	Jun 2010	Medium	Manager Finance	Completed

RECOMMENDATION	DLG ASSESSED PRIORITY	ACTION PROPOSED	TIME FRAME	COUNCIL ASSESSED PRIORITY	RESPONSIBILITY	PROGRESS REPORT
13. Council needs to consider the development of council publications and information in other languages apart from English.	Low	Council will continue to monitor its demographic profile and consider the development of Council publications and information in other languages apart from English as demand warrants.	On-going	Low	Manager Communications	On-going operational matter
14. Given the support that the Council provides to local businesses in the LGA, Council should consider developing and formalising an Economic Development Plan.	Medium	Council does not support the developing and formalising of a formal Economic Development Plan.	N/A	Low	Director Planning & Development	No further action required.
15. Council should consider developing a separate Succession Plan as a priority as part of its workforce strategy for key positions in light of the fact that this will become an issue in the short-term future.	High	Council will continue to deal with succession planning for key positions as part of the Workforce Planning Module of our Best People Program.	Dec 2010	Medium	Manager OD/HR	All Department Managers have completed the Workforce Planning module and provided information on Succession Plans.
16. Council should consider the development of a formal performance assessment program that relates to all council staff.	Medium	Council will continue with the staged rollout of the Best People Program to strengthen its performance assessment program.	Mar 2011	Medium	Manager OD/ HR	Software design and development completed. Testing and staff training to commenced November 2010.

RECOMMENDATION	DLG ASSESSED PRIORITY	ACTION PROPOSED	TIME FRAME	COUNCIL ASSESSED PRIORITY	RESPONSIBILITY	PROGRESS REPORT
<p>17. Council should consider the development of a formal policy for the review of job descriptions.</p>	<p>Medium</p>	<p>Council has embedded the review of job descriptions in its recruitment procedures, workforce planning practices and development of Departmental Service Plans and will continue to monitor the effectiveness of these procedures.</p>	<p>Dec 2011</p>	<p>Low</p>	<p>Manager OD/HR</p>	<p>Workforce Planning is underway as part of the Best People Program. The Recruitment Policy will be reviewed in December 2010.</p>

APPENDIX – 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