



WARRINGAH  
COUNCIL

# ATTACHMENT BOOKLET 1

**ORDINARY COUNCIL MEETING**

**TUESDAY 24 SEPTEMBER 2013**





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**Warringah Council Policy****Policy No. FIN-PL 215****Investment Policy**

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**1 Purpose of Policy**

To ensure Council maintains an investment policy that complies with the Act, the LGGR and the Ministerial Investment Order and ensures it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing council funds.

**2 Policy Statement**

The objectives of this policy are to provide a framework for the investing of Council's funds at the most favourable return available to it at the time whilst having due consideration of risk and security for that investment type and ensuring that Council's liquidity requirements are being met.

An investment is not in a form of investment notified by the Ministerial Investment Order unless it also complies with an investment policy of council adopted by a resolution of council.

When exercising the power of investment council should consider, but not be limited by, the risk of capital or income loss or depreciation, the likely income return and the timing of income return, the length of the term of the proposed investment, the liquidity and marketability of the proposed investment, the likelihood of inflation affecting the value of the proposed investment and the costs (including commissions, fees, charges and duties payable) of making the proposed investment.

Preservation of capital is the principal objective of the investment portfolio. Investments are to be placed in a manner that seeks to ensure security and safeguarding the investment portfolio.

Investments are expected to achieve a market average rate of return in line with the Council's risk tolerance.

**3 Principles****3.1 Investment Strategy**

An Investment Strategy will run in conjunction with the investment policy. The investment strategy will be reviewed with an independent investment advisor once a year. The Strategy will outline:

- Council's cash flow expectations;
- Optimal target allocation of investment types, credit rating exposure and term to maturity exposure; and
- Appropriateness of overall investment types for Council's portfolio.

**3.2 Investment Advisor**

Council's investment advisor must be approved by Council and licensed by the Australian Securities and Investment Commission. The advisor must be an independent person who has no actual or potential conflict of interest in relation to

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investment products being recommended and is free to choose the most appropriate product within the terms and conditions of the investment policy.

The independent advisor is required to provide written confirmation that they do not have any actual or potential conflicts of interest in relation to the investments they are recommending or reviewing, including that they are not receiving any commissions or other benefits in relation to the investments being recommended or reviewed.

### **3.3 Approved Investments**

Investments are limited to those allowed by the Ministerial Investment Order and include:

- Commonwealth/State/Territory Government security eg bonds;
- Interest bearing deposits issued by an authorised deposit taking institution (ADI);
- Bills of exchange, (<200 days duration), guaranteed by an authorised deposit taking institution (ADI);
- Debentures issued by NSW Local Government;
- Deposits with NSW Treasury &/or Investments in T Corp's Hour Glass Facility; and
- Investments grandfathered under the previous Ministerial Investment Order.

### **3.4 Prohibited Investments**

This investment policy prohibits but is not limited to any investment carried out for speculative purposes, including;

- Derivative based instruments;
- Principal only investments or securities that provide potentially nil or negative cash flow; and
- Stand alone securities issued that have underlying futures, options, forwards contracts and swaps of any kind.

This policy also prohibits the use of leveraging (borrowing to invest) of an investment.

### **3.5 Prudent Person Standard**

Council has a fiduciary responsibility when investing. The investment will be managed with the care, diligence and skill that a prudent person would exercise. As trustees of public monies, officers are to manage Council's investment portfolio to safeguard the portfolio in accordance with the spirit of this Investment Policy, and not for speculative purposes.

### **3.6 Ethics and Conflicts of Interest**

Officers shall refrain from personal activities that would conflict with the proper execution and management of Council's investment portfolio. This policy requires officers to disclose any conflict of interest to the General Manager.

Independent advisors are also required to declare that they have no actual or perceived conflicts of interest.

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## 4 Guidelines

### 4.1 Risk Management Guidelines

Investments are expected to achieve a market average rate of return in line with Council's risk tolerance.

- **Preservation of Capital** – the requirement for preventing losses in an investment portfolio's total value;
- **Diversification** – the requirement to place investments in a broad range of products so as not to be over exposed to a particular sector of the investment market;
- **Market Risk** – the risk that the fair value or future cash flows of an investment will fluctuate due to changes in market prices;
- **Liquidity Risk** – the risk an investor is unable to redeem the investment at a fair price within a timely period;
- **Maturity Risk** – the risk relating to the length of term to maturity of the investment. The larger the term, the greater the length of exposure and risk to market volatilities; and
- **Leveraging Risk** – the magnification of an investor's risk and return that occurs when the investor takes on financial leverage through an investment product.

### 4.2 Credit and Maturity Guidelines

Investments are to comply with three key criteria relating to:

- **Overall Portfolio Credit Framework**- limit overall credit exposure of the portfolio;
- **Institutional Credit Framework**- limit exposure to individual institutions based on their credit ratings; and
- **Term to Maturity Framework**- limits based upon maturity of securities.

#### 4.2.1 Overall Portfolio Credit Framework

To control the credit quality of the entire portfolio, the following credit framework limits the percentage of the portfolio exposed to any particular credit rating category.

S&P Long Term Rating*	S&P Short Term Rating*	Maximum %
AAA (incl. government guaranteed deposits)	A-1+	100%
AA	A-1	100%
A	A-2	60%
BBB	A-3	20%
Unrated**	Unrated**	20%

\* or Moody's / Fitch equivalents

\*\* Unrated Category is restricted to eligible managed funds such as the NSW Treasury Corporation Hour Glass Facilities.



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#### 4.2.2 Institutional Credit Framework

Exposure to an individual institution will be restricted by their credit rating so that single entity exposure is limited, as detailed in the table below:

S&P Long Term Rating*	S&P Short Term Rating*	Maximum %
AAA (incl. government guaranteed deposits)	A-1+	45%
AA	A-1	35%
A	A-2	20%
BBB	A-3	10%
Unrated**	Unrated**	10%

\* or Moody's / Fitch equivalents

\*\* Unrated Category is restricted to eligible managed funds such as the NSW Treasury Corporation Hour Glass Facilities.

If any of Council's investments are downgraded such that they no longer fall within the investment policy, they will be divested as soon as practicable.

The short-term credit rating limit will apply in the case of discrepancies between short and long-term ratings.

#### 4.2.3 Term to Maturity Framework

The investment portfolio is to be invested within the following maturity constraints:

Overall Portfolio Term to Maturity Limits		
Portfolio % <1 year	Min 40%	Max 100%
Portfolio % >1 year	Min 0%	Max 60%
Portfolio % >3 year ≤5 year	Min 0%	Max 30%

## 5 Reporting Requirements

### 5.1 Reporting and Reviewing of Investments

Documentary evidence must be held for each investment and details thereof maintained in an Investment Register. The documentary evidence must provide Council legal title to the investment.

Certificates must be obtained from the financial institutions confirming the amounts of investments held on the Council's behalf as at 30 June each year and reconciled to the Investment Register.

All investments are to be appropriately recorded in Council's financial records and reconciled at least on a monthly basis.

A monthly report will be provided to Council. The report will detail the investment portfolio in terms of performance, percentage exposure of total portfolio, maturity date and changes in market value.

By resolution Council will adopt an Investment Policy that is consistent with this Order and any guidelines issued by the Chief Executive (Local Government), Department of Premier and Cabinet from time to time.

This Investment Policy will be reviewed at least once a year or as required in the event of legislative changes. The Investment Policy may also be changed as a result of other amendments that are to the advantage of Council and in the spirit of this policy. Any amendment to the Investment Policy must be by way of Council resolution.

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## **5.2 Measurement**

The investment return for the portfolio is to be regularly reviewed by an independent financial advisor by assessing the market value of the portfolio. The market value is to be assessed at least once a month to coincide with monthly reporting.

## **5.3 Performance Benchmarks**

The performance of the investment portfolio shall be measured against the industry standard UBS Warburg 90 Day Bank Bill Index and/or the Official Cash Rate.

## **6 Delegation of Authority**

Authority for implementation of the Investment Policy is delegated by Council to the General Manager in accordance with the Local Government Act 1993.

The General Manager may in turn delegate the day-to-day management of Council's investments to the Responsible Accounting Officer or senior staff, subject to regular reviews.

Officer's delegated authority to manage Council's investments shall be recorded and required to acknowledge they have received a copy of this policy and understand their obligations in this role.

The General Manager or any other staff member, with delegated authority by Council to invest funds on behalf of Council must do so in accordance with the adopted investment policy.

## **7 Authorisation**

This policy was adopted by Council on 22 August 2000 Council Decision No. 433.

The policy was last amended on 23 August 2011.

That amendment was effective from 24 August 2011

The policy was last reviewed in August 2012

It was due for review in August 2013.

## **8 Amendments**

The General Manager or his delegated representative be authorised to approve variations to investment options that may not be consistent with this policy, if the investment is to Council's advantage and/or due to revised legislation.

All such variations are to be reported to Council within 14 days.

## **9 Who is responsible for implementing this Policy?**

Chief Financial Officer

## **10 Document Owner**

General Manager

## **11 Related Council Policies**

Financial Planning Policy FIN-PL 100

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**12 Legislation and References**

All investments are to comply with the following:

- Local Government Act 1993;
- Local Government (General) Regulation 2005;
- Ministerial Investment Order 2008;
- Local Government Code of Accounting Practice and Financial Reporting;
- Australian Accounting Standards; and
- Department of Local Government Circulars

**13 Definitions**

- Act - Local Government Act 1993;
- LGGR - Local Government (General) Regulation 2005;

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## **SCHEDULE 1:**

### **Extracts of Legislative Requirements**

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#### **LOCAL GOVERNMENT ACT 1993 - SECT 412 & 625**

##### **Section 412 Accounting Records**

- 1) A council must keep such accounting records as are necessary to correctly record and explain its financial transactions and its financial position.
- 2) In particular, a council must keep its accounting records in a manner and form that facilitate:
  - (a) the preparation of financial reports that present fairly its financial position and the results of its operations, and
  - (b) the convenient and proper auditing of those reports.

##### **Section 625 How May Councils Invest?**

- 1) A council may invest money that is not, for the time being, required by the council for any other purpose.
- 2) Money may be invested only in a form of investment notified by order of the Minister published in the Gazette.
- 3) An order of the Minister notifying a form of investment for the purposes of this section must not be made without the approval of the Treasurer.
- 4) The acquisition, in accordance with section 358, of a controlling interest in a corporation is not an investment for the purposes of this section.

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#### **LOCAL GOVERNMENT (GENERAL) REGULATION 2005 - REG 206 & 212**

##### **206 Accounting records and accounting practices to accord with the Code**

- 1) A council's accounting records must be kept in a form that accords with the Code.
- 2) A council's accounting practices must accord with the Code.

##### **212 Reports on council investments**

- 1) The responsible accounting officer of a council:
  - (a) must provide the council with a written report (setting out details of all money that the council has invested under section 625 of the Act) to be presented:
    - (i) if only one ordinary meeting of the council is held in a month, at that meeting, or
    - (ii) if more than one such meeting is held in a month, at whichever of those meetings the council by resolution determines, and
  - (b) must include in the report a certificate as to whether or not the investment has been made in accordance with the Act, the regulations and the council's investment policies.
- 2) The report must be made up to the last day of the month immediately preceding the meeting.

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#### **LOCAL GOVERNMENT CODE OF ACCOUNTING PRACTICE AND FINANCIAL REPORTING – CL 11.3.4 & 11.3.5**

- 11.3.4 Councils must maintain a separate record of money it has invested under section 625 of the LGA. The record must specify:
  - (a) the source and the amount of money invested; and
  - (b) particulars of the security or form of investment in which the money is invested; and
  - (c) if appropriate, the rate of interest to be paid, and the amount of money that the council has earned, in respect of the money invested.
- 11.3.5 Council must maintain an investment policy that complies with the Act and ensures it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing council funds.



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Circular No. 11-01  
Date 17 February 2011  
Doc ID: A232163

Contact Finance Policy Section  
02 4428 4100  
dlg@dlg.nsw.gov.au

#### REVISED MINISTERIAL INVESTMENT ORDER

A revised Investment Order pursuant to section 625 of the *Local Government Act 1993* has been issued. The Minister for Local Government signed the revised Order on 12 January 2011 and it was published in the NSW Government Gazette on 11 February 2011. It replaces the Order dated 31 July 2008. The revised Order is attached to this circular.

Changes to the Investment Order include:

- the removal of the ability to invest in the mortgage of land (part (c) of the Investment Order dated 31 July 2008)
- the removal of the ability to make a deposit with the Local Government Financial Services Pty Ltd (part (f) of the order dated 31 July 2008)
- the addition of "Key Considerations" in the revised Investment Order, which includes a comment that a council's General Manager, or any other staff, with delegated authority by a council to invest in funds on behalf of the council must do so in accordance with the council's adopted investment policy.

Councils are reminded that on 25 May 2010 the Division of Local Government issued Investment Policy Guidelines (Circular to Councils 10-11 refers). It is expected that all councils will by now have adopted an Investment Policy in accordance with the Guidelines.

**Ross Woodward**  
Chief Executive, Local Government  
A Division of the Department of Premier and Cabinet

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**LOCAL GOVERNMENT ACT 1993 – INVESTMENT ORDER**  
(Relating to investments by councils)

I, the Hon. Barbara Perry MP, Minister for Local Government, in pursuance of section 625(2) of the *Local Government Act 1993* and with the approval of the Treasurer, do, by this my Order, notify for the purposes of section 625 of that Act that a council or county council may only invest money (on the basis that all investments must be denominated in Australian Dollars) in the following forms of investment:

- (a) any public funds or securities issued by or guaranteed by, the Commonwealth, any State of the Commonwealth or a Territory;
- (b) any debentures or securities issued by a council (within the meaning of the *Local Government Act 1993* (NSW));
- (c) interest bearing deposits with, or any debentures or bonds issued by, an authorised deposit-taking institution (as defined in the *Banking Act 1959* (Cwth)), but excluding subordinated debt obligations;
- (d) any bill of exchange which has a maturity date of not more than 200 days; and if purchased for value confers on the holder in due course a right of recourse against a bank which has been designated as an authorised deposit-taking institution by the Australian Prudential Regulation Authority;
- (e) a deposit with the New South Wales Treasury Corporation or investments in an Hour-Glass investment facility of the New South Wales Treasury Corporation;

All investment instruments (excluding short term discount instruments) referred to above include both principal and investment income.

Transitional Arrangements

- (i) Subject to paragraph (ii) nothing in this Order affects any investment made before the date of this Order which was made in compliance with the previous Ministerial Orders, and such investments are taken to be in compliance with this Order.
- (ii) Paragraph (i) only applies to those investments made before the date of this Order and does not apply to any restructuring or switching of investments or any re-investment of proceeds received on disposal or maturity of such investments, which for the avoidance of doubt must comply with this Order.

Key Considerations

An investment is not in a form of investment notified by this order unless it also complies with an investment policy of council adopted by a resolution of council.

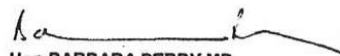
All councils should by resolution adopt an investment policy that is consistent with this Order and any guidelines issued by the Chief Executive (Local Government), Department of Premier and Cabinet, from time to time.

The General Manager, or any other staff member, with delegated authority by a council to invest funds on behalf of a council must do so in accordance with the council's adopted investment policy.

Councils have a fiduciary responsibility when investing. Councils should exercise the care, diligence and skill that a prudent person would exercise in managing the affairs of other persons.

When exercising the power of investment councils should consider, but not be limited by, the risk of capital or income loss or depreciation, the likely income return and the timing of income return, the length of the term of the proposed investment, the liquidity and marketability of the proposed investment, the likelihood of inflation affecting the value of the proposed investment and the costs (including commissions, fees, charges and duties payable) of making the proposed investment.

Dated this 12<sup>th</sup> day of January 2011

  
Hon BARBARA PERRY MP  
Minister for Local Government

Application of Investment Funds	Description	Value (\$)
<b>Restricted Funds:</b>		
Externally Restricted	Section 94 Old Plan	26,037,148
	Section 94A Plan Contributions	4,956,373
	Domestic Waste & Unexpended Grants	3,366,315
Internally Restricted Reserves	Held to ensure sufficient funds are available to meet future commitments or specific objectives. Employee Leave Entitlements, Bonds & Guarantees, Compulsory Open Space Land Acquisitions, & Insurance.	8,714,256
Unrestricted Funds	Funds Allocated to meet Current Budgeted Expenditure	46,234,279
<b>Total</b>		<b>89,308,371</b>

There has been an increase in the investments held of \$10,801,801, which is in line with budgeted movements at this time of year.

#### Reconciliation of Cash Book

Description	Value (\$)
Council's Cash Book balance	5,221,444
Kimbriki Bank balance	2,707,800

**Investments Funds Report - As at 31-Aug-13**

Maturity date	Face Value	Current Yield	Borrower	Standard & Poor's Rating	Current Value
<b>Floating Rate Note Investment Group</b>					
23-Apr-14	1,000,000	3.7408	Deutsche Bank AG London Sub Notes	BBB+	992,710
	<b>1,000,000</b>				<b>992,710</b>
<b>Mortgage Backed Securities Investment Group</b>					
<b>Weighted Avg Life*</b>	<b>Face Value</b>				
22-Aug-22	1,758,198	3.0350	Emerald Series 2006-1 Class A	AAA	1,281,145
	<b>1,758,198</b>				<b>1,281,145</b>
<b>Term Investment Group</b>					
6-Sep-13	2,000,000	4.3500	ING Bank (Australia) Limited	A-1	2,000,000
11-Sep-13	2,000,000	4.3900	ING Bank (Australia) Limited	A-1	2,000,000
20-Sep-13	1,000,000	4.3400	National Australia Bank Limited	A-1+	1,000,000
23-Sep-13	2,000,000	4.3000	Bank of Queensland	A-2	2,000,000
2-Oct-13	1,000,000	4.4000	Bank of Queensland	A-2	1,000,000
2-Oct-13	1,000,000	4.4000	Members Equity Bank Melbourne	A-2	1,000,000
10-Oct-13	1,000,000	4.1000	National Australia Bank Limited	A-1+	1,000,000
14-Oct-13	1,000,000	4.3000	Bank of Queensland	A-2	1,000,000
23-Oct-13	1,000,000	4.7000	National Australia Bank Limited	A-1+	1,000,000
29-Oct-13	1,000,000	4.4100	ING Bank (Australia) Limited	A-1	1,000,000
30-Oct-13	1,000,000	4.3000	Bank of Queensland	A-2	1,000,000
8-Nov-13	1,000,000	4.3000	Members Equity Bank Melbourne	A-2	1,000,000
8-Nov-13	2,000,000	3.8300	National Australia Bank Limited	A-1+	2,000,000
13-Nov-13	2,000,000	4.2500	Members Equity Bank Melbourne	A-2	2,000,000
20-Nov-13	1,000,000	4.0000	Bank of Queensland	A-2	1,000,000
26-Nov-13	1,000,000	4.7200	National Australia Bank Limited	A-1+	1,000,000
29-Nov-13	2,000,000	4.6900	National Australia Bank Limited	A-1+	2,000,000
3-Dec-13	1,000,000	4.2500	Members Equity Bank Melbourne	A-2	1,000,000
6-Dec-13	2,000,000	4.2600	National Australia Bank Limited	A-1+	2,000,000
11-Dec-13	2,000,000	4.3500	ING Bank (Australia) Limited	A-1	2,000,000
12-Dec-13	1,000,000	4.2000	Members Equity Bank Melbourne	A-2	1,000,000
18-Dec-13	1,000,000	4.0000	National Australia Bank Limited	A-1+	1,000,000
6-Jan-14	2,000,000	4.3000	Rural Bank Limited	A-2	2,000,000
13-Jan-14	1,000,000	4.2300	ING Bank (Australia) Limited	A-1	1,000,000
21-Jan-14	1,000,000	4.4000	Bendigo and Adelaide Bank Limited	A-2	1,000,000
23-Jan-14	1,000,000	4.0000	Bendigo and Adelaide Bank Limited	A-2	1,000,000
31-Jan-14	1,000,000	4.0700	National Australia Bank Limited	A-1+	1,000,000
31-Jan-14	1,000,000	3.9500	Bank of Queensland	A-2	1,000,000
5-Feb-14	1,000,000	4.3000	Rural Bank Limited	A-2	1,000,000
5-Feb-14	3,000,000	4.0500	Members Equity Bank Melbourne	A-2	3,000,000
14-Feb-14	2,000,000	4.3000	Members Equity Bank Melbourne	A-2	2,000,000
26-Feb-14	1,000,000	4.3500	Members Equity Bank Melbourne	A-2	1,000,000
26-Feb-14	1,000,000	4.3500	Credit Union Australia	A-2	1,000,000
6-Mar-14	2,000,000	4.2500	National Australia Bank Limited	A-1+	2,000,000
11-Mar-14	1,000,000	4.3100	ING Bank (Australia) Limited	A-1	1,000,000
11-Mar-14	1,000,000	4.3500	Credit Union Australia	A-2	1,000,000
19-Mar-14	1,000,000	3.8800	ING Bank (Australia) Limited	A-1	1,000,000
15-Apr-14	1,000,000	4.0700	National Australia Bank Limited	A-1+	1,000,000
23-Apr-14	2,000,000	3.8700	ING Bank (Australia) Limited	A-1	2,000,000
6-May-14	1,000,000	4.2500	Rural Bank Limited	A-2	1,000,000
6-May-14	1,000,000	3.8900	ING Bank (Australia) Limited	A-1	1,000,000
6-May-14	1,000,000	3.8000	Bank of Queensland	A-2	1,000,000
21-May-14	1,000,000	3.9500	Bank of Queensland	A-2	1,000,000
30-May-14	1,000,000	4.2000	Bank of Queensland	A-2	1,000,000
30-May-14	1,000,000	3.9200	ING Bank (Australia) Limited	A-1	1,000,000
5-Jun-14	1,000,000	4.2000	Rural Bank Limited	A-2	1,000,000
5-Jun-14	1,000,000	4.0900	National Australia Bank Limited	A-1+	1,000,000
15-Jul-14	1,000,000	4.0800	National Australia Bank Limited	A-1+	1,000,000
7-Aug-14	1,000,000	3.9000	ING Bank (Australia) Limited	A-1	1,000,000
27-Aug-14	1,000,000	3.9000	National Australia Bank Limited	A-1+	1,000,000
25-Nov-14	2,000,000	5.7000	National Australia Bank Ltd - Govt Business	AA-	2,000,000
	<b>66,000,000</b>				<b>66,000,000</b>
<b>Term Investment Group &amp; Cash Deposit Account</b>					
<b>Rollover Date</b>	<b>Face Value</b>	<b>Current Rate</b>	<b>Borrower</b>	<b>Rating</b>	
Cash Account	9,312,162	2.5000	CBA (Business Saver)	A-1+	9,312,162
28-Dec-13	1,000,000	3.8450	CBA Term Deposit Kimbriki 35810609 (1)	AA	1,000,000
16-Dec-13	1,000,000	3.7050	CBA Term Deposit Kimbriki 35810609 (2)	AA	1,000,000
14-Jul-14	7,402,118	4.0000	WBC Term Deposit Kimbriki 11-1208	AA	7,402,118
4-Feb-14	2,320,234	3.8400	WBC Term Deposit Kimbriki 11-4185	AA	2,320,234
	<b>21,034,515</b>				<b>21,034,515</b>
	<b>89,792,713</b>			<b>Closing Balance:</b>	<b>89,308,371</b>

\* Weighted Average Life is the anticipated date of repayment of Council's full principal in mortgage backed securities based upon the expected repayment of a critical balance of underlying mortgages. It is calculated by professional actuaries and its use is market convention for securities such as these. Council's investment policy recognises Weighted Average life dates as appropriate maturity dates for these securities



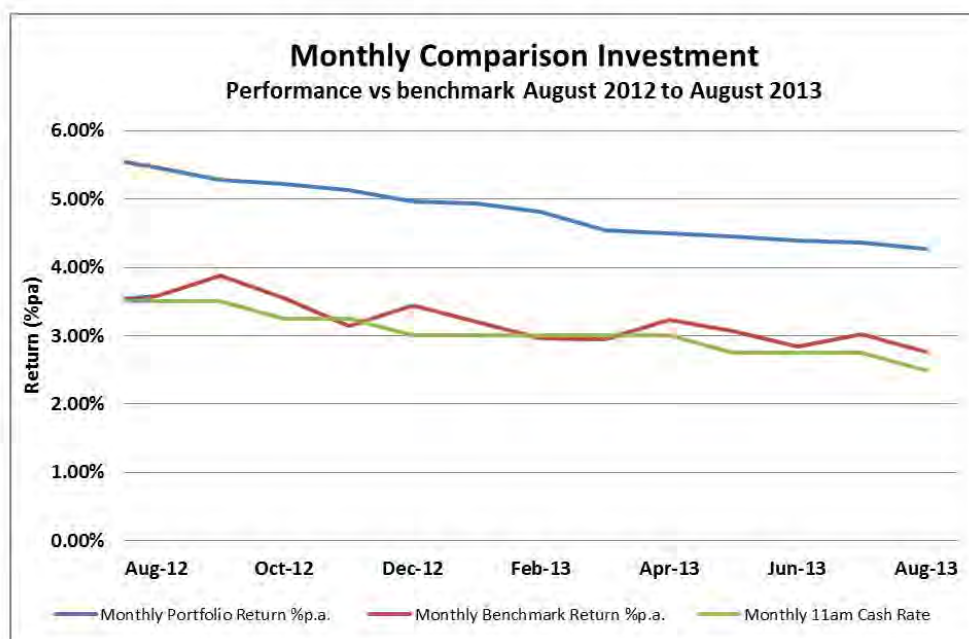
Portfolio Performance vs. 90 day Bank Bill Index over 12 month period.	✓	Council's investment performance did exceed benchmark.
Monthly Income vs. Budget	✓	Council's income from investments did exceed monthly budget.
<b>Investment Policy Compliance</b>		
Legislative Requirements	✓	Fully compliant
Portfolio Credit Rating Limit	✓	Fully compliant
Institutional Exposure Limits	✓	Fully compliant
Term to Maturity Limits	✓	Fully compliant

#### Investment Performance vs. Benchmark

	Investment Portfolio Return (%pa)*	Benchmark: UBS 90d Bank Bill Index	Benchmark: 11am Cash Rate **
1 Month	4.27%	2.76%	2.50%
3 Months	4.34%	2.87%	2.67%
6 Months	4.42%	2.97%	2.79%
FYTD	4.32%	2.89%	2.63%
12 Months	4.74%	3.17%	2.98%

\* Excludes cash holdings (i.e. bank account, loan offset T/Ds, and Cash Fund)

\*\* This benchmark relates to Cash Fund holdings

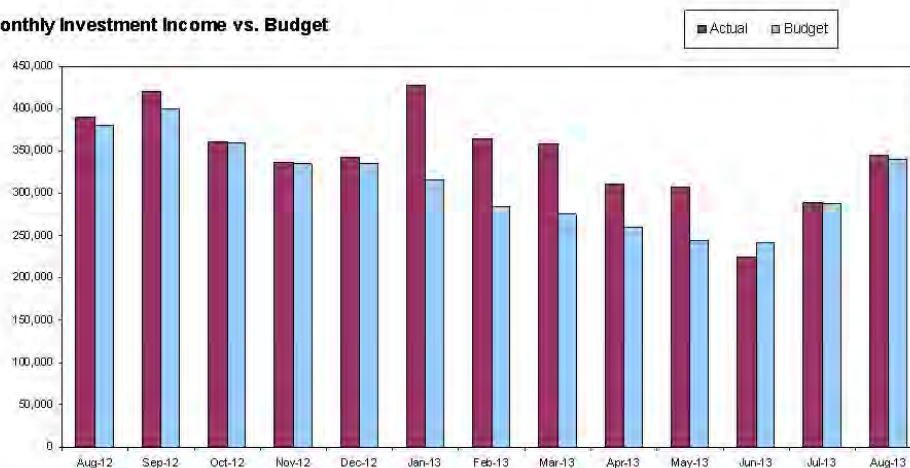


Monthly Investment Income\* vs. Budget

	\$ August 13	\$ Year to Date
Investment Income	309,531	597,828
Adjustment for Fair Value	35,190	35,991
Total Investment Income	344,722	633,819
Budgeted Income	340,000	628,000

\*Includes all cash and investment holdings

Monthly Investment Income vs. Budget



In August we have reflected a fair value increase of \$35,190 in accordance with AASB 139 Financial Instruments: Recognition and Measurement. It is Council's intention to hold these investments to maturity and as such no gain of principal will occur in these circumstances. These investments could have been classified as Held-to-maturity investments upon initial recognition under AASB 139 in which case no fair value adjustment would be required through profit or loss. When these investments reach maturity any fair value adjustment which has been taken up will be written back to the Profit and Loss Account.

## **Economic Notes**

### **Global**

- The Eurozone's second quarter GDP rose 0.3%/q, ending six consecutive quarters of contraction. Germany (+0.7%), France (+0.5%) and Portugal (+1.1%) recorded strong rises however Italy and Spain remained in recession.
- Increasing expectations that the US will taper its asset purchasing program (QE3) in September has seen policy makers from developing countries such as India, Indonesia, Turkey, and Brazil take action to slow outflows of capital and to defend their currencies. Long expected to help lead the world out of the GFC, these countries have been struggling to gain their footing.
- The US Treasury warned that it would again hit its debt-ceiling in October (much earlier than expected), bringing the prospect of political gamesmanship and financial market volatility like that occurred in 2011.

### **Domestic issues:**

- Second quarter GDP increased 0.6%/q, slightly above expectations. Although the result marked Australia's 22nd successive year of economic growth, the annual growth rate of 2.6% was below the average growth rate of 3.0% during the past decade.
- Economic data continued to suggest that consumers are saving rather than spending, with the household savings ratio rising to its highest rate in almost 2 years (10.8%) and retail sales little changed since March.

### **Interest rates:**

- The RBA left the official cash rate at 2.50% at its September meeting. The RBA advised that it would "continue to assess the outlook and adjust policy as needed to foster sustainable growth in demand and inflation outcomes consistent with the target."

### **Investment Portfolio Commentary**

Council's investment portfolio posted a return in August of 4.27%pa versus the bank bill index benchmark return of 2.76%pa. For the financial year to date, Council's investment portfolio has exceeded the bank bill index benchmark by 1.43%pa (4.32%pa vs 2.89%pa).

With the cash rate forecast to stay at 2.50% for the next 12 months, term deposit rates above 4%pa are becoming increasingly rare. Therefore, as Council's existing term deposits mature reinvestment will likely be in lower yielding options. However, it is expected that Council can continue to achieve above benchmark returns with prudent investment selection for its short and long term holdings.

**Prudential**  
Investment Services Corp

21 August 2013

Mr David Walsh  
Chief Financial Officer  
Warringah Council  
Civic Centre, 725 Pittwater Rd  
DEE WHY NSW 2099

Dear David,

**Investment Strategy and Portfolio Review – 2012/13 Financial Year**

Attached is Council's Investment Strategy and Portfolio for the 2012/13 Financial Year.

Overall it highlights that Council's portfolio has performed strongly whilst maintaining a prudent investment profile and is well placed for the 2013/14 financial year.

Please do not hesitate to contact either Brian, Titus or me if you have any questions.

Yours sincerely,



**Erik Gates**

**Director**

Prudential Investment Services Corp  
Ste 59, 1 Gray Street, Sutherland NSW 2232  
PO Box 35, Sutherland, NSW 1499  
Tel/Fax: 02 9542 5550  
[assetconsulting@prudentialinvestmentservices.com](mailto:assetconsulting@prudentialinvestmentservices.com)  
ABN: 81 163 587 362  
AFSL: 430091



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Investment Services Corp



**Investment Strategy  
and  
Portfolio Review  
2012/13 Financial Year**

Prudential Investment Services Corp  
Ste 59, 1 Gray Street, Sutherland NSW 2232  
PO Box 35, Sutherland, NSW 1499  
Tel/Fax: 02 9542 5550  
[assetconsulting@prudentialinvestmentservices.com](mailto:assetconsulting@prudentialinvestmentservices.com)  
ABN: 81 163 587 362  
AFSL: 430091

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## **Executive Summary**

### **Investment Climate:**

- In Europe, fiscal woes continued as Cyprus' second largest bank was sacrificed as part of a bail-out agreement with the EU. While depositors with less than €100,000 were spared, large deposits in the country's two main banks will be levied a "tax" as part of wide ranging revenue raising by the country to meet the EU's terms.
- In the US, expectations are rising that the Federal Reserve will wind back its \$US85 billion a month quantitative easing program if there continues to be improvements in the economy. This has caused the US Dollar and longer-dated US Treasury yields to rise.
- In Japan, the government has announced plans to end decades of economic stagnation and deflation.
- In China, growth of 7.8% recorded in 2012 was its lowest since 1999. Recent economic data has been weak bringing warnings from analysts that the country may miss its growth target of 7.5% for 2013.
- In Australia, the Reserve Bank cut the official cash rate by 0.25% to 2.75% by the end of June and a further 0.25% in August taking the cash rate to 2.50% heading into the 2013/14 financial year. Further rate cuts may be required if unemployment increases and the household sector does not offset falling mining investment.

### **Investment Strategy:**

- Overall, Council's current portfolio has good credit diversification with 99% of the portfolio spread among the top three credit rating categories (A/ A2 and higher).
- Council's short term holdings represent 95% of the total portfolio. An overall 70%/30% short term/long term ratio is recommended, but it is understood Council has significant capital expenditures anticipated over the next few years, so would prefer to keep the portfolio relatively short-dated.

### **Investment Portfolio:**

- As of 30 June 2013, all of the holdings in the investment portfolio are considered to be very sound with little threat of capital loss.
- Cumulatively, the portfolio has strongly outperformed the bank bill index generating a return of 4.94%pa on a yield basis (and approx 5.03%pa on a marked to market basis) versus the benchmark's 3.28%pa return for the 2012/13 Financial Year.

## The Investment Climate

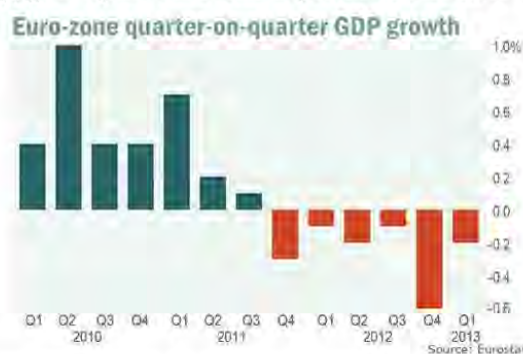
### **International:**

#### **Europe**

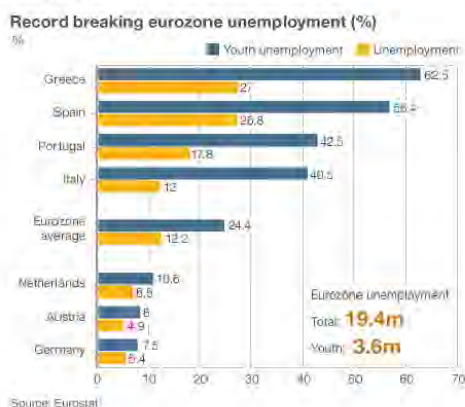
After a brief period of stability, the Eurozone crisis re-emerged with Cyprus becoming the fourth member of the Eurozone (after Greece, Ireland and Portugal) to require a bailout.

In an effort to recapitalise its banking system, which was heavily exposed to Greece, a levy on all deposit holders including those holding less than the EU-mandated €100,000 deposit guarantee was proposed. Amidst protests from Cypriots and fears of bank runs in other parts of the Eurozone, the proposal was amended so that smaller depositors with less than €100,000 were spared, while large deposits in the country's two main banks were levied a "tax" as part of wide ranging revenue raising by the country to meet the EU's terms.

The rest of the Eurozone is still straining under austerity, recording its sixth consecutive quarter of negative growth. France and Italy (the second and third largest economies in the Eurozone) are now in recession, while Germany (the largest Eurozone economy) grew by a weaker than expected 0.1% in the 1<sup>st</sup> quarter of 2013:



Unemployment remains a major problem, with the Eurozone's unemployment rate hitting a record high of 12.2%. Greece and Spain recorded unemployment rates of over 25% while youth unemployment rate is over 55%. Germany and Austria have the lowest Eurozone unemployment rates at around 5%:





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Looking ahead, the Eurozone is devising plans to create a banking union which will seek to break the link between indebted banks and governments which are too weak to save them. Markets will also nervously await a German court ruling which is determining the legality of the Outright Monetary Transactions ("OMT", the policy which is credited with calming financial markets in late 2012), while German election results are due in September.

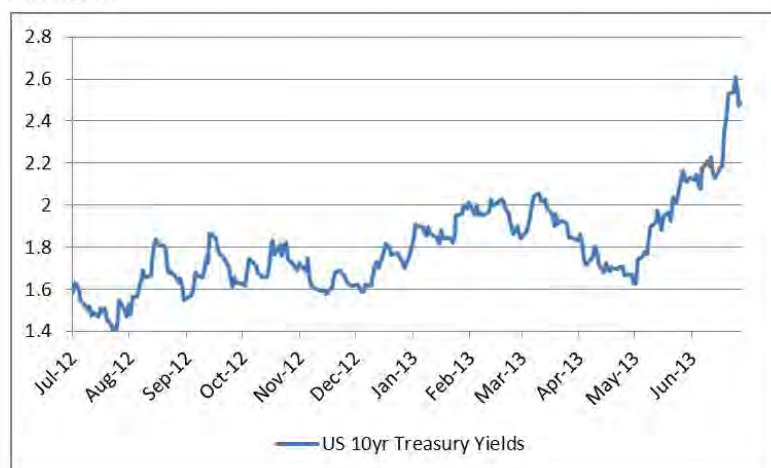
## US

In contrast to Europe, the US economy continues to show signs of improvement despite budget cuts and tax hikes. With banks better capitalised than those in Europe, commercial lending has increased while household consumption has been supported by improvements in housing and labour markets - in the past year, over 2 million jobs have been created and the unemployment rate has fallen to 7.6%, a 4½yr low.



(source: The Economist)

Expectations are rising that the Federal Reserve will wind back its \$US85 billion a month quantitative easing program if there continues to be improvements in the economy. This has caused the US Treasury yields to rise from 1.6% during May to over 2.3% currently:



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### Japan and China

Attention has recently turned to Japan and its attempts to end decades of economic stagnation and deflation amidst its rising government debts (at >240% of GDP, one of world's largest). Currently, most of its debts are financed by domestic savers who are approaching retirement age and are happy to receive 1% interest on 10 year bonds. If foreign bond buyers demanded the US Treasury rate (2%), interest payments would rise to over 40% of its revenues, an unsustainable level.

As part of its plans to break this cycle, the recently elected Abe government has embarked on a plan to increase growth and tax revenues. Firstly, it announced a ¥10trillion (AUD110billion) fiscal stimulus package (funded by further borrowing) to maintain growth. Secondly, the Bank of Japan increases its purchase of government bonds by ¥50trillion a year in order to meet its 2% inflation target. Plans have also been made for structural reforms in order to boost the economic capacity of the economy. In the short term, these policies have sent the Yen lower (helping exporters) and propelled the stockmarket higher (boosting consumer confidence), however questions remain on whether inflation can be increased to 2% without dramatically increasing bond yields:

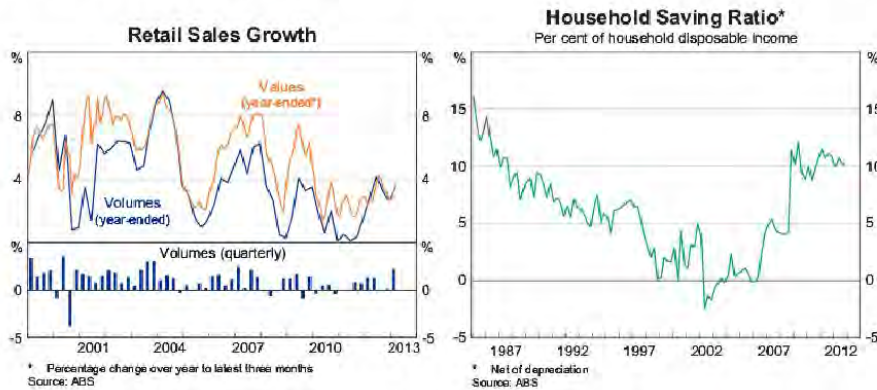


China's economy grew at 7.8% in 2012, the slowest rate since 1999. The new leadership team has so far used long term reforms rather than short term stimulus to rebalance its economy away from export and investment driven growth to one driven by domestic consumption. This has caused further weakness in the economy with recent manufacturing activity contracting for the first time since October 2012. This has brought warnings from analysts that the country may miss its growth target of 7.5% for 2013.

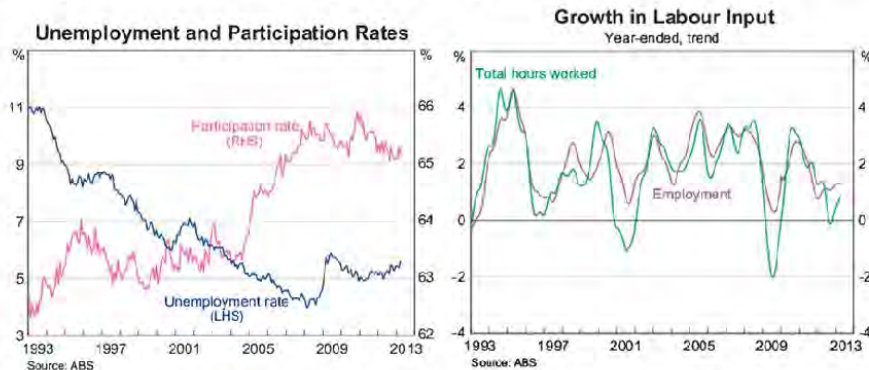
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**Domestic:**

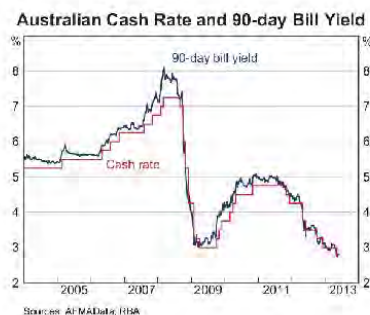
In Australia, growth has slowed markedly from the 3.7% recorded in the year to June 2012 to just 2.5% in the year to March 2013. While the slowdown in mining investment's contribution to growth was expected, other sectors of the economy including household consumption and housing have so far failed to pick up the slack. As can be seen below, retail sales continue to suffer as a result of households saving over 10% of their disposable income:



Employment growth and total hours worked have trended lower while the unemployment rate has crept higher over the past 12 months:



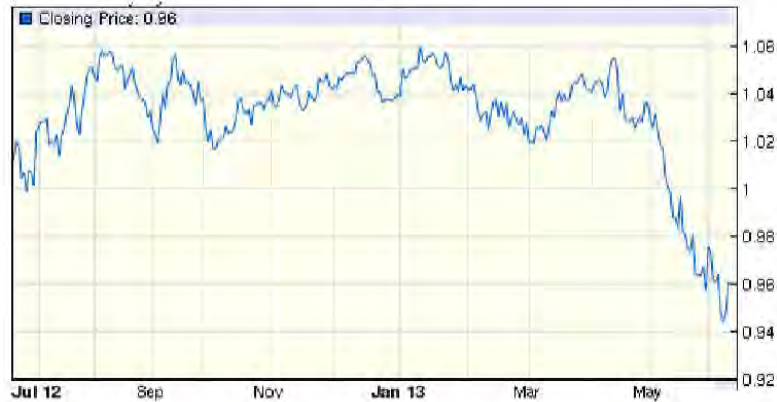
This has forced the RBA to steadily cut the official cash rate from 3.50% at the end of June 2012 to a historic low of 2.50% following the RBA's August meeting.





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The May rate and the prospect of further rate cuts precipitated a dramatic fall in the AUD after consistently trading between 1.00 and 1.06 against the USD for the financial year. Coupled with the markets factoring in a wind back of the US QE program, the AUD fell to below 95c against the USD. Ironically, the falling AUD may limit the need for the RBA to cut rates further as domestic businesses benefit from the lower AUD as exports become more competitive.



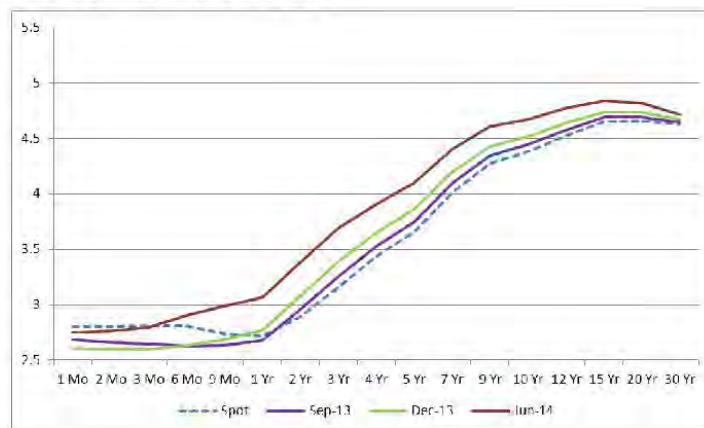
Opinion remains divided amongst economists from Australia's major banks on the direction of interest rates in the 2013/14 financial year, with Westpac forecasting that rates will fall to 2.00% by early 2014, while the other major banks are predicting one more cut to 2.25% or cash to remain steady now at 2.50%.



## Interest Rate Conditions

The following charts show the market's interest rate expectations over the next five years. Chart One shows the current yield curve (dotted line), together with what the market currently expects the yield curve to look like in three months (dark purple line), six months (green line) and one year (dark red line):

Chart One – short term (current to 1 year):

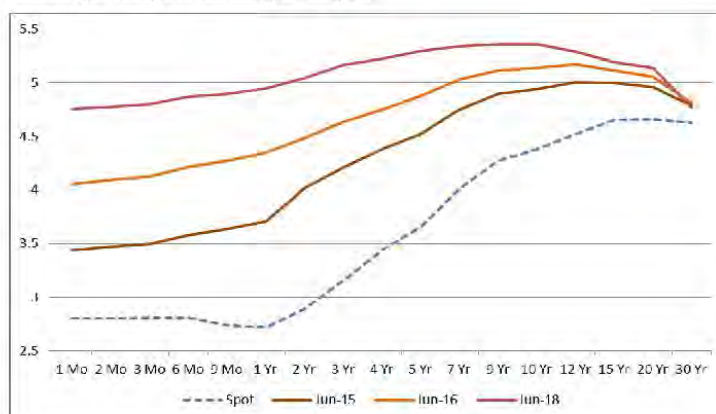


Source: Bloomberg

In short, the market is pricing a bottoming of interest rates by December then a sustained period of a "normal yield curve" environment (ie longer term rates higher than short term rates).

Chart Two shows what the market is currently expecting interest rates to look like in two years (brown), three years (orange) and five years (red), compared to the current yield curve (dotted).

Chart Two – long term (current vs 2yr to 5yrs):



Source: Bloomberg

This shows the market is anticipating an increase in rates from 50-150bps across the entire yield curve in 2 to 5 years. It can be inferred from this that the cash rate is expected to steadily rise to 4.25% by June 2018.

## **Strategic Implications:**

### **Short term (up to 12 months):**

The current short term yield curve is inverted: 12 month rates are lower than 3 month rates. The banks' margins on top of these market rates are resulting in relatively flat term deposit rates between 3 and 12 months, albeit with some variance from bank to bank.

- *As highlighted in the previous charts, the market is pricing in further interest rate cuts over the next six months. Therefore, new deposits of up to six month terms are expected to have reinvestment risk upon maturity (lower interest rates paid in the market for reinvestment of similar time period when proceeds are paid back).*
- *If possible, limit short dated term deposits out to six months only to funds which will be required for cash flow purposes upon maturity, ie avoiding reinvesting at expected lower rates prevailing at that time.*

### **Medium term (1 to 3 years):**

From December 2013 onward, the market is expecting rates to start heading upward. By June 2014, market rates for 1, 2 and 3 year deposits are expected to be approximately 30 basis points (0.30%pa) higher than similar deposits now.

- *Based on these market expectations, floating rate investments may offer better value than fixed rate by the end of the 2013 calendar year.*
- *At this stage however, fixed rate deposits continue to provide higher expected returns over their life than floating rate options.*
- *Given ongoing turbulence in many overseas banking systems, particularly in Europe and the US, Prudential does not recommend any investments with "Foreign Subsidiary Australian ADIs" within this 1 to 3yr time horizon.*

### **Long term (3 to 5 years):**

Within the next 12 months longer term investment opportunities are expected to represent good value as a result of interest rate steepening in the 3-5yr area as well as bank incentives under Basel III banking regulations to encourage depositors into longer dated holdings.

- *As per the medium term comment, for investments greater than one year, floating rate structures via both Term Deposits and Senior Bank Bonds are expected to become more competitive with fixed rate options later this calendar year.*
- *Given ongoing turbulence in many overseas banking systems, particularly in Europe and the US, Prudential does not recommend any investments with "Foreign Subsidiary Australian ADIs" within this 3 to 5yr time horizon.*

The financial markets remain very fluid and individual investment options, including market traded bonds vs term deposits & fixed rate versus floating rate notes, will be assessed based upon prevailing conditions and a case-by-case basis.

### Investment Strategy Recommendations

The following table summarises Council's Investment Portfolio as at the end of June. The overall investment types within Council's portfolio are appropriate for a local government entity and fully comply with legislation and Investment Policy limits.

<b>Warringah Council Investment Profile 30-Jun-13</b>				
<b>Overall Portfolio Credit Profile</b>				
	<b>Investment Balance \$ million</b>	<b>Weighting</b>	<b>Investment Policy limits</b>	<b>Investment Policy compliance</b>
<b>Direct Securities</b>				
AAA / A1+ Category	\$17.6	25%	100%	Yes
AA / A1 Category	\$21.0	29%	100%	Yes
A / A2 Category	\$32.0	45%	60%	Yes
BBB / A3 Category	\$1.0	1%	20%	Yes
	<b>\$71.6</b>	<b>100%</b>		
<b>Individual Counterparty Limits</b>				
<b>Largest Exposure per Credit Rating:</b>				
<b>Direct Securities</b>				
AAA / A1+ Category	\$13.0	18%	45%	Yes
NAB Short Dated Term Deposits				
AA / A1 Category	\$19.0	27%	35%	Yes
ING Short Dated Term Deposits				
A / A2 Category	\$12.0	17%	20%	Yes
Bank of Queensland Short Dated Term Deposits				
BBB / A3 Category	\$1.0	1%	10%	Yes
Deutsche Bank Sub Notes				

#### **Overall Portfolio Credit Profile:**

- Overall, Council's current portfolio has good credit diversification with 99% of the portfolio spread among the top three credit rating categories (A/ A2 and higher).
- These approximate weightings are recommended to be maintained.



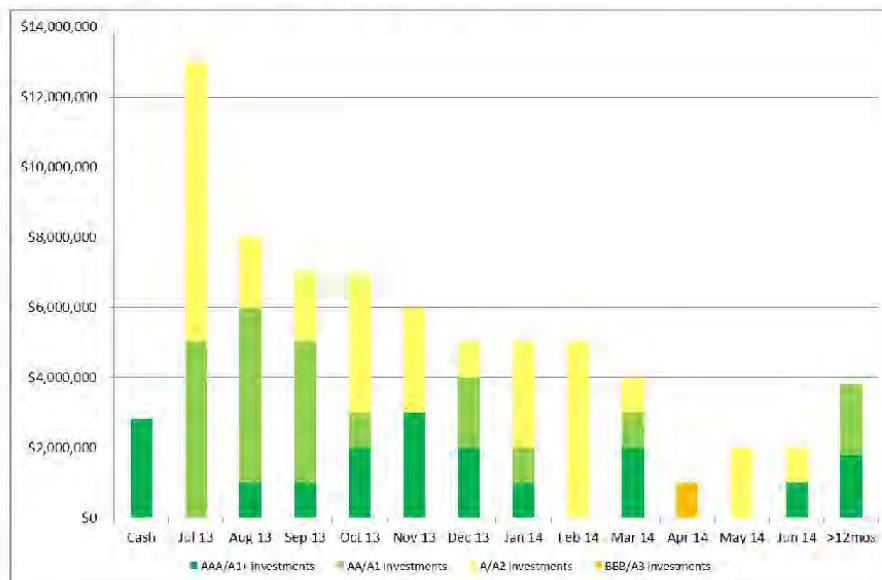
**Individual Institution Limits:**

- The vast majority of the portfolio (96%) is invested in deposits/securities with Australian Authorised Deposit taking Institutions. The prevalence of ADI term deposits in the portfolio reflects the historically high margins that the Australian banks have been paying for deposits.
- Council has been taking advantage of term deposit “specials” from various institutions without over exposing the portfolio to any one institution.

Term to Maturity Limits					
	Investment Balance \$ million	Weighting	Investment Strategy Targets	Investment Policy limits	Investment Policy compliance
Portfolio % < 1 yr	\$67.8	95%	70%	Min 40% Max 100%	Yes
Portfolio % > 1 yr	\$3.8	5%	30%	60%	Yes
Portfolio % > 3 yrs < 5 yrs	\$0.0	0%	5%	30%	Yes
Asset Allocation Targets					
Cash, ST Term Deposits, Bank Bills	\$66.8	93%	70%	n/a	
ADI issued Covered Bonds, Senior Debt, LT Term Deposits	\$2.0	3%	30%	n/a	
ADI issued Sub Debt/Non ADI debt	\$1.0	1%	0%	n/a	
Structured Securities	\$1.8	3%	0%	n/a	

**Term to Maturity Limits:**

- Council's short term holdings represent 95% of the total portfolio. An overall 70%/30% short term/long term ratio is recommended, but it is understood Council has significant capital expenditures anticipated over the next few years, so would prefer to keep the portfolio relatively short-dated.
- The graph below shows Council's investment maturity profile colour-coded according to the credit ratings of the investments:



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**Asset Allocation Targets:**

- For diversification within the portfolio, it is recommended to use a selection of authorised investment alternatives, including ADI issued senior debt (bonds), providing they offer good comparative value to long dated term deposits.

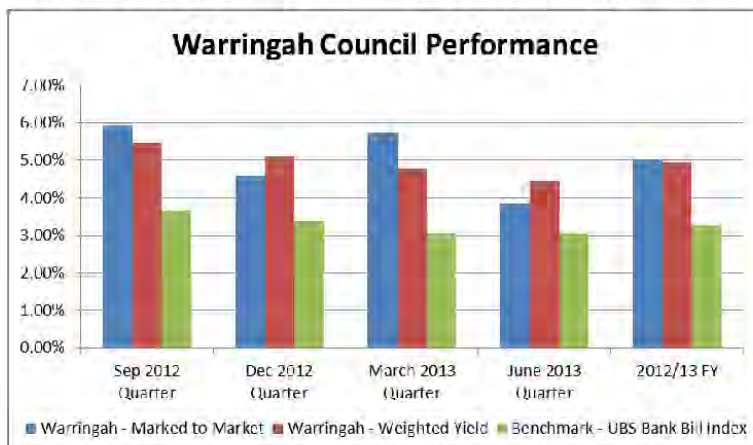
**Summary of General Strategy Issues:**

- Council's Investment Portfolio is well diversified and within policy limits.
- Term deposit specials and longer dated ADI-issued bonds will continue to be monitored for possible inclusion in the portfolio, but Council's preference for short-dated holdings is noted.
- Other eligible investments are also being regularly monitored. Please refer to *Appendix B - NSW Local Government Eligible Investments*.

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### Portfolio Return

The chart below shows Council's investment portfolio returns against benchmark:



High yields on term deposits contributed to Council's solid investment performance for the 2012/13 Financial Year.

Cumulatively, the portfolio has strongly outperformed the bank bill index generating a return of 4.94%pa on a yield basis (and approx 5.03%pa on a marked to market basis) versus the benchmark's 3.28%pa return for the 2012/13 Financial Year.

### Investment Portfolio Overview

As of 30 June 2013, all of the holdings in the investment portfolio are considered to be very sound with little threat of capital loss.

<b>Warringah Council</b>				
<u>Security Name</u>	<u>Face Value</u>	<u>Maturity, Call Date or Weighted Average Life</u>	<u>Credit Rating</u>	<u>Comments</u>
<b>Low Risk of Capital Loss</b>				
<b>Bank Deposits and FRNs</b>				
Current Account Investment Group	\$ 2,809,271	at call	A-1+	CBA (Australian ADI)
Floating Rate Note Investment Group	\$ 1,000,000	Apr-14	various	All Australian ADIs except Deutsche
Term Investment Group	\$ 64,000,000	Jul-13 to Jun-14	various	All Australian ADIs
Term Investment Periodic Int Group	\$ 2,000,000	Nov-14	AA-	NAB (Australian ADI)
<b>Australian Mortgage Backed Securities</b>				
Emerald Reverse Mortgage Series 2006-1 Class A	\$ 1,800,335	Aug-22	AAA	Backed by Australian sourced loans
<b>Total (Low Risk)</b>	<b>\$ 71,609,606</b>			



**Other Key Risks:** The following risks may also apply to Council's individual investments:

- **Liquidity risk:** The risk that Council may be unable to sell any or part of an investment on to the secondary market at a level suitable to them – or at all. Tradeable securities may be liquid in normal market conditions; however rates/margins may change substantially in periods of market stress.
- **Interest Rate Risk:** The risk to the value of an investment caused by changes in market interest rates. Floating Rate Securities have limited interest rate risk; Fixed Rate Securities are exposed to mark-to-market changes caused by movements in swap markets.
- **Market Risk:** The risk to the value of an investment caused by changes in related markets. Tradeable securities are exposed to market perceptions of issuer credit and credit markets generally.
- **Issuer/Credit risk:** The risk of default of the Issuer/Counterparty. Note that any issuer default may result in partial or total investor capital loss.



## Appendix A – Investment Security Review

The following is a synopsis of Council's investment holdings as of 30 June 2013 with comments on the underlying structures

Floating Rate Note Investment Group (Bank Issued)							
<ul style="list-style-type: none"><li>▪ Deutsche Bank subordinated debt (non-ADI issued note)</li><li>▪ \$1,000,000 investment</li><li>▪ Maturity Date: Apr 2014</li><li>▪ Risk of Capital Loss: Low</li></ul>	<p>Council has \$1m invested in a floating rate note from Deutsche Bank. At this stage, there is no concern about the bank as the German institution, and continental Europe's largest bank, has weathered the GFC well and Germany itself remains one of the strongest European economies.</p> <p>Margins on floating rate notes and bonds continued to narrow in 2012/13 with 5 year floating rate notes trading inside +85bp compared to +185bp early in 2012.</p> <p><b>This security continues to deliver a high, consistent income stream in line with Council's original investment objectives.</b></p>						
Mortgage Backed Securities							
<p><b>Emerald Reverse Mortgage 2006-1 Class A</b></p> <ul style="list-style-type: none"><li>▪ \$1,800,335 investment</li><li>▪ Rated: Fitch AAA (unchanged since issuance)</li><li>▪ Weighted average life: August 2022</li><li>▪ Risk of Capital Loss: Low</li></ul>	<p>Emerald Reverse Mortgage Series 2006-1 Trust is comprised of a pool of Australian reverse mortgage loans originated by Bluestone Equity Release Pty Ltd.</p> <p>Bluestone provides reverse mortgages to homeowners who have built up a significant equity position in their homes. The homeowners are thus able to draw on the equity of their homes without selling.</p> <p><b>Outstanding loan pool:</b> The very nature of reverse mortgages means that they have very low Loan to Value (LTV) Ratios (i.e. the amount of the loan in relation to the value of the property). This particular pool currently has an average LTV ratio of approximately 34%. This compares favourably to normal mortgage-backed securities which typically have LTVs in the 75-90% range.</p> <p>Upon issuance in 2006 the security consisted of 1817 loans. Through repayments and discharges of loans, the pool is now down to 996 loans. New loans can not be added to the pool following issuance, but due to the ability of borrowers to draw down on equity in the property, the overall outstanding loan balance has increased over the life of the security from \$113m to \$121m.</p> <p><b>Geographic composition:</b> The loan pool is comprised of entirely Australian mortgages sourced from:</p> <table><tr><td>NSW: 48%</td><td>WA: 17%</td><td>QLD: 16%</td></tr><tr><td>VIC: 12%</td><td>TAS: 4%</td><td>SA: 2% &amp; ACT: 1%</td></tr></table> <p><b>Property revaluation:</b> Bluestone advises that the underlying properties are fully revalued over a 3 yearly cycle which has been most recently completed in December 2011.</p> <p><b>Credit rating:</b> Fitch AAA (unchanged since issuance). Standard &amp; Poor's do not publish their credit rating of the Emerald Securities, but it is understood that their rating is based the underlying liquidity provider's ability to pay timely interest in the case of a shortfall. Therefore their credit rating would be more</p>	NSW: 48%	WA: 17%	QLD: 16%	VIC: 12%	TAS: 4%	SA: 2% & ACT: 1%
NSW: 48%	WA: 17%	QLD: 16%					
VIC: 12%	TAS: 4%	SA: 2% & ACT: 1%					



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conditional on the prevailing credit rating of Barclays Bank, the liquidity provider.

**Interest rate:** The 2006-1 Class A notes pay a quarterly coupon payment and rate reset based upon the 3mo BBSW rate + 0.45%. Having been extended beyond its original step-up date, this security is now accruing an additional 0.90%pa to be paid out when the entire issue, including lower tranches, is called back.

**Liquidity provider:** Barclays Bank is the liquidity provider for the Class A notes. If loan repayments during a quarter do not suffice to cover interest on the notes then the liquidity provider makes up the difference for the quarter's interest payment, reimbursed to Barclays by future repayments. There are currently no draws on the liquidity facility.

**Valuation and Selling prospect:** The market for Australian mortgage backed securities, regardless of the robustness of the structure, is highly illiquid as a direct consequence of the global financial crisis. This has caused difficulties in valuing the security as there is limited "price discovery" in the market. At this stage, opportunistic bids for this tranche would be expected in the low 70c in the dollar area.

**Capital Repayment:** The legal maturity for the Class A notes is 2051. This is the date that takes into consideration the longest underlying mortgages in the pool. Due to discharges and repayments of the underlying mortgages in the pool, the security is anticipated to be called back well before the legal maturity date.

When issued, the security's margin step-up date was regarded as the approximate call date for the bond. The step-up margin, as detailed above, is an increase in the quarterly interest rate payable on the security and is regarded as an incentive to the issuer to call the bonds back, ie repay investor's capital.

Bluestone has advised that based on the current rate of underlying loan repayments, the gradual quarterly capital repayments to noteholders may continue for a further 10+ years.

**Capital security:** Bluestone has stressed that there remains no concern regarding the security of capital.

The revised marked to market valuation is reflective of what are considered opportunistic bids in a "buyers market" for securities of this type.

To date in addition to the regular quarterly interest payments, Council has received approximately \$200,000 of its original capital back into its bank account as loan prepayments flow through to the noteholders.

**This security continues to deliver a high, consistent income stream in line with Council's original investment objectives and continue to be recommended as part of Council's long term hold to maturity portfolio.**

Term Investment Group (Short and Long dated)	
<ul style="list-style-type: none"> <li>Term Deposits with Australian licenced ADIs</li> <li>\$66,000,000 investment</li> <li>Maturity: Jul 2013 to Jun 2014</li> <li>Risk of Capital Loss: Low</li> </ul>	<p>All of Council's term deposit's are from licenced authorised deposit taking institutions regulated by APRA. The Australian banking regulatory environment is considered one of the soundest in the world and deposits/investments with domestic institutions is generally regarded very safe.</p> <p>Requirements under Basel III banking regulations have reinforced the banks' efforts to secure increased domestic deposits. Therefore, banks are still offering "specials" for longer dated deposits that are at historically high margins over the corresponding BBSW rate. <b>It is recommended that Council continue to pursue these term deposit specials whilst they are being offered.</b></p> <p><b><u>National Australia Bank: (S&amp;P: A1+/AA-) - \$15,000,000 invested</u></b></p> <p>National Australia Bank is one of Australia's major banks with an asset base around \$500billion. Deposits make up 67% of total funding, with short term and wholesale funds making up the balance.</p> <p>Latest Profit: \$2.52b (6 months to Mar 2013)</p> <p>Basel III Level 2 Tier 1 Capital Adequacy Ratio: 8.2% (March 2013)</p> <p><b><u>ING Bank Australia: (S&amp;P: A1/A) - \$19,000,000 invested</u></b></p> <p>ING Bank Australia is an APRA regulated Australian bank which is ultimately owned by ING Bank NV, a Dutch bank. It has around \$47billion in assets and deposits make up 55% of total funding with wholesale funds and securitisation making up the balance.</p> <p>Latest Profit: \$277m (12 months to Dec 2012)</p> <p>Basel II Tier 1 Capital Adequacy Ratio: 12.2% (Mar 2013)</p> <p>Prudential recommends that deposits with all foreign subsidiary ADIs, including ING Bank Australia, are kept to maturities of less than 12 months.</p> <p><b><u>Bank of Queensland: (S&amp;P: A2/BBB+) - \$12,000,000 invested</u></b></p> <p>Australia-wide bank with Queensland as its core market segment. BoQ is listed on the Australian stock exc hange with around \$40b in assets. Deposits make up 60% of total funding, wholesale funds 25%, and securitisation 15%.</p> <p>Latest Profit: \$100.5m (6 months to February 2013)</p> <p>Basel III Level 2 Tier 1 Capital Adequacy Ratio: 8.7% (Feb 2013)</p> <p><b><u>Bendigo and Adelaide Bank: (S&amp;P: A2/A-) - \$7,000,000 invested</u></b></p> <p>Regional and community-focussed bank that operates nationwide. The bank is listed on the Australian stock exchange with around \$57 in assets. Deposits make up 80% of its total funding, 12% from securitisation, and 8% from wholesale funding. Its subsidiaries include Delphi Bank, and <b>Rural Bank.</b></p> <p>Latest Profit: \$189m (6 months to Dec 2012),</p> <p>Basel III Level 2 Tier 1 Capital Adequacy Ratio: 10.8% (Mar 2013)</p>

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	<p><b>CUA (S&amp;P: A2/BBB+) – \$2,000,000 invested</b></p> <p>CUA is Australia's largest credit union with over \$9b in assets. CUA relies on customer deposits for about 70% of its funding, while securitisation makes up 25% of its funding requirements.</p> <p>Latest Profit: \$51.0m (12 months to Jun 2012)</p> <p>Tier 1 Capital Adequacy Ratio: 14.59% (Sep 2012)</p> <p><b>ME Bank: (S&amp;P: A2/BBB) – \$11,000,000 invested</b></p> <p>ME Bank is owned by industry super funds and has assets of nearly \$12b. ME Bank has a heavy reliance on securitization (57% of funding as of Jun 2012) however it is planning to reduce this to 25% by increasing its customer deposits (which make up only 30% of its funding).</p> <p>Latest Profit: \$4.7m (12 months to June 2012)</p> <p>Basel III Level 2 Tier 1 Capital Adequacy Ratio: 10.8% (Mar 2013)</p>
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## **Appendix B – NSW Local Government Eligible Investments**

### **Definitions of Eligible ADI Investments:**

**11am call deposits:** Cash invested on an overnight basis with an Australian Authorised Deposit-taking Institution (ADI). Funds can be recalled or re-invested prior to the bank's Real Time Gross Settlement cut-off each day.

#### *Benefits*

- 11am account provides a quick and easy investment solution for current balances that are not being used otherwise.

#### *Major Risks / Disadvantages*

- Potentially a lower return investment product.
- Credit risk is a function of the creditworthiness of the issuer.

**Covered Bonds:** interest bearing senior ranking debt obligations of an Authorised Deposit-taking Institution (ADI) which have specific bank assets, ie loans, backing the bond. Covered bonds are market traded securities. They can be either fixed rate or floating rate interest bearing and typically are issued with 5+ year maturities. In the case of a bank failure, holders of covered bonds rank ahead of depositors and unsecured senior bond holders having first recourse to the underlying pool of assets backing the bond. If the pool's assets are not sufficient to meet the covered bond's obligations, holders then have recourse to the bank's total assets equal to other senior unsecured bondholders.

#### *Benefits*

- Highest ranking securities within a bank's capital structure.
- Securities are liquid allowing them to be sold on the secondary market.
- Fixed rate: Future coupons are known which helps with cash flow forecasting.
- Floating rate: Coupons move with the market, allowing for investor participation when interest rates increase.

#### *Major Risks / Disadvantages*

- Credit risk is a function of the creditworthiness of the issuer/ underlying assets.
- Fixed rate: interest rate risk applies in that a pre-determined coupon rate is locked in.
- Floating rate: coupons move with the market, allowing for reduced earning capacity when interest rates decrease.

For more information refer to the previous Research Paper on Covered Bonds provided by Prudential.

*Current Covered Bond offerings are not representing good value for Council's portfolio, however these are being reviewed on an ongoing basis and should any issuance present an attractive proposition for Council's portfolio Prudential shall bring it to Council's attention.*



**Term deposits:** interest bearing deposit held at an ADI for a specific contracted period. Term deposits are not tradeable in the market. They typically have a fixed rate for their life, but floating rate term deposits are also available. Prior to the introduction of Covered Bonds into the Australian market, in early 2012, term deposits ranked at the top of an ADI's capital structure.

**Benefits**

- Term deposits are considered to be a relatively low-risk investment.
- As these funds are not callable prior to maturity, banks generally offer a return premium.
- This type of investment allows investors to match cash flow requirements.
- The return is known.

**Major Risks/ Disadvantages**

- Liquidity risk applies in that deposits are not redeemable before maturity. Deposits may not be breakable at all or may only be broken after a prohibitive break fee is paid.
- Interest Rate risk applies in that the rate of return is fixed.
- Credit risk is a function of the creditworthiness of the ADI.
- Counterparty/credit risk increases if invested with unrated/low rated financial institutions.

*As noted, various Term Deposits are providing good value and where appropriate these are being actively recommended to Council and included in the portfolio. As with all investments there is a risk/reward trade-off - even with term deposits from Australian ADI's - and these are being actively monitored.*

**Bank Bills and Negotiable Certificates of Deposits (NCDs):** are similar types of interest bearing securities issued/ accepted by ADIs, typically short dated. Unlike term deposits, these are tradeable in the market prior to maturity.

**Benefits**

- Counterparty party risk is partially mitigated by the accepting/issuing bank, which is typically a bank with very high credit rating.
- The return on the bank Bill and NCD is known if held until maturity.
- Bank bills and NCDs are liquid and can be traded on the secondary market.

**Major Risks /Disadvantages**

- Being a lower risk investment option, Bank Bills/ NCDs provide a lower return.
- Interest Rate risk is present in that the rate is locked in for a fixed term.
- Credit risk is a function of the creditworthiness of the accepting/issuing bank.

*These securities provide exceptional liquidity and in the current climate are very useful where this is a key requirement for cash flow management. However, most current offerings are not providing as attractive a return as available from Term Deposits. As with other eligible investments, these are being regularly monitored, particularly as the margins on Term Deposits narrow.*

**Senior Debt Bonds:** interest bearing securities which are senior debt obligations of the issuing ADI. Senior bonds are tradeable in the market. They can be either fixed rate or floating rate interest bearing and are typically issued with 3+ year maturities. Interest is paid at scheduled intervals based on the face value of the bond with repayment of capital paid upon maturity. In the case of a bank failure, senior bond holders rank above subordinated debt holders and shareholders but below covered bond holders and depositors.

*Benefits*

- High ranking securities within a bank's capital structure.
- Securities are liquid allowing them to be sold on the secondary market.
- Fixed rate: Future coupons are known which helps with cash flow forecasting.
- Floating rate: Coupons move with the market, allowing for investor participation when interest rates increase.

*Major Risks / Disadvantages*

- Credit risk is a function of the creditworthiness of the issuer/ underlying assets.
- Interest rate risk applies in that a pre-determined coupon rate is locked in.
- Fixed rate: interest rate risk applies in that a pre-determined coupon rate is locked in.
- Floating rate: coupons move with the market, allowing for reduced earning capacity when interest rates decrease.

*There have been some attractive Senior Bank Bond offerings from Australian-owned ADIs over the past year and more are expected in 2013/14. Where appropriate, given prevailing Investment Policy limits and cash flow requirements, these will be brought to Council's attention.*

**Other NSW Local Government Eligible Investments (Non-ADI) being actively monitored:**

**Commonwealth/State/Territory Government securities e.g. bonds:-**

These are interest paying securities which are issued by one of the above Australian government bodies and are guaranteed by that issuer. As such, these securities carry the same credit rating as the issuing government body.

*Benefits*

- Among the most secure investments available to Australian investors.
- Future coupons are known which helps with cash flow forecasting.

*Major Risks / Disadvantages*

- Typically much lower yielding than other investment options due to low investment risk of issuer.
- Interest rate risk applies in that a pre-determined coupon rate is locked in.



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*Current Commonwealth and State and Territory Bond offerings are not representing good value for Council's portfolio. However these are being reviewed on an ongoing basis and should any issuance present an attractive proposition for Council's portfolio Prudential shall bring it to Council's attention.*

**Deposits with NSW Treasury &/or Investments in NSW Treasury Corporation's Hour Glass Facility:-**

The NSW Treasury Corporation Hour Glass Facility comprises a number of pooled managed funds options each set up as a unit trust. The current cash and fixed income only options available through the Hour Glass facilities are the Cash Facility and the Strategic Cash Facility.

The Cash Facility provides the more transactional type option and is designed for investments ranging from overnight to 1.5 years, whilst the Strategic Cash Facility is designed for investments ranging from 1.5 years out to 3 years.

Both investments will pay back the balance of the investment generally within 24 to 72 hours.

**Benefits**

- Investments are pooled and as such a much more diversified pool of underlying investment is possible over investing in securities directly – particularly for small investment amounts.
- A broader investment pool usually allows for a smoothing of any volatility in the underlying investments.

**Major Risks/Disadvantages**

- As a unit trust, investment in the Hour Glass Facilities are not deposits or liabilities of NSW T-Corp.
- The Hour Glass Facilities are subject to market and liquidity risk associated with their underlying securities.
- Usually an additional layer of fees is incurred via a managed fund to pay for fund manager costs.

*In the current climate these have not been recommended to Council however the products and financial climate are continually being monitored and where appropriate these investments will be brought to Council's attention.*

## **Appendix C - Standard & Poor's Credit Ratings**

### **Descriptions** *(source, Standard & Poor's)*

#### **Credit Ratings**

Standard & Poor's (SP) is a professional organisation that provides analytical services. An S&P rating is an opinion of the general creditworthiness of an obligor with respect to particular debt security or other financial obligation – based on relevant risk factors.

Credit ratings are based, in varying degrees, on the following considerations:

- Likelihood of payment.
- Nature and provisions for the obligation.
- Protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganisation or other laws affecting creditors' rights.

The issue rating definitions are expressed in terms of default risk.

#### **Short Term Obligation Ratings are:**

##### **A-1**

This is the highest short-term category used by S&P. The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.

##### **A-2**

A short-term obligation rated A-2 is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.

##### **A-3**

A short-term obligation rated A-3 exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.



**Long-Term Ratings are:**

**AAA**

An obligation/obligor rated AAA has the highest rating assigned by S&P. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

**AA**

An obligation/obligor rated AA differs from the highest rated obligations only in a small degree. The obligor's capacity to meet its financial commitment on the obligations is very strong.

**A**

An obligation/obligor rated A is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations/obligor in higher rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

**BBB**

An obligation/obligor rated BBB exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to the obligor to meet its financial commitment on the obligation.

**Plus (+) or Minus (-)**

The ratings from "AA" to "CCC" may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

**CreditWatch**

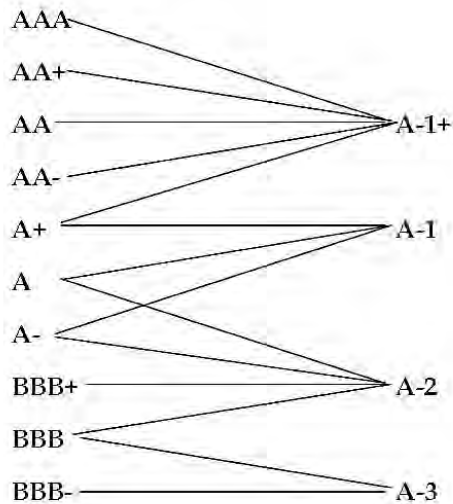
Highlights an emerging situation, which may materially affect the profile of a rated corporation and can be designed as positive, developing or negative. Following a full review the rating may either be affirmed or changed in the direction indication.

**Rating Outlook**

Assesses the potential direction of an issuer's long-term debt rating over the intermediate-to-long term. Consideration is given to possible changes in the economic and /or fundamental business conditions. An outlook is not necessarily precursor of a ratings change or future CreditWatch action. A "Rating Outlook - Positive" indicates that rating may be raised. "Negative" means a rating may be lowered. "Stable" indicates that ratings are not likely to change. "Developing" means ratings may be raised or lowered.

### S&P Ratings Correlations

The standard correlation of short-term ratings with long-term ratings is shown below.



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**Premier & Cabinet**  
Division of Local Government

5 O'Keefe Avenue NOWRA NSW 2541  
Locked Bag 3015 NOWRA NSW 2541

Our Reference: A327270  
Your Reference:  
Contact: Caroline Egberts  
Phone: 02 4428 4175

Mr Rik Hart  
General Manager  
Warringah Council  
Civic Centre  
725 Pittwater Road  
DEE WHY NSW 2099

*Rik*  
Dear Mr Hart

Thank you for your email of 21 June 2013 enclosing comments on the draft Warringah Council Promoting Better Practice Review report.

Firstly I would like to take this opportunity to thank councillors and staff members for participating in the review process.

The Council's response to the draft review report has been considered and incorporated into the final report. I am pleased to enclose a copy of the final Warringah Council Promoting Better Practice Review report with this letter.

Overall, the report concludes Warringah Council is a well-managed, strongly performing organisation. Most of its policies, practices and systems are of an above-average standard. A number of better practice examples have been reported across the spectrum of the Council's areas of business.

While some areas requiring development have been identified, I acknowledge that in most of these instances, the Council has identified that it is in the process of implementing appropriate strategies to affect positive change. I note that you have stated in your response these recommendations are redundant, however these have been included in the report as evidence of the Council's commitment to continuous improvement.

I encourage the Council to continue to use the action plan to implement the recommendations. The Division would appreciate being advised if, in implementing a recommendation, the Council develops a better practice that may be of interest to other councils. There is no requirement however for the Council to report to the Division of Local Government, Department of Premier and Cabinet (the Division), on its progress in implementing the outcomes of the review.

Please contact the Division, if further information or feedback on the implementation of specific recommendations is required.



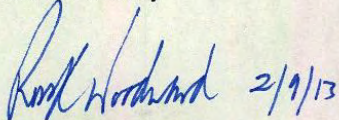


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Please arrange for the final report to be tabled at the next available Council meeting. I would appreciate your written advice as to when the Council has tabled the report. Once the Council tables the report it becomes a public document. With a view to sharing better practice with other councils, a PDF version of the report will be made available on our website, along with other finalised review reports. The Division also encourages the Council to make the report available on its own website.

I trust this review has assisted the Council, and again extend my appreciation to the Council for its support of this process.

Yours sincerely



**Ross Woodward**  
**Chief Executive, Local Government**  
**A Division of the Department of Premier and Cabinet**



# **Promoting Better Practice Program**

## **REVIEW REPORT**

### **WARRINGAH COUNCIL**

**AUGUST 2013**



Premier & Cabinet  
Division of Local Government

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## **EXECUTIVE SUMMARY**

### ***About the Review***

A Promoting Better Practice Review of Warringah Council (the Council) was undertaken in February 2013 by the Division of Local Government, Department of Premier and Cabinet (the Division). The Promoting Better Practice Program aims to assist in strengthening the local government sector by assessing performance and promoting continuous improvement. The reviews are designed to act as a 'health check' examining a number of areas:

- Governance
- Strategic planning and delivery
- Financial and asset management
- Workforce management
- Community services and facilities
- Land-use planning
- Regulatory and environmental management.

This report identifies where better practice exists, to both acknowledge the strengths of the Council and contribute to improvement in the local government sector. It also discusses key areas of the Council's activity that require improvement or development to meet its legislative obligations, as well as to meet community expectations.

### ***About Warringah***

The Warringah local government area is home to an estimated 147,611 residents. The area is situated on Sydney's northern beaches peninsula and spans 14km of that coastline. In total, the local government area covers approximately 152 square kilometres. The traditional owners of the land are the Guringai people.

The Council was originally established in 1906. On 23 July 2003, following a public inquiry, the elected members of Warringah Council were dismissed. An Administrator managed the affairs of the Council until the local government elections in September 2008.

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Promoting Better Practice Review Report – Warringah Council

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Warringah Council is currently governed by an elected body consisting of nine councillors and a popularly elected Mayor. The main Council administrative office is at Dee Why. At 30 December 2012, 545 full-time equivalent staff were employed by the Council.

***Summary of key findings***

Overall, Warringah Council is a well-managed, strongly performing organisation. Most of its policies, practices and systems are of an above average standard. A number of better practice examples have been reported across the spectrum of the Council's areas of business.

The Mayor and the General Manager appear to work well together in their role of guiding the strategic direction for the organisation. Decision-making processes appeared mature and efficient.

The Council's management team runs a fiscally responsible operation, which at this time appears to support a sustainable position into the long term. Of note, the Council has reported an operating surplus before capital grants in the last five financial years. It has also performed above industry benchmarks relating to financial and asset management.

Warringah Council offers a wide range of services to the community. The exceptional aspect of this has been the Council's approach to creating corporate/community partnerships, pursuing funding opportunities and taking a regional leadership role in service delivery.

Overall, the culture of the organisation is perceived to be positive and dynamic. Staff reported that the Business Excellence Framework and encouragement from management is allowing them to engage in change, innovation and improvement.

This was apparent during the review team's visit. A number of staff as well as sharing examples of better practice and described areas or projects which they are continuing to develop. Consistent with the Promoting Better Practice Review process, the review team has captured these improvement opportunities in its recommendations and has added a few additional areas that could benefit from further development.



### Governance

The review team considers Warringah Council's governance framework to be very sound. The Mayor and General Manager reported that they have a strong working relationship. They support a shared vision for the Warringah local government area and demonstrate a working knowledge of the Integrated Planning and Reporting requirements.

The decision-making processes of both the elected body and the executive management team of Warringah Council appear mature and efficient. Most policies, procedures and systems are considered to be of an above average standard to successfully guide the Council's operations and meet its statutory obligations. A number of examples of better practice were identified and are discussed later.

The Council is using the Australian Business Excellence Framework which promotes innovation in improving systems and business processes toward meeting organisational and community goals. Strong leadership by example is a key principle of the Framework and appears to have been embraced and demonstrated by the Executive Management Team.

A Business Improvement Council has been established to drive business processes and deliver service improvements across the organisation. The benefits to date have been wide-ranging, including \$1.5 million in cost savings.

The Council's partnership with the other Shore Regional Organisation of Councils (Manly, Mosman, and Pittwater) has resulted in a solid platform for a regional approach to many important issues. This has resulted in commitments for a new Regional Waste Solution, the Northern Beaches Hospital and a feasibility study for a Bus Rapid Transit System.

### Strategic planning and delivery

Warringah Council is at a crucial point in the planning cycle with its Integrated Planning and Reporting documents currently under review.

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Promoting Better Practice Review Report – Warringah Council

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The Integrated Planning and Reporting framework is championed by the General Manager and Deputy General Managers. The Council has taken a cross-organisational approach to implementation of the framework, encouraging ownership of the planning process and the outcomes of that process. This is demonstrated through the broad involvement of managers from across the organisation in the development of the Community Strategic Plan. In addition, the Council has actively used the framework to enable innovation across the organisation.

The performance measures and indicators identified in the Community Strategic Plan are relevant, clear and quantifiable.

The Council is currently refining its online, interactive reporting dashboard which will be accessible via the Council's website. This is an innovative approach to community engagement and is reflective of the Council's commitment to open and accountable administration. While the service is not yet available, it is well-progressed with a view to being launched later this year.

The Operational Plan lacks some of the required level of detail (for instance, no timeframes or responsibilities have been assigned against actions). The Council has a Corporate Plan which does include some of this detail. It is suggested that the Council review the purposes of these plans and consider streamlining them so as not to duplicate effort and reporting. This may include combining them into a single document.

#### Financial and asset management

The Council is a very strong performer in the area of financial and asset management. With a strong cash position and a good mix of revenue streams, the Council has the capacity to renew its assets at the rate at which they are depreciated.

The Council has met the requirements of long-term financial planning. Its Long-Term Financial Plan is of a high standard. It clearly articulates how it supports the delivery of the Community Strategic Plan.

The Asset Management Strategy, while not yet formally endorsed, is comprehensive and meets legislative requirements. Priority has been given to enabling the ongoing development and implementation of asset management systems. This includes

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employing two additional staff with suitable expertise to oversee strategic asset management and planning. A revised Asset Management Policy was adopted by the Council in August 2012.

Workforce management

Most policies, procedures and systems are of the required standard to meet statutory obligations and support the implementation of the Council's corporate and community plans. The Council continues to invest heavily in training and development programs, providing key learning opportunities for employees.

Overall, the Council appears to have a positive organisational culture with a motivated workforce. The most recent survey of staff indicates a significant shift in satisfaction levels, improving greatly upon 2010 results. Informal feedback received during the review indicated an enthusiasm and commitment to delivering quality services to the community, and confidence in the executive management team and elected members.

The organisational restructure, which occurred in 2010, appears to have had a positive impact on the operations of the Council, streamlining systems and improving internal communications. The Leadership Group was described by staff as an excellent forum for managerial decision-making and information sharing.

The Council's workforce median age is above average: 41.9 years compared with 38.6 years for the greater Sydney area. The Council is committed to supporting the health and wellbeing of an ageing workforce. This, along with more specific succession planning strategies, may need to remain a key priority for the Council in the coming years.

It is noted that while women make up 60% of the Council's workforce they are under-represented at the group manager level. The Council actively promotes equal opportunity employment and career development opportunities. It is recommended that this continue to achieve better representation of women in senior positions.

#### Community services and facilities

The Council has undertaken extensive strategic planning in the areas of youth, families/children and ageing communities. In addition to regular service delivery, the Council is also currently undertaking or has recently completed some significant community projects including the revitalisation of the Glen Street Theatre precinct and the development of the area's first Police and Community Youth Club.

When asked how the staff viewed the Council's capacity for delivering these major projects, the response was that the Council is "very well positioned" and that staff were feeling "confident".

The Council provides "the bulk" of sporting fields in the region. It is also responsible for managing extensive open space. There is a significant amount of pressure placed on the Council to maintain its organised sporting fields and open space areas, including beaches, in the face of rising demand from both locals and visitors. While the Council aims to meet a wide variety of passive and active recreation needs, it is also working to minimise any possible negative impact high levels of demand might place on the natural environment and on financial resources.

#### Land-use planning

Warringah Council's land-use planning framework is considered to be sound. In recent years the Council has made significant improvements in determining development applications. It is now performing within the top five councils in NSW.

#### Regulatory and environmental management

The Council demonstrates a proactive approach to its compliance services and environmental management. It has a number of innovative, award-winning environmental programs to increase energy efficiency, reduce water consumption, waste and noise, encourage safe handling of chemicals and contaminated land, improve air and water quality, and restore the environment to full health.



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Regulatory and compliance services appear to be working well within the Warringah area, with an emphasis in the Council on staff training and building a good team culture within the Business Excellence Framework.

***Next steps***

The review team recognises that, prior to the review, the elected body and Executive Management Team of the Council has been active in identifying areas requiring development and has developed appropriate strategies to bring about the required improvement. Where these have been shared with the review team, they are usually reflected in the report and listed in the action plan in Part V. The action plan is to be completed by the Council. The completed action plan, including the Council's comments, will be reproduced in the final report.

The final report is to be adopted by the Council to guide the implementation and monitoring of the recommendations in this report. Upon issue of the final report, the Division will advise the Council if it intends to monitor the implementation of the recommendations of the report, or leave this responsibility with the elected body and Executive Management Team of the Council.

**PART I      BACKGROUND****1      ABOUT THE REVIEW**

Reviews of councils are undertaken by the Division of Local Government through its Promoting Better Practice Program.

***Program Objectives***

By promoting better practices, the Division aims to:

- work with councils toward strengthening the local government sector by assessing performance and promoting a culture of continuous improvement with an emphasis on:
  - governance
  - strategic planning and delivery
  - financial and asset management
  - workforce management
  - community and social service provision
  - land-use planning
  - regulatory functions.
- identify trends and issues arising from reviews to support policy and legislative changes for the local government sector.
- promote strong relationships within the sector by working with councils to respond to emerging trends or issues in an innovative way.

***Review Process***

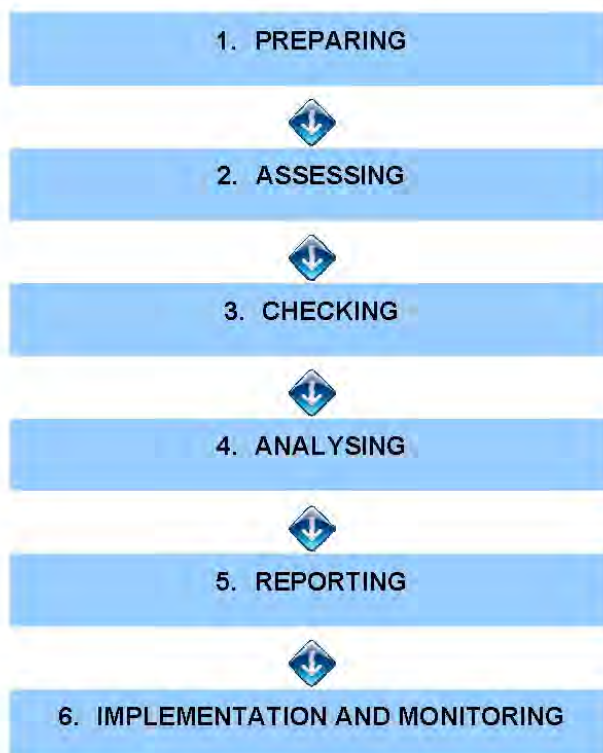
Promoting Better Practice reviews are designed to act as a 'health check' for councils, giving confidence about what is being done well and helping focus attention on key priorities. They are conducted by a review team from the Division of Local Government.

The reviews do not attempt to examine every aspect of a council's operation. Instead a targeted approach is taken to focus on areas highlighted in the self-assessment checklist completed by the council and areas in which the council has demonstrated

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innovation or better practice. Consideration is also given to the local circumstances and those matters that pose significant risks to the council and the community.

A review essentially involves six key steps, as follows:



Preparing: The council completes a comprehensive self-assessment checklist and provides a range of documents to the review team.

Assessing: The review team examines the completed checklist, documents and other information it has gathered. These provide the local context/circumstances which assist in developing an understanding of the pressures on the council and how the council is managing these.

Checking: The review team visits the council to 'reality check' what it has found to date. Activities usually include meeting with senior officers, talking with individual staff and councillors, observing a council or committee meeting, and viewing systems or processes in action. Determining whether the council has frameworks in place to



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monitor its own performance is also important. The review team shares its preliminary findings with the Mayor and General Manager at the end of the visit.

*Analysing:* Post visit, the review team analyses the information it has obtained (from the council and other sources) against applicable legislation, policy, guidelines and practice which apply across the local government sector.

*Reporting:* The review team prepares a draft report which documents significant observations (including the council's responses to the self-assessment checklist) in the following areas:

- governance
- strategic planning and delivery
- financial and asset management
- workforce management
- community services and facilities
- land-use planning
- regulatory functions.

In particular, the report focuses on capturing examples of better practice and identifying areas requiring further development, as defined below:

 <b>Better practice</b>	<ul style="list-style-type: none"> <li>• Beyond or above minimum compliance requirements, statutory obligations and published guidelines etc.</li> <li>• In some way better than or above standard local government sector practice.</li> <li>• Innovative and/or very effective.</li> <li>• Contributes to continuous improvement within the local government sector.</li> </ul>
 <b>Requires further development</b>	<ul style="list-style-type: none"> <li>• Does not satisfactorily meet minimum compliance requirements, legislative obligations, industry standards, policies and published guidelines etc. and poses significant risk to the council/community.</li> <li>• Significant improvements are required or are in progress in order to enhance performance in an area.</li> <li>• Development or enhancement of a policy, program, initiative or system is required to reduce any negative impacts on the council's operations and/or service</li> </ul>



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	<p>delivery to the community.</p> <ul style="list-style-type: none"> <li>The council has identified that an area requires improvement or further development but this work has not yet been completed.</li> </ul>
 <b>Satisfactory</b>	<ul style="list-style-type: none"> <li>Complies with the <i>Local Government Act 1993</i> and other key legislation that the council is required to comply with.</li> <li>Policies and procedures appear to be consistent with local government sector practice.</li> </ul>
<b>Not examined in detail</b>	<ul style="list-style-type: none"> <li>The resources of the review process are finite. In some instances, the council may have indicated in its self-assessment checklist that it complies with the requirements of a particular area. However, due to time constraints and/or other priorities, the review team has not had an opportunity to examine that particular area in sufficient detail to be able to confidently make an overall assessment of the council's performance.</li> </ul>

In some instances, the review team will assess an area as reflecting better practice elements as well as requiring development. The main reason for this is that the key areas listed above may have a number of components and these have been ranked differently. The way each component has been ranked is explained in the body of the report.

Where appropriate, recommendations are made. In some cases, the recommendations may support the council's proposed direction and the work it has already commenced. All recommendations are included in an action plan at the back of the report. The council is asked to provide comments on the draft report and complete the action plan. These are reproduced in the final report.

**Implementation and monitoring:** The final report is to be adopted by the council to guide the implementation and monitoring of the recommendations in this report. Upon issue of the final report, the Division will advise the council whether it intends to monitor the implementation of the recommendations of the report, or leave this responsibility with the elected body and senior management of the council.

***Conduct of reviews***

The Promoting Better Practice Review is not intended to be a detailed audit of the council's compliance with the *Local Government Act 1993* and other key legislation that the council is required to comply with. Rather, the reviews are designed to act as a 'health check', giving confidence about what is being done well and helping focus attention on key priorities.

The review team is required to exercise due diligence in carrying out the review. This means the members of the team have an individual and collective responsibility to:

- act professionally
- work cooperatively with representatives of the council
- be objective and base judgements on accurate and factual information
- make assessments based within the applicable legislative and policy framework
- prepare a report which provides a fair representation of the council
- work within the Code of Conduct issued by the Division.

Similarly, the Division of Local Government encourages the council to exercise due diligence when participating in the review. For example, the review team relies on the council to complete the self-assessment checklist accurately and to provide the team with up-to-date information during the review process. Also, the council is given the opportunity to provide detailed feedback in relation to the draft report. This will help to facilitate the preparation of a report which presents a balanced assessment of the council's operations and local circumstances.

***Review of Warringah Council***

The on-site component of the review took place from 25 February 2013 until 28 February 2013. The review team members were Principal Program Officers Caroline Egberts and Kathryn Ridley. Corin Moffat, Manager Innovation and Development, attended as an observer from 25 to 26 February.

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The on-site visit involved the following activities:

- initial interviews with the Mayor and the General Manager
- interviews with a cross-section of staff
- observation of a meeting of the Council
- a review of the Council's policies, other documents and systems
- a site visit to the Kimbriki Resource Recovery Centre.

The review team would like to thank the councillors and staff members who participated in the review and provided it with valuable assistance.



## **2 ABOUT THE COUNCIL AND THE AREA**

### Location and demographics

The main administrative office of Warringah Council (Civic Centre) is situated in Dee Why at 725 Pittwater Road.

*Key demographics are:*

- Population: 147,611
- Projected population (2031): 160, 609
- Average age: 38 years
- Density: 9.88 persons per hectare
- People aged 60 years and over: 28,737
- Young people aged 15 years and under: 28,293
- Aboriginal and Torres Strait Islander people: 602
- People from non-English speaking backgrounds: 22,644



(Source: Australian Bureau of Statistics)

### Local issues

The Warringah Local Government Area is home to an estimated 147,611 residents who live in 52,438 dwellings. The area is well known for the 14km of picturesque coastline. The Council was established in 1906 and covers approximately 152 square kilometres. The traditional owners of the land are the Guringai people.

In addition to its popular coastline, Warringah is home to approximately 6,000 hectares of natural bushland. There are also many Aboriginal significant sites in the area which are "vulnerable to pressures from development, pollution and climate change." (Warringah Council website 2013).

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In 2011 the Warringah Council area, when compared to Greater Sydney, showed that there was a higher proportion of people in the younger age groups (0 to 17 years) along with a higher proportion of people in the older age groups (60+ years). The growth of coastline suburbs, thanks to ongoing development, has seen a broader range of housing stock being made available attracting homebuilders and the elderly. Warringah's online Community Forecast suggests that the "attraction of the area is a reflection on the significant range of housing opportunities, comparative affordability (to areas to the south) and the amenity of the area, relative to areas closer to central Sydney."

In terms of cultural representation, the Warringah area has a smaller proportion of people (28.1%) born overseas, compared to the Sydney average, as well as a smaller proportion of people from a non-English speaking background (14.6%). The largest non-English speaking country of birth in the Warringah Council area is China (1.4%).

Warringah has an average higher than Greater Sydney of people employed, with 74,889 persons (2011) in either full- or part-time employment. Interestingly, 39.7% of the community work within the Warringah local government area, with the Council itself acting as a key employer for the local community.

#### The Council

On 23 July 2003, following a public inquiry, the elected members of Warringah Council were dismissed. An Administrator was appointed to manage the affairs of the Council. The term of the Administrator was extended until the Local Government Elections in September 2008. This allowed for the completion of a number of important projects and ongoing culture change among staff at the Council.

Warringah Council is now led by nine councillors and the Mayor. The current Mayor is the first to be popularly elected.

The Council's administrative arm is organised into two key function areas; Environment and Community. The General Manager's office is responsible for corporate law, the internal ombudsman, finance and human resources. A range of information about the Council is available on its website at [www.warringah.nsw.gov.au](http://www.warringah.nsw.gov.au).

**PART II MAKING AND IMPLEMENTING DECISIONS****3 GOVERNANCE****SCOPE**

This part focuses on examining the effectiveness of Warringah Council's decision-making processes, as well as the key structures, systems and processes involved in administering its strategic and day-to-day operations. The self-assessment checklist, completed by the Council, considers minimum compliance requirements in 30 key areas relating to governance. The responses have been used as a basis for assessing the Council's performance this area.

**POLICY AND LEGISLATIVE FRAMEWORK**

Each council is a statutory corporation (Chapter 9, *Local Government Act 1993*). The councillors are the governing body of the corporation, and they have the responsibility of directing and controlling the affairs of the council in accordance with the Act.

All functions of a council come from statute, either from the *Local Government Act 1993* or other legislation. Governance in this context refers to all the means by which a council is organised (politically and administratively) to make and enact decisions to carry out its functions. The Division has issued a range of policy and procedural documents to assist councils with this role.

Strong, effective governance is critical to:

- achieving goals and aspirations
- enhancing organisational performance
- minimising and managing risks
- increasing the confidence of the community in the organisation
- ensuring that the council is meeting its statutory and ethical obligations
- assisting in the prevention and detection of dishonest or unethical behaviour.



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## LOCAL CONTEXT

The elected body of Warringah Council is made up of nine councillors and the Mayor who is popularly elected. The nine councillors each represent one of the three Wards that make up the Warringah Local Government Area, while the Mayor represents all Wards.

The Council consists of two divisions, Community and Environment, operating under the guidance of the General Manager.

## GOVERNANCE ASSESSMENT




An assessment of the Council's performance in relation to the governance areas covered in the self-assessment checklist completed by the Council is set out in Table 1.

**Table 1: Governance Assessment**

Area of assessment	Assessment of the Council's performance
Ethics and values	★
Code of Conduct	✓
Gifts and benefits	✓
Communications devices	✓
Disclosure of pecuniary interests	✓
Business ethics	✓
Risk management	★
Fraud control	⚠
Business continuity	★
Internal audit	★
Internal Ombudsman	★
Legislative compliance	✓
Legal services	✓
Procurement, disposal and tendering	★
Privacy management	⚠
Records management	★

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Access to information by the public	
Policy register	
Executive management/leadership	
Delegations	
Council meetings	
Council committees (s355 and others)	
Councillor induction and ongoing training	
Expenses and facilities policy	
Councillor/staff interaction	
Access to information by councillors	
Campaign donations	
Customer service/complaints handling	
Protected disclosures and internal reporting	
Information technology	

**Table key:**  Better practice  Requires further development  Satisfactory

*For a description of each of these rankings see ABOUT THE REVIEW in PART 1, BACKGROUND*

## SIGNIFICANT OBSERVATIONS

### *Summary analysis*

Warringah Council's governance framework appears to be very sound. The Mayor and General Manager reported that they worked well together. They support a shared vision for the Warringah Local Government Area and demonstrate a working knowledge of the Integrated Planning and Reporting requirements.

The decision-making processes of both the elected body and the executive management team of Warringah Council appeared mature and efficient. Most policies, procedures and systems are considered to be of a good standard to successfully guide the Council's operations and meet its statutory obligations. A number of examples of better practice were identified and are discussed later.

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In 2007 the Council introduced a Business Excellence Framework to allow it to identify improvements to become an even higher performing organisation by building a culture that facilitates change, innovation and improvement. The benefits to date have been wide-ranging, including \$1.5m in cost savings. All staff members who met with the review team appeared highly motivated and professional in their approach to their area of responsibility. Most made some reference to a positive culture where innovative problem-solving is supported.

A partnership with the other Shore Regional Organisation of Councils (Manly, Mosman, and Pittwater) has resulted in a solid platform for a regional approach to many important issues. This has resulted in commitments for a new Regional Waste Solution, the Northern Beaches Hospital and a feasibility study for a Bus Rapid Transit System.

***Better practice***

*Ethics and values*

Warringah Council prides itself on being a values based organisation.


**Warringah Council**

**Our Mission**  
 A better and exciting Warringah through innovative leadership, partnerships and outstanding service

**Our Vision**  
 Leading our community  
 Protecting our environment  
 Securing our future

**Our Values**

<b>Respect</b>	I will: Treat others with kindness and courtesy Communicate openly, honestly and in a timely manner Acknowledge the values, ideas and contributions of others
<b>Integrity</b>	I will: Deliver on commitments Act fairly and ethically Apply sound judgement and common sense Be consistent in decisions and actions Act lawfully in all dealings
<b>Teamwork</b>	I will: Acknowledge and thank contributors Share knowledge and skills with others Work together with initiative and enthusiasm Recognise contributions and achieve success
<b>Excellence</b>	I will: Welcome, encourage and support new ideas and initiative Encourage continuous improvement, learning and evaluation Lead by example Use resources productively Encourage flexibility
<b>Responsibility</b>	I will: Follow agreed policies and procedures Be accountable for actions and outcomes Be proactive in learning and development Strive for the best performance



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Values are the underlying attitudes that consistently affect all the actions and decision-making processes of councillors and council staff.

The Business Excellence Framework (introduced in 2007) helps to create a productive culture by reinforcing the Council's values and integrating Business Excellence principles into everyday operations. Councillors and staff receive ongoing development to ensure these values are applied consistently across the entire organisation.

The values are included in key corporate documents such as the Customer Service Charter, the Community Strategic Plan and the annual report. They are displayed at key locations throughout the organisation and are available on the staff intranet page. The extent to which each staff member applies and upholds these values is assessed as part of the performance management process.

#### Risk Management

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

In July 2012 Warringah Council established an Enterprise Risk Management Framework which adopts the risk management approach specified in Australian Standard AS/NZSS ISO 31000:2009. The Framework encourages a coordinated approach among business units to manage the Council's risks as a whole, leading to well-defined and prioritised strategic, operational and project-related risk actions.

The Risk Management Framework comprises three elements as follows:

1. An Enterprise Risk Management Policy.
2. An internal Operating Management System and Action Plan for staff to drive a rigorous and systematic approach to risk management, and operational integrity across the Council.

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3. A risk register which is a living document and is the central location for maintaining data on the Council's known strategic, operational and significant project risks.

The Executive Management Team is in the process of reviewing key business or strategic risks facing the Council and assigning responsibility for these risks. The Operating Management System and Action Plan identifies individual tasks which are coordinated and implemented through a corporate online Business Planning Tool. Each task is entered and assigned to the relevant business unit, which is then required to provide regular reports to be monitored by the Executive Management Team.

#### Business continuity

Councils should have plans and strategies in place for dealing with the impact of unforeseen disasters or crises. Warringah Council appears well placed to manage the impact of adverse events on its operations.

The Council has a corporate Business Continuity Plan which is supported and implemented via the 'BCM In a Box' package (purchased from an external provider). The Council's business continuity capability is managed proactively on a 24 hours/7 days per week basis. Ongoing review is possible by virtue of live data available from the software. Any issues are identified and resolved by the provider and then reported to the Council every month. Each Business Unit has its own Business Continuity Plan, and the software permits the Executive to review criticality across the entire organisation.

#### Internal audit

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

- it supports good internal governance
- it improves the effectiveness of risk management, control and governance processes
- it helps to instil public confidence in a council's ability to operate effectively.

Warringah Council has a long-standing internal audit program with a full-time Internal Auditor who is guided by the Strategic Internal Audit Plan. The Internal Audit

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Management Committee, consisting of Executive Management Team members and two external auditors, meets quarterly.

An Audit and Risk Committee (consisting of the same external auditors and two councillors) meets quarterly to review the audits undertaken, and staff progress with implementing audit recommendations. The Finance Department also engages an external auditor to review components of the financial system. This includes auditing the Annual Report and the Community Strategic Plan.

Of particular note is that Warringah has developed a comprehensive Internal Audit Manual. The Manual will be available from 1 July 2013 to other organisations and councils to assist them in providing internal audit functions consistent with statutory obligations and better practices in this area.

Office of the Internal Ombudsman

At the time of the review there were only nine councils in NSW with an Internal Ombudsman function. Warringah Council established the Office of the Internal Ombudsman in 2003 to improve the Council's accountability and ensure that it carries out all its business in an ethical and accountable manner.

The Office has four staff positions. Its key achievements during 2011-2012 included:

- Handling complaints – there was a slight decrease of 12% but the number remained over 221
- Responses to complaints involved a total of 123 enquiries (83), investigations (36) and reviews (4). Investigations into serious misconduct remained a core activity for the Office. This included the investigation into the conduct of an Executive Director, which was found to constitute serious misconduct resulting in the termination of employment.
- Education – “A Bully-Free Warringah”, a major educational initiative in relation to ethical workplace behaviour has been the focus of Internal Ombudsman Office's educational efforts. Feedback from across the organisation indicates that the program is making a genuine and important contribution to a healthier workplace culture. Of the 70% of employees who responded to the 2012 survey, 74%



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expressed satisfaction in working for the Council. This the highest score against the 'Insync NSW local government benchmark'. The 2012 Survey identified bullying and harassment policies as an important area and key strength of the organisation. This initiative remains a high priority for the Council.

- System and process improvements – 27 recommendations were made in relation to a range of general improvements and 22 of these were accepted by senior management. A further 10 disciplinary recommendations were made where allegations of misconduct were investigated and sustained. All of these were accepted by the Council.<sup>1</sup>

Procurement, disposal and tendering

Recently the procurement function within local government has received attention, with recent reports from the Independent Commission Against Corruption reinforcing the need for all councils to be cognisant of the need for clear policies and internal controls.

However, Warringah Council is a strong performer in this area with a number of better practice examples. Some of these are outlined below:

1. Procurement Policy and Manual

A Procurement Policy which guides the Council in managing best value for money procurement projects is available to all staff via the Council's intranet. This is supported by a detailed Procurement Manual which provides all employees of the Council with procedures to procure goods and services consistent with the Council policy. The procurement site on the intranet provides a wealth of easy-to-read information, computer templates/forms for tenders, and other resources.

The Manual is based on the Division of Local Government's Procurement Guidelines, the State Contracts Board policies, the Independent Commission Against Corruption's recommendations, and input from reviews carried out by the Council's Internal

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<sup>1</sup> Warringah Council Annual Report 2011-2012

Ombudsman. The Manual has been shared with the Shore Regional Organisation of Councils (SHOROC). The review team was advised that, following extensive review of policies across NSW, another council has also adopted the Warringah Manual.

## 2. Contract Management Manual and Training

The Council has recently developed a comprehensive program of project and contract management training. From a procurement point of view, the priorities for training include: setting measurable key performance indicators as the basis for contract management, identification of risk, contract formation, development and managing variations.

A total of 25 staff have been trained in major works contract management (Australian Standard 4000).

## 3. Sustainability initiatives

The Council is committed to the NSW Government Sustainable Choice Program. It sources a range of 'green' products and energy. In 2011, the Council was the winner of the Sustainable Procurement Award for a soy diesel initiative for the Council's diesel fleet which reduces greenhouse gas emissions by 64 tonnes per year.

## 4. Social Procurement

The Council has trialled the provision of restaurant services and grounds maintenance for the Glen Street Theatre from the House with No Steps organisation. The organisation has also been considered for bush regeneration work which the Council contracts out. The Council is exploring further opportunities to expand its involvement in social procurement.

## 5. Community of Excellence Presentations and Workshops

Presentations on contract variation procedures, executing a contract, tender evaluation methodologies and plans, and performance monitoring will be made during 2013 by the Council's procurement staff and external experts as part of the Community of Excellence sessions. It is reported that, on average, over 40 staff members attend these interactive sessions and that they are well received.

#### 6. Global Positioning System (GPS) tracking

As well as being piloted for the Council's Plant and Take Home No Private Use vehicles, GPS will be built into contracts for broad acre mowing to ensure the grounds are being serviced as per the contract. The GPS tracking detects when the blades are dropped on the mowers and how many metres are travelled when cutting. This allows for precise monitoring of the agreed contract.

#### 7. Presentations to suppliers

The Council has delivered presentations to representatives of the sports and recreation industry on 'Knowing your Customer' - the customer being the Council. Further similar presentations are planned for other local suppliers.

#### Records Management

The effective management of records is a key element of good governance, with responsibilities and legislative requirements outlined in the *State Records Act 1998*.

The Council's Internal Auditor carried out an audit of the Council's records management processes using NSW State Records' Management Assessment Tool. Overall, the Auditor's report concluded that the "Council has a robust records management framework governed and monitored by a skilled and dedicated Records Management Team."

Councillors are also subject to the State Records Act when undertaking council business. The Council has prepared a policy and provided training to assist councillors to meet their responsibilities in this area.

#### Executive Management/Leadership

##### 1. Executive Management Team (EMT)

The Executive Management Team comprises the General Manager, Deputy General Manager Community and Deputy General Manager Environment. The team meets once a week for an informal catch-up, and holds a formal meeting to discuss strategic and



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operational issues to guide the governance of the organisation each month. The formal meeting has a structured agenda and minutes.

The Leadership Group (which includes the Executive Management Team and Group Managers) meet once a fortnight to discuss major issues/ projects and make strategic decisions as a leadership team. There is a structured agenda and minutes for this meeting.

Decisions from these meetings are communicated to staff after each meeting through the Council's internal newsletter – 'Intercomm'. Minutes are also available via the intranet.

The Executive Management Team also hosts a regular 'Face to Face' - a forum for all staff which demonstrates their commitment to open and transparent communication across the organisation. More information about this successful forum is provided in Section 6 – Workforce Planning

In general, staff commented on a high degree of support from the Executive Management Team. One staff member stated, "Senior management is not only behind us, but with us". Particular mention was also made by some staff about the General Manager's involvement with staff - beginning with orientation and continuing through to face-to-face meetings. His involvement was perceived as valuable and encouraging.

## 2. Business Excellence Framework

The Council is using the Australian Business Excellence Framework to provide a structure for developing and improving its performance toward meeting the goals of the organisation. The aim of the Framework is to build a culture that facilitates change, innovation and improvement. The first principle of Business Excellence relates to leadership. That is, to "lead by example, provide clear direction, build organisational alignment and focus on sustainable achievement of goals".

A Business Improvement Council has been established to hear issues and ideas from staff across the organisation to promote service improvements. Business process mapping is carried out to comprehensively document the Council's ways of working to ensure key knowledge is improved, shared and retained.

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Promoting Better Practice Review Report – Warringah Council

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Three staff are employed by the Council to implement the Framework: the Business Excellence Manager, Business Improvement Coordinator and a Business Improvement Facilitator. Training programs run in-house include: facilitator training, business improvement training for leaders, and a two-hour awareness training program for all staff.

The efficiencies that have occurred at Warringah Council since the introduction of the Business Excellence Framework are quantifiable through the improvements made by the Children's Services Unit and the Libraries. Both these services have made significant financial savings without, in the long-term, affecting the level of service offered. Overall \$1.5 million savings in costs have been identified.

#### Council meetings

Consistent and proper meeting practices contribute to good public decision-making and increase a council's accountability to the community. At Warringah Council, seven of the nine councillors were newly elected at the local government election in September 2012.

The review team attended the Council meeting of 25 February 2013. The meeting was well-chaired and proceeded in an orderly manner to reach decisions relating to the items in the business paper. Councillors and senior staff in general acted in accordance with standards set out in the Council's Code of Meeting Practice and its Code of Conduct. Despite differing views, all councillors who participated in the proceedings were respectful of one another and demonstrated a general understanding of the respective roles of the members of the elected body and the staff.

Positive features of the meeting which are notable include:

- Members of the community may apply to speak at a public forum held at the beginning of the meeting. The Mayor clearly outlined the instructions and expectations prior to the person commencing.
- Overall the meeting was easy to follow from the gallery. Two large monitors in the public gallery area record the Council's decisions as they are made. Microphones were correctly used on most occasions allowing for good audio quality.

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- The Mayor asked each councillor, one by one, to identify items he or she wished to speak to. 'Matters not requiring elaboration or debate' were thereby identified and passed as a group early in the meeting. This is an efficient way of dealing with business on the agenda.
- There was good participation by all councillors, including those who had only recently been elected.
- The Business Paper was well-presented. It clearly displayed the Council's Vision and Values. Officer reports reflected a clear, consistent structure and featured an executive summary at the beginning.

*Councillor induction and ongoing training*

New councillors require induction training to equip them with the skills required to properly carry out their duties and allow them to be effective members of a council's elected body. To assist councillors in achieving these goals, councillor induction training should familiarise councillors with the activities and functions of their council and the legislative framework in which they operate. The program should ensure that councillors are made aware of their general legal responsibilities as an elected member and their obligations of disclosure under the pecuniary interest provisions of the Local Government Act.

A comprehensive induction program, including a weekend workshop and briefing sessions, was conducted for all councillors at Warringah Council. The *Success without Stress Councillors Program* (2013) is a self-directed learning tool aimed at developing positive high performing people, teams and culture. The Program involved four individual day sessions which encouraged participants to maintain balance between work and other aspects of life.

*Customer service/complaints handling*

In 2011-2012, 95% of customer enquiries were resolved at first contact (End of Term Report, 2012). The 'Request-A-Service' online function has also provided customers with 24/7 access to the Council. The improved efficiencies of the new service are estimated to save the Council approximately \$19,000 per annum.



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Customer service and modern business writing training has been undertaken to improve efficiencies and ensure messages are consistent across a broad range of service delivery areas, from the main administration building customer service counter ('One Stop Shop') to the compliance team.

Information technology

The Council's Information and Technology Strategy 2013-2016 was developed in consultation with staff. A number of smart and innovative examples of technologies and processes were investigated and designed to meet the specific business needs of the Council. Examples include: on-screen performance management tools (dashboards), an in-house Project Management Methodology, a Spatially Enabled Application which provides an interface or access portal with the GIS system, and online development applications.

The Council replaced its conventional phone system and introduced a voice over internet protocol (VOIP) system. The system eliminates call costs between the various work sites of the Council and will reduce other associated usage costs.

The use of mobile technology for field-based staff has been successfully trialled in the areas of amenities maintenance (63 public toilets), and the daily beach report and incident report. The field-based technology provides early notification of maintenance issues and eliminates the manual handling of the current paper-based forms, resulting in improved data accuracy, timeliness and productivity.

***Requires further development***

Fraud Control

Warringah Council does not have a formal fraud control policy in place. However, through the internal audit function the Council has undertaken two staff surveys to raise staff awareness about fraud and corruption in the workplace. The last one was conducted in 2010. The creation of a Fraud and Corruption Prevention Plan and the roll-out of awareness training (2013/14 onwards) is a key task in the Council's Internal Ombudsman 2012/2013 business plan, yet to commence.

**Recommendation 1**

*As planned, the Council should prepare a Fraud and Corruption Prevention Plan and undertake awareness training in relation to the Plan.*

Privacy Management Plan

The *Privacy and Personal Information Protection Act 1998* (the PPIPA) requires all councils to prepare a Privacy Management Plan. In developing a Privacy Management Plan, a council should ensure that it informs:

- the community about how their personal information will be used, stored and accessed after it is collected by the council.
- council staff of their obligations in relation to handling personal information and when they can and cannot disclose, use or collect it.

Warringah Council's Privacy Management Plan is out of date. The Council has advised that it will use the Model Privacy Management Plan for Local Government, prepared by the Division of Local Government, to update its Plan.

**Recommendation 2**

*As planned, the Council should update its Privacy Management Plan using the 'Model Privacy Management Plan for Local Government' prepared by the Division of Local Government.*

Delegations

The power of delegation is an important tool that assists council officers to carry out the functions of a council in an effective and timely manner. Delegations need to be made in accordance with sections 377-381 of the Local Government Act, and should be continually reviewed to ensure they remain current.

The Council does not have a specific whole-of-council audit program to review the exercise of delegations as a whole. However, audits regularly occur within the Council's Accounts Payable and Procurement sections. A full review examining the exercise of

delegations is scheduled to occur in the 2014/15 financial year as part of the Council's Strategic Internal Audit Plan.

### **Recommendation 3**

*As part of implementing its Strategic Internal Audit Plan during the 2014/15 financial year, the Council should undertake a full review of its delegations.*

#### Expenses and facilities policy

Councillor expenses and facilities policies should allow for councillors to receive adequate and reasonable expenses and facilities to enable them to carry out their civic duties as elected representatives of their local communities.

The preparation and review of these policies on an annual basis by councils is a mandatory requirement of the Local Government Act, and ensures accountability and transparency in the reasonable and appropriate provision of expenses and facilities to mayors and councillors in NSW. 'Guidelines for the payment of expenses and the provision of facilities for Mayors and Councillors in NSW' (Division of Local Government, Department of Premier and Cabinet) were issued in October 2009.

Warringah Council reviewed and amended its 'Payment and Re-imbursement of Expenses Incurred by, and Provision of Facilities to, The Mayor, Deputy Mayor and Councillors' in November 2012. The Division has reviewed Warringah Council's policy and provided verbal feedback to the Council in February 2013. Overall it is rated as a 'Good' policy.

Aspects of good practice identified in the Policy are that it:

- broadly complies with the Act, Regulations and the DLG Guidelines
- is well written and includes very clear document review and control processes
- provides for a dispute resolution process
- contains policy development, review and reporting processes that are compliant, ensuring good levels of transparency and accountability
- provides for subsidised access to the Council's Health and Wellbeing Services program.



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Some aspects of the Policy that do not comply are:

- the absence of specified limits for some expenses
- the lack of a clear approval process at the beginning
- that a mechanism to recoup private expenses is in place but is not documented in the policy.

If these improvements were appropriately addressed, the Council's Policy would be considered to be of a 'very good' standard.

**Recommendation 4**

*The Council should consider making the improvements to its 'Payment and Reimbursement of Expenses Incurred by, and Provision of Facilities to, the Mayor, Deputy Mayor and Councillors' as outlined in the body of the Promoting Better Practice Review report.*

**The Council's response**

Generally speaking, what was said in our respective interviews doesn't appear to be reflected in the DLGs 'text' or findings. The impression is that information was 'pulled' from Council's intranet and/or internet, and not updated with any further information that was provided in interviews.

We believe that there is no proper discussion in the draft report about the Internal Ombudsman function, either in terms of what it does, or, more importantly, in terms of what value it adds to Council. Whilst the Division was on site, the Internal Ombudsman went into great detail with the review team about this, and were given a copy of the last Annual Report so they could take away the information and digest it properly.

However, in the draft report the only "discussion" about the Internal Ombudsman role is a cut and paste of a summary paragraph from the Internal Ombudsman's page on Council's website.

Given how integral the role of this Office is to "better practice" across Council, and given the contribution this Office has made to the ethical fabric and the workplace culture

here, we are somewhat surprised that the review team showed little interest in the Internal Ombudsman function, judging by their draft report.

We also believe that the Internal Ombudsman function has been put together with the Internal Audit function, despite them being inherently different, and managed by completely different areas of Council.

### **Recommendations 1**

We believe that this recommendation is redundant. It appears that the recommendation is something that we advised in our discussions with the DLG that we have prioritised, and have evidenced.

More importantly, the Internal Ombudsman's office is actively managing fraud and corruption at Warringah. A Fraud and Corruption Plan is nice to have, but we are 'walking the talk' already. I don't see anywhere in the Review where this is covered.

### **Recommendation 2**

We believe that this recommendation is redundant. It appears that the recommendation is something that we advised in our discussions with the DLG that we have prioritised, and have evidenced. *As planned, the Council should update its Privacy Management Plan using the 'Model Privacy Management Plan for Local Government' prepared by the Division of Local Government.*

### **Recommendation 3**

We believe that this recommendation is redundant. We disagree with the statement regarding Delegations *'The Council does not have a specific whole-of-council audit program to review the exercise of delegations as a whole'*.

Further, it seems to contradict with the later statement *'A full review examining the exercise of delegations is scheduled to occur in the 2014/15 financial year as part of the Council's Strategic Internal Audit Plan.'*

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The Internal Audit program is the mechanism by which we 'review the exercise of delegations as a whole' and this was discussed and noted by the Division when on site (i.e. that it is planned to be undertaken in 14/15).

**Recommendation 4**

Whilst the Division have rated this Policy as 'good', we are always open to feedback for improvement. Therefore to improve the standard to 'very good' we agree with this recommendation and will incorporate the suggested improvements to the Policy when undertaking an annual review of this Policy (as per S252 of the Local Government Act) with a view for adoption by Council by 30 November 2013.

***The Review Team's response***

The Council's concerns regarding the level of detail of reporting are acknowledged.

"Promoting Better Practice reviews are designed to act as a 'health check' for councils, giving confidence about what is being done well and helping focus attention on key priorities" (see *Part 1 Background* of this report). The reviews are not intended to be comprehensive audits. The resources of the review process are finite and therefore reviews do not attempt to examine every aspect of a council's operation in detail. The review report documents significant observations only. This was conveyed to the Council prior to the review and during the onsite visit.

Observations are based on evidence – either what the reviewers have seen, discussed or concluded from data or documents. The Self-Assessment Checklist completed by the council is a key document in this regard, along with other published reports on the Council website. In other words, the observations are based on more than someone telling the reviewer this is so – they are supported by data, documents or other reports.

Within this context, the review team's observations in relation to the Internal Ombudsman role were sourced from the Council's last annual report. These have been enhanced following consideration of the Office of the Internal Ombudsman Annual Report 2011-2012.



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In some councils the role of Internal Ombudsman has included an internal audit function to ensure the effectiveness of the council's internal controls (eg Sutherland Shire Council). For ease of comparison between Promoting Better Practice Review reports, the internal ombudsman and internal audit functions were discussed together. However, given the concerns expressed by the Council's Internal Ombudsman, the discussion of these functions has now been separated in the body of the report.

**Recommendations 1 - 3**

*Part 1 Background* of this report also indicates that review teams make recommendations which are included in an action plan at the back of the report. In some cases, the recommendations may support the council's proposed direction and the work it has already commenced.

Capturing these intended improvements in a recommendation is consistent with the design of the reviews to act as a 'health check' for councils, giving confidence about what is being done well and helping focus attention on priority areas which require development. They also provide positive evidence that a council is committed to continuous improvement.

Consistent with the approach in other reviews, the review team has determined that recommendations 1-3 are not redundant and continue to stand as recommendations of this report to be included in the action plan. The recommendations acknowledge that the Council had already identified the improvement or had commenced work in that area.

**Recommendation 1**

The Council's response to the Self-Assessment Checklist completed prior to the review states that "the Internal Ombudsman has included in their 12/13 business plan to commence (a) the creation of a Fraud and Corruption Prevention Plan, and (b) develop and roll out awareness training (13/14 onwards)." Recommendation 1, as written, supports these actions and acknowledges that they were already planned by the Council.

**Recommendation 2**

At the time of the review Warringah Council's Privacy Management Plan was out of date but under review by the Council. This is referenced in the Self-Assessment Checklist completed by the Council prior to the review, and was confirmed on site. Recommendation 2, as written, confirms that the Council's current review of the Plan should align with the Model Privacy Management Plan for Local Government.

**Recommendation 3**

The statement that *"the Council does not have a specific whole-of-council audit program to review the exercise of delegations as a whole"* is directly quoted from the Self-Assessment Checklist completed by the Council prior to the review.

The latter statement *"A full review examining the exercise of delegations is scheduled to occur in the 2014/15 financial year as part of the Council's Strategic Internal Audit Plan"* is also a direct quote from the Self-Assessment Checklist completed by the Council. The review team disagrees that the Council's statements contradict one another. The latter statement, as confirmed onsite, is evidence that the Council is committed to undertaking a comprehensive whole-of-council review of delegations. Recommendation 3, as written, acknowledges that this action is part of the Council's implementation of its Strategic Internal Audit Plan during the 2014/15 financial year.

**PART III PLANNING AND DELIVERING A SUSTAINABLE FUTURE**

This part of the report focuses on determining how well the Council is planning and working with its community toward achieving a sustainable future. It consists of three interrelated sections:

- Strategic planning and delivery
- Financial and asset management
- Workforce management.

**4 STRATEGIC PLANNING AND DELIVERY****SCOPE**

This section examines the Council's implementation of the Integrated Planning and Reporting framework. This includes consideration of the quality and utility of the documents the Council is required to produce, and how well it has involved its communities and other stakeholders in developing long-term strategic plans.

The self-assessment checklist, completed by the Council, considers the minimum compliance requirements in relation to each component of the framework. The responses have been used as a basis for assessing the Council's performance in this area.

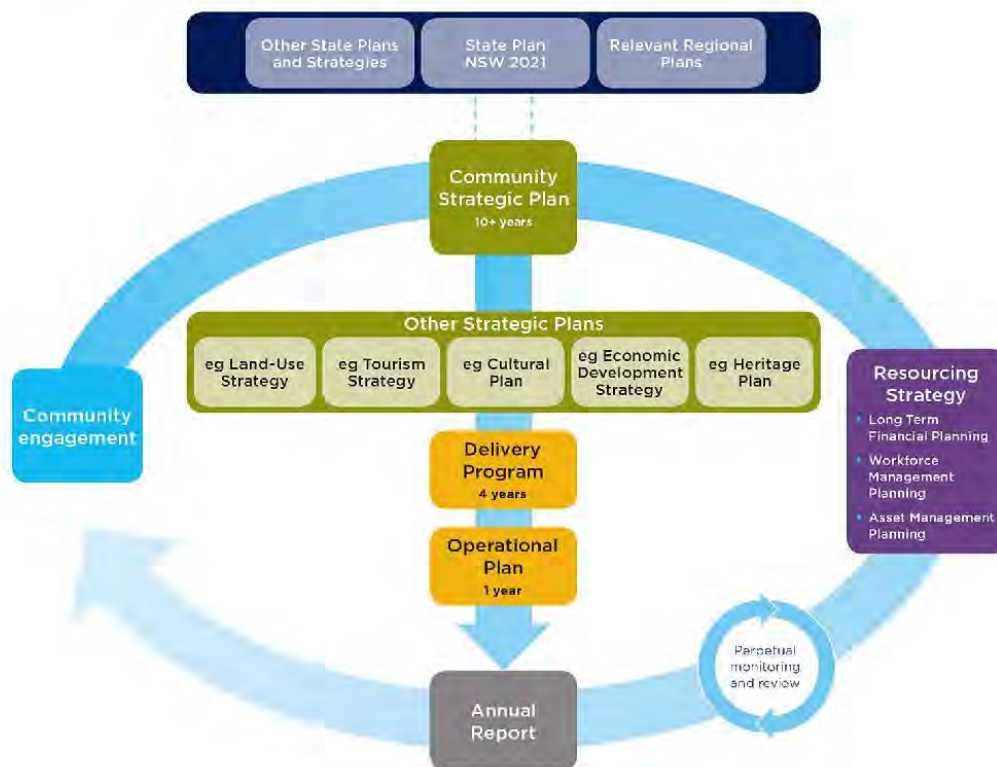
**POLICY AND LEGISLATIVE FRAMEWORK**

The Integrated Planning and Reporting framework for NSW local government was introduced to improve local councils' long-term community planning and asset management, as well as to streamline reporting to the community.

The framework aims to improve the sustainability of local communities by encouraging councils, residents and State agencies to work together on long-term plans and strategies. The Community Strategic Plan is supported by a four-year Delivery Program, annual Operational Plan and a Resourcing Strategy that includes long-term financial planning, asset management planning and workforce management planning.



**Diagram 1: The Integrated Planning and Reporting Framework**



**Community Strategic Plan**

The Community Strategic Plan is the highest level plan that a council will prepare. The purpose of the plan is to identify the community's main priorities and aspirations for the future and to plan strategies for achieving these goals.

In order to ensure priority services and infrastructure can be delivered efficiently and effectively, councils are encouraged to integrate all other strategic plans into this framework. For example, strategic land-use and economic development plans also contribute to maximising the capacity of communities, industries, the environment and local economies.

### Community Engagement

Each council must prepare and implement a Community Engagement Strategy to work with the local community in developing and reviewing the Community Strategic Plan.

### Delivery Program

The Delivery Program is a statement of commitment to the community from each newly elected council. The four-year Delivery Program translates the community's strategic goals into actions.

### Operational Plan

An annual Operational Plan supports the Delivery Program and each council is required to develop an Operational Plan that articulates the details of the Delivery Program.

### Resourcing Strategy

The Council is responsible for developing a long-term Resourcing Strategy to enable the achievement of the objectives and priorities established by the Community Strategic Plan. The Resourcing Strategy must include provision for long-term financial planning, workforce management planning and asset management planning.

### Reporting

The reporting requirements under the Integrated Planning and Reporting framework are varied. Councils must report against the Delivery Program six monthly, prepare an Annual Report within five months of the end of each financial year, and prepare an end-of-term report at the end of each council term. The purpose of these reports is to encourage councils to keep their communities informed, and to be accountable for the decisions they make on behalf of the community.

## **LOCAL CONTEXT**

Warringah Council elected to be a Group 1 council for the purpose of implementing the Integrated Planning and Reporting framework and submitted its suite of plans to the Division for review in 2010. The Council's suite of documents was examined and was found to reflect the intent of the Integrated Planning and Reporting at the time of that

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review. Some areas for further improvement were identified, including asset management planning and the overall integration of the plans.

The Council is at a key point in its planning cycle. Revised plans are due to be either endorsed or adopted by 30 June 2013. Initial assessment of all plans indicates significant progress has been made since 2010, particularly in the area of asset management planning. In brief, the Council has made excellent progress, and demonstrates better practice in some key areas. It is very well positioned to continue the ongoing implementation of the Integrated Planning and Reporting framework.

### STRATEGIC PLANNING AND DELIVERY ASSESSMENT

An assessment of the Council's strategic planning and delivery performance, in relation to the areas covered in the self-assessment checklist completed by the Council, is set out in Table 2 below:

**Table 2: Strategic Planning and Delivery Assessment**

Area of assessment	Assessment of the Council's performance
Community engagement	
Community Strategic Plan	
Delivery Program	
Operational Plan	
Resourcing Strategy	
<ul style="list-style-type: none"> <li>• Workforce Management Plan</li> <li>• Long Term Financial Plan</li> <li>• Asset Management Plan</li> </ul>	
Reporting	

**Table key:**  Better practice  Requires further development  Satisfactory

*For a description of each of these rankings see ABOUT THE REVIEW in PART 1, BACKGROUND*



## SIGNIFICANT OBSERVATIONS

### *Summary analysis*

Warringah Council is at a crucial point in the planning cycle, with its Integrated Planning and Reporting documents currently under review.

The Integrated Planning and Reporting framework is championed by the General Manager and Deputy General Managers. The Council has taken a cross-organisational approach to implementation of the framework, encouraging ownership of the planning process and the outcomes of that process. This is demonstrated through the broad involvement of managers from across the organisation in the development of the Community Strategic Plan. In addition, the Council has actively used the framework to enable innovation across the organisation.

The performance measures and indicators identified in the Community Strategic Plan are relevant, clear and quantifiable.

The Council is currently refining its online interactive reporting dashboard which will be accessible via the Council's website. This is an innovative approach to community engagement and is reflective of the Council's commitment to open and accountable administration. While the service is not yet available, it is well-progressed with a view to being launched later this year.

The Resourcing Strategy is comprehensive. The Long-Term Financial Plan and Workforce Plan have both been identified as examples of good practice.

The Council has made significant efforts to provide comprehensive progress reports to the community as part of an ongoing commitment to meaningful engagement and open government.

***Better practice****Community Engagement*

The Community Engagement Strategy is comprehensive. It is apparent that the conversations with the community clearly informed the strategies of the Community Strategic Plan, which are being implemented.

As part of the current review of its plans, the Council has already undertaken several community engagement activities including:

- posting of a summary brochure and questionnaire to every household in Warringah
- public exhibitions at various locations
- a web-based exhibition on the Council's website
- an online discussion forum on the Council's website
- hosting of two community meetings (attended by residents, staff and councillors).

Overall, the Council's approach to community engagement is diverse and extends beyond the requirements of the legislation. Further information and examples are discussed in Section IV - 'Planning for the Community'.

*The Resourcing Strategy*

The Long-Term Financial Plan:

The Long-Term Financial Plan integrates well with the Corporate Plan and clearly articulates how it supports the delivery of the Community Strategic Plan. It was developed in consultation with the community via the Strategic Reference Groups and has achieved a good level of 'buy in' from managers responsible for its ongoing implementation.

The Long-Term Financial Plan focuses on providing clear and consistent communication and information to both internal and external stakeholders, explaining sometimes-complex financial concepts in simple terms. This has not always been achieved by other councils, and is one of the main reasons why Warringah has been identified as achieving better practice in this field. The budget bidding process is clearly linked to the objectives of the Community Strategic Plan. Training handbooks on the

budget process, and access to user-friendly financial software systems has also assisted.

The Asset Management Strategy (90% complete at the time of this review) and Workforce Plan are both comprehensive. Some minor areas for further development have been suggested in regards to Asset Management elsewhere in this report.

***Requires further development***

*The Resourcing Strategy*

Asset Management Planning:

Since the Division's 2010 review of the Council's Integrated Planning and Reporting suite of documents, considerable progress has been made in the area of asset management planning.

The Council has invested considerable resources in the ongoing development and implementation of asset management, including the employment of two staff to oversee Strategic Asset Management and Planning.

A one-page summary of asset classes has been developed to explain in simple terms the nature of the asset, the service it provides to the community and the costs related to that asset. The aim is to make information more relevant to the community and to provide the community and the Council with a clear context for discussion around levels of service. Annual surveys and user group meetings have been carried out to monitor trends in the use of assets and to have conversations around what's deemed an acceptable level of service.

Spatially Enabled Application is an in-house designed corporate data system that integrates with the broader corporate software providing a 'front end' to the existing GIS system. The system is used by approximately 300 staff and is an excellent source of information. It supports the ongoing implementation of the overall Asset Management Strategy.

The Division acknowledges that due to the current point in the planning cycle the Council has not yet adopted its most recent Asset Management Strategy. At the time of



the review, the Council's Asset Management Strategy was in draft form (90% complete and awaiting endorsement). It is also noted that the Council adopted a revised Asset Management Policy in August 2012.

#### **Recommendation 5**

*The Council continue to progress its Asset Management Strategy development and implementation in line with community discussions around levels of service.*

#### Community Strategic Plan

Integration of plans and the role of the Operational Plan:

Warringah's Community Strategic Plan has been combined with its four-year Delivery Program, one-year Operational Plan and long-term Resourcing Strategy. While this is a good way of explaining the framework to the community, it does mean that the document will need to be reviewed annually. The relationship between the Delivery Program and the corresponding yearly activities at the Operational Plan level are slightly confused in the document.

The Operational Plan detail has become somewhat 'lost' in this comprehensive document, and it lacks some of the required level of detail (for instance, no timeframes or responsibilities have been assigned against actions).

The Operational Plan could be strengthened in some areas to better reflect the activities of the Council. For example, Goal 4.3 reads: *"Well managed business infrastructure to support a thriving local economy"* The Strategy to achieve this is 4.3.1 *"Ensure the supply and cost of utilities and services meets the commercial, industrial and retail needs of Warringah."* The Operational Plan includes just one reference to a single ongoing program (Glen St Theatre) as follows: *"Nine community hirers and two commercial hirers using the theatre for their own work and productions"*. It is unclear whether this is an action or a target, who is responsible for its delivery, and what the actual activity to be undertaken by the Council is. During the course of the site visit, the reviewers were made aware of a host of activities that could be supporting Goal 4.3, however the Operational Plan doesn't appear to reflect the variety of work the Council is doing in relation to this Goal.

The Delivery Program and the Operational Plan should also clearly reflect and support any specific activities identified in the Resourcing Strategy. For example, the Operational Plan should show the detail of what will be carried out that given year to support the actions identified in the Workforce Plan (eg demonstrating the *who, what, and when* level of detail that the Workforce Plan doesn't necessarily identify).

The Council has a separate Corporate Plan which in some ways acts as an Operational Plan. This approach may work well for the Council. However the review team found the connection between the two documents to be unclear. The Council is encouraged to consider whether the Plans could be combined into a single document. This in turn may increase clarity of purpose, minimise duplication and help to streamline reporting.

Should the Council choose to continue with the current model it is suggested it make the Corporate Plan easily accessibly on the website with the relationship to the Delivery Program and Operational Plan clearly explained.

#### **Recommendation 6**

*The Council is encouraged to further refine and streamline its suite of Integrated Planning and Reporting documents to achieve improved compliance and readability.*

#### Reporting

The Council prepares comprehensive quarterly reports (by service area). However, the Integrated Planning and Reporting framework requires councils to report back specifically against the progress of the Delivery Program. Delivery Program progress reports are required every six months. Quarterly Management Plan style reporting is no longer required under the model (though some councils may choose to report back quarterly as part of their budget update process).

While the quarterly reports are very detailed, the relationship between these reports and the Delivery Program could be clarified. As mentioned above, revisiting the format and integration of the Community Strategic Plan, Delivery Program, Operational Plan and Resourcing Strategy may assist in clarifying reporting processes to better meet reporting requirements.

**Recommendation 7**

*The Council is encouraged to refine and streamline its reporting, clearly articulating how it is progressing with the implementation of the Delivery Program.*

**The Council's response****Recommendation 5**

The Asset Management Strategy preparation and development has now been completed. A report will be presented to the Council Meeting on 25 June 2013 for endorsement. Regarding the implementation, this is going to be completed over the next 10 years, therefore this recommendation is no longer required as the strategy is complete.

**Recommendation 6**

It is noted that the comments are largely based on the current *Strategic Community Plan 2012* which will lapse at 30 June 2013. At the time of the review, Council was in the process of finalising a new suite of IP&R documents - Community Strategic Plan, Delivery Program and Operational Plan etc. In planning the framework some of the issues raised will be addressed.

The new framework will largely be delivered online via eservices. This delivery method streamlines the content and reporting against the framework. The IP&R documents (effective as of 1 July 2013) comprise separate sections, separating out the various elements to the framework.

The primary method of how the community will engage with the framework is online. A limitation noted in the report was that Council produced an integrated document that needed to be reprinted annually. Delivering the framework online provides flexibility to tailor the Plan yearly, yet also maintaining it as a single source of reference for the community.



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The tool also provides the reader with the choice of how they can navigate the IPR framework via the Community Strategic Plan's objectives or the Council's key service areas.

The new Delivery Program retains the current principle activities –16 key services. This has been further enhanced by introducing programs under the key service areas to make it easier for the reader to understand what we are trying to achieve.

The operational plan remains integrated within the delivery program as we believe it is better practice to review both documents annually. This ensures our community is aware of what we will do over the next 12 months but also our priorities over the next 48 months based on our long-term financial plan. In aligning the Delivery Program and Operational Plan we have made it explicit that the operational plan is the first year of the delivery program.

In relation to the relationship between the delivery program and operational plan, the IPR guidelines are not clear on this point. Page 101 of the original IPR guidelines clearly states the two are integrated: "subset of the the DP, not a separate entity".

Key actions from the Resourcing Strategy have been incorporated into the Operational Plan. For example the asset management strategy is a detailed document that contains numerous tasks to be implemented. These individual tasks are not reflect in the operational plan but are captured at a higher level as "undertake a major review of asset management plans".

The Corporate Plan is focused on business improvement – actions that improve the way we do business. This focuses generally is on internal processes with the audience being staff and as such has limited relevance to the community. The Corporate Plan does not contain additional information to that contained in the resourcing strategy.

Enhancements have also been made in the new framework to better reflect within the operational plan all of the Council activities that contribute to the achievement of each objective. Therefore we conclude that we are currently at a "better practice" standard and the recommendation is not needed.

**Recommendation 7**

The reporting regime on the current Strategic Community Plan reflects the decision at the time to have an integrated document. As such separate reporting didn't make sense.

We will take this on board as the reporting framework is developed for the new suite of IPR documents.

***The Review Team's response*****Recommendation 5**

This recommendation relates to both development and implementation. As implementation is considered ongoing the recommendation remains relevant. The progress made to date in relation to Asset Management is noted.

**Recommendation 6**

As stated elsewhere in this report, the review team based its comments on previous Integrated Planning and Reporting documentation. This was due to the fact that the Council's current plans were still being drafted.

Many councils have chosen to combine their Delivery Program and Operational Plan with excellent results. Some councils also choose to have a separate corporate or management plan. The review team observed that the Warringah approach, while having merit, did result in an Operational Plan that did not clearly address some fundamental requirements of the legislation. It also did not reflect the depth and breadth of the Council's activities.

It is noted that the Council has reviewed its framework to address some of these issues. The review team acknowledges this as successful progress toward implementing the original recommendation, which still stands.

## **5 FINANCIAL AND ASSET MANAGEMENT**

### **SCOPE**

This section examines the Council's overall financial position and how it is managing its finances and assets in order to deliver the outcomes of its long-term Community Strategic Plan. It also considers the Council's Long-Term Financial Plan and Asset Management Strategy.

The self-assessment checklist, completed by the Council, considers the minimum compliance requirements in relation to each component of the Integrated Planning and Reporting framework. The responses have been used as a basis for assessing the Council's performance in this area.

A number of financial and asset management indicators have been examined to gain an appreciation of the Council's financial position, performance and long-term sustainability.

### **POLICY AND LEGISLATIVE FRAMEWORK**

Councils in NSW are required to provide services, facilities and infrastructure through the effective and efficient use of resources.

Under the Charter<sup>2</sup>, councils have a responsibility to raise funds for the purposes of carrying out their functions. This can be achieved by the fair imposition of rates, charges and fees, borrowings and grants. As the custodian and trustee of significant public assets, councils must also effectively account for and manage these assets.

As part of its Resourcing Strategy, each council must prepare a Long-term Financial Plan (covering a minimum of ten years). The Plan is an important part of a council's

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<sup>2</sup> The Council's Charter Section 8 NSW Local Government Act 1993 No 30



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strategic planning process. This is the point where long-term community aspirations and priorities are tested against financial realities.

Each council must also prepare an Asset Management Strategy which includes an overarching Asset Management Policy endorsed by the council. The Asset Management Policy sets the broad framework for undertaking asset management in a structured and coordinated way. The Policy underpins all asset management activities and the preparation of more detailed asset management plans for each class of assets which the council has responsibility for.

### LOCAL CONTEXT

Councils provide the Division of Local Government with a range of information related to their financial position and performance on an annual basis via the Financial Data Return. Warringah Council's financial results for the last four financial years are summarised in Table 3 below.

Warringah Council's net operating result before capital grants for 2011/12 was a surplus of \$4.578 million (\$2.266 million in 2010/11). The Council has reported an operating surplus before capital grants in the last five financial years.

**Table 3: Warringah Council's financial results (\*)**

Consolidated financial results	2011/12	2010/11	2009/10	2008/09
Income Statement (Financial Performance)	\$'000	\$'000	\$'000	\$'000
Rates and annual charges	83,119	79,257	76,958	70,993
User charges and fees	31,792	30,287	26,797	26,664
Interest and investment revenue	5,329	5,947	5,641	6,479
Other revenue	9,356	7,624	12,818	5,645
Grants and contributions for operational purposes	8,677	7,549	7,483	9,117
Grants and contributions for capital purposes	4,160	6,921	5,517	8,081
Net gain from asset disposal	205	167	308	0
Share of Interest in joint ventures etc	377	71	0	0
<b>Total income from continuing operations</b>	<b>143,015</b>	<b>137,823</b>	<b>135,522</b>	<b>126,979</b>

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Consolidated financial results	2011/12	2010/11	2009/10	2008/09
Employee costs and on costs	54,434	52,435	51,535	49,164
Borrowing costs	312	330	600	788
Materials and contracts	49,522	47,676	43,661	41,759
Depreciations and amortisation	13,880	13,566	13,148	12,768
Other expenses	16,129	14,629	12,907	11,813
Share of interest in joint ventures and associations	0	0	216	323
Net loss from disposal of assets	0	0	0	5
<b>Total expenses from continuing operations</b>	<b>134,277</b>	<b>128,636</b>	<b>122,067</b>	<b>116,620</b>
<b>Operating result from continuing operations</b>	<b>8,738</b>	<b>9,187</b>	<b>13,455</b>	<b>10,359</b>
<b>Net Operating result for the year before Grants and Contributions</b>				
	<b>4,578</b>	<b>2,266</b>	<b>7,938</b>	<b>2,278</b>





*\*The table reflects the consolidated results obtained from the Financial Data Return which is issued each year by the Division of Local Government for completion and return by each NSW council.*

## FINANCIAL AND ASSET MANAGEMENT ASSESSMENT

### Overall Assessment

An overall assessment of the Council's financial and asset management performance in relation to the areas covered in the self-assessment checklist is set out in Table 4 below:

**Table 4: Financial and Asset Management Assessment**

Area of assessment	Assessment of the Council's performance
Financial management	
Asset management	
Land assets	
Council businesses	

**Table key:**  Better practice  Requires further development  Satisfactory

*For a description of each of these rankings see ABOUT THE REVIEW in PART 1, BACKGROUND*

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### ***Performance Indicators Assessment***

A number of financial and asset management performance measurement indicators have been examined to gain an appreciation of the Council's financial position, performance and long-term sustainability.

**Table 5: Financial and Asset Management Performance Indicators Assessment**

Area of assessment	Council's performance (as at 30 June 2012)
<u>Unrestricted Current Ratio (UCR)</u> - measures a council's ability to meet its financial obligations such as paying for goods and services supplied. A ratio between 1.5:1 and 2:0 is considered satisfactory and shows that a council has sufficient liquid assets on hand to meet its short-term liabilities.	UCR of 3.35:1, which indicates a strong cash position.
<u>Debt Service Ratio (DSR)</u> - assesses the degree to which revenue from continuing operations is committed to the repayment of debt. It is generally higher for councils in growth areas where loans have been required to fund infrastructure such as roads, water and sewerage works. The Division's accepted benchmark for the DSR is <10%.	DSR of 0.54%, which highlights that the Council has little in the way of borrowings. Therefore it has capacity to undertake additional borrowings if required.
<u>Rates and Annual Charges Coverage Ratio</u> - compares a council's total income to that of its rate revenue.	58.12%, which reflects a good mix of revenue streams and demonstrates that the Council is not reliant on its rate revenue.
<u>Rates and Annual Charges Outstanding Ratio (RACO)</u> - measures the amount of rates unpaid as at the end of a period (usually 30 June each year) compared to the total charged for the year. The benchmark for city/coastal councils is 5% or less.	RACO of 3.19%, which is a satisfactory level
<u>Infrastructure Renewal Ratio (IRR)</u> - assesses the rate at which these assets are being renewed against the rate at which they are depreciated. A ratio of 1:1 indicates that the renewal of assets equals the amount of depreciation, amortisation and impairment.	IRR of 153.14%, which is above the benchmark of 100%. The Council's IRR average over the last five years is 135.88%. This shows that the Council has been more than replacing its assets as they are being consumed over time.



The interim audit in respect to the year ending 30 June 2012 concluded that the Council's books and records are well maintained and up to date. Two recommendations were made to strengthen and/or improve procedures in terms of rates (audit trail reports) and accounts payable (master file maintenance). The Council has addressed these appropriately.

### ***TCorp (NSW Treasury Corporation) Assessment***

In January 2013, the NSW Treasury Corporation carried out an independent assessment of Warringah Council's financial capacity and its future sustainability. Overall, TCorp has assessed Warringah Council's Financial Sustainability Ranking as sound and its outlook as positive. The Council ranks well against other urban councils in NSW. TCorp found that the Council's management team has run a fiscally responsible operation, which at this time appears to support a sustainable position into the long term. The Council's Long-Term Financial Plan forecasts above-benchmark performance across nearly all areas, including operating surpluses. It is anticipated that the good levels of cash reserves can be used to fund infrastructure and asset renewal requirements.

## **SIGNIFICANT OBSERVATIONS**

### ***Summary analysis***

As indicated above, the Council is a very strong performer in the area of financial and asset management. With a strong cash position and a good mix of revenue streams, the Council has the capacity to renew its assets at the rate at which they are depreciated.

The Council has met the requirements of long-term financial planning. Its Long-Term Financial Plan is of a high standard. The Plan clearly articulates how it supports the delivery of the Community Strategic Plan.

The Asset Management Strategy (90% complete at the time of the review) is comprehensive and meets legislative requirements. Priority has been given to the ongoing development and implementation of asset management systems. This includes employing two additional staff with suitable expertise to oversee strategic asset management and planning.

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A revised Asset Management Policy was adopted by the Council in August 2012.

***Better practice***

*Financial management*

Financially, the Council has consistently performed above or better than industry benchmarks (see Table 5). A surplus over the last five years has provided for a strong cash position and reflects a good mix of revenue streams. The Infrastructure Renewal Ratio (IRR) which assesses the rate assets are being renewed against the rate at which they are depreciated is well above the benchmark.

The cross-section of staff who met with the review team reflected a sophisticated appreciation of how initiatives they are responsible for fit in with the Council's overall vision, Community Strategic Plan and budget. An internal resource, 'Achieving Sound Financial Management', has been developed to assist staff with responsible financial management. It includes a timeline of key budget events and responsibilities, a Capital Budget Handbook (ten-year cycle), and practical guides.

*Asset Management*

The Council's performance against industry asset management indicators is very good (see Table 5).

As discussed earlier, the 'Spatially Enabled Application' provides easy access to the existing GIS system for approximately 300 staff and supports efficient implementation of the overall Asset Management Strategy.

***Further development***

*See Recommendation 5, relating to asset management in part III - Resourcing Strategy*

***The Council's response***

Please see commentary under Recommendation 5 (page 48 of this report).

## **6 WORKFORCE MANAGEMENT**

### **SCOPE**

This section examines the Council's implementation of its four-year Workforce Management Strategy.

The self-assessment checklist, completed by the Council, considers the minimum compliance requirements in the workforce area. The Council's responses and a range of human resource systems, policies and procedures were examined to assess how well the Council is managing its workforce and the overall organisational culture.

### **POLICY AND LEGISLATIVE FRAMEWORK**

Councils have a number of legislative responsibilities in relation to their role as an employer. As part of its Resourcing Strategy, each council is to develop and maintain a four-year Workforce Management Strategy.

An effective Workforce Management Strategy is essential to ensure that the Council is able to address the human resource requirements associated with achieving the aspirations, goals and service standards expressed in its Community Strategic Plan and Council's Delivery Program.

By identifying workforce capabilities on hand now, considering what will be needed in the future and planning systematically, the Council can limit the workforce risks associated with unanticipated events and ensure it is appropriately resourced to handle the changes and challenges in the coming years.

In short, workforce planning aims to have the right people in the right places with the right skills and motivation, doing the right jobs at the right time so that the Council can deliver appropriate services effectively and efficiently.

### **LOCAL CIRCUMSTANCES**

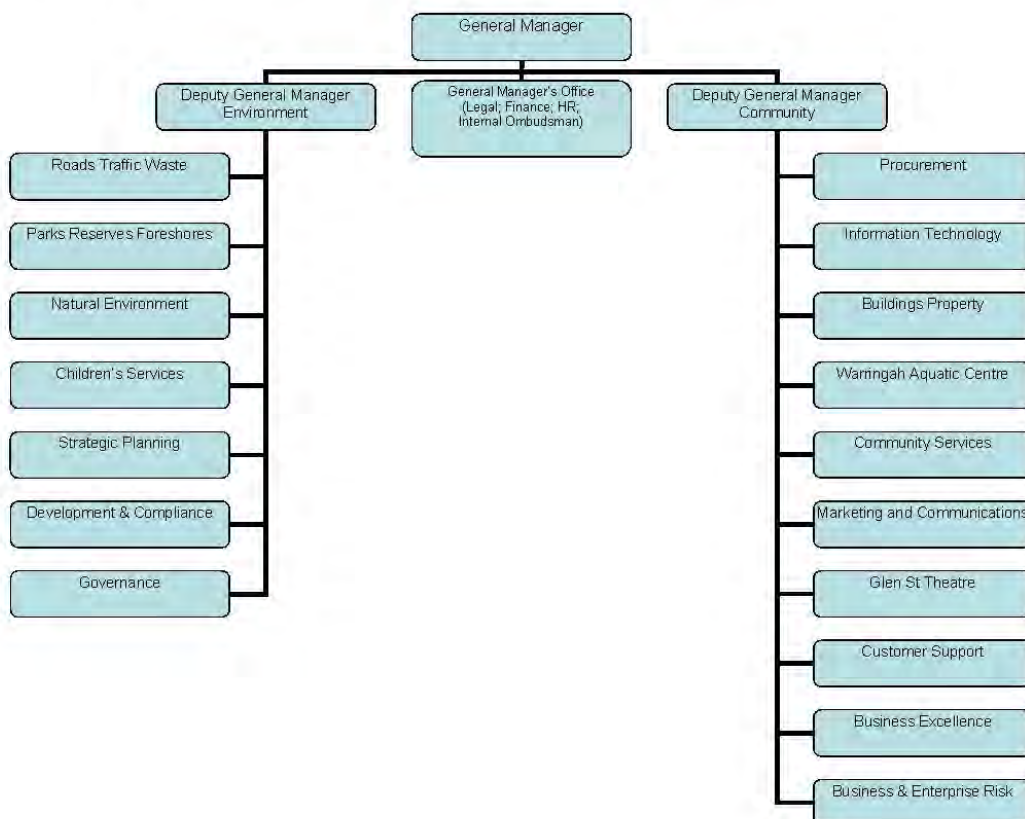
As outlined in Diagram 2 below, Warringah Council is organised into two key function areas, *Environment* and *Community*. The General Manager's office is directly responsible for human resources, finance, internal ombudsman and corporate law.



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At 30 December 2012, the Council employed 545 full-time equivalent staff, with 1,046 staff, including casual and part time staff. Women represent 60% of the Council's workforce.

**Diagram 2: Warringah Council's Management Structure**



**WORKFORCE MANAGEMENT ASSESSMENT**

An overall assessment of the key workforce areas of the self-assessment checklist completed by the Council is included in Table 6 below.

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**Table 6: Workforce Management Assessment**

Area of assessment	Assessment of the Council's performance
Workforce management planning	✓
Workforce management issues	★ ★ !
Employee surveys	★
Employment contracts	Not examined
Consultative Committee	✓
Recruitment and selection	✓
Job descriptions and evaluation	✓
Employee remuneration	✓
Enterprise bargaining	Not applicable
Equal Employment Opportunity	✓
Staff induction	★
Grievance management	✓
Work Health and Safety	✓
Secondary employment	✓
Exit of staff	✓

**Table key:** ★ Better practice    ! Requires further development    ✓ Satisfactory

*For a description of each of these rankings see ABOUT THE REVIEW in PART 1, BACKGROUND*

## SIGNIFICANT OBSERVATIONS

### *Summary analysis*

Most policies, procedures and systems are of the required standard to meet statutory obligations and support the implementation of the Council's corporate and community plans.

Overall, the Council appears to have a positive organisational culture with a motivated workforce. The most recent survey of staff indicates a significant positive shift in satisfaction levels, improving greatly upon 2010 results. Warringah Council's Voluntary

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Turnover rate for the 2011/2012 year was 9.94%. This compares favourably against state and national benchmarks which estimate an average turnover rate of around 18%.

Informal feedback received during the review indicated an enthusiasm and commitment to delivering quality services to the community, and confidence in the executive management team and elected members.

The Council continues to invest heavily in training and development programs providing key learning opportunities for employees. The Business Excellence Framework has been enabled across the organisation, with positive feedback received about the Framework's implementation from all staff interviewed.

The restructure which occurred in 2010 appears to have had a positive impact on the operations of the Council, streamlining systems and improving internal communications. The Leadership Group was described by staff as an excellent forum for managerial decision-making and information sharing.

Workforce health and safety is another high priority for the Council, with the End of Term Report noting that "performance in relation to the time-lost rate, owing to injuries or disease, has compared favourably to other self-insured councils."

Warringah's approach to workforce planning is illustrated in Diagram 3, below:

**Diagram 3: Warringah Council's Workforce Planning Framework**





***Better practice****Workforce management issues*

## 1. Staff training and development/innovation in the workplace

Warringah Council has invested one of the highest spends of all the NSW councils in the area of training and development. This investment appears to be paying dividends for the organisation and the staff.

The Business Excellence Framework initiative is a good example of one such opportunity. In 2011/2012, approximately 200 staff participated in this mandatory training program which encourages high performance and empowers individuals. The Council has introduced a 'train the trainer' approach to the Framework's ongoing implementation. The program has been identified by the Council as resulting in several improvements including, but not limited to, cost savings of \$1.5 million, a 20% reduction in car fleet carbon emissions, and improved data integrity. The Framework resonated in conversations with staff as a key 'game changer' for the Council, as it also encourages and enables innovation. Staff also commented that the training has had a positive impact on them personally, improving self-confidence and motivation.

Both informal and formal mechanisms are in place to encourage innovation and sharing of ideas. Innovators are promoted and rewarded for their efforts, and all staff are encouraged to seek improvement across all of the Council's operations. Success stories are openly communicated via story boards and other forums. The 'Just Do It' award, whereby staff nominate themselves for introducing improvements to the organisation, has also proved popular with staff. Annual awards are also presented in another effort to openly acknowledge and encourage innovation and creative thinking.

Customer Service staff receive training to improve their skills and knowledge of the broad range of services the Council provides. Training has resulted in positive customer feedback and has improved the ability of staff to respond to and action requests. Access to well-developed, integrated corporate systems (such as data bases) has also improved efficiencies. It is acknowledged that several of these systems have been developed in-house resulting in support from staff who have contributed to and informed the development of the programs and processes in place. Adopting a user-friendly,

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mobile approach to technology has also achieved cost savings and customer service efficiencies.

The Council has a strong traineeship program with ten trainees currently on staff (three business administration trainees, four customer service trainees, two Warringah Aquatic Centre trainees, and one Ranger trainee). The Council receives government funding for all trainees excluding the Business Administration trainees who are hosted through an external provider at a cost to the Council of \$25k per annum.

## 2. Internal communication

The Leadership Group model has been credited with achieving “big improvements” in the cultural shift of the organisation, in part because it empowers staff and enables meaningful internal conversations at the manager level. The forum encourages teamwork and helps to limit isolated decision-making. Participants in the Leadership Group noted the usefulness of the budget discussions, and how the bigger financial picture and the desire for sustainability are always driving discussions.

Forums such as ‘Face to Face’ (involving staff and the Executive Management Team), facilitate information share and, importantly, promote awareness amongst staff of the broader activities being undertaken across the organisation. The Council should be commended on this initiative, particularly as effort is made to provide an opportunity for all staff to participate (ie through taking the sessions off-site and offering them at different times of the day). The ‘Face to Face’ session observed by the review team was very well attended.

Staff identified the Deputy General Managers’ ‘Insight Café’s’ as excellent forums within which to share ideas and formulate strategies. The General Manager is also regarded as being “highly accessible”. Targets and goals are clearly defined; senior managers don’t provide any ‘road blocks’, and, while innovation is encouraged, the organisation is also focused on minimising risk.

### Employee surveys

The Council carries out regular, formal staff surveys in addition to informal feedback sessions. Overall, staff satisfaction results have improved significantly from 2010 (67%)

to 2013 (80%), with the Council now one of the best performers in the State when benchmarked against like councils in regards to workforce culture. The results indicate that staff feel listened to and supported by senior management.

#### Staff Induction

The General Manager is actively involved in staff induction sessions where possible, and this has been positively noted by incoming staff. Staff are required to complete part of their induction online prior to commencement. The take-up rate so far has been 100%. This helps to ensure new starters are well prepared and also minimises administrative tasks on arrival.

#### ***Requires further development***

#### Workforce Management Issues

##### 1. Succession planning

The Council doesn't identify formal succession planning in its current Workforce Plan. However, it does provide up-skilling for staff to cover some key positions. Development opportunities are identified and individualised for all staff, which may include opportunities for acting in higher grade or secondment positions for career advancement.

Warringah Council's workforce median age is high, 41.9 years compared with 38.6 years for the greater Sydney area. The Council is committed to supporting the health and wellbeing of an ageing workforce, however this, along with more specific succession planning strategies, may need to remain a key priority for the Council in the coming years.

#### ***Recommendation 8***

*The Council should implement specific strategies to address succession planning.*



## 2. Women in the workforce

It is noted that while women make up 60% of the Council's workforce, they are under-represented at the Group Manager level. The Council actively promotes equal opportunity employment and career development opportunities. It is recommended that this continue to achieve better representation of women in senior positions.

### **Recommendation 9**

*The Council should identify specific strategies to improve the representation of women in management positions.*

#### *The Council's response*

### **Recommendation 8**

Warringah Council offers positions to people on the basis of merit. Selecting the best person for the position is part of our policy of equal employment opportunity.

Because of this, Council has decided to work on a 'Career Planning' approach, rather than calling it 'Succession Planning', since this might imply individuals being prepared for a particular role, which can't be guaranteed. 'Our Career Planning' runs across all roles and across all areas of our business, not just clerical or predominately female areas. Part of this approach is that Council provides all staff with continuous learning and development opportunities. We promote participation in our 'My Development and Achievements' process, which involves a structured approach to individual development and training plans. If roles become vacant, trained, skilled staff will be available in the interim and can apply for any role that becomes available.

The next steps in our Career Planning approach, which will be rolled out in FY 15/16, are:

1. Identify the critical skills and knowledge within each department, division and/ or section, at all levels within our organisation
2. Identify which roles will be vulnerable for (mass) retirement

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3. Undertake analysis on areas of concern and address issues, i.e. retirement or in case of retirement planning
4. Determine what needs doing to ensure retention and transfer of these skills and knowledge as well as coverage of these skills and knowledge during absence.

Therefore we believe that this is a “better practice” outcome and the recommendation is redundant.

### **Recommendation 9**

Currently, 52% of staff in a supervisory position are female.

Council is committed to merit based appointments, so we will not be introducing specific targets for representation.

We advertise all vacant positions internally, to increase the pool of talented people (including women) who can apply.

We are continuing to roll out our ‘High Performance Leadership Coach’ program, which has developed leadership skills for both females and males.

We are commencing a female mentoring program, as part of our career planning approach.

Employees are increasingly seeking greater flexibility in their working arrangements, due to changes in caring responsibilities of the current workforce and to shifting ideas about work/life balance. They will increasingly focus on the total benefits provided over and above the remuneration package. In addition, factors that influence women’s participation in the labour force such as the availability of part-time work and family-friendly policies are expected to become increasingly more important as the percentage of females in the workforce increases. In FY15/16 we will conduct a specific survey to ask staff for their views of the benefits we make available to them (across all areas of our business and all employees).

Based on the outcomes of the survey, we will focus our attention and research on specific retention mechanisms and benefits such as flexible working arrangements and family-friendly policies to cater for those who are caring for family members, studying or

are transitioning to retirement. Therefore again we believe we are at a “better practice” standard.

#### *The Review Team's response*

#### **Recommendation 8**

When asked “does the council have a succession plan for key positions/personnel in place” the response was “No”. The Council’s response to the Self-Assessment Checklist states that “indirectly it does through its people performance process, MD&A. Development is identified and individualised for all staff which may include acting in higher grade opportunities or secondments for career advancement.” When discussed at interview this was again reiterated.

As succession planning should consider a whole of council workforce situation, focussing on individual career paths and opportunities did not appear an adequate strategy in itself.

The Council has since suggested that the ‘Career Planning’ approach will look at critical skills gaps and vulnerable roles. This approach is supported via the recommendation.

Workforce planning focuses on the staff a council has at present and what skills it will need in the future. Succession planning focusses on developing existing staff to be well prepared for a range of factors such as expansion, the loss/retirement of a key employee, and organisational redesign for opportunities. The Council’s focus primarily on individual career paths and opportunities did not appear to the review team as a sufficiently proactive strategy.

The Council has since suggested that its ‘Career Planning’ approach will look at critical skills gaps and vulnerable roles. The review team acknowledges this as successful progress toward implementing the original recommendation, which still stands.

#### **Recommendation 9**

The Council’s programs are noted and their continuation is encouraged.



**PART IV SERVICES TO THE COMMUNITY**

This part of the review focused on the Council's community, social, sporting and recreational facilities and services, as identified in its Delivery Program and Operational Plans. Services and advice in relation to land-use planning, such as development applications, as well as environmental management initiatives, are also considered.

**7 COMMUNITY SERVICES AND FACILITIES****SCOPE**

This section focuses on examining the range and quality of the services and facilities the Council provides for the community. Social planning and services provided to cater to the needs of social justice groups within its community are also considered.

The self-assessment checklist, completed by the Council, considers minimum compliance requirements in this area. The responses, along with site visits and meetings with relevant staff, have been used as a basis for assessing the Council's performance this area.

**POLICY AND LEGISLATIVE FRAMEWORK**

A council's Charter requires that it:

- provides services after due consultation
- engage its stakeholders in the development, improvement and coordination of local government (for example, councillors, members of the public, users of facilities and services, and council staff)
- actively promotes the principles of multiculturalism
- plans, promotes and provides for the needs of children
- keeps the local community and State government informed about its activities.

The Community Strategic Plan prepared by each council captures the main priorities and aspirations of its community and includes strategies for achieving those goals.

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## LOCAL CONTEXT

The Council provides a number of different community services including those to specifically meet the needs of older people, people with a disability, young people and children. The Community Services team is guided by a detailed 'Community Services Road Map', which outlines all of the major activities it will be undertaking over the course of the year.

A snapshot of the community facilities and public spaces managed by the Council includes 200 parks, 54 sportsgrounds, nine beaches, the Warringah Aquatic Centre, 158 playgrounds, Brookvale Oval, the Glen Street Theatre, five ocean pools, and many walking, riding and cycling tracks, and community and child care centres. In managing these facilities and spaces, the Council proactively engages with a variety of stakeholders, delivery partners and special interest groups.

## COMMUNITY SERVICES AND FACILITIES ASSESSMENT

An assessment of the Council's performance in relation to community services and facilities covered in the self-assessment checklist is set out in Table 7 below.

**Table 7: Community Services and Facilities Assessment**

Area of assessment	Assessment of the Council's performance
Social and community planning	
Provision of services and facilities	
Ageing population	
Community participation and engagement	
Communication policy	
Reporting to the community	
Cultural planning	
Multiculturalism	
Tourism and Economic Development	

**Table key:**  Better practice  Requires further development  Satisfactory

*For a description of each of these rankings see ABOUT THE REVIEW in PART 1, BACKGROUND*

## SIGNIFICANT OBSERVATIONS

### *Summary analysis*

The Council offers a wide range of services to the community. The exceptional aspect of this has been the Council's approach to creating corporate/community partnerships, pursuing funding opportunities and taking a regional leadership role in service delivery.

The Council has undertaken extensive social planning for young people, families and children, and ageing communities. In addition to regular service delivery, the Council is also currently undertaking or has recently completed some significant milestone community projects including the revitalisation of the Glen Street Theatre precinct and the development of the area's first Police and Community Youth Club.

When staff were asked how they viewed the Council's capacity for delivering these major projects, the response was that the Council is "very well positioned" and that staff were feeling "confident".

### *Better practice*

#### *Provision of services and facilities*

Council is commended for taking a leadership role in service delivery in the broader northern beaches area by successfully creating and managing corporate/community partnerships to provide services and facilities in an innovative way.

Recent examples of this include the partnership with Kimbriki (and the creation in 2009 of Kimbriki Environmental Enterprises Pty Ltd), and the proposed Police and Community Youth Club.

Kimbriki Environmental Enterprises Pty Ltd (KEE) was formed as a government/corporate partnership involving Warringah, Manly, Mosman and Pittwater Councils in the capacity of shareholders and an independent non-executive Board of Directors. Since 2009, the Kimbriki site has evolved to become a technologically advanced Resource Recovery Centre. It also acts as a popular community engagement and education site. Warringah Council is the largest shareholder in KEE and in that capacity



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is one of the major drivers of the project. The Council's role in the creation and ongoing delivery of the KEE services suggests that it is in a strong position to lead future regional, collaborative partnerships and projects.

The proposed Police and Community Youth Club is the result of the Council's successful grant application, attracting \$250,000 in funding and the provision of two recurrent staff. The Council will also be investing a significant amount of its own resources into the service. In its application, the Council demonstrated that it had a clear, achievable plan to deliver a regional centre. It is the first of its kind along Sydney's northern peninsular and will fill an identified gap in service provision.

Community participation and engagement

Warringah Council is committed to providing the training, strategies and mechanisms to enable meaningful conversations with the community. Staff described this as a commitment towards "building corporate capacity and providing consistency of message".

Informal and formal mechanisms are in place to enable this. The Council has four Strategic Reference Groups. These Groups consist of community members and councillors and act as key discussion and decision-making forums. Annual surveys are carried out to test community satisfaction with decision-making, service delivery and communication. Exceptional work is being carried out in the area of online engagement, with a new website currently in development and due for launch in this financial year. The current online community (Your Say Warringah) has 1,500 registered participants, while the community engagement register has attracted approximately 2,500 registrations.

While the Council is excelling in this area, some staff identified the need to engage with broader sections of the community, not just the "usual suspects", and noted that sometimes this is "easier said than done." The Council however appears to be investing significant resources towards addressing this issue. The distribution of approximately 55,000 summary brochures to households on the development of the Community Strategic Plan is an example of this, along with creative opportunities for people to explore their vision for the future. One example of this is pictogram sessions, as

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illustrated below. Key issues and relationships around the natural environment, as identified by participants of a table discussion, are captured in a graphic form.



*"Table discussions as captured by a graphic artist", Brookvale Show, October 2012*

The Dee Why Town Centre consultation program should also be noted for its breadth of scope including video presentations, walking tours around key sites, online discussion forums, face-to-face sessions, and the provision of clearly articulated facts and figures about the project. In addition, the Youth Strategy, which at the time of this review was on public exhibition, was informed by an online survey and discussion forum which attracted 1,100 young people and 300 parent respondents.

#### Tourism and Economic Development

Warringah Council's Economic Development Plan 2011 positions the Council as a leader in supporting and promoting economic development and business infrastructure both at a local and regional level. The Plan provides the Council, and neighbouring councils including Pittwater, actions and timeframes for the delivery of initiatives that maximise opportunities for business. The Council is also actively involved in the facilitation and delivery of events and networking opportunities including the Northern Beaches Business Expo, MicroBiz Week, and the Hardware and General Trades Expo.

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The completion of the Warringah Local Environmental Plan 2011 and Development Control Plan 2011, commencement of the Dee Why Urban Fork Study, and major streetscape improvement projects have also contributed to the goal of maintaining a thriving, sustainable local economy. The Council is also facilitating programs, with the aid of State Government funding, that support women and young entrepreneurs.

The Economic Development Plan also addresses medium- and long-term plans to manage tourism, particularly in relation to provision of sport and recreation opportunities and infrastructure.

The Council is also investing in major tourism attractors, including the multi-use trails at Narrabeen Lagoon (approximately \$11 million) and significant streetscape upgrades at the Dee Why beach front (approximately \$2 million).

The Council continues to work closely with stakeholders including SHOROC, Chambers of Commerce, NSW Trade and Investment, Northern Beaches Education Network and the Federal Government to achieve the training, economic and tourism objectives identified in the Community Strategic Plan.

***Requires further development***

*Social and community planning*

Planning for Passive and Active Recreation

The Council provides the bulk of sporting fields in the region. It is also responsible for managing extensive open space. There is a significant amount of pressure placed on the Council to maintain its organised sporting fields and open space areas, including beaches, in the face of rising demand from both locals and visitors. While the Council aims to meet a wide variety of passive and active recreation needs, it is also working to minimise any possible negative impact high levels of demand might place on the natural environment and on financial resources.

The Council has been proactive in undertaking research and taking action to manage this diversity of demand (eg provision of mountain bike riding options around Manly Dam). Staff interviewed envisaged that the Council will need to continue to work with



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the community to “find the right balance” between meeting these various demands, managing any impacts on the natural environment, and applying fees and charges. The staff said they were feeling confident that the appropriate strategies and resourcing mechanisms were in place to effectively mitigate risk and manage sometimes-competing community expectations. However, they described it as an “ongoing conversation” that needed to be managed carefully.

**Recommendation 10**

*The Council should continue to closely monitor its progress in both planning for, and managing community expectation in regards to, passive and active recreation needs and protecting the natural environment.*

**The Council's response**

Lifestyle and recreation is one of the six key community outcomes from our Community Strategic Plan and within this area there are three objectives as follows:

- We have access to a diverse range of recreational facilities that meet the needs of the community and sporting groups
- We have access to attractive parks and natural areas that encourage and support a safe healthy lifestyle
- We have inviting public spaces that are clean, green and well designed

We believe that managing recreation is about managing both the built and natural environments.

The objective in relation to lifestyle and recreation is not all about the application of fees and charges; we believe it is more about working towards our objectives in a financially-sustainable manner

## **8 LAND-USE PLANNING**

### **SCOPE**

This section focuses on examining how the Council manages its land-use planning in the Warringah local government area. For example, the Council's role involves strategic planning to decide what buildings are permissible within certain areas, setting appropriate controls (e.g. building heights), and assessing the impact on the environment and neighbours (e.g. noise, traffic, shadowing, trees being removed).

### **POLICY AND LEGISLATIVE FRAMEWORK**

Councils must undertake their strategic land-use planning and development assessment functions in accordance with the *Environmental Planning and Assessment Act 1979*. [State Environmental Planning Policies](#) (SEPPs), which deal with issues significant to the State and people of New South Wales and are made by the Minister for Planning, may also be relevant.

Appropriate zoning and development controls are important to protecting the environment and heritage areas, controlling growth and helping to support the objectives of the Community Strategic Plan.

[Section 94](#) and [Section 94A](#) of the Environmental Planning and Assessment Act allow councils to levy developers for contributions towards public amenities and services required as a consequence of development. This may be the provision of new facilities for an area or the expansion of existing facilities where an area is growing.

### **LOCAL CONTEXT**

Warringah Council's strategic land-use planning instruments include:

- Warringah Local Environmental Plan 2011
- Warringah Development Control Plan 2010
- an Economic Development Plan
- SHOROC Employment Study
- Draft Employment Study
- Residential Development Strategy 2000
- draft Housing Strategy 2010

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- Environmental Sustainability Strategy
- Recreation Strategy
- Warringah Creek Management Study
- flood studies for various catchments.

The Warringah Local Environmental Plan 2011 was gazetted on 9 December 2011 and is a 'Standard Instrument LEP' as specified by the NSW Government. When making the Plan, the Minister for Planning and Infrastructure deferred certain land in Belrose and Oxford Falls Valley from the Plan's operations. This is currently being actioned to include the Belrose land into the Plan. The Warringah Development Control Plan 2010 contains another layer of development control to provide more detail and to supplement the Local Environmental Plan 2011. To gain a full understanding of the planning requirements for a particular area the Local Environmental Plan and the Development Control Plan should be read together.

Warringah's Community Strategic Plan identifies actions for ongoing review and update of both the Local Environmental Plan and the Development Control Plan.





During 2011-2012, a total of 2,413 development applications were determined by the Council.




#### **LAND-USE PLANNING ASSESSMENT**

An assessment of the Council's performance in relation to the land-use planning areas covered in the self-assessment checklist completed by the Council is set out in Table 8 below:



**Table 8: Land-use Planning Assessment**

Area of assessment	Assessment of the Council's performance
Strategic land-use instruments	
Development applications process	
Contribution plans and planning agreements	
BASIX	

**Table key:**  *Better practice*  *Requires further development*  *Satisfactory*

*For a description of each of these rankings see ABOUT THE REVIEW in PART 1, BACKGROUND*

## SIGNIFICANT OBSERVATIONS

### *Summary analysis*

Warringah Council's land-use planning framework is considered to be sound. In recent years the Council has made significant improvements in determining development applications. It is now performing within the top five councils in NSW.

### *Better practice*

#### *Strategic land-use instruments*

A draft master plan for the Dee Why Town Centre, which aims to set the precedent for the successful integration of civic, commercial and residential activities, has been released.

An independent working party of local residents has been working with a consultant on innovative, realistic and long-term plans for the redevelopment of this major centre on Sydney's northern beaches. Several design options are under development and discussion.

The Civic Centre is designed as a 'Community Hub' with an attractive outdoor plaza, amphitheatre and new library facilities.

Other improvements for the town centre include:

- A new Police and Community Youth Club
- 560 new car parking spaces
- new trees, paving, water features, landscaping and street furniture
- new bicycle lanes
- road changes to improve traffic flow
- new open spaces, including the expansion of Walter Gors Park
- A new plaza at Redman Road
- use of water-sensitive urban design
- improved accessibility.

Buildings in the redeveloped area will remain at the current allowed range. However, in selected areas, taller buildings may be considered on larger sites, subject to strict conditions and in return for connected open public spaces at the ground level.

The final Masterplan will be the basis for a new Local Environmental Plan which will set the planning controls that will apply to all new development applications submitted in this area.

As mentioned earlier, this project stands out for its extensive community consultation program, featuring video presentations, walking tours around key sites, online discussion forums, face-to-face sessions, and the provision of clear information about the project.

#### Determining Development Applications

##### 1. Development application turnaround times

This is an area for which the Council has achieved a dramatic turnaround in relation to the average time it takes to assess and determine development applications. Department of Planning and Infrastructure annual reports indicate that Warringah Council's average processing times have reduced significantly over past five years from 126 days (2006/07) to 47 days (2011/12). This places the Council in the top five most improved councils for processing times as well as maintaining its status as one of the

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fastest of Sydney councils in processing applications. The Council's development application process is one of the most efficient in Sydney.

Nearly all development applications are determined under delegated authority by Council staff. Less than 2% of all applications were determined by the Warringah Development Assessment Panel (WDAP), Warringah Development Review Panel (WDRP), the Joint Regional Planning Panel (JRPP), and the Land and Environment Court.

No development applications are referred to the elected body. This has minimised the potential for delays and the risk of political interference. The independent assessment of major applications by the WDAP has resulted in a reduction of court appeals, as decisions are made on merit not political grounds.

## 2. Warringah Development Assessment Panel (WDAP)

Established in July 2008, the WDAP was NSW's first independent determination panel for major development applications where decisions on developments are made independently of the Council. The Panel is comprised of a Chairperson (Environmental Law expert), an Urban Design expert, an Environmental expert and a pool of community representatives. The Panel has the authority to determine applications for large developments with complex planning issues. In 2011-12 it considered 11 applications, down from 40 in the previous year. In the same period the JRPP dealt with one application.

The WDAP is different to Independent Hearing and Assessment Panels (IHAP), as their recommendations are usually made to the Council for determination. The WDAP has delegated authority to determine applications, except for Category 3 applications.

## 3. Warringah Development Review Panel (WDRP)

The WDRP (also set up in July 2008) is a Panel running parallel to the WDAP. This Panel accommodates applications lodged under Section 82A of the *Environmental Planning and Assessment Act 1979*, requesting the review of a previously issued determination by the Warringah Development Assessment Panel (WDAP). The Panel is



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comprised of a Chairperson (Environmental Law expert), an Urban Design expert, an Environmental expert and a pool of community representatives.

#### 4. Efficiency measures

The greatly improved efficiency in the Council's Development Application processing can be attributed to a number of factors including:

- the hard work and dedication of all staff involved
- a commitment to business excellence and continuous improvement of the Council's processes and practices in this area
- the use of technology to gain efficiencies in processing times including 'Assessor', which is an online tool for planning staff which streamlines the process of assessing applications by ensuring relevant planning provisions are considered at each stage
- the introduction of online services, including the ability to view and track the progress of applications, Development Applications, Construction Certificates and Building Certificates.
- robust pre-lodgement advice to applicants which has a high probability of being accurate in relation to the likely outcomes they will receive following assessment.
- the offer of a fee refund to applicants who withdraw an application where it is likely to be refused, and a mediation program with a professional independent mediator
- clear review structures and processes with documented delegations and discretions (eg Panel Charters for referral of developments to Panels) which clearly articulate responsibility for decision making
- a high degree of transparency with all assessment reports being publically available on 'E-services' for public scrutiny.

#### ***Requires further development***

No areas for further development were identified by the review team.

#### *The Council's response*

Warringah will continue to be innovative and develop better practices in Land Use Planning Assessment through the implementation of the new planning legislation. Technology will continue to be developed to provide a better, more efficient service for the community with such items as on-line lodgement of development applications, construction certificates, Building Certificates and Planning Certificates in 2013/2014.

## **9 REGULATORY AND ENVIRONMENTAL MANAGEMENT**

### **SCOPE**

This section examines how the Council is enforcing or ensuring compliance with laws to protect the community and the environment. Areas enforced by local councils include: unauthorised land use, signage and building work, storm water pollution, backyard fires, removal of noxious weeds, collection of stray dogs, breaches of 'Council Tree and Bushland Preservation Orders', and abandoned shopping trolleys.

This section also considers how the Council manages the environment of the Warringah local government area and addresses issues of environmental sustainability.

### **POLICY AND LEGISLATIVE FRAMEWORK**

Councils have a responsibility for managing the whole of the environment within its area. With the help of the community, councils are expected to manage and maintain the environment to make sure that it can be enjoyed for many years to come.

Councils must regulate a wide range of matters across a range of legislation such as:

- *Environmental Planning and Assessment Act 1979*
- *Swimming Pools Act 1992*
- *Local Government Act 1993*
- *Roads Act 1993, Road Transport (General) Act 2005, Road Rules 2008*
- *Impounding Act 1993*
- *Noxious Weeds Act 1993*
- *Protection of the Environment Operations Act 1997*
- *Companion Animals Act 1998*
- *Smoke-Free Environment Act 2000*
- *Food Act 2003*
- *Public Health Act 2010.*

Legislative requirements also require councils to prepare a number of policies and plans such as a Companion Animals Plan. Regulation is important to support a wide range of social, economic and environmental goals as identified in the Community Strategic Plan.



## LOCAL CONTEXT



The Council reports that the Warringah community consistently rate the natural environment as one of their highest priorities. The Council has responded with a range of programs and initiatives to protect and manage Warringah's natural environment, reduce the impact of natural hazards such as flooding and bushfire, and maintain its extensive stormwater network. A special rate increase of 6.9% approved in 1996 has been combined with other rate revenue to provide a level of funding to sustain these efforts.

**Table 9: Key achievements in the compliance area during 2011-12**






- Delivery of a range of education strategies and consistent enforcement helped contribute to higher levels of compliance.
- 1,458 food inspections. In summary, 83% of food premises were rated satisfactory in terms of hygiene after initial inspection. Of the remaining food premises 82% were rated satisfactory after follow up inspections.
- 749 service requests about land, noise, air, water pollution, and unauthorised land uses were responded to.
- 780 food shops, 40 cooling towers, 21 public swimming pools, 80 skin penetration premises and 600 onsite wastewater systems were inspected for public health standards.
- 688 compliance investigations were conducted.
- 159 buildings were added to the Fire Safety Register.




*Source: Warringah Council Annual Report 2011-12*

## REGULATORY AND ENVIRONMENTAL MANAGEMENT ASSESSMENT

An assessment of the Council's performance in relation to the regulatory and environmental management areas covered in the self-assessment checklist completed by the Council is set out in Table 10 below:

**Table 10: Regulatory Functions Assessment**

Area of assessment	Assessment of the Council's performance
Graffiti	
Enforcement and compliance	
Environmental management	
Companion animals	
Water safety (Swimming pools)	

**Table key:**  *Better practice*  *Requires further development*  *Satisfactory*

*For a description of each of these rankings see ABOUT THE REVIEW in PART 1, BACKGROUND*

## SIGNIFICANT OBSERVATIONS

### *Summary analysis*

The Council demonstrates a proactive approach to its compliance services and environmental management. It has a number of innovative, award-winning environmental programs to increase energy efficiency, reduce water consumption, waste and noise, encourage safe handling of chemicals and contaminated land, improve air and water quality, and restore the environment to full health.

Regulatory and compliance services appear to be working well within Warringah Council, with an emphasis on staff training and building a good team culture within the Business Excellence Framework.

***Better practice****Enforcement and Compliance Services*

The Council has taken a proactive and innovative role in educating various service providers, leading to greater compliance. Examples include:

- *Sushi presentation and workshop* - This provided retail and food service businesses with information through an interpreter on the safe preparation and display of sushi in accordance with the Food Standard Code (FSC)
- *Food Handlers Courses* - Over 200 food handlers attended the Council's Food Handlers Course. It focused on assisting food handlers in preventing food poisoning and understanding the NSW food safety requirements
- *Dogs Big Day Out* - Over 4,000 people and their dogs participated in a fun, educational day. Experts were available to show owners how to train their dog, as well as providing tips on dog nutrition and how to enrich their pet's life with fun ways to exercise.

*Environmental Management*

## 1. Green Vision

Through its 'Green Vision', the Council aims to protect the Warringah natural environment for future generations. As an organisation, it has taken proactive steps to reduce its impact on the area, thereby being a role model for sustainability. For example, solar panels are installed on several council-owned buildings, 25% of its electricity is provided via green power, water consumption has been reduced, waste recycling rates increased, the number of six-cylinder fleet vehicles has been reduced, and alternative fuel sources have been introduced.

## 2. Waste and Recycling

The proportion of domestic waste diverted from landfill has increased for three years in a row, and in 2010/11 recycling contributed to over half of all collected waste.

The Council provides over 53 recycling stations at parks and reserves including an additional 12 that were installed in 2010-2011.



### 3. Kimbriki Resource Recovery Centre

As mentioned earlier, the Centre is managed by Kimbriki Environmental Enterprises Pty Ltd (KEE) which is a unique government/corporate partnership involving Warringah, Manly, Mosman and Pittwater Councils. As such, it is a successful example of a strategic, collaborative, regional alliance or partnership.

The review team visited the Kimbriki Resource Recovery Centre. The Centre is a regional waste management and resource recovery centre. In 2010/11, almost 82% of the 198,826 tonnes of waste received was diverted for recycling or reuse, including green waste, building/construction materials, metals, plastics, paper and second-hand goods. The processed materials are sold to domestic and commercial customers.

Kimbriki plays a major role in helping to maximise diversion of waste from landfill in line with State government waste targets.

An e-waste recycling system was developed at Kimbriki in 2010. Components of electronic waste such as televisions and computers are recycled and sold.



Kimbriki's Eco House and Garden has been set up to educate the community in sustainable living and gardening. The Eco House itself is made from 80% reused materials.<sup>3</sup>

### 4. Awards

The Council has received a number of accolades for its sustainability.

- ★ 2012 *Engineering Excellence Award* - NSW Division of the Institute of Public Works Engineering Australia - water-sensitive urban design of the Richmond Avenue car park, adjacent to the Dee Why Lagoon Wildlife Refuge

<sup>3</sup> Kimbriki Resource Recovery Centre website [www.kimbriki.com.au](http://www.kimbriki.com.au)

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- ★ 2010 Excellence in the Environment Waste Avoidance Award – highly commended – SHOROC e-waste ban and campaign
- ★ 2011 Sydney Greenspace Award – winner - Stage 1 Narrabeen Lagoon Multi-use Trail for environmental sensitivity, quality design and accessibility
- ★ 2011 Sustainable Procurement Award – winner - Soy diesel initiative for the Council's diesel fleet, reducing greenhouse gas emissions by 64 tonnes per year
- ★ 2011 Warringah Aquatic Centre is profiled as a high-achiever in water conservation in 'Best Practice Guidelines for Water Management in Aquatic Leisure Centres' prepared by Sydney Water. This recognises the practices that have helped to achieve water consumption that is 65% lower than seven years ago
- ★ 2012 Environmental Enhancement Initiative – Engineering Excellence Award – highly commended – Dee Why environmentally sensitive bioswale
- ★ 2012 Environmental Education Award – runner up – Keep Australia Beautiful Sustainable Cities Program – Love Food, Hate Waste program
- ★ 2012 NSW Local Government Excellence in the Environment Awards - Waste Avoidance Award - Winner - Division C - Waste Free Lunch Challenge for Schools
- ★ 2012 NSW Local Government Excellence in the Environment Awards - Waste Avoidance Award - Highly Commended - Division C - Love Food, Hate Waste in Warringah.

## 5. Regional State of the Environment Report



The 2009/10 Report has been prepared collaboratively for the SHOROC region covering the Manly, Mosman, Pittwater and Warringah Councils' local government areas. It will assist the councils to identify and monitor key environment issues, and aims to help the community to gain a better understanding of the state of the environment in a regional context.



***Requires further development***

No areas for further development were identified by the review team.

***The Council's response***

Council will continue to be innovative in Environmental and Regulatory Programs and continually improve practices within legislative frameworks to ensure Warringah maintains the highest standards.



## **PART V      RECOMMENDATIONS AND ACTIONS**

### **10    RISK RATINGS**

The recommendations made in this report are listed in the Action Plan in the following section. The Council is encouraged to use the matrix below to assess the risk associated with each recommendation and provide a risk ranking of High, Medium or Low in the Action Plan.

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

#### **Risk factors to be considered could include:**

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>• Risk to reputation</li> <li>• Compliance with statutory requirements</li> <li>• Fraud/corruption</li> </ul> | <ul style="list-style-type: none"> <li>• Financial risk</li> <li>• Legal liability</li> <li>• Workforce Health and Safety.</li> </ul> |
|--|---|

## 11 ACTION PLAN

The Action Plan is to be completed and adopted by the Council to guide the implementation and monitoring of the recommendations in this report. The Council is encouraged to include a risk rating in the priority column using the matrix on the previous page or its own risk management tools.

RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIMEFRAME	RESPONSIBILITY	PROGRESS REPORT
1. As planned, the Council should prepare a Fraud and Corruption Prevention Plan and undertake awareness training in relation to the Plan.	-	To be completed by the Council	-	-	-
2. As planned, the Council should update its Privacy Management Plan using the 'Model Privacy Management Plan for Local Government' prepared by the Division of Local Government.	-	To be completed by the Council	-	-	-
3. As part of implementing its Strategic Internal Audit Plan during the 2014/15 financial year, the Council should undertake a full review of its delegations.	-	To be completed by the Council	-	-	-

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RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIMEFRAME	RESPONSIBILITY	PROGRESS REPORT
4. The Council should consider making the improvements to its 'Payment and Reimbursement of Expenses Incurred by, and Provision of Facilities to, the Mayor, Deputy Mayor and Councillors' as outlined in the body of the Promoting Better Practice Review report.	Medium	We will incorporate the suggested improvements to the Policy when undertaking an annual review of this Policy (as per S252 of the Local Government Act) with a view for adoption by Council by November 30 2013.	Q2 FY13/14	Melissa Lee, Governance Manager	
5. The Council continue to progress its Asset Management Strategy development and implementation in line with community discussions around levels of service.	Medium	Complete all actions contained within the Warringah Asset Management Strategy 2013-2023 (Appendices C -Asset Management Improvement Plan).	2013-2023	Phil Jemison, Asset Strategy Manager	



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RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIMEFRAME	RESPONSIBILITY	PROGRESS REPORT
<p>The Council is encouraged to further refine and streamline its suite of Integrated Planning and Reporting documents to achieve improved compliance and readability.</p> <p align="center">6.</p>		<p>It is noted that the comments are largely based on the current Strategic Community Plan 2012 which will lapse at 30 June 2013. At the time of the review Council was in the process of finalising a new suite of IP&amp;R documents - Community Strategic Plan, Delivery Program and Operational Plan etc. In planning the framework some of the issues raised were addressed.</p> <p>The operational plan remains integrated within the delivery program as we believe it is better practice to review both documents annually. This ensures our community is aware of what we will do over the next 12 months but also our priorities over the next 48 months based on our long term financial plan. In aligning the Delivery Program and Operational Plan we have made it explicit that that the operational plan is the first year of the delivery program.</p> <p>Delivering the framework online provides flexibility to tailor the Plan yearly yet also maintaining it as a single source of reference for the community.</p> <p>Key actions from the Resourcing Strategy have been incorporated into the Operational Plan. For example the asset management strategy is a detailed document that contains numerous tasks to be implemented. These individual tasks are not reflected in the operational plan but are captured at a higher level as "undertake a major review of asset management plans".</p> <p>The Corporate Plan is focused on business improvement – actions that improve the way we do business. The focuses generally is on internal processes with the audience being staff and as such has limited relevance to the community. The Corporate Plan does not contain additional information to that contained in the resourcing strategy.</p> <p>Enhancements have also been made in the new framework to better reflect within the operational plan all of the Council activities that contribute to the</p>			
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RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIMEFRAME	RESPONSIBILITY	PROGRESS REPORT
7. The Council is encouraged to refine and streamline its reporting, clearly articulating how it is progressing with the implementation of the Delivery Program.	Medium	This will be considered in developing the reporting framework for the new suite of IPR documents which will be adopted by Council on 25 June 2013.	Q1 2013-2014		

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RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIMEFRAME	RESPONSIBILITY	PROGRESS REPORT
8. The Council should implement specific strategies to address succession planning	LOW	<ul style="list-style-type: none"> <li>Warringah Council offers positions to people on the basis of merit. Selecting the best person for the position is part of our policy of equal employment opportunity</li> <li>Because of this, Council has decided to work on a 'Career Planning' approach, rather than calling it 'Succession Planning', since this might imply individuals being prepared for a particular role, which can't be guaranteed. Our Career Planning approach runs across all roles and across all areas of our business, not just clerical or predominately female areas. Part of this approach is that Council provides all staff with continuous learning and development opportunities. We promote participation in our 'My Development and Achievements' process, which involves a structured approach to individual development and training plans. If roles become vacant, trained, skilled staff will be available in the interim and can apply for any role that becomes available</li> <li>The next steps in our Career Planning approach, which will be rolled out in FY 15/16, are:               <ol style="list-style-type: none"> <li>1. Identify the critical skills and knowledge within each department, division and/ or section, at all levels within our organisation</li> <li>2. Identify which roles will be vulnerable for (mass) retirement</li> <li>3. Undertake analysis on areas of concern and address issues, i.e. retirement or in case of retirement planning</li> <li>4. Determine what needs doing to ensure retention and transfer of these skills and knowledge as well as coverage of these skills and knowledge during absence</li> </ol> </li> </ul>	Q2 FY15/16	<ul style="list-style-type: none"> <li>Group Manager Human Resources</li> <li>Talent Management Specialist</li> </ul>	

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RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIMEFRAME	RESPONSIBILITY	PROGRESS REPORT
<p>9. <i>The Council should identify specific strategies to improve the representation of women in management positions.</i></p>		<ul style="list-style-type: none"> <li>Currently, 52% of staff in a supervisory position are female.</li> <li>Council is committed to merit based appointments, so we will not be introducing specific targets for representation</li> <li>We advertise all vacant positions internally, to increase the pool of talented people (including women) who can apply</li> <li>We are continuing to roll out our 'High Performance Leadership Coach' program, which has developed leadership skills for both females and males</li> <li>We are commencing a female mentoring program, as part of our career planning approach</li> <li>Employees are increasingly seeking greater flexibility in their working arrangements, due to changes in caring responsibilities of the current workforce and to shifting ideas about work/life balance. They will increasingly focus on the total package. In addition, factors that influence women's participation in the labour force such as the availability of part-time work and family-friendly policies are expected to become increasingly more important as the percentage of females in the workforce increases. In FY15/16 we will conduct a specific survey to ask staff for their views of the benefits we make available to them (across all areas of our business and all employees).</li> <li>Based on the outcomes of the survey, we will focus our attention and research on specific retention mechanisms and benefits such as flexible working arrangements and family friendly policies to cater for those that are caring for family members, study or are transitioning to retirement.</li> </ul>	Q2 FY15/16	<ul style="list-style-type: none"> <li>Group Manager Human Resources</li> <li>Talent Management Specialist</li> </ul>	

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RECOMMENDATION	PRIORITY	ACTION PROPOSED	TIMEFRAME	RESPONSIBILITY	PROGRESS REPORT
10. <i>The Council should continue to closely monitor its progress in both planning for, and managing community expectation in regards to, passive and active recreation needs and protecting the natural environment.</i>	Medium	To achieve the key performance indicators in the Community Strategic Plan for the lifestyle and recreation community objectives, we will need to continue to monitor the Councils performance in this area. This will be done through annual reporting on our KPIs	Annually via the annual report	Group Manager Parks Reserves and Foreshores	

## **SHOROC INCORPORATED**

### **BOARD MEETING MINUTES**

Wednesday, 7 August 2013, 3-5pm  
SHOROC Board Room



#### **Board Members Present**

Cr Jean Hay AM	Mayor of Manly
Cr Roy Bendall	Deputy Mayor of Mosman
Cr Bob Grace	Deputy Mayor of Pittwater
Rik Hart	General Manager Warringah Council, SHOROC Treasurer
Mark Ferguson	General Manager Pittwater Council
Viv May	General Manager Mosman Council
Henry Wong	General Manager Manly Council

#### **In attendance**

Ben Taylor	Executive Director SHOROC
Jacqui Fishpool	Communications and Office Manager SHOROC
Gary Bigg	Business Manager SHOROC

#### **Item 1 Welcome and apologies**

Cr Jean Hay, Mayor of Manly chaired the meeting and welcomed all those attending. Apologies were received from Cr Michael Regan Mayor of Warringah and SHOROC President; Cr Peter Abelson Mayor of Mosman and SHOROC Vice President; and Cr Jacqueline Townsend Mayor of Pittwater.

#### **Item 2 Adoption of 26 June 2013 Board minutes and matters arising**

All resolutions of the Board have been actioned. There are no outstanding matters arising that are not dealt with in these business papers.

##### **Item 2 Adoption of 26 June 2013 Board minutes and matters arising**

##### **The Board resolved:**

- To adopt the minutes of the 26 June 2013 SHOROC Board meeting.

*Moved Viv May/seconded Rik Hart*

*Carried unanimously*



### **Item 3 Stronger region - advocacy and collaborative projects**

<b>SHOROC Corporate Plan objective:</b>	<i>Make our region stronger by securing funding for construction of public transport, roads and hospitals, and delivering projects to improve business, communities and the environment.</i>
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#### **3.1 Review of ROCs and opportunities for collaboration**

<b>SHOROC Corporate Plan project:</b>	<b>2.1. Review and adapt SHOROC governance, membership and size in response to the NSW Planning Reform, Local Government Review, Metropolitan Strategy, or as requested by members, with a view to providing greater value and results for councils.</b>
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Discussions are occurring between SHOROC and NSROC councils regarding opportunities for collaboration and potentially a merger of the two organisations or establishing a new regional entity comprising SHOROC and NSROC councils.

The SHOROC Board resolved at its 26 June 2013 meeting:

- That SHOROC actively seek to explore opportunities with NSROC councils to establish a new regional entity comprising SHOROC and NSROC councils.
- That the SHOROC President and Executive Director initiate formal discussions between SHOROC and NSROC Mayors and General Managers to discuss the proposals and, if positive, seek to agree a staged project plan for progress further.

The SHOROC President has commenced discussions with some individual NSROC councils and GMAC subsequently endorsed the next steps at its 10 July meeting:

- SHOROC writing to all NSROC and SHOROC councils and to NSROC to propose a workshop of Mayors and General Managers to discuss better collaboration between the councils of the SHOROC and NSROC regions, and to seek their interest in jointly funding an issues paper to discuss options for better collaboration.
- The Executive Director contacting and/or meeting each council General Manager and Mayor individually to identify issues that need to be considered, for inclusion in an issues paper for the workshop.
- Holding a workshop of Mayors and GMs in August, facilitated by an independent such as Alex Gooding or Melissa Gibbs, to discuss options for greater collaboration between SHOROC and NSROC councils.

The five lower North Shore councils have resolved to support in principle the merger of NSROC and SHOROC. The NSROC Board has also been in discussions and is understood to be considering the issue at its upcoming Annual Conference on 1 August. Feedback will be sought on the NSROC Conference for verbal advice at the Board meeting.

In addition, SHOROC has already started collaborating more closely with NSROC councils: meeting to discuss transport proposals; the Metropolitan Strategy; and planning to manage joint procurement activities for NSROC councils.

#### **Benefits and issues to be discussed**

There are clear potential benefits from greater collaboration, a merger of the two organisations or establishing a new regional entity comprising SHOROC and NSROC councils. The primary drivers for a potential merger or stronger collaboration are to enhance the strategic capacity of the councils and regional organisation to provide:

- a stronger voice for regional advocacy with greater strength in numbers
- greater capacity for coordinated subregional infrastructure and land-use planning by aligning with the proposed North and Inner-north subregions and boards

- greater capacity for closer partnerships with state and federal governments on infrastructure and service delivery planning by aligning with state government regional boundaries including for the State Plan, planning, health, community services and education
- greater scope, economies of scale and flexibility for resource sharing, joint services, purchasing and projects

There are however issues that would need to be discussed and agreed before proceeding further, including for example representation on the Board and Executive, voting and decision-making arrangements, and ensuring an ongoing voice for each sub-region.

On balance it is considered there is value for the councils in potentially merging SHOROC and NSROC or establishing another alternative grouping of northern Sydney councils as these and other governance issues can be addressed under appropriate structures.

**Current situation and next steps**

SHOROC has written to all SHOROC and NSROC councils proposing the workshop of Mayor and General Managers. A copy of the letter is available on request. To date Hornsby, Kuring-gai, Willoughby and Mosman have formally responded confirming participation in the workshop and in meeting beforehand to provide input into the discussion paper.

A date will be shortly sought for the workshop in late August or early September.

Mr Alex Gooding has agreed to facilitate the workshop and assist in preparation of the issues paper. It is considered an independent facilitator would be valuable in order to objectively guide discussion and to bring additional experience in alternative collaboration models to the discussions.

The purpose of the workshop is to discuss options for greater collaboration between SHOROC and NSROC councils. A potential option that has been discussed is merging or forming a new organisation. If this is identified as worth exploring it is considered that that this would be most effectively achieved through three-stages:

1. Form a preliminary entity using a simple constitution based primarily on current arrangements, with amendments as deemed appropriate based on discussions at the workshop.
2. Develop a new Business Plan and governance structure for endorsement by member councils
3. Commission new governance structures and business model/s.

**Item 3.1 Review of ROCs and opportunities for collaboration****The Board resolved to:**

- Note the update on the review of ROCs and opportunities for greater collaboration between the councils of the SHOROC and NSROC regions.
- Note the SHOROC President has commenced discussions with some individual NSROC councils regarding opportunities to establish a new regional entity comprising SHOROC and NSROC councils.
- Endorse the next steps including the workshop of Mayors and General Managers to discuss better collaboration between the councils of the SHOROC and NSROC regions, the preparation of an issues paper for the workshop, and engagement of Alex Gooding as the independent facilitator.

*Moved Viv May/seconded Mark Ferguson**Carried unanimously*



### 3.2 NSW & Commonwealth MP meetings

<i>SHOROC Corporate Plan project:</i>	<i>3. Government Liaison: Hold meetings between the Board and local NSW MPs on a six-monthly basis and local Commonwealth MPs on an annual basis to discuss key infrastructure funding and other regional issues</i>
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As per SHOROC's Corporate Plan, as part of SHOROC's intergovernmental relations role SHOROC arranges six-monthly meetings between the Board and local NSW MPs and annual meetings between the Board and local Commonwealth MPs to discuss key infrastructure funding and other regional issues.

#### **NSW MPs**

The Board most recently met with local NSW MPs on 3 June 2013.

While effective to date and a good forum for confidential discussions on major regional issues between NSW MPs, Mayors and General Managers, it is considered these meetings could be strengthened significantly and be more strategic in nature if a more formalised approach was taken.

It is proposed that the next meeting scheduled for November is held as a SHOROC 'Council of MPs and Mayors' or 'Members & Mayors Forum', whereby:

- The meeting acts more as a collegiate group seeking to resolve major regional issues and agree plans of action
- Members include NSW MPs for North Shore, Manly, Wakehurst, Davidson and Pittwater and the Mayors of Manly, Mosman, Pittwater and Warringah
- Presentations be invited from key NSW Government Ministers, departments and councils on major issues such as transport, health, subregional planning and the NSW2021 Northern Beaches Regional Action Plan.

GMAC has endorsed this proposal.

#### **Commonwealth MPs**

The Board met with The Hon Tony Abbott MHR and The Hon Bronwyn Bishop MP in Canberra on 18 June 2013.

Key issues discussed included: transport including Bus Rapid Transit (BRT) and road upgrades; health including planning for the Northern Beaches Hospital's Frenchs Forest and Mona Vale campuses, and other regional health planning issues; Independent Local Government Review; Brookvale Oval; and constitutional recognition of local government.

This item is listed for discussion of any actions arising from this meeting.

#### **Item 3.2 NSW & Commonwealth MP meetings**

##### **The Board resolved:**

- That the next meeting with NSW MPs scheduled for November is based on the current format with further discussions to be had at that meeting about what attendees see as most effective forums for this group including a potential 'Council of MPs and Mayors' or 'Members & Mayors Forum'.
- To request all major political parties contesting the 2013 Federal election to outline their positions regarding SHOROC's transport priorities, funding for infrastructure for the Northern Beaches and maintenance of the Roads to Recovery funding.

*Moved Henry Wong/seconded Mark Ferguson*

*Carried unanimously*

### 3.3 3.30pm Briefing Public transport & road infrastructure & planning

<b>SHOROC Corporate Plan project:</b>	<b>2. Transport: Continue coordination of Mayor-led lobbying of state and federal government to commit to construct Bus Rapid Transit and identified road upgrades. Work with state and federal government agencies including Transport for NSW to conduct detailed transport planning and improve regional transport.</b>
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The SHOROC advocacy campaign for transport infrastructure continues to progress well, however there is significant work to be completed before the end of the year if the NSW Government is to deliver on its commitment to finalising a comprehensive plan for the immediate, short-term and longer-term transport improvements for the region.

Senior executives from Transport for NSW and/or the RMS have been invited to attend the Board meeting to brief the Board on the road upgrade planning underway. Attendance is not confirmed as Ministerial approval is required. If NSW Government staff are unable to attend a briefing can be provided by SHOROC's Executive Director.

#### **Current issues and work underway**

##### Road upgrades

- *Warringah Road and Wakehurst Parkway*

Progress is being made as a result of ongoing advocacy by SHOROC and councils, with the 2013-14 NSW Budget including \$6.5 million for planning for road upgrades and the Treasurer stating further funding would be allocated in the next budget for construction.

These much-needed road upgrades are discussed at the Inter-departmental Committee for the Northern Beaches Hospital attended by SHOROC's Executive Director. It is understood the RMS has or will very shortly recommend options for consideration to the Minister, including intersection upgrades and grade separation for Warringah Road, and works to address flooding issues for the Wakehurst Parkway.

A meeting is being sought with the Minister for Roads for the SHOROC President and Executive Director to discuss and advocate for these projects.

- *Northern Beaches Link/tunnel*

It is understood Infrastructure NSW is engaging with the private sector to identify if this project can be brought forward.

A meeting is currently being sought for the Mayors with the Treasurer and new Chairman of Infrastructure NSW to discuss and advocate for the Northern Beaches Link. The Treasurer's Office has advised it is seeking a suitable date and will confirm shortly.

- *Mona Vale Road*

The 2013-14 NSW Budget includes an additional \$1 million to continue planning for the widening of Mona Vale Road between Ingleside and Terrey Hills, and to commence planning for the proposed upgrade of Mona Vale Road between Mona Vale and Ingleside.

##### Bus Rapid Transit and regional public transport improvements

Consultation on the Bus Rapid Transit Pre-feasibility study concluded on 30 June 2013.

There is significant work to be undertaken by the NSW Government to determine the best option for further planning if it is to deliver on its commitment to finalising a *comprehensive plan for the immediate, short-term and longer-term transport improvements for the region* by the end of the year.

SHOROC's Executive Director continues to engage with the NSW MP's, Ministerial staff and Transport for NSW Executives to advocate for SHOROC's policy in the interests of the councils.

It is understood that further analysis is currently being conducted currently by Transport for NSW including economic analysis and reviews of the submissions, with a report to be provided to Minister Berejiklian in the coming weeks. Transport for NSW has agreed to work closely with SHOROC to develop the draft plan for the region over the coming months.

**Item 3.3 Public transport & road infrastructure & planning****The Board resolved to:**

- Note the update on the advocacy for public transport and road upgrades, including Bus Rapid Transit and regional public transport improvements, and road upgrades for Warringah Road, Wakehurst Parkway, the Northern Beaches Link and Mona Vale Road.
- Thank Mr Rolf Lunsman from Transport for NSW for attending the Board meeting and providing a briefing on public transport and road infrastructure planning for the Frenchs Forest precinct and the Northern Beaches Hospital.

*Moved Cr Bob Grace/seconded Cr Roy Bendall*

*Carried unanimously*



### 3.4 Northern Beaches health planning

<b>SHOROC Corporate Plan project:</b>	<b>1. Health: Continue coordination of Mayor-led lobbying of state and federal government to construct the Northern Beaches Hospital and retain Mona Vale Hospital in a complementary role. Work with state &amp; federal government agencies including NSLHD &amp; HI to support planning &amp; improve health services. Member of Northern Beaches Inter-Agency Working Group.</b>
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The construction of the Northern Beaches Hospital and upgrades to Mona Vale Hospital for a long term complementary role remain major issues for this region.

On 2 May 2013 the NSW Government announced expressions of interest (EOI) will be invited from the private sector to design, construct, operate and maintain the Northern Beaches Hospital at Frenchs Forest. Ms Vicki Taylor, Chief Executive of the Northern Sydney Health Network (NSLHD) and Mr Anthony Manning, Director of Planning and Technical at Health Infrastructure (HI) briefed the Board on this announcement.

Volume 1 of the EOI is available on request. Volume 2 is confidential however 'read-throughs' are available if requested. SHOROC's Executive Director has read through the volume and is seeking an excerpt for councils which provides some good, albeit high-level, information that clarifies the government's plans in relation to the hospital site and surrounding land.

The indicative project timetable is as follows:

EVENT	TARGET DATE
<b>EOI PHASE</b>	
Release of Invitation	9 May 2013
Closing date for Application for release of Volume 2 of EOI and Individual Information Session	24 May 2013
Individual Information Session for prospective approved Respondents	12 June 2013
Last date for lodgement of clarification questions in respect of Invitation	28 June 2013
Closing Date for lodging EOIs	11 July 2013
EOI presentations	Week commencing 15 July 2013
EOI evaluation and announcement of Short-listed Respondents	August / September 2013
<b>RFP PHASE</b>	
Release of RFP	September / October 2013
Closing date for submitting Proposals	Q1 / Q2 - 2014
Selection of Preferred Respondent(s)	Q3 - 2014
<b>NEGOTIATION AND COMPLETION PHASE</b>	
Contract Close and Financial Close	Q4 - 2014
<b>PROJECT PHASE</b>	
Project commencement	Q1 - 2015
D&C Phase completion	Q1 - 2018
Operating Term commencement	Q3 / Q4 2018

NSW Health and HI will be invited to next Board meeting to provide a progress update.

#### **Inter-departmental Committee for the Northern Beaches Hospital project**

As previously noted by the Board, the Minister for Health has appointed SHOROC's Executive Director to the Inter-departmental Committee for the Northern Beaches Hospital project. The Committee is chaired by Dr Rohan Hammett NSW Health DDG, includes executive-level representatives from Health, Premier and Cabinet, Planning, Transport, Treasury, and Infrastructure NSW and covers all aspects of the Hospital development project including transport and planning for the surrounding area.

Two meetings have been held to date with the most recent one on 4 June 2013. A verbal update on the Committee's most recent meeting can be provided.

**Item 3.4 Northern Beaches health planning**

The SHOROC Board resolved to:

- Note the update on the campaign for investment in health infrastructure.

*Moved Viv May/seconded Mark Ferguson*

*Carried unanimously*

### 3.5 NSW 2021 Northern Beaches Regional Action Plan & implementation

<i>SHOROC Corporate Plan project:</i>	<i>5. NSW2021: Advocate jointly for priorities and coordinate council involvement in implementation of the actions under the Northern Beaches Regional Action Plan. Member of Regional Leadership Network</i>
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#### **Background**

The Northern Beaches Regional Action Plan (NBRAP) is now in implementation phase. A subset of the NSW State Plan "NSW 2021", the NBRAP identifies the immediate actions the NSW Government will prioritise over the next two years for the SHOROC region, including the Mosman LGA.

The NBRAP has a clear focus on the transport and health priorities but also projects to improve services for young people and the ageing, to boost the local economy and to protect the natural environment, with many of the projects to be delivered in partnership with SHOROC and councils.

The NBRAP strongly reflects the priorities advocated for by SHOROC in its submission in early 2012 and as such the resulting plan highlights the value for the region and the partner councils of a united voice on issues like these.

#### **Current situation**

Updates on new projects, in addition to those for transport and health detailed in items 3.3 and 3.4 above, that have commenced under the Action Plan are provided below.

#### Northern Beaches Regional Youth Strategy

The Department of Education and Communities is leading development of the Northern Beaches Regional Youth Strategy by June 2014. A Task Group has been established with two council staff representing SHOROC. This Group aims to have draft Regional Youth Strategies for the Northern Beaches, Northern Sydney and Southern Sydney developed by Feb 2014.

#### Northern Beaches Regional Ageing Strategy

The Department of Family and Community Services is leading development of the Regional Ageing Strategy for Northern Sydney by September 2013. A Task Group has been established with two council staff representing SHOROC. This Group aims to develop Regional Ageing Strategies for Northern Sydney and Southern Sydney by September 2013. SHOROC is advocating for a separate Ageing Strategy for the Northern Beaches (as stated in the NBRAP) and an extension of the timeframe to enable more time for preparation.

#### Northern Regional Waste Avoidance and Resource Recovery Strategy

The Environmental Protection Authority is funding ROCs to coordinate development of regional waste avoidance and resource recovery strategies by mid-2014. See Item 4.1 for more.

#### Build awareness of the Northern Beaches as a tourist and event destination

SHOROC has established a working party of council officers, as agreed under the Corporate Plan, and recently met with Destination NSW to identify opportunities for support for this project.

#### **Item 3.5 NSW 2021 Regional Action Plans**

##### **The Board resolved to:**

- Note the update on the Northern Beaches Regional Action Plan including the projects to develop a regional youth strategy, a regional ageing strategy, a regional waste avoidance and resource recovery strategies and to build awareness of the Northern Beaches as a tourist and event destination.



<p><i>Moved Cr Roy Bendall/seconded by Cr Bob Grace</i> <i>Carried unanimously</i></p>
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### 3.6 4.30pm Briefing: National Broadband Network

<i>SHOROC Corporate Plan project:</i>	<i>6. Identify and coordinate delivery of collaborative projects to grow the local economy, supporting small business and collaborating on regional visitor and tourism strategies.</i>
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The SHOROC Board resolved at its 20 February 2013 meeting:

- To agree that SHOROC agree to work with Pittwater Council to lobby on behalf of the region to ensure the earliest possible roll-out of the NBN for residents, businesses and health services.
- To invite the Head of Government Relations for the NBN to the next Board meeting to discuss the NBN and plans for the SHOROC region.

NBN Co. was approached and Mr Ian Scott, NBN Co. Community Account Manager will attend the Board meeting to discuss the NBN and plans for the SHOROC region.

For information, the publicised plans of NBN Co. for rollout of the NBN for the SHOROC region (NBN Co Rollout extension announcement 5 May 2013) are as follows:

- 2013-14 commencement:
  - Mosman (Fibre). Construction to commence from July 2013 in phases with last construction scheduled to commence in June 2014.
- 2015-16 commencement:
  - Warringah (Fibre) to Allambie Heights, Beacon Hill, Belrose, Davidson, Duffys Forest, Forestville, Frenchs Forest, Killarney Heights, Ku-ring-gai Chase, Oxford Falls, Terrey Hills. Construction to from September 2015 in phases with last construction scheduled to commence in September 2016.
  - Pittwater (Fibre) to Bayview, Church Point, Elanora Heights, Ingleside, Mona Vale, Narrabeen, Newport, North Narrabeen, Scotland Island, Warriewood. Construction to commence from March 2015 in phases with last construction scheduled to commence in September 2016.

Further information is available at [www.nbnco.com.au/when-do-i-get-it/rollout-map.html](http://www.nbnco.com.au/when-do-i-get-it/rollout-map.html)

#### **Item 3.6 Briefing: National Broadband Network**

The SHOROC Board resolved to:

- Thank Mr Ian Scott, NBN Co Community Relations Advisor, Ms Cheryl Tachril, NBN Co Planner Utility and Carrier Interface and Ms Jess McLeod, NBN Co Construction Stakeholder Officer NSW/ACT for attending the Board meeting to discuss the NBN and plans for the SHOROC region.

*Moved Viv May/seconded Rik Hart*  
*Carried unanimously*

## **Item 4 Stronger Councils**

<b>SHOROC Corporate Plan objective:</b>	<i>Make our councils stronger by helping improve their financial sustainability and services for the community, through regional purchasing, projects and by exploring and delivering shared services on a regional scale.</i>
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### **4.1 Regional Waste Coordination**

<b>SHOROC Corporate Plan project:</b>	<b>13. Regional Waste Coordination</b> <i>(a) Conduct community education and engagement to support implementation of a common waste collection system, promote the councils &amp; KEE's AWT project</i> <i>(b) Manage the regional collection contract tender project</i> <i>(c) Review &amp; implement alternative regional waste management business models</i> <i>(d) Secure grant funding from the NSW EPA under the Waste Less Recycle More program initiative to resource regional waste projects</i>
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#### **1. Common Waste Collection System**

SHOROC is coordinating the introduction of a common waste collection system across the region in the coming years.

Following council waste audits and investigations into end-to-end waste management options, a future common waste collection system was adopted by all four councils in 2011 to maximise resource recovery, minimise costs to ratepayers and align with the future Alternative Waste Treatment (AWT) facilities planned at Kimbriki.

The timing of introduction of the new system is planned to align with the commencement of the AWT at Kimbriki (2015-16), however other options are currently being considered.

Mosman, Pittwater and Warringah councils have also resolved:

- that tender specifications are developed and council enter into a combined Regional Waste Collection Services Contract with a term of seven years, and
- to investigate the value of appropriate business models that could be established for the efficient and cost effective delivery of quality waste services, including a centralised waste management unit.

#### **2. Regional Waste Collection Services Contract**

Work will shortly commence on the development of the tender contract specifications. These specifications will outline the services required of the collection contractor under the new collection system and form the basis of the new collection contract.

This work was originally planned to start in December 2012 after quotes were sought by SHOROC in consultation with the Waste Working Group in September 2012 for a consultancy to assist with the development of the tender. This engagement was postponed by GMAC as further assessment of future business models was requested.

GMAC has now approved that SHOROC engage a suitable firm to assist in the development of contract specifications only. Decisions regarding the tendering timeline and tendering process are pending as the reviews of business models and risks continue.

#### **3. Regional Waste Management Services Business Model Review**

In October 2012, SHOROC engaged Pricewaterhouse Coopers (PwC) to assist with the investigation into efficient and effective waste services business models which could leverage potential synergies enabled by the Regional Waste Collection Services Contract. PwC presented its draft findings to GMAC on 18 December 2012.



Since December 2012, GMAC has requested SHOROC further review business model options with KEE and has now requested SHOROC to engage PwC to conduct further detailed analysis on short-listed models.

#### 4. Regional Waste Communications

As the Regional Waste Coordinator, SHOROC has worked with waste managers, waste educators and communications staff from the councils to coordinate the development of a communications plan for a regional approach to communicating the Common Waste Collection System. This plan has three phases:

- Phase 1: system development and adoption by councils (now complete)
- Phase 2: pre-implementation of the new system.
- Phase 3: implementation of the new system.

The timing of phase 2 and 3 will depend on the timing of introduction of the new system, however it is envisaged phase 2 will commence at least 12 months prior to system introduction.

In addition, the Kimbriki Sub-Committee of the SHOROC Board (see Item 5.2) has agreed to request the Boards of SHOROC and KEE consider a three-year media/ PR campaign to promote Kimbriki and recycling more generally.

SHOROC's Communications & Office Manager has significant marketing and communications experience and will develop and coordinate the regional waste education projects with the councils and KEE as per the SHOROC Corporate Plan.

#### 5. Regional Waste Strategy

SHOROC is coordinating the development and formalisation of a Regional Waste Strategy with council staff in accordance with the NSW 2021 *Northern Beaches Regional Action Plan*.

The EPA is providing funding for ROCs including SHOROC to recruit Regional Coordinators as part of the *Regional Coordination Support* package. This package provides funding for the period September 2013 to June 2017. Funding this position is intended to:

- a. assist the development and formalisation of a Regional Waste Strategy which integrates all waste-related issues, and
- b. assist the councils obtain further contestable grant funding for regional waste projects that align with the EPA's *Waste Less Recycle More* grant funding initiative.

SHOROC met with council waste managers and educators on 24 July 2013 to discuss the *Regional Coordination Support* package and identify common council issues for inclusion in the regional strategy that align with waste avoidance, tackling littering and anti-dumping priorities.

##### Item 4.1 Regional Waste Coordination

###### The Board resolved to:

- Receive and note the update on Regional Waste Coordination, including the Common Collection System, Regional Waste Collection Services Contract, Regional Waste Management Services Business Model Review, Regional Waste Communications program and Regional Waste Strategy development.

*Moved Viv May/seconded Henry Wong*

*Carried unanimously*



#### 4.2 SHOROC Kimbriki Sub-Committee Meeting

<i>SHOROC Corporate Plan project:</i>	<i>14. Coordinate and provide secretariat for Kimbriki Sub-Committee</i>
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The Kimbriki Sub-Committee met on 12 June 2013 at the Kimbriki Resource Recovery Centre. The draft minutes are available on request.

At this meeting, the Kimbriki Sub-Committee resolved to:

- Agree that the Kimbriki Sub-Committee was not the appropriate forum for the Terrey Hills Progress Association to present their concerns and that Cr Daley will contact the Association outside of the Sub-Committee as a Warringah Councillor.
- Agree to discuss the issue of bin sizes under the Common Waste Collection System at the next meeting and for Cr Aird to work with SHOROC to develop discussion points.
- Agree that the Sub-Committee will request the Boards of SHOROC and KEE to consider:
  - SHOROC and KEE collectively investing \$100,000 on a three-year media/ PR campaign to promote Kimbriki and recycling. Money will be spent primarily on engaging a media consultant. The campaign will consolidate various activities and roles already in place at Kimbriki, SHOROC and member Councils
  - Funding for this campaign would be jointly provided by KEE and by SHOROC Councils on a 60:40 basis. This would equate to about \$10,000 from each council. There is also opportunity to obtain grant funding from the NSW State Government as part of the Waste Less, Recycle More program
  - The campaign would be directed by KEE, with SHOROC providing support and coordinating liaison with SHOROC Councils
  - Campaign objectives would be two-fold: firstly to increase residents' awareness of recycling, and secondly to gain political support for Kimbriki at local, state and federal levels
  - The campaign launch would take advantage of 'Recycling Week' which is from Monday 11th through Sunday 17th November 2013.
- Agree that future Kimbriki Sub-Committee meetings will be held at the Kimbriki Resource Recovery Centre between 6-8pm with refreshments served prior to the meeting.

On 10 July 2013, GMAC resolved to:

- Agreed to recommend to the SHOROC Board that it:
  - note the draft minutes of the 12 June 2013 Kimbriki Sub-Committee meeting, and
  - encourage the KEE Board to continue and improve Kimbriki's public relations program, but that the councils not contribute additional funding to the proposed campaign.



**Item 4.2 SHOROC Kimbriki Sub-Committee Meeting****The Board resolved to:**

- Note the update of the SHOROC Kimbriki Sub-Committee meeting and that future meetings will be held at the Kimbriki Resource Recovery Centre between 6pm-8pm.
- Note the GMAC recommendation on the Kimbriki Sub-Committee resolution.
- Note the advice of the General Managers that the KEE Board is planning an education campaign to coincide with recycling week but not planning to allocate the requested additional funding at this stage.
- Agree that SHOROC write to the KEE Board to encourage KEE to continue and improve Kimbriki's public relations program.
- Agree that councils not contribute additional funding to the proposed campaign.

*Moved Cr Roy Bendall /seconded Rik Hart*

*Carried unanimously*

### 4.3 Business Reform, Joint Projects & Procurement

<b>SHOROC Corporate Plan projects:</b>	<p>15. <i>Enhanced regional procurement.</i></p> <p>(a) <i>Contract Manage agreed regional contracts.</i></p> <p>(b) <i>Seek to increase joint buying on a greater geographic scale.</i></p> <p>(c) <i>Review council spends and identify high value procurement initiatives.</i></p> <p>(d) <i>Establish a resourcing mechanism to enable the procurement function to be expanded (shared service).</i></p> <p>16. <i>Business reform. Review opportunities for more efficient and effective council business operations through shared services or other models on a greater geographic scale including Development Application assessment, Coastal zone/catchment management, Compliance &amp; Building Certification services.</i></p> <p>17. <i>Continue to review council operations &amp; potential market opportunities &amp; present high level scoping overviews to GMAC for consideration as they arise..</i></p>
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#### Enhanced regional procurement

The first business reform project implemented is the establishment of a centralised procurement and contract management service. The purpose as per the SHOROC 2013-14 Operational Plan is to:

- (a) Contract manage agreed regional contracts
- (b) Seek to increase joint buying on a greater geographic scale
- (c) Review council spends and identify high value procurement initiatives
- (d) Establish a resourcing mechanism to enable the procurement function to be expanded (shared service)

In April GMAC approved the first stage whereby SHOROC began conducting tender renewals and contract management in-house. This began a process of transitioning away from the current reliance on outsourced service providers (typically other ROCs).

It will improve joint procurement services through developing internal capabilities focussed on our needs and increasingly focus on *contracting strategy* and *internal business improvement* rather than on administrative procurement processes.

SHOROC has progressed this initiative through:

- Development and legal review of a new deed for joint contracts that enables simplified contract management
- Engaging with NSROC councils to increase joint buying on a greater geographic scale, with some councils to proceed on specific joint tenders
- Managing new joint procurement activities (see below) to generate efficiencies, other productivity gains and improve knowledge-sharing

An issue remains the optimal resourcing mechanism to enable the procurement function to be expanded and create a pathway to promote and deliver internal business reforms that could realise even greater economic benefits to councils without impacting service delivery to the community. SHOROC has developed a proposal to establish a centralised Procurement Team to build upon existing joint procurement arrangements and will be seeking the participation of neighbouring councils in the establishment.

#### Joint procurement

Joint procurement arrangements generate savings for all participating councils by:

- Increasing the economies-of-scale for our suppliers and service providers through the combined 'bulk' volume leading to more competitive prices

- Increasing the buyer power of our councils through offering more attractive contracts to the market
- Knowledge sharing between council specialist staff
- Reducing duplication of effort and improving standardisation

The following joint procurement activities have been progressed during this quarter:

- Regional Deed. Development and legal review of a new deed for jointly procured contract services that enables simplified contract management
- Roads Construction Services Contract Management. SHOROC conducts centralised contract management on behalf of all councils, such as quarterly price adjustments and contractor dispute resolution
- Rates Notice and Parking Permit Printing and Distribution tender. Completed
- Plant and Equipment Hire tender. Completed
- External Audit Services tender (includes NSROC councils).
- Supply and Application of Line marking & Signposting Services tender
- Environmental Sustainability Data Management Services
- Legal Services tender (includes NSROC councils)

#### **Business reform projects**

The financial sustainability of councils across NSW is a major focus of the NSW Government and its program of review and reform of local government. This is an area many other ROCs are investigating, including full reviews of council services to investigate potential opportunities for establishing shared service centres or joint administrations to address the financial challenges facing councils, whilst maintaining council independence.

As agreed by the Board, SHOROC is managing a business reform program to review opportunities for more efficient and effective council business operations through shared services or other models on a greater geographic scale including development application assessment, coastal zone/catchment management, compliance and building certification services.

#### Current situation and next steps

The current business reform projects were agreed by the council General Managers, with the first stage independent business case assessment for:

1. Waste management services (as reported under item 5.1)
2. Centralised and potentially commercialised call centre, with initial focus on after hours
3. Centralised procurement and management of goods and services across the region
4. Centralised and potentially commercialised development application assessment (excluding strategic planning, policy and development approval functions)
5. Commercial business unit to provide compliance and building certification services
6. Centralised coordination of regional coastal zone/catchment management services

As reported above, the first business reform project implemented is the establishment of a centralised procurement and contract management service.



The investigation of centralised business models for waste management services is progressing and is reported under Item 5.1.

The Centralised Development Application Assessment Unit Investigation project has been delayed to date to enable the review of the NSW Planning System to be sufficiently progressed. The NSW Planning System review is now progressing with the release of the White Paper and SHOROC has applied for funding for this project under the NSW Department of Planning and Infrastructure's Planning Reform Fund Program. The SHOROC submission was consistent with the agreement of the GMAC regarding this project. Should the application be successful, it is planned the project will be overseen by GMAC and the Shared Services Project Liaison Group.

Other opportunities for beneficial reform will be investigated when resources permit.

**Other joint projects**

The following joint projects have been conducted during the quarter:

- Regional Code-of-Conduct Review Panel. Completed.

**Item 4.3 Business Reform, Joint Projects & Procurement**

**The Board resolved to:**

- Receive and note the update on business reform, joint projects and procurement including the establishment of a centralised procurement and contract management service, joint procurement activities, business reform projects and other joint projects.

*Moved Henry Wong/seconded Mark Ferguson  
Carried unanimously*

#### 4.4 Professional Officers Groups

<b>Corporate Plan project:</b>	<i>10. Support council working groups in priority areas including strategic and urban planning, community services, economic development, sustainability and others as required</i>
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SHOROC hosts a number of professional officers groups consisting of council staff which enable projects to be progressed, current or emerging issues to be addressed, collaboration, knowledge and information sharing.

Current groups include:

- Urban Planners Group (Malcolm Ryan, Steve Evans, John Carmichael, Stephen Clements). Meet every two months.
- Strategic Directions Group (Paul Reid, David Kerr, Di Lawrence, Kathryn Parker). Meet as required.
- Shared Services Project Liaison Group (Paul Reid, David Kerr, Di Lawrence, Manly TBA). Meet as required.
- Community Services Managers (Lindsay Godfrey, Eric Poulos, Ruth Robins, Melissa Mesinna, Nicola Atmore). Meet every 2-3 months.
- Procurement Working Group (Peter Baartz, Lisa Neal, Helen Lever, John Durazza, Max Glyde). Meet every two months.
- Local economy, business and tourism. (Di Lawrence, Beth Lawson, Lindsay Godfrey, David Kerr, Paul William-Smith). Meet every 2-3 months.
- Waste management (Tony Walmsley, John Saul, Jeffrey Lofts, Robina Bramich, Natasha Schultz). Meet as required on common collection contract project.
- Waste communications (Sally Williams, Belinda Noble, Loani Tierney, Melinda Aitkenhead, Mark Winsor). Meet as required and often in conjunction with waste management group.
- Climate change adaptation and mitigation (David Bell, Jennifer Pang, Jo Tulau, Belinda Atkins, Monique Nichols). Meet quarterly.
- Water Cycle Management (Ben Fallowfield, Melanie Schwecke, Jason Ruszczyk, Michael Galloway, Belinda Atkins). Meet every two months.
- HR and workforce planning (Melodie Whiting, Steve Rawe, Marija Savic, John Gilroy). Meet as required.
- Ad hoc working groups on issues such as the Long Term Transport Master Plan, EP&A Act review submission, Metropolitan Strategy submission, Code of Conduct Review Panel.

Minutes from these meetings are brought to the attention of the GMAC and the Board as required or requested by the group.

##### **Item 4.4 Professional Officers Groups**

###### **The Board resolved to:**

- Note the update on the current professional officers groups hosted by SHOROC.

*Moved Rik Hart/seconded Henry Wong*

*Carried unanimously*



## **Item 5 Stronger Business**

<b>SHOROC Corporate Plan objective:</b>	<i>To make the business stronger by increasing business operations to improve our financial position.</i>
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### **5.1 Annual General Meeting and independent financial audit**

<b>SHOROC Corporate Plan project:</b>	<p><i>25. Prepare annual report, including annual independent audit of accounts, and continue appropriate quarterly financial reporting.</i></p> <p><i>24. Increase Councillor and council staff understanding of SHOROC role and projects through briefings, updated website, e-newsletters, publications, social media and other channels as appropriate.</i></p>
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#### **Annual General Meeting**

This year it is proposed that the Annual General Meeting (AGM) be held in conjunction with the SHOROC Christmas party rather than following the November Board meeting as in previous years.

This will provide an opportunity at the AGM to outline the achievements of the councils through SHOROC in the past year to councillors and senior staff, as well as Board members.

In the past few years the AGM has been conducted immediately following the November Board meeting and it has largely just been a functional adoption of the Annual Report, Financial Statements and election of the incoming office-bearers. Under the SHOROC Constitution, councillors are able to attend however in recent years none have attended.

The Christmas function has been organised for a suitable date in the lead up to Christmas and all councillors and senior staff were invited.

There is now greater flexibility under the Associations Incorporation Act 2009 meaning Associations now only have to hold the AGM within six months of the end of the financial year.

As such, it is considered the AGM should be held on a suitable date at a venue other than the SHOROC office, with all councillors and senior staff invited to attend.

GMAC has endorsed this proposal.

#### **Independent financial audit**

Jacques Stanmore has been engaged to conduct an independent audit of SHOROC's 2012/13 accounts as required under the Associations Incorporation Act 2009. Jacques Stanmore conducted the 2010/11 and 2011/12 audits. The audit will be conducted in September and will be submitted to GMAC and the Board for inclusion in SHOROC's Annual Report and AGM.

#### **Item 5.1 Annual General Meeting and Independent financial audit**

##### **The Board resolved:**

- That the Annual General Meeting be held at an alternative venue this year in late November to enable councillors and senior staff to be invited and the SHOROC President to present on 2012-13 achievements.
- To note that Jacques Stanmore has been engaged to conduct an independent audit of SHOROC's 2012/13 accounts.

*Moved Cr Roy Bendali/seconded Henry Wong*  
*Carried unanimously*



## 5.2 Annual Councillor Forum

<i>SHOROC Corporate Plan project:</i>	<i>22. Hold annual Councillor Forum in around November 2013 followed by Board strategic planning session for 2014-2018 Corporate Plan.</i>
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The SHOROC 2013-14 Operation plan includes an annual Councillor Forum in around November 2013 followed by Board strategic planning session for 2014-2018 Corporate Plan.

It is considered that the Forum should be postponed until early 2014 due to the current review of ROCs underway and SHOROC recently held an annual Forum in February 2013 focussed on the Independent Local Government Review.

### Item 5.2 Annual Councillor Forum

#### The Board resolved:

- That the Annual Councillor Forum be postponed at this stage until early 2014 due to the current review of ROCs underway and because there has already been a Councillor Forum in 2013.

*Moved Cr Jean Hay /seconded Viv May  
Carried unanimously*

### 5.3 Review of current work priorities

The SHOROC 2013-14 Operational Plan approved by the Board states that one of the ways the priorities for SHOROC will be continually reviewed is through “quarterly operational priority reviews to ensure we are honing in on the key projects and priority issues for our region, our councils and our business effectively and efficiently”.

SHOROC’s current major projects underway are:

- **Health & transport:** Coordination of the Mayor-led campaign for transport and health infrastructure. This includes meetings with NSW and Commonwealth elected officials, senior bureaucrats and other stakeholders, participating in the BRT feasibility planning, and providing public statements, input and submissions to appropriate government reviews and strategy/plan development processes.
- **Government liaison:** Arranging meetings between the Board and local NSW MPs to discuss key infrastructure funding and other regional issues.
- **Planning:** Providing regional submissions and participating in NSW Planning Legislation Review and Metropolitan Strategy development and implementation.
- **Local government reviews:** Coordinating joint council discussions and planning regarding the Independent Local Government Review and Local Government Act Review, including councillor meetings and/or joint submissions where requested and development of strategies in response to the NSW Government reform agenda.
- **NSW2021:** Coordinating council involvement in implementation of the actions under the Northern Beaches Regional Action Plan. Member of Regional Leadership Network
- **Waste management:** Coordinating development of a regional waste avoidance and resource recovery strategy, planning for a common waste collection system in collaboration with council staff and KEE including tender preparation work, business case analysis and education. Supporting councils where required in working with Kimbriki Environmental Enterprises on the Kimbriki facility development.
- **Business reform and shared services:** Managing business case analysis of potential shared services or commercial services including development assessment, call centre and waste management.
- **Centralised procurement and contract management.** Coordinating and contract managing regional tenders with SHOROC and NSROC councils.
- **Small business & tourism:** Identifying collaborative projects to grow the local economy, supporting small business and collaborating on regional visitor and tourism strategies.
- **‘Health of the region’ report & sustainability:** Developing the first regional ‘health of the region’ indicator web report and supporting implementation of projects identified in the regional sustainability strategy *Shaping Our Future Sustainable Future*.
- **Operations & collaboration:** Secretariat for Board, GMAC, Kimbriki Sub-Committee and strategic, operational and projects groups as required. Reviewing operational policies. Facilitating collaboration and knowledge sharing on urban planning, climate change, water cycle management and other matters.

#### Item 5.3 Review of current work priorities

##### The Board resolved:

- To endorse the current work priorities identified for SHOROC.

*Moved Rik Hart/seconded Mark Ferguson  
Carried unanimously*

**Item 6 Additional matters raised by councils***Nil advised prior to meeting***Item 7 General business****7.1 Ausgrid extended trial of LED street lighting****Item 7.1 Ausgrid extended trial of LED street lighting****The Board resolved:**

- To write to the Minister for Energy to seek involvement of the SHOROC councils in Ausgrid's extended trial of LED street lighting recently announced by the Minister.

*Moved Mark Ferguson/seconded Viv May**Carried unanimously***7.2 Congratulations and thank you to Mr Viv May****Item 7.2 Congratulations and thank you to Mr Viv May****The Board resolved:**

- To formally thank Mr Viv May for his significant and outstanding contribution to the SHOROC region having been instrumental to the achievements of SHOROC as a founding Board member, and to congratulate him on his imminent retirement.

*Moved Cr Jean Hay/seconded Mark Ferguson**Carried unanimously***Item 8 Confirm time and date of next meeting**

13 November 2013 12-2pm at the SHOROC Offices.

## Attachment 1- Community Panel Notice of Motion

### Warringah Council: Current mechanisms for community consultation

#### 1. Introduction

Warringah Council recognises that community engagement processes are a vital part of local democracy. Effective engagement is good business practice and critical to good government. The approach is relevant to all staff that have, or should have, dealings with the community, with the exception of Development Approvals. For this reason Council is committed to engaging with the community and has subscribed to the International Association of Public Participation (IAP2) spectrum of participation. The annual community satisfaction survey consistently finds that community engagement is a key driver of overall satisfaction with the Council.

IAP2 PUBLIC PARTICIPATION SPECTRUM

INCREASING LEVEL OF PUBLIC IMPACT				
INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
<b>Public Participation Goal:</b>	<b>Public Participation Goal:</b>	<b>Public Participation Goal:</b>	<b>Public Participation Goal:</b>	<b>Public Participation Goal:</b>
To provide the public with balanced and objective information to assist them in understanding the problems, alternatives and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision, including the development of alternatives and the identification of the preferred solution.	To place final decision-making in the hands of the public.

Council has committed to a Community Engagement Framework by endorsing the following documents:

- **Community Engagement Policy:** Council's approach is principle based and defines the role of councillors and Council in engaging the community.
- **Community Engagement Matrix:** provides staff with direction and guidance on planning their approach including a community development plan.
- **Community Engagement Toolkit:** specific information and advice on community engagement strategies and mechanisms.

The Framework offers a flexible approach that considers the potential impact, and appropriate level of engagement, for each project. Council projects use a range of mechanisms that are tailored to best engage with targeted communities. Project managers will consider the most appropriate tools and techniques after reviewing the community engagement matrix and defining these stakeholder groups with the assistance of a community engagement planning template.

Warringah Council's consultation policy, matrix and toolkit led the way in 2000 when first developed.

A detailed review of Council's community engagement approach in 2010 highlighted that 60% of the community wanted to be engaged at least monthly and to be made aware of projects and be given the choice to participate. Following this review a number of significant improvements were implemented and new approaches and tools introduced.





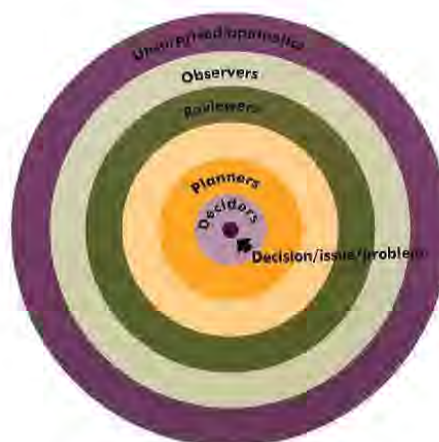
Warringah Council's approach is supported by two full time staff, a Community Engagement and Research Manager and a Community Engagement Officer who assist in building organisational capacity, facilitate and coordinate specialised training, support the development and implementation of community engagement plans and assist with specific tools and techniques across a range of projects.

Five days of training leading to a recognised IAP2 Certificate in Public Participation has been offered to staff across Council four times. This will further be supported through the development of a Community of Practice with regular meetings to share ideas and continue professional development in community engagement for more than 60 staff who successfully completed the Certificate.

### **Orbits of Public Participation**

Council's Framework recognises that some community members will be extremely engaged, others will comment occasionally and some may know what is going on but choose not to be involved.

The orbits model above demonstrates the need for opportunities for public participation to varying degrees, and using a variety of techniques for different steps in the process. Community members will move from observers, to planners to apathetic depending on the issue at hand. This will depend mainly on the level of impact or interest in each project.



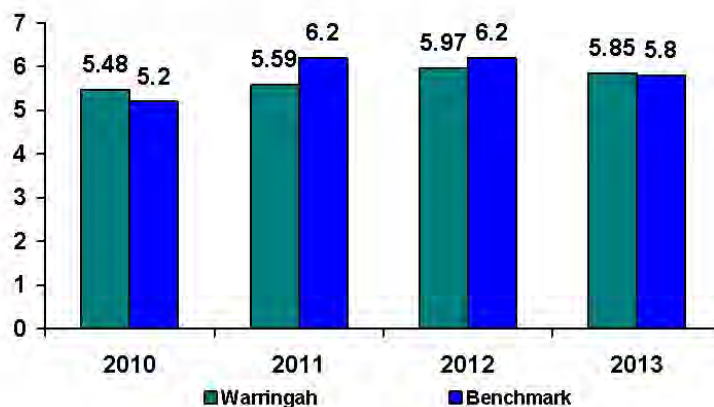
## **2. Background**

### **2.1 Community Consultation and Satisfaction**

Since 2010 Council has included a measure of community consultation in the annual community satisfaction survey. In 2013 findings of this survey showed that community consultation as a key driver of overall satisfaction with the Council.

In 2013 community consultation was the second highest driver contributing nearly 7% of the overall satisfaction rating with Council.

**Community consultation mean satisfaction results**



**2.2 Review 2010**

The community engagement approach was reviewed in 2010. The views of 500 community members were gathered through a random telephone survey and two focus groups with 19 residents. Detailed discussions with Councillors, managers and staff were also conducted as part of the review.

An important finding was that 61% of the community wanted to be personally involved in some of Council's decisions and a further 33%, did not necessarily want to be involved, but wanted to be informed. These findings have continued to inform the planning for the frequency and extent of consultations for projects. When asked about the preferred frequency of their involvement in decisions, the majority of the community preferred once a month.

**Personal Involvement in decisions**



**Frequency of involvement in decisions**



Following the review a number of improvements were put in place to increase the capacity of Council in engagement and also to improve the level and extent of consultation with the community. This included:

- Review and adoption of new Policy and Matrix
- Updated Toolkit with the introduction of new and improved tools
  - Online discussion forums
  - Central engagement portal on Your Say Warringah
- Extensive staff training
- Additional resources internally – new Community engagement officer role
- Community engagement email register



### 3. Community Engagement Mechanisms

#### 3.1 Planning process

All projects likely to have a high level of impact on the community are required to develop a community engagement plan that sits within the overall project plan. This plan is also recommended for other projects. The choice of tools and techniques are then chosen to support the objectives of the plan and reach the identified stakeholders.

##### Project Planning Steps

- Step 1 : Project Objectives (purpose of the engagement)
- Step 2 : Stakeholders (encourage participation and match stakeholders to issues)
- Step 3 : Level of Impact (assess from high to low)
- Step 4 : Level of community participation (using IAP2 spectrum from inform to empower)
- Step 5 : Methods and tools for engagement
- Step 6 : Timeframe and resources
- Step 7 : Feedback and reporting
- Step 8 : Evaluation

#### 3.2 Examples of techniques and tools

Below are examples of the techniques and tools used in community engagement. The choices of tools and techniques are informed through the planning process and reflect the level of engagement required to meet project objectives. This is determined by each Project Manager.

### Range of Techniques and Tools

INFORM	CONSULT	INVOLVE
Personal Telephone Contact	Suggestion box	Meetings with key Stakeholders
In Person Meeting	Telephone Survey	Meeting with Existing Community Group, eg parents, school children, youth, aged, businesses
Written Correspondence, mail out	Written Survey	Workshop Session
Fact sheet, brochure	Hotline/ Phone-in	Site Tour/ Meeting
Letter Box Drop	Letter / Media Promotion inviting Submissions	Public Art session
Notice/ Advert in Local Paper	Public Exhibition	Community forum / debate
Notice in Newsletter	Interview	Design Charrette
Media Release	Focus Group Session	Community Committees
Site Display	Public Meeting	Deliberative Polling
Displays (eg shopping centre)	Feedback form	<b>COLLABORATE</b>
Info Sessions / briefings	Online Discussion Forum	Community Summit
Social Media		Visioning exercises
Email - Community Contacts Register		Strategic Reference Groups
Web site – info / updates		Working Party / Panel / Task Force
Banners / Posters / Signs		Joint Advisory Committees



### Current Tools Related to Panel

The table below details the tools and techniques currently used at Warringah Council that are related to the Panel concept

Mechanism	Definition	Statistics January 2011- July 2013	Uses and examples
<b>Community Engagement Register</b>	<p>An internally managed data base of community members who are sent information about engagement opportunities and surveys.</p> <p>It has not been promoted and independent sign up has seen minimal recruitment.</p>	<p>2100 names on database with emails.</p> <p>19 emails sent.</p>	<p>E-newsletter sent approximately 1-2 times a month on behalf of all open consultation projects. This assists in promoting projects and to help target and reach community members.</p> <p>The majority of people on this list were recruited from participating in random telephone surveys ie annual community satisfaction survey as well as large projects such as, Community Strategic Plan, Talk of the Town 2010 and Brookvale Park etc.</p> <p>This register is also used to source random attendees for focus groups, working parties and other community consultation activities eg online surveys</p>
<b>Your Say Warringah</b> (Bang the Table)	A community engagement hub hosted by a third party provider with a range of tools available including online discussion forums, submission forms, surveys etc.	<p>1,600 registered members</p> <p>61 projects</p> <p>77 project pages</p> <p>35 online forums</p> <p>62,000 visitors</p> <p>240,000 site visits</p> <p>3,600 comments</p> <p>75,000 documents downloaded</p>	<p>Used to support community engagement through the project, for example.</p> <ul style="list-style-type: none"> <li>• Community Strategic Plan</li> <li>• Dogs on Beaches Policy</li> <li>• Community Gardens</li> <li>• The new Belrose Library</li> </ul> <p>Emails (like above) are sent to all members with engagement opportunities and surveys.</p>
<b>Online Surveys &amp; feedback forms</b> (Question Pro)	<p>Online surveys with questions developed in partnership with the Community Engagement and Research Manager.</p> <p>The online feedback forms are often produced in hard copy for on site use</p>	<p>34 project surveys</p> <p>7 satisfaction surveys</p>	<p>Used for broad topics often in the initial stages to collect ideas, visions and explore options. For example,</p> <ul style="list-style-type: none"> <li>• Mountain Biking</li> <li>• Library review</li> </ul> <p>Typically used for specific and local projects. These tend to be used to explore choices between options, or to present a specific option and gather feedback on this. For example:</p> <ul style="list-style-type: none"> <li>• Collaroy Precinct playground and toilet</li> <li>• Dee Why Kiosk</li> <li>• North Narrabeen Masterplan</li> <li>• Cromer Park Masterplan</li> </ul>

Mechanism	Definition	Statistics January 2011- July 2013	Uses and examples
<b>Telephone Research</b>	Third party provider appointed to conduct random telephone interviews with the community. This provides the highest level of reliable research.	More than 8 telephone surveys.	Examples: <ul style="list-style-type: none"> <li>• Warringah Aquatic Centre</li> <li>• Community Strategic Plan (2)</li> <li>• Dogs on Beaches</li> <li>• Community Gardens</li> </ul>
<b>Social Media</b>	Facebook Twitter You Tube	Facebook Likes 1,461 Facebook Reach 3,600 Twitter Followers 1293 Tweets 1313	Engagement opportunities and events promoted through social media with links to the online project pages or surveys.

*\* Statistics relate to the period January 2011 – 2013 except for Your Say which is from its establishment in March 2010 and social media which is from its inception to May 2013.*

### Level of Impact

The Community Engagement Matrix is based on four (4) impact levels, where impact relates to the 'effect of an action or change on the community'. The impact levels are as follows:

Level of Impact	Brief Description
Level 1 (High – Warringah)	High level of impact on the whole or a large part of Warringah.
Level 2 (High – Local)	High level of impact of a local nature, eg a local area, specific community or user group.
Level 3 (Lower – Warringah)	Lower level of impact on the whole or a large part of Warringah.
Level 4 (Lower – Local)	Lower level of impact of a local nature, eg a local area, specific community or user group.

These levels are based on the assumption that any project, issue, service or action will have some real or perceived impact on the community. To determine the Level of Impact, staff will firstly need to determine the community group/s and stakeholders that are affected by the project, issue, service or action. It may be appropriate to involve other Council staff in making these decisions and the approach to involving other staff should be determined early in the process.

Level of Impact	Criteria (one or more of the following)	Examples
<b>Level 1 High Impact– Warringah</b>	<ul style="list-style-type: none"> <li>High level of real or perceived impact or risk across Warringah.</li> <li>Any significant impact on attributes that are considered to be of high value to the whole of Warringah, such as the natural environment or heritage.</li> <li>Any impact on the health, safety or well being of the Warringah community.</li> <li>Potential high degree of controversy or conflict.</li> <li>Likely high level of interest across Warringah.</li> <li>Potential high impact on State or regional strategies or directions.</li> </ul>	<ul style="list-style-type: none"> <li>Council's Strategic Community Plan</li> <li>Local Environmental Plan (Warringah Wide)</li> <li>Plans of Management (district or regional)</li> <li>A change to land categorisation, ie community to operational land</li> <li>Strategy Plan, eg Culture, Youth, Aged</li> <li>Removal of a facility or service catering across Warringah, eg library services</li> <li>Provision of a district or regional facility, eg skate park, indoor sports centre</li> <li>Key changes to a Warringah wide service, eg Beach Services, Waste Management</li> <li>Changes to or impact on natural bush land or waterway.</li> </ul>
<b>Level 2 High Impact– Local</b>	<ul style="list-style-type: none"> <li>High level of real or perceived impact or risk on a local area, small community or user group/s of a specific facility or service.</li> <li>The loss of or significant change to any facility or service to a local community.</li> <li>Potential high degree of controversy or conflict at the local level.</li> </ul>	<ul style="list-style-type: none"> <li>Local Environmental Plan (localised change)</li> <li>Removal or relocation of a local playground</li> <li>Change to or loss of valued activity or program, eg local youth activity</li> <li>Re-development of a sports ground</li> <li>Proposed removal or development of small pocket park</li> <li>Local street road closure</li> <li>Increase or removal of car parking in local shopping centre</li> </ul>
<b>Level 3 Lower Impact – Warringah</b>	<ul style="list-style-type: none"> <li>Lower, although still some real or perceived impact or risk across Warringah.</li> <li>Potential for some controversy or conflict.</li> <li>Potential for some although not significant impact on State or regional strategies or directions.</li> </ul>	<ul style="list-style-type: none"> <li>Improvements to a Warringah wide service, eg Emergency Services, Library Services</li> <li>Upgrade of a district or regional facility, eg Warringah Aquatic Centre</li> <li>Changes to Customer Service processes, eg payment of rates</li> <li>Most changes to fees and charges (unless contentious)</li> <li>Provision of a community wide event</li> <li>Review of community needs, eg Annual Survey, recreation needs assessment</li> </ul>
<b>Level 4 Lower Impact – Local</b>	<ul style="list-style-type: none"> <li>Lower level of real or perceived impact or risk on a local area, small community or user group/s of a specific facility or service.</li> <li>Only a small change or improvement to a facility or service at the local level.</li> <li>Low or no risk of controversy or conflict at the local level.</li> </ul>	<ul style="list-style-type: none"> <li>Upgrade of a local playground</li> <li>Local street or streetscape upgrade</li> <li>Changes to a local activity program, eg timing or venue/ location</li> </ul>



**Examples of Community Engagement by Project Type**

<b>Type of Engagement</b>	<b>Community Strategic Plan</b>	<b>Dee Why Draft Master Plan</b>	<b>Dee Why Kiosk</b>
<b>INFORM</b>			
Personal Telephone Contact	Project Manager available for phone queries.	Project Manager available for phone queries.	Project Manager available for phone queries.
In Person Meeting			
Written Correspondence, mail out		Letters to all residents in Dee Why (1,800) and invitation to businesses in area (25).	Letters sent to businesses (19) and residents owners in area (44).
Fact sheet, brochure	Summary booklet developed.	Information booklet developed.	
Letter Box Drop	Brochures to all properties in Warringah (60,000)	Pamphlet to all households and businesses in Warringah (95,000)	
Notice/ Advert in Local Paper	Multiple notices in the Manly Daily and mention in Mayoral column.	Advertisements in Manly Daily and information in Mayoral column.	Two notices in Manly daily
Notice in Newsletter	Included in Warringah Matters.		
Media Release	Three media releases plus emails and correspondence.	Media release Centre by the Sea developed and picked up by Manly Daily.	Media coverage of the Kiosk and response from Council.
On site display	Visual display in foyer of civic centre and information available at Libraries.	Banner at Civic centre and visual display in foyer of civic centre.	Yes
Displays	Outreach to 1400 community members through shopping centres.	Nine pop up information displays that reached 300 people. Permanent displays at the civic centre and council staff in attendance from 11am to 2pm every Tuesday from 12 February to 26 March that reached 84 people.	On site consultation with signage reached 77 people.
Info Sessions / briefings		Two community information sessions attended by 33 people.	
Social Media	<p><b>Your Say</b></p> <p>Main page 5300 site visits from 2200 visitors 8400 page views 1300 documents downloaded</p> <p>Stage 2 page 997 site visits from 559 visitors 1300 page views 870 documents downloaded 403 video views</p>	<p><b>Your Say</b></p> <p>4.8k site visits by 2.6k visitors 4.4k document downloads 10k page views Facebook (7 comments) Twitter (1 comment) YouTube (4 comments, 1780 views) Linked in (2 comments)</p>	<p><b>Your Say</b></p> <p>576 Site visits by 391 visitors 200 document downloads 1000 page views</p>



Type of Engagement	Community Strategic Plan	Dee Why Draft Master Plan	Dee Why Kiosk
	Stage 1 page 1500 site visits from 815 visitors 2300 page views		
Email - Community Contacts Register	Highlighted in 11 emails to 3,600 people	Highlighted in 2 emails to 3,600 people	Highlighted in 2 emails sent to 3,600 people
Web site – info / updates	Information available through web site.	Information made available through Council's web site.	Your Say page with 485 visitors and 1200 page views.
Banners / Posters / Signs	Posters and display material developed.	Display banner at Civic Centre. Poster display of key material developed for Civic Centre.	
<b>CONSULT</b>	✓ ✓ ✓	✓ ✓ ✓	✓ ✓
Suggestion box			
Telephone Survey	Telephone survey to 600 residents.		
Written Survey	Included in Youth Survey with 1000 completed.		54 surveys returned.
Hotline/ Phone-in			
Letter / Media Promotion inviting Submissions		Letters sent to 1800 residents and land owners in DY area	
Public Exhibition	Formal exhibition for 6 weeks	Formal exhibition for 6 weeks	Conducted public exhibition with displays at libraries and civic centre
Interview		Interviews offered to key land owners of affected sites	
Focus Group Session	Seven focus groups with 56 participants.		
Public Meeting			
Feedback form		Online feedback form (~ 40 comments)	
Social Media *			
Online Discussion Forum	Online discussion forum on Your Say with 27 active participants.	Online discussion forum on Your Say with 24 comments from 7 users.	
<b>INVOLVE</b>			
Meetings with key Stakeholders			
Meeting with target community groups eg parents, youth, aged, businesses, disabled, CALD			
Workshop Session	Three workshops with 230 participants.		
Site Tour/ Meeting		Eight guided walking tours attended by 40 people.	
Public Art session	Graphic Artist used to visually summarise input		
Community forum	Brookvale Show 50 participants in themed discussions.		
Community Committees			
Deliberative Polling	Deliberative polling and input was used at the CSP		

Type of Engagement	Community Strategic Plan	Dee Why Draft Master Plan	Dee Why Kiosk
<b>COLLABORATE</b>	workshops in form of "beach bucks" session		
Community Summit			
Strategic Reference Groups	SRGs played a key role in the development of the CSP	SRG members also worked on the Masterplan	
Working Party / Panel / Task Force		Working Party established and run throughout project.	
Joint Advisory Committees			