



Hawkesbury City Council

ordinary meeting business paper

date of meeting: 27 February 2007

location: council chambers

time: 5:00 p.m.



mission statement

***“To create opportunities
for a variety of work
and lifestyle choices
in a healthy, natural
environment”***

How Council Operates

Hawkesbury City Council supports and encourages the involvement and participation of local residents in issues that affect the City.

The 12 Councillors who represent Hawkesbury City Council are elected at Local Government elections held every four years. Voting at these elections is compulsory for residents who are aged 18 years and over and who reside permanently in the City.

Ordinary Meetings of Council are held on the second Tuesday of each month, except January, and the last Tuesday of each month, except December. The meetings start at 5:00pm with a break from 7:00pm to 7:30pm and are scheduled to conclude by 11:00pm. These meetings are open to the public.

When a Special Meeting of Council is held it will usually start at 7:00pm. These meetings are also open to the public.

Meeting Procedure

The Mayor is Chairperson of the meeting.

The business paper contains the agenda and information on the issues to be dealt with at the meeting. Matters before the Council will be dealt with by an exception process. This involves Councillors advising the General Manager at least two hours before the meeting of those matters they wish to discuss. A list will then be prepared of all matters to be discussed and this will be publicly displayed in the Chambers. At the appropriate stage of the meeting, the Chairperson will move for all those matters not listed for discussion to be adopted. The meeting then will proceed to deal with each item listed for discussion and decision.

Public Participation

Members of the public can request to speak about a matter raised in the business paper for the Council meeting. You must register to speak prior to 3:00pm on the day of the meeting by contacting Council. You will need to complete an application form and lodge it with the General Manager by this time, where possible. The application form is available on the Council's website, from reception, at the meeting, by contacting the Manager Corporate Services and Governance on 4560 4426 or by email at lmifsud@hawkesbury.nsw.gov.au.

The Mayor will invite interested persons to address the Council when the matter is being considered. Speakers have a maximum of five minutes to present their views. If there are a large number of responses in a matter, they may be asked to organise for three representatives to address the Council.

A Point of Interest

Voting on matters for consideration is operated electronically. Councillors have in front of them both a "Yes" and a "No" button with which they cast their vote. The results of the vote are displayed on the electronic voting board above the Minute Clerk. This was an innovation in Australian Local Government pioneered by Hawkesbury City Council.

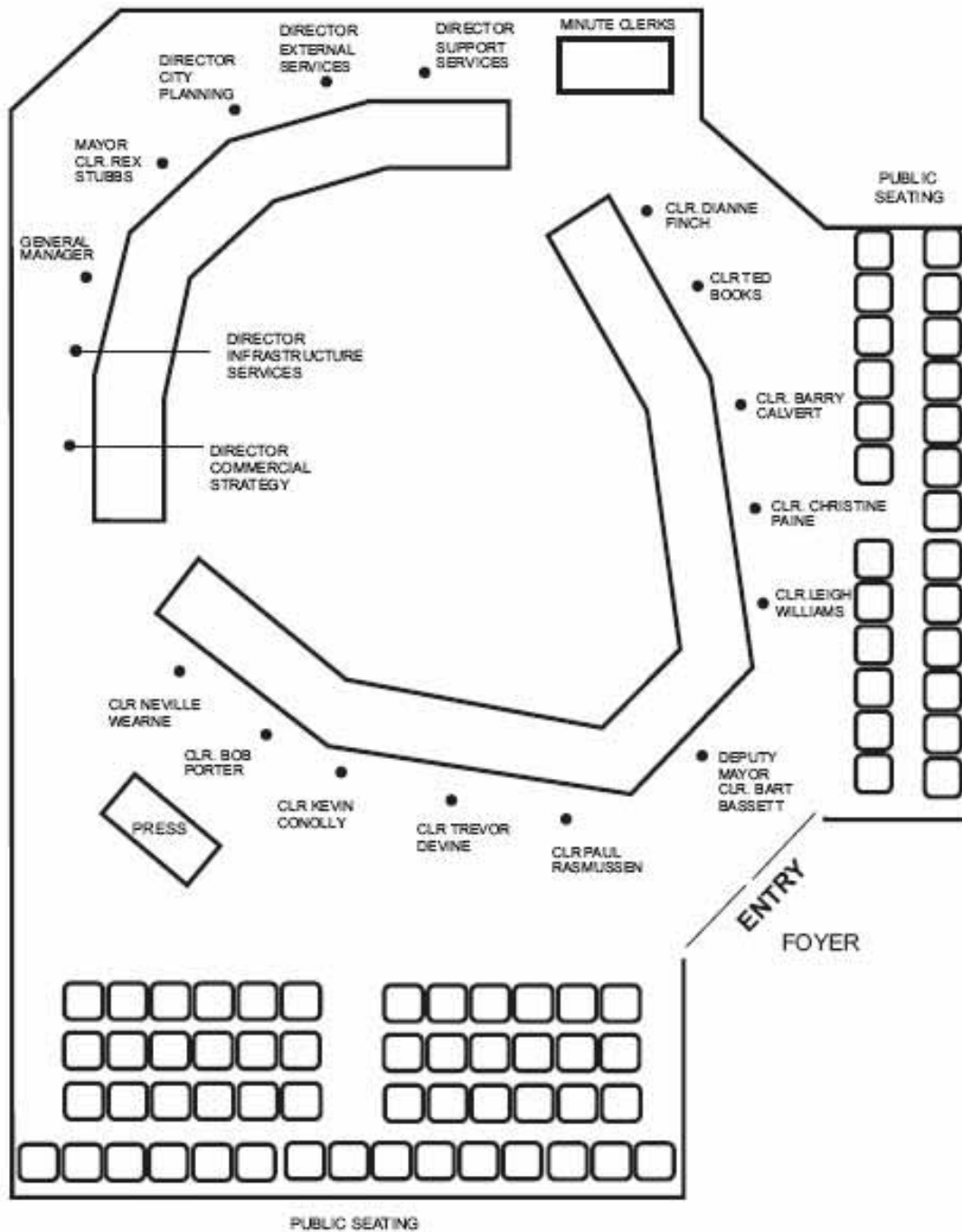
Website

Business Papers can be viewed on Council's website from noon on the Friday before each meeting. The website address is www.hawkesbury.nsw.gov.au.

Further Information

A guide to Council Meetings is available on the Council's website. If you require further information about meetings of Council, please contact the Manager, Corporate Services and Governance on, telephone 02 4560 4426.

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Questions With Notice

QUESTIONS WITH NOTICE

Question With Notice - Tinda Creek Sand Mine - (80105)

Submitted by: Councillor L Williams

QUESTIONS WITH NOTICE

1. Have Pike, Pike & Fenwick completed their assessment of the EDO legal advice on Tinda Creek Sand Mine, and if so what are their findings.
2. Has any investigation been carried out on the apparent affects the Sand Mine has had on the water table and Tinda Creek. If the investigation has not been completed, will the surrounding residents be consulted as part of the investigation. If the investigation has been completed, what are the findings.
3. Is the mine still operating out of area and if so, is the mine legally obliged to pay section 94 contributions.

NOTE BY MANAGEMENT:

1. Council has received advice from Pike, Pike & Fenwick in respect to the EDO legal advice and sought further clarification from Pike, Pike & Fenwick which has now been received. This advice is currently being reviewed. Council has also written to the operator of the quarry, Birdon Contracting and the Department of Natural Resources, requesting any evidence of approvals granted from the former DLWC in respect to Condition 4.
2. Council has engaged the services of Mr Chris Jewell (hydrologist) to undertake a review of the impact of the quarry on Tinda Creek and the water table. A meeting has been arranged for 14 March 2007, on site which will involve the quarry operator and the respondents. Letters confirming this meeting will be posted this week. The respondents have been verbally advised that they would have an opportunity to discuss their concerns with the consultant as part of the review.
3. The quarry has continued to pay regular Section 94 contributions for material that has been removed from the site including the material taken from the portion of the site that is "out of area".

ATTACHMENTS:

There are no supporting documents for this report.

oooO END OF NOTICE OF MOTION Oooo

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SECTION 4 - Reports for Determination

GENERAL MANAGER

Item:30 GM - ECommerce/Markets Advisory Committee - (79351, 91367, 91811)

REPORT:

Purpose

The purpose of this report is to seek Council approval to disband the eCommerce/Markets Advisory Committee and maintain the working parties formed by the committee as sub-committees of Council, reporting recommendations direct to Council for its consideration.

Report

The eCommerce/Markets Advisory Committee comprises four Councillors and up to seven community members and has been serviced to date by the recently resigned Director of Commercial Strategy, who was responsible for the completion and submission of reports to the committee. Since 2005, shortly after the establishment of the committee, funding allocations supporting the committee's work were reduced on an ongoing basis as Council endeavoured to reduce its annual deficit, to the point where very little by way of new initiatives have been able to be presented to the committee for consideration.

The Director's resignation is to be viewed in a context where Council has approved for redundancy approximately 20 positions in the last twelve months, with a concurrent loss of highly qualified executives in the last six months, i.e.

- Director City Planning
- Director Commercial Strategy
- Chief Financial Officer
- Chief Information Officer

In the circumstances, the capacity of the Administration to service the committee has been constrained in a context where there will be limited funding available in the foreseeable future for project implementation.

Accordingly, it is recommended that the eCommerce/Markets Advisory Committee be disbanded and the working parties formed be reconstituted as sub-committees of Council. The existing sub-committees comprise:

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E-Commerce/Markets Advisory Committee

Business Plan 2006 - 2007 (Adopted 10 August 2006)

VISION

"For the Hawkesbury to be recognised as a vibrant, innovative and progressive business community that makes use of current and emerging technologies to sustain economic prosperity and to improve the region's competitive advantage".

Working Groups	Council / EMAC Resolution	Group members
a. RAAF - Working Party	<p><u>Ordinary - 17/11/2004</u> Explore the options for integrated use of the RAAF base.</p> <p><u>Ordinary - 12/9/2006</u> Continue to monitor the use of air shows and the clustering of aerospace industries to support RAAF operations as mechanisms for economic development, and the RAAF Working Party continues such discussions with representatives of the aviation sector via attendance at the bi-annual Avalon Airshow.</p>	<p>Clr Bart Bassett, Mayor HCC Clr Rex Stubbs, HCC Mr Graeme Faulkner, General Manager HCC Mr Stephen Phillips, Director Commercial Strategy HCC Mr Malcolm Ryan, Director City Planning HCC</p>
b. Technology Park - Working Group	<p><u>Ordinary - 29/11/2005</u> 3. A strategic alliance be sought with the University of Western Sydney (UWS) for the purpose of evaluating integrated working arrangements with the Department of Defence and to conduct a master plan for a possible technology park business precinct. Strategic alliances be also sought with the Department of Defence and with the private sector as appropriate for the purpose of facilitating workable arrangements arising under this initiative with amount of up to \$40,000 plus incidentals being set aside from the local economic development budget for the procurement of resources as necessary. Progress on this matter be further reported to Council via the Strategic Planning Committee.</p>	<p>RAAF - Working Party Ms Fiona Mann, Strategic Planning Executive HCC Independent experts as required</p>
c. Bridge-to-Bridge - Steering Committee	<p><u>Ordinary - 31/5/2005</u> Investigate the feasibility of developing an integrated marketing program that is based upon a series of sporting competitions and/or community events and the use of the "Bridge-to-Bridge" brand and that: (a) A commercial proposition be developed for further consideration by the E-Commerce/Markets Advisory Committee for presentation to Council, and (b) Any such proposition take into account consultations with relevant sporting clubs and associations and the possibility of forming some form of joint venture or marketing partnership.</p>	<p>Clr Bart Bassett, Mayor HCC Clr Bob Porter, HCC Clr Trevor Devine, HCC Mr Stephen Phillips, Director Commercial Strategy HCC Ms Fiona Mann, Strategic Planning Executive HCC Hawkesbury Tourism representatives</p>
d. Signposting - Working Party	<p>Note: Internal staff group to cover off on issues and contribute to process - informal. However, Councillor Connolly has attended on key and specific reasons ie content of town entry signs ie Historic and in relation to the flood plain management committee.</p>	<p>Clr Kevin Connolly, HCC Mr Stephen Phillips, Director Commercial Strategy HCC Ms Fiona Mann, Strategic Planning Executive HCC Hawkesbury Council technical staff Hawkesbury Tourism representatives as required</p>

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Working Groups	Council / EMAC Resolution	Group members
e. Hawkesbury/Lithgow Tourism Alliance - Working Party	EMAC - 11/8/2005 That the Hawkesbury-Lithgow Tourism Partnership Working Group consider Gateway strategies for the new Hawkesbury Valley Way in conjunction with the Signage Policy and report to Council via the Committee.	<p>Clr Bart Bassett, Mayor HCC</p> <p>Clr Rex Stubbs, HCC</p> <p>Mr Graeme Faulkner, General Manager HCC</p> <p>Mr Stephen Phillips, Director Commercial Strategy HCC</p> <p>Ms Fiona Mann, Strategic Planning Executive HCC</p> <p>Hawkesbury Tourism representatives</p> <p>Lithgow City Council representatives</p> <p>Lithgow Tourism representatives</p>
f. M-Commerce - Working Party	<p>Ordinary - 17/11/2004</p> <p>Explore the feasibility of creating an m-commerce industry, which includes:</p> <p>(a) Identification of commercial offerings having demand potential;</p> <p>(b) Identification of likely consortia partners; and</p> <p>(c) Preparation of draft business plan and implementation strategy.</p>	<p>Mr Graeme Faulkner, General Manager HCC</p> <p>Ms Fiona Mann, Strategic Planning Executive HCC</p> <p>Telecommunications representative</p> <p>Hawkesbury Tourism representatives</p>
g. Business Cost Differentials - Working Party	<p>EMAC - 29/6/2006</p> <p>Identify and quantify where possible, the hidden costs of doing business within the Hawkesbury relative to other locations and report back to the Committee.</p>	<p>Clr Bart Bassett, Mayor HCC</p> <p>Mr Graeme Faulkner, General Manager HCC</p> <p>Mr Rob Ewin, EMAC Committee</p> <p>Ms Fiona Mann, Strategic Planning Executive HCC</p>
h. Community Wi-Fi Service - Working Party	<p>EMAC - 29/6/2006</p> <p>Investigate the feasibility of a Hawkesbury Community Wi-Fi service by developing a business case, including costings, for further consideration by the Committee and reporting to Council.</p>	<p>Mr Peter Hudson, EMAC Committee</p> <p>Mr Zac Hope, EMAC Committee</p> <p>Ms Janette Fairleigh, EMAC Committee</p> <p>Mr Steve Phillips, Director Commercial Strategy HCC</p> <p>Mr Senaka Ariyasinghe, Chief Information Officer HCC</p>

The requirement for the sub-committees to report directly to Council is consistent with the Department of Local Government's revised strategy concerning Option 3 in relation to Integrated Strategic Planning as the eCommerce/Markets Advisory Committee was originally identified as an initiative of Council's strategic planning process and was reflected in the strategic component of Council's organisation structure.

Conformance to Strategic Plan

The proposal is deemed to conform with the objectives set out in Council's Strategic Plan i.e:

"A prosperous community sustained by a diverse local economy that encourages innovation and enterprise to attract people to live, work and invest in the City."

RECOMMENDATION:

That Council:

1. Disband the eCommerce/Markets Advisory Committee;
2. Reconstitute the working parties derived by the committee as sub-committees of Council;
3. Abolish the constitution of the eCommerce/Markets Advisory Committee and formally thank all members of the committee for the work undertaken by them on Council's behalf.

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ATTACHMENTS:

There are no supporting documents for this report.

oooO END OF REPORT Oooo

Item:31 GM - Strategic Planning Committee and Process - (79351, 91368)

REPORT:

Purpose

The purpose of this report is to seek Council approval:

1. To forward, by way of submission, the following commentary on reforms proposed by the Department of Local Government in two recently released discussion papers "A New Direction for Local Government" (attachment 1) and "Integrated Planning and Reporting for NSW Local Councils" (attachment 2);
2. To disband the Strategic Planning Committee with all strategic issues to be reported directly to full Council;
3. To consult with the Community on the development of Council's 10 year Community Strategic Plan.

Background

The Minister for Local Government, the Hon Kerry Hickey, MP, on 6 November 2006 wrote to all councils requesting council's consideration and comment by way of submission, on the latest reform issues for Local Government proposed by the State Government. The Minister has requested comment on the concept of "Business Clusters" by 28 February 2007 and detailed comment on the position paper "A New Direction for Local Government" and the "Integrated Planning and Reporting Paper" by 9 March 2007.

The reforms promoted by the Government are significant in nature and particularly relevant for discussion by Council as the strategic vision and long-term viability of Hawkesbury City Council is considered by Council during 2007.

Position Paper 1. "A New Direction for Local Government" "October 2006 Key Concepts"

Key Points contained in the Position paper are summarised in the following:

- Local Councils in NSW have reduced in number from 324 in 1910 to 152 in 2006.
- Ongoing reforms throughout this period were largely directed towards the financial sustainability of Councils.
- Resource sharing and governance reforms are the State Government's (Gov't) current priorities.
- The Department of Local Government's vision is to "foster a strong and sustainable local government sector that meets changing community needs".
- The State Gov't supports a "growth model" for local councils where service provision is continually increasing to match the changing needs of local communities. The State Gov't does not support a "contracted services model" for local councils whereby only basic services such as road maintenance and waste removal are offered".
- It is the State Gov't's view that an anti-amalgamation culture within local gov't impedes consideration by that sector of alternative business models which involve working across boundaries.
- The State Gov't is of the view that the core components of a sustainable community include:
 - Social cohesion
 - Functional economy
 - Robust environment and
 - Sound Infrastructure

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- In addition, the State Gov't believes the core elements of a strong local government system comprise:
 - Good governance
 - Representative democracy and community support
 - Sound policy
 - Sufficient resources
 - Meaningful planning
 - Connectedness i.e linked to wider community outside Council's geographic boundaries and
 - Strong leadership evidenced by active competition for positions at both the political and managerial levels.

A New Direction

The Position Paper identifies a new direction for Local Government whereby the culture of isolated council units is replaced with a new "paradigm of connectedness and innovation". The principles espoused by the State Gov't as underlying this new direction are:

- An open and productive relationship between State and Local Gov't.
- Stronger councils assisting weaker ones.
- Minimal duplication while maintaining competition principles to drive efficiency improvements.
- Ideas and resources being shared.
- Focussing on continuous improvement and
- Councils mentoring each other.

It is the State Government's vision that this new direction could culminate in:

"...community franchises (councils) purchasing or trading services from a local gov't market place of specialist providers. Some councils could specialise in certain 'back office' businesses and compete to provide the service to multiple councils. New business models could emerge resulting in increased efficiencies, improved services and a new fresh image for local government."

The State Government believes the following strategies are required:

- Peer review of councils.
- Strategic planning assistance for councils.
- Review of the Local Gov't Act 1993 to reduce red tape.
- Clarification of roles of Councillors, Mayors and General Managers.
- Determine principles for calculating the number of Councillors in a local authority.
- Promote candidacy in local gov't.
- Promote flexible meeting times.
- Develop guidelines on community consultation.
- Develop workforce plans in councils to promote diversity of employees.
- Develop a policy directory.
- Introduce an Asset Management system for local government.
- Require councils to prepare an annual efficiency/productivity savings statement as part of councils' annual report.
- Require of councils a 10 year Community Strategic Plan detailing a fully funded 4 year delivery program, an annual operational plan fully funded and uniformly presented across councils and an annual Risk reporting framework.
- Re-engineered core competencies for councils which can be benchmarked.
- Provisions in General Managers contracts to facilitate working across council boundaries.
- Development of resource sharing guidelines and
- Accreditation for Councillor learning and development.

Some Implications arising from the State Government's New Direction

An initial observation is made that, Local Government reforms since 1910 to date have been largely directed to achieving "financial sustainability of local Councils" and these have for all intents and purposes failed. As Local Government derives its very existence and direction from the State Legislation, to have failed to achieve financial sustainability for the sector generally over nine decades indicates a systemic problem with the successive State Legislature, suggesting it has been unsuccessful in managing the Local Government sector in its efforts to achieve long term financial viability for the sector. An alternative may be to give consideration to moving the Local Government sector under the auspices of a Federal Government framework.

Further, considering the post-war growth that occurred in Australia and particularly in NSW, there appears to have been a significant lack of investment in financial assets within the sector capable of generating revenue streams that could be used to offset the local taxation structure necessarily relied on today. This recognised failure to achieve 'financial sustainability' suggests a lack of concern with the application of financial sciences and discipline, and a preoccupation with other policy issues by the State.

Notwithstanding the general observations above, the new directions/strategies proposed by the State Government provide a sound context for discussion by Council as it contemplates the future viability of the Hawkesbury Local Government area. General comments on proposed Government strategies are as follows:

- **Peer Review of Councils:** This strategy has all the appearance of further cost shifting to local govt as "accredited local govt staff" are seconded to an under resourced Dept of Local Gov't to assist the Dept to achieve the objectives set it by its political masters. The strategy lends itself to conflicts of interest on a number of levels, something that both the Govt and the Dept have gone to great lengths to stamp out in the NSW local Govt sector. Potential conflicts of interest arise as the Dept reviews those Councils upon whom the Dept of local Govt relies on for resourcing the Dept's activities. Further, conflicts may also occur if the accreditation process contains anything other than objective assessment criteria, raising the spectre of political interference and manipulation. It should be noted that local govt has already experienced a similar attempt at cost shifting with previous proposals that local govt planning staff should assist the Dept of Planning and Growth Centres Commission in the achievement of objectives set for those authorities.
- **Strategic Planning Assistance for Councils:** This proposal has merit as many local government authorities have experienced difficulties in developing and integrating forward planning concepts at both State and Local levels into one comprehensive Community Strategic Plan. Potential difficulties do arise and need to be resolved between State and Local Government entities. The logic evidencing these difficulties is as follows:
 - Local Government derives its existence from State Legislation and therefore it should rightly reflect State Government policy at a strategic level.
 - The Community Strategic Plan concept advocated by the State Government cites a 10 year vision with a four year delivery program, and an annual operational plan.
 - The LEP is derived from the Community Strategic Plan and will guide development within the authority over the 10 year period.
 - Currently, the ability for any local authority to fund with certainty any four year delivery program is non existent because of the constraints of the Government's Rate-Pegging Policy which underfunds annual local government expenditure and more importantly fails to generate any planning certainty, financial, or otherwise beyond the immediate 12 months.
 - There is no mechanism to cater for those situations that occur when strategic initiatives arising from extensive community consultation are counter to State Government policy, questioning the autonomy of local communities and their right to determine their own priorities.
- **Review of the Local Government Act 1993 to reduce red tape:** This is a welcome initiative from the State Government and should focus on a number of areas. The first and most important would be a reduction in those legislative impositions that give cause for extensive time delays before

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decisions can be made for members of the public. A relevant example is the requirement for consultation between local government and relevant state authorities and entities concerning integrated development proposals. Particular examination should be made of both the requirement for referral and the subsequent response times from the State Heritage Office and the Rural Fire Service. Additionally, documentation lodged as a consequence of onerous reporting requirements (Management Plan, State of the Environment Plan (SOE), Annual Report, Community Plan) are rarely commented on by the relevant Gov't Agency. A reduction in such reporting requirements would allow Council to facilitate more accessible reporting of information to the Community.

- **Clarification of roles of Councillors, Mayors and General Managers:** Whilst the Government's initiative in this area is welcome, it must be noted that this issue has received continuing attention for over a decade and was in part a catalyst for the introduction of a "changed" Local Government Act in 1993. It is problematic to think that these respective roles still require clarification after comprehensive attempts by the State Government to alleviate identified problems. There is little confidence that a further review will be any more successful than similar attempts in the past and it is respectfully suggested that a new model for local government be developed to reflect current social values, systems and an increased velocity for decision making to facilitate certainty and direction for community and business alike in an increasingly connected marketplace in a globalised environment.
- **Determine principles for calculating the number of Councillors in a local authority.** It would seem premature to determine any formula for councillor numbers in a Local Government Authority until such time as consideration has been given and a solution implemented to the two aforementioned items, viz a new model for Local Government in NSW and the final clarification of the respective roles of Councillors, Mayors and General Managers.
- **Promote candidacy in local government.** There is a general view that candidacy in Local Government is not as attractive as it once was because of the increased personal liability that now attaches to the role of Councillor under recent changes to the law concerning negligence and good faith. There are many examples in recent years where Councillors have been targeted using these provisions in circumstances when their only crime was to act in the interests of the community (see *Murcia Holdings v's City of Nedlands*).

If candidacy in local government is to be promoted by the State or any other party, then it will be necessary to spell out quite clearly and publicly the extensive potential liability that attaches to the position and the relativity of that liability to the remuneration payable to elected officials and any other mechanisms available to them to assist in protecting them from the costs of personal defence in the pursuit of Councils' interests.

The State Government should also review recent amendments to its own legislation which had the effect of reducing the threshold of protection for elected officials and employees alike when the test for negligence was reduced from "culpable negligence" to plain "negligence". A similar test is not applied, to our knowledge, to elected members of state parliament.

- **Promote flexible meeting times.** Council meeting times are a function of many variables. Not the least important is the availability of local elected officials to convene to discuss the business of Council in a timely fashion, the cost effectiveness and efficiency of meeting incidence and deliberation time, and the transparency of decision making. The local authority's elected officials are best placed to determine the date and time of meetings subject to consideration of the aforementioned factors and care should be exercised in responding directly or indirectly to external parties pressuring for meeting time changes where it prejudices or makes it difficult for Councillors elected by their community to engage in the conduct of Council business.
- **Develop guidelines on Community Consultation.** This initiative is welcomed by Council. It is Council's view that the guidelines should be prescriptive and that once in place, the State Government and the Department of Local Government should endorse consultation processes that have been undertaken in accordance with the requirements set.

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- **Develop Workforce Plans in Councils to promote diversity of employees.** This strategy is welcomed by Council and will need to ensure that employment processes are consistent with the State Government's stated aim of engaging in best practice service delivery to communities with increasing expectations and the consequent need to engage the best employee from the field on a competitively selected basis.
- **Develop a policy directory.** This initiative is supported by Council which is currently reviewing all past and recent policies to ensure consistency with Council's strategic direction.
- **Introduce an Asset Management system for Local Government.** This initiative is supported by Council conditional on the system identifying and facilitating the required annual contribution rates to maintain and replace deteriorating assets, with commitment from the State Government to support infrastructure funding requirements identified by Local Authorities. It is Council's view that infrastructure deficiencies in Local Authorities across the state are more a function of funding restrictions imposed by State Government through rate pegging, than the absence of Asset Management systems.
- **Prepare an annual efficiency/productivity savings statement as part of Council's annual report.** Council questions the perceived intent and potential outcome of such a strategy and believes a more useful exercise would be to review the effectiveness of current reporting requirements imposed on local government which whilst comprehensive, have never been evaluated in terms of effectiveness or efficiency in objective achievement.
- **Integrated Planning and Reporting** Council supports the proposal of a 10 year Community Strategic Plan which is further explained in the Integrated Planning and Reporting Options Paper discussed later in this report.
- **Re-engineered core competencies for Councils which can be benchmarked.** It is Council's strong view that the current model of Local Government in NSW has failed as evidenced by the necessity for the new reforms proposed in a context of the changes made to the Local Government Act in 1993. Any attempt at re-engineering of core competencies should be secondary to a complete review of the current local government model which has arguably failed at a Governance, Financial and Asset Management levels.
- **Provisions in General Managers' Contracts to facilitate working across Council Boundaries.** This proposal is aimed at facilitating General Manager involvement in and accountability for outcomes relating to Business Clusters. It is difficult to provide informed comment on the proposal given the lack of detail on the mechanics of the underlying contractual conditions, e.g. what entity is the General Manager accountable to for their respective participation and how is the effectiveness of that participation measured? It is noted that the standard contract for General Managers released on 1 July 2006 by the State Government does not deal with the issue of working across council boundaries.
- **Development of Resource Sharing Guidelines.** Council supports discussion and development of Resource Sharing Guidelines but does not accept the tying of Special Variation applications to exceed the rate cap, to demonstrable achievements through resource sharing. Current financial and infrastructure difficulties across Local Government in NSW are in large part attributable to the distortion created by rate pegging, when realistic funding increases were required to service community infrastructure and services. The distortion arises from the subordination of sound business practice based on commercial principles to perceived political expediency on the part of the State during the course of successive and different Governments.

There also appears to be little discussion in the reform or the integrated planning papers regarding the financial implications of any changes to Local Government in light of the recommendations made in the Independent Inquiry into the Financial Sustainability of NSW Local Government.

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- **Accreditation for Councillor learning and development.** Council supports the introduction of accreditation for Councillor skills and believes courses aligned to this outcome should be conducted by external parties independent of entities within the local government framework.

Position Paper 2 - "Integrated Planning and Reporting for NSW Local Government"

Councillors will have recently received documentation from the Department of Local Government concerning "Integrated Planning and Reporting for NSW Local Councils" and a position paper "A New Direction for Local Government", which were the subject of discussion at a recent briefing session for Councillors held on Tuesday 6 February 2007.

Key concepts contained in the options paper "Integrated Planning and Reporting for NSW Local Councils" relates to the need for Council:

- (a) to adopt an Integrated Community Strategic Plan for which the Mayor and Councillors would hold legislative responsibility, and which includes:
 - establishing the strategic direction of the Council in consultation with the community and Council staff
 - ensuring the plan is implemented by Council
 - reporting to the community on Council's progress in implementing the plan
- (b) to undertake extensive consultation with the community on the development of the Community Strategic Plan and prior to any subsequent changes to the adopted plan.

The Department's rationale for the renewed emphasis on strategic planning by Councillors arises in part from the Department's observations that:

- the weight of changing expectations, management roles and infrastructure will demand a new approach not easily catered for by the existing framework
- for some years, strategic planning focus has shifted to compliance with the regulations rather than applying the strategic intent of the framework
- there is a need to integrate the objectives of the proposed new strategic plan into the management plan structure
- Councils are planning for matters that are outside of their immediate sphere of influence – they should focus only on the services that they could directly provide
- Councils should identify the community's main priorities and expectations for the future and plan strategies for achieving these goals
- Community Strategic Plans would be evaluated by representatives of the Department of Local Government, members of local councils, the LGSA and other government agency and industry members as appropriate.

In the circumstances, the Department's initiative in the matter of strategic planning is welcomed, and Option 3 presented in the attached options paper is supported.

Further, in circumstances where the legislative responsibility for the development, implementation and evaluation of Council's Strategic Plan falls to the Mayor and Councillors, it is only proper that all elected officials participate as fully as possible in the process, and, in Management's view, all discussion on strategic direction in light of the proposed changes, should occur at full Council.

To date Council's Strategic Planning Committee has considered the following issues though not all elected officials have been party to the debate:

Strategic Planning

- Strategic Plan and Management Plan
- Strategic issues
- Asset management planning

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- Social Planning
- State, Regional and Federal policies
- Financial sustainability of Local Government
- Risk strategy on social and physical infrastructure
- River management and promotion policy
- Technological solutions for waste disposal

Strategic Land Use Planning

- Metropolitan strategy
- Rural planning and urban agriculture
- Transferable development rights

Business Development

- Public & Private Partnerships
- Technology Business Park
- Macquarie Street Development
- Hawkesbury Agricultural Retention through Diversification & Clustering Committee (HARtDAC)
- Equine Industry

Under the proposed reforms, legislative responsibility for the Community Strategic Plan falls to the Elected Council which will participate in discussion on all strategic issues.

Alliances and Business Clusters

In an endeavour to achieve efficiencies in its operations, Council has endeavoured to form alliances and/or undertake initiatives with other councils and organisations in areas such as joint purchasing arrangements via participation in the Western Sydney Regional Organisation of Councils (WSROC); pooled insurances arrangements via Westpool; the operation of its Companion Animal Shelter by entering into an agreement with Penrith and Baulkham Hills Councils facilitating the use of Hawkesbury's facility. This latter alliance has alleviated the need for those councils to establish their own facility and enabled a more economical use of resources.

The following are examples of current alliances and business clusters in which the Council is involved:

WSROC

Hawkesbury City Council in partnership with Auburn, Bankstown, Baulkham Hills, Blacktown, Holroyd, Fairfield, Penrith, Liverpool and Blue Mountains participates in Western Sydney Regional Organisation of Councils (WSROC).

WSROC's mission is to "secure through research, lobbying and the fostering of cooperation between Councils, a sustainable lifestyle for the people of Western Sydney and the provision of infrastructure and that no one should have to leave the region to have access to amenities, services and opportunities others in Urban Australia take for granted."

As part of Council's involvement in WSROC it participates in Joint Purchasing Agreements with other member councils resulting in savings in expenditure levels in those areas. Currently, Joint Purchasing Agreements cover the following:

- | | | |
|-------------------------|-----------------|-------------|
| • Office Supplies | Regional value: | \$1,080,000 |
| • Hardware | Regional value: | \$1,793,429 |
| • Road Marking Supplies | Regional value: | \$1,053,443 |
| • Chlorine Supplies | Regional value: | \$ 238,500 |
| • Mobile Garbage Bins | Regional value: | \$ 593,168 |

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The above agreements, in addition to offering lower prices to member councils also resulted in an accrued rebate in 2005 of \$122,000.

An example of the savings that can be achieved by this particular alliance was evident as a result of a recent joint tender for the provision of office supplies to member councils. In addition to the tender accepted representing the best value for money, the pricing itself was not only 6% lower than current rates, but also represented a saving of approximately 12% when compared to the State Government Office Supplies contract. In addition, as this is a WSROC contract, rebates available will be returned to member councils, instead of the State Procurement Office as is the case with state government tenders.

WSROC is also in the process of calling joint tenders for asphalt and electricity as well as undertaking feasibility studies in the areas of non-government contract motor vehicles; ready mixed concrete; outdoor staff clothing; library books; standard training (Eg First Aid); pest control and line marking.

Westpool

Hawkesbury City Council is a member of Westpool, which is an insurance and risk management mutual, established in 1988 and consists of seven Western Sydney Councils - Parramatta, Fairfield, Blacktown, Blue Mountains, Liverpool, Penrith and Hawkesbury City Councils.

This alliance provides opportunities for its members to purchase insurance products and to share risk management strategies. Current public liability, professional indemnity, Councillors and officers, motor vehicle and industrial special risks insurances are purchased by Westpool. Due to the ability of this group to "bulk purchase" insurance coverages it is considered that significant savings have been achieved in the level of premiums paid by the Council in comparison to potential premiums had Council approached the insurance market as a single entity.

In addition, much is gained by Councils being able to share experiences, initiatives and ideas in areas such as risk management strategies, property protection and security, Occupational Health & Safety, workers compensation, etc.

Westpool is managed by a representation of elected members and senior officers from all member Councils and is funded by contributions based on independent actuarial assessment.

Hawkesbury River County Council

Through a partnership with Baulkham Hills Shire, Blacktown and Penrith City Councils, Hawkesbury has managed to reduce costs through the delegation to Hawkesbury River County Council to manage, control and suppress all declared noxious weeds on these areas. This single purpose authority has responsibility for a combined area of 3,823 square kilometers and by forming of a larger area, Local Government boundary problems are avoided.

Funds are provided by equal levies upon the four constituent councils with the State Government providing some grant funding. Resource sharing is achieved as resources are used over a larger area of operations. An outbreak of noxious weeds anywhere with the County Council's area means that all resources are brought to bear on the problem.

Management and operational plans are prepared for the County area and as such, the revenue is used to focus attention on required outcomes and is not restricted to purely parochial considerations.

Companion Animal Shelter

Council has, for the past several years, provided an animal shelter establishment for the caring of impounded and unwanted dogs for Penrith and Baulkham Hills Council areas, as well as its own.

The arrangement is performed under an agreement between Hawkesbury and the participating councils, and provides for the housing and administration of impounded cats and dogs, rehoming of unwanted animals, and euthanasia of those animals that are unsuitable for rehoming.

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The three councils work closely together, and with animal welfare agencies, to ensure as many animals as possible are reunited with their owners or found foster or permanent homes, where the owners can't be found.

The companion animal controllers from Penrith and Baulkham Hills Councils, use Council's administration facilities at our animal shelter, to complete documentation needed in the administration of the impounding processes, and exchange ideas and methods of controlling companion animals in their respective Council areas.

This arrangement has worked very well for all Councils concerned, and has saved infrastructure costs to Baulkham Hills and Penrith Councils, in setting up their own animal shelters.

Hawkesbury /Lithgow Tourism Alliance

Hawkesbury and Lithgow Councils have formed a tourism alliance which began in November 2004. This partnership addresses such things as the councils and tourism operators formally working together, creating the reciprocal promotional activities of the Visitor Information Centres and branding considerations.

A Tourism Trail Strategy is being proposed as means of developing the Bells Line of Road as a spin-off of the Grand Circular Tourist Drive that operates in both LGAs. The Tourism Trail seeks to develop thematic experiences, tourism packages, attract target markets, deliver key infrastructure and to enable reciprocal promotion of the LGAs to strengthen the tourism link among other things.

Presentation, directional and knowledge based marketing collateral are essential for informing the travelling public to identify, define and promote a tourism product that is road based eg, maps, geo-markers, tourism signage, displays etc.

Joint tourism infrastructure is being developed to strengthen the partnership. Flagpoles in each LGA (with some shared content) as identified in the Tourism Trail was identified as an early initiative.

Lookout points on Bells Line of Road (existing and new opportunities) are being assessed for re-development/development to strengthen the Bells Line of Road tourism product.

A commitment of initial funds to the partnership to launch the Tourism Trail initiative and other strategies to develop the Bells Line of Road tourism product has already been achieved.

Greater Western Sydney Economic Development Board

The Greater Western Sydney Economic Development Board was established to help the Greater Western Sydney region fully realise its economic and investment opportunities.

As the voice of employment growth and economic development for the greater west, it initiates and supports a diverse range of projects to create employment, trade and investment opportunities for local residents and businesses.

It is supported by the New South Wales Department of State and Regional Development, and works in partnership with Councils and other regional organisations with an interest in Greater Western Sydney. The Greater Western Sydney Economic Development Board is committed to providing the resources that guarantee this bright future. The board is now focusing on a series of projects relating to planning and transport, tourism, business enhancement, IT, marketing, employment and training.

Road Safety

All road safety projects are planned and implemented in partnership with other stakeholders. These projects are both locally and regionally based.

Local projects are managed by the Hawkesbury Road Safety Forum. Membership consists of: Hawkesbury City Council (Road Safety Program Coordinator), Hawkesbury Police Command (Licensing Officer, Crime Prevention Officer and Traffic Sergeant), Hawkesbury District Health Service (Alcohol and Other Drugs

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Counsellor), Hawkesbury Licensing Accord, Hawkesbury Liquor Consultative Committee and the Roads & Traffic Authority (RTA).

This group facilitates the planning of most aspects of road safety with a particular emphasis on speed/drink-drive/fatigue prevention and motorcycle awareness.

At a regional level, projects are undertaken in collaboration with the WSROC group of councils and the RTA. This group has been responsible for developing the first regionally based strategic plan for road safety.

Western Sydney Business Connection (Including Sydney West Marketing)

Hawkesbury City Council is a member of the Western Sydney Business Connection (which includes Sydney West Marketing).

The Western Sydney Business Connection is a business promotion, networking and regional development organisation which has been in existence for 21 years. It represents a special cross section of the 75,000 businesses in the Greater Western Sydney region. The Connection conducts more than 25 events a year for its members and has become one of the region's pro-active business organisations in Western Sydney. It holds five major events each year including Business Luncheons/Dinners, Briefings, Round Table Discussion Groups, Site Visits, Regional Development projects/events and the Corporate Classic Golf Day. The events are attended regularly by more than 200 leading CEO's, MD's and GM's.

Sydney West Marketing is a part of the Western Sydney Business Connection, a non-profit self funded and independent organisation committed to the development and growth of Greater Western Sydney. The type of work Sydney West Marketing undertakes to promote Greater Western Sydney includes: Coordinating Regional Marketing Projects, Investment Tours, Stands at National Tradeshows; and Site Visits informing members of Western Sydney organisations. Sydney West Marketing plays an important coordination role in marketing Western Sydney to potential investors and works with a wide range of stakeholders like Western Sydney business, councils, the State Government and other GWS stakeholders to put industry in touch with the Western Sydney.

The objectives of Sydney West Marketing are to:

1. Promote Western Sydney as a preferred destination to invest and build a future.
2. Identify and coordinate opportunities to market Western Sydney.
3. Maximise the business relationships between all regional stakeholders.

WSROC Training And Employment Inc.

Council, along with seven other adjoining councils, operate a "not for profit" separately incorporated company which currently employs 180 apprentices who are distributed through a number of trades in both Local Government and local industry. The company, trading as WSROC Trading and Employment Inc., also operates a new apprenticeship centre and a college which provides certificate level qualifications.

Stormwater Partnership

Council is part of a collaborative including UWS, Sydney Water and industrial groups which formulated a stormwater drainage reuse facility for a large catchment within Richmond. Council participates in the ongoing operation and maintenance of that program which provides both environmental improvement through the treatment of stormwater as well as an educational component of environmental sustainability.

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Cabonne Council/Hawkesbury City Council Resource Sharing/Tourism Discussion

Hawkesbury City Council is currently in discussions with Cabonne Council with a view to sharing resources, (human) and entering into a Tourism marketing joint venture. Discussions are preliminary and subject to formal report and decision of Council.

Conformance to Strategic Plan

The proposal is deemed to conform with the objectives set out in Council's Strategic Plan i.e:

"Investigating and planning the City's future in consultation with our community, and co-ordinating human and financial resources to achieve this future."

Funding

Funds of \$30,000.00 are available from Account Number 1-70-2407-0478 being surplus funds arising from savings on FBT and Audit costs, and it is suggested this is an appropriate source for Strategic Plan Development.

RECOMMENDATION:

That:

1. Council forward a submission to the Department of Local Government outlining its comments on the Department's position paper "A New Direction for Local Government".
2. Council forward, by way of submission, the commentary in the paper on alliances and business clusters as requested by the Department of Local Government.
3. The Strategic Planning Committee and constitution be abolished and community members be thanked for their contribution.
4. In line with the proposed legislative changes, all matters of a strategic nature be reported directly to Council.
5. Option 3 contained in the attached "Options' paper for Integrated Planning and Reporting" be supported by Council and this decision be formally conveyed to the Department.
6. A Community engagement process be developed for further report to Council.

ATTACHMENTS:

AT - 1 Department of Local Government Position Paper - "A New Direction for Local Government" - *(Distributed Under Separate Cover)*

AT - 2 Department of Local Government Options Paper - "Planning a Sustainable Future, Integrated Planning and Reporting for NSW Local Councils" - *(Distributed Under Separate Cover)*

oooO END OF REPORT Oooo

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CITY PLANNING

Item: 32 **CP - Conversion of Hawkesbury Local Environmental Plan 1989 to the NSW Government's Standard LEP Template - Section 54 Notice - (95498)**

Previous Item: 21, Ordinary (13 February 2007)
 280, Ordinary (28 November 2006)

REPORT:

Previous Council Resolution

Council at its meeting of 13 February 2007 considered a report in this relation to the conversion of Hawkesbury Local Environmental Plan 1989 to the NSW Standard Template. At this meeting Council resolved that:

"The matter be workshopped on Tuesday, 20 February 2007"

The workshop was held in accordance with the Council resolution and the report is now submitted for Council's consideration.

Report to Council - 13 February 2007

Purpose

The purpose of this report is to recommend that Council resolve to prepare a draft Local Environmental Plan (LEP) for the entire Local Government Area of Hawkesbury that is based on the NSW Government's standard template LEP.

Background

Council considered a report to proceed with preparing a "standard template LEP" at its meeting of the 28 November 2006. At that meeting Council resolved as follows:

"That:

- 1. As a matter of urgency, this matter be further workshopped in a one off session.*
- 2. Council investigate a Land Use/Housing Strategy.*
- 3. Council staff to provide details of zoning anomalies within the current Hawkesbury Local Environmental Plan 1989.*
- 4. Staff provide details of how the "Montgomery Report" can be included in the proposed LEP Template.*
- 5. Council seek clarification from the Department of Planning regarding the possibility of an extension of time for the LEP conversion.*
- 6. Prior to the workshop being held, Councillors and senior staff undertake a tour of suitable locations for increased development.*

A letter was forwarded to the Department of Planning on 30 November 2006 advising of Council's resolution and enquiring about the time frame to prepare the "standard template LEP".

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The Department of Planning has replied to Council and in its letter of 22 December states that:

"The Department has established timeframes of 2, 3 and 5 years for councils to prepare their Principal Local Environmental Plans (LEPs) using the Standard Instrument. This is to ensure that all Principal LEPs are not received by the Department in the final years of the timeframe for transition to the Standard Instrument.

In 2007 the Department will be working with Hawkesbury City Council on key policy issues through the North West Subregional Strategy and a framework for protection of Metropolitan Rural Lands. I appreciate that Council wishes to investigate the potential for future growth in the local government area, however it would be pre-emptive to undertake this work prior to Government policy direction being established for the North West Subregion and Metropolitan Rural Lands. The original process agreed to by Council and the Department was to convert the existing Hawkesbury LEP 1989 into the Standard Instrument without significant policy changes. This process will not preclude Council from making amendments to its Principal LEP in the future on the basis of further strategic investigations. I request that Council continues to focus on the agreed conversion to the Standard Instrument. Once the North West Subregional Strategy has been completed and a policy direction on Metropolitan Rural Lands established it would then be appropriate for Council to proceed with further strategic planning and policy work. Following this any changes could be pursued by Council through amendment of its Principal LEP.

Notwithstanding this, the Department appreciates the need to be flexible with timeframes for completion of Principal LEPs in recognition of the need to clarify issues and provide guidelines to assist in implementing the Standard Instrument. I would be happy to consider a minor review of the work program for the conversion of the existing LEP to the Standard Instrument at our next meeting and adjust the timeframes agreed in the Memorandum of Understanding to recognise these delays".

Discussion

It is clear from the Department's letter that it is the State Government's intention to prepare a North West Subregional Strategy and a strategy for Metropolitan Rural Lands. These strategies would provide guidance for Councils with respect to development of both urban and non-urban land.

Any future land use/housing strategy would need to take account of the findings of the State Government strategies. Similarly the request by Montgomery Planning Solutions Pty. Ltd. to rezone 412 hectares of land at the foot of the Blue Mountains escarpment to increase development density from a 40 hectare minimum allotment size to four hectares would need to be considered in the context of these future studies.

The Montgomery Report is a preliminary investigation and does not purport to be a complete Local Environmental Study. In a rezoning of the scale envisaged by the Montgomery report it would be necessary to undertake a full Local Environmental Study. Such a study would not only need to examine the definition of what constitutes the escarpment in this locality, but would also need to examine the suitability of land in the locality for increased subdivision potential. Other issues apart from visual issues would need to be addressed and these include the following:

- Significant vegetation and habitat corridors;
- Bushfire;
- On-site waste disposal;
- Traffic implications; and
- Servicing.

For the matter to proceed further it will be necessary for Council to receive a formal rezoning application accompanied by the appropriate fees. Given the Department's advice, it is unlikely that the matter will proceed until a North West Subregional Strategy and a strategy for Metropolitan Rural Lands is in place or

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well under way. In the longer term, if the rezoning proposal proceeds then it will be necessary to undertake a Local Environmental Study. It is normal in these circumstances for Council to supervise the study and for interested landowners to fund the study. It is, therefore, recommended that Montgomery Planning Services Pty. Ltd. be advised of the above.

The preparation of standard template LEP will enable Council to correct zoning anomalies and the like. Zoning anomalies are typically minor matters and relate to issues such as:

- Heritage item mis-description & location;
- RTA road widening updates;
- Private land being zoned for National Park purposes;
- Incorrect positioning of main roads (encroachment into private property);
- Mapping of some wetlands; and
- Minor discrepancies with zoning boundaries not conforming to individual property boundaries.

Zoning anomalies do not involve large scale rezoning of land.

The Department of Planning have indicated that there is some flexibility with respect to the time frame of preparing the "standard template LEP" and that this issue can be resolved at officer level without jeopardising the funding arrangements agreed to in the Memorandum of Understanding.

In relation to workshopping the matter there is no impediment for Council to proceed with a workshop on the "standard template LEP" in the near future. It is noted that a workshop was held on 17 October 2006, prior to the matter being reported to Council.

Conclusion

Given the Department of Planning's advice to Council it would seem both prudent and necessary to continue to prepare the conversion of Hawkesbury Local Environmental Plan 1989 to the Standard LEP template. As indicated in the letter to Council the LEP template does not preclude Council from making future amendments to its LEP based on strategic investigations. These however would take place following the completion of the North West Subregional Strategy.

It is clear that Council is working within the framework of the Metropolitan Strategy and this is the setting for future decision making. Council has previously resolved at its meeting of 26 September 2006 to continue to participate in sub regional planning work and the preparation of sub regional plans.

Additional matters for consideration in draft LEP

Council has received submissions from the owners of 11 Blacktown Road, Freemans Reach and 993 Bells Line of Road, Kurrajong Hills requesting that these properties be listed as heritage items. Council's Heritage Advisor has provided initial advice supporting the listing of these properties. It is therefore recommended that listing these properties as heritage items be considered in the draft standard template LEP as well as any other requests from property owners wanting to have their properties heritage listed.

Conformance to Strategic Plan

The proposal is deemed to conform with the objectives set out in Council's Strategic Plan i.e:

"Investigating and planning the City's future in consultation with our community, and co-ordinating human and financial resources to achieve this future."

Funding

There is no budget implication as funding for the conversion has been provided by the Department of Planning if the work is completed in the agreed timeframe.

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RECOMMENDATION:

That:

1. Council:
 - a. Prepare a (draft) comprehensive Local Environmental Plan for Hawkesbury consistent with the NSW Government's standard LEP template, pursuant to section 54(1) of the Environmental Planning and Assessment Act, 1979.
 - b. Give notice of the above resolution to the Director General of the Department of Planning, pursuant to section 54(4) of the Environmental Planning and Assessment Act, 1979.
2. A submission be made to the *Local Environmental Plan Review Panel* in the form and manner set out in the Department of Planning circular PS 06-005 titled *Local Environmental Plan Review Panel*.
3. The Director General be requested to provide written advice in relation to his issuing 'written Authorisation to Exercise Delegation', to allow Council to exercise delegation under Sections 65 and 69 of the Environmental Planning and Assessment Act, 1979, when progressing this draft LEP.
4. In preparing the (draft) comprehensive Local Environmental Plan for Hawkesbury consistent with the NSW Government's standard LEP template, consultation be undertaken with the various authorities and neighbouring Councils as required by section 62 of the Environmental Planning and Assessment Act, 1979.
5. Montgomery Planning Services Pty. Ltd be provided with a copy of this report as well as Council's resolution.

ATTACHMENTS:

There are no supporting documents for this report.

oooO END OF REPORT Oooo

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EXTERNAL SERVICES

Item:33 ES - Request from Minister for the Environment to rejoin the Western Sydney Regional Illegal Dumping (RID) Squad - (96330, 81216, 95494)

REPORT:

A letter was received recently from the Hon Mr Bob Debus, MP, Minister for the Environment, requesting Hawkesbury City Council to reconsider its decision to determine its membership of the RID Squad.

Background

Council was included in a group of councils in Western Sydney, which formed the Western Sydney Regional Illegal Dumping Squad, known as the "RID Squad" several years ago, as part of a strategy of the "Western Sydney Waste Board".

The "Squad" operated under a Section 355 Committee structure with the Steering Committee comprising of a staff member of each of the represented councils.

The councils originally represented were Bankstown, Holroyd, Blacktown, Fairfield, Liverpool, Penrith, Baulkham Hills and Hawkesbury. The Environment Protection Authority (EPA) also had a representative on the committee as they were financial stakeholders in the Squad.

Cross boundary delegations were granted by all the member councils so that officers of the RID Squad could operate and have authority in each of the member council local government areas.

Six field officers were employed together with a supervisor of the Squad.

The Squad operated out of offices located in the St Marys shopping strip and were administered by the Western Sydney Waste Board.

After a decision was reached by the Minister for the Environment that all waste boards should be dissolved and replaced by a single body known as "Resource NSW" under the authority of the EPA, the future of the RID Squad was in question.

It was finally decided that the Squad should continue to operate as the member councils believed it to be worthwhile. At this time a decision was made that the squad members needed to be employed by a council for administrative reasons, and subsequently Penrith Council won a bid to host the Squad, and the staff then were employed by Penrith Council.

It was also around this time that Liverpool and Blacktown Councils decided that they no longer wished to be members of the Squad and withdrew funding, and thus their membership.

It was costing councils around \$20,000 annually at this time, and Hawkesbury Council considered this to still be value for money, as it received assistance frequently from the squad in countering dumping activities at some of our known hot spots.

In the next few years, Council continued its membership on this basis, but with the resignations of a few of the squad members which weren't able to be replaced, the level of assistance to the councils dropped, as four staff members were trying to cover six very large councils with effectively three squad members in the field and one officer as supervisor.

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It became evident that the amount of resources able to be given to each member council was dwindling and more work was being expected of the Compliance Officers at the member councils to cover for the lack of assistance.

In the past, each Council had a RID Squad officer patrolling their local government area on a weekly basis and as arranged systematically, the whole of the Squad would do a blitz in a local government area for a few weeks bi annually, to deter dumping.

Due to increasing costs needed to run the squad by Penrith Council, the cost per council rose from \$20,000/yr to around \$41,000/yr, without increasing the staff levels and thus the amount of work performed in each local government area.

It was also around this time that Hawkesbury City Council discovered its financial situation was less than ideal, and managers were required to identify cost cutting in their budget to assist in the conservation of funds. At the time Council's Team Leader, Compliance and Enforcement considered that it would be more beneficial to employ a Council officer to police dumping on a part time basis for the \$41,000 that was being asked for to be a member of the RID Squad, because of the reduced presence of RID Squad Officers in our local government area.

Subsequently, a Council decision was made during May 2005 to withdraw its membership of the Squad and save the \$41,000 to assist the shortage of funds being experienced by Council, which occurred during the 2004/2005 financial year.

Shortly after Council's departure from the squad, Fairfield City Council also withdrew its membership, for reasons unknown.

Council has since been approached on numerous occasions to rejoin the Squad, but has been of the opinion that until the funds were able to be taken from the waste budget, its financial position would not allow the allocation of funds to this program.

Council was recently written to by the Minister for the Environment, Mr Bob Debus, MP responding to Hawkesbury City Council's written request to allow the RID Squad membership funds to be taken from the waste budget.

Mr Debus's response was that the *Local Government Act* is administered by his colleague, the Hon Kerry Hicks MP, and that his (Mr Debus') portfolio was not able to provide Council with any dispensation under that legislation.

Mr Debus' suggestion was that Council use the money recently received from the waste performance fund, amounting to \$51,455, to rejoin the Squad, as these funds are not required to be incorporated into the restricted waste budget, but can be used for other purposes.

It is however considered that the appropriate place for funds to come from, is the waste budget, as experience has proven that most of the dumping is of a domestic nature, being household rubbish, not commercial waste materials, but items from local neighbourhoods.

Conformance to Strategic Plan

The proposal is deemed to conform with the objectives set out in Council's Strategic Plan i.e:

"Implement plans and controls to manage and reduce waste and promote the environmental health of the city."

Funding

Funds to be taken from Council's domestic waste budget, on the proviso permission is granted from the Minister for Local Government.

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RECOMMENDATION:

That Council:

1. Write to the Minister for Local Government, the Hon Kerry Hickey, MP, requesting that the funds required for membership of the RID Squad be allowed to be taken from the domestic waste budget.
2. Write to the Minister for the Environment, Mr Bob Debus, MP, and advise that Council is unable to fund membership of the RID Squad from its general budget due to other priorities, however will be seeking permission from the Minister for Local Government for the membership of the RID Squad to be funded from Council's domestic waste budget.

ATTACHMENTS:

There are no supporting documents for this report.

oooO END OF REPORT Oooo

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Item:34 ES - Deed of Agreement Between Hawkesbury City Council, Hawkesbury Historical Society and the Friends of Hawkesbury Art Collection & Regional Art Gallery - (95494, 107, 78462, 80223)

REPORT:

This report has been prepared to advise Councillors of the outcomes of an independent assessment of a proposed Deed of Agreement (DoA) for the management of cultural collections within the Hawkesbury Cultural Precinct.

Background

- In June 2004, in considering the framework for the management and ownership of the collections to be transferred to the Cultural Precinct, Council resolved that *'The Hawkesbury Historical Society and FOHACaRAG retain ownership of their collections and that the collections respectively be relocated to the Hawkesbury Regional Museum and Hawkesbury Regional Art Gallery.'*
- In November 2004, the *'Memorandum of Understanding , Hawkesbury Cultural Precinct: A partnership agreement to provide a framework for the management and operation of the Hawkesbury Cultural Precinct'* was signed by representatives of Hawkesbury City Council and 11 community groups.
- Under the MoU, organisations who own (or hold in trust) collections, which are intended to be relocated to the Cultural Precinct facilities, were invited to form a Collection Policy Sub-Committee (along with nominated Council staff) to draft a Deed of Agreement to outline the basis on which collections could be relocated to the Hawkesbury Cultural Precinct (given the intent of Council's resolution of June 2004).
- The MoU provided for the sub-committee to be comprised of up to four representatives of Hawkesbury Historical Society (HHS), four representatives of the Friends of Hawkesbury Art Collection & Regional Art Gallery Inc. (FOHACaRAG), and up to four Council staff (with provision for up to two collection management specialists to be appointed to assist the work of the sub-committee).
- The Collection Policy Sub-Committee was subsequently formed and convened for several meetings during late 2005 and early 2006. Final membership included three members of FOHACaRAG, four members of HHS and one Council staff member. Resource constraints limited Council's representation to the Gallery and Museum Director whose primary role was to assist HHS and FOHACaRAG clarify their requirements for a 'acceptable' DoA. Due to financial constraints no independent collection management specialists were engaged.
- It was envisaged that once a draft Deed of Agreement had been signed off by (FOHACaRAG) and the (HHS), it would be referred to Council for ratification. As such the draft DoA reflects the position of FOHACaRAG and the HHS who were primarily responsible for its content.
- The completed draft of the DoA was received by Council in September 2006. The final draft was endorsed by FOHACaRAG and the HHS in mid October 2006 and is appended to this report.
- In November 2006, Council referred the draft DoA for an independent assessment. Mr Peter Scrivener was contracted to assess and report on the document within the context of best (sustainable) practice within the Local Government / cultural sector. Mr Scrivener is a recognised industry expert with over 25 years experience in the cultural services sector, (including four years as Director Museum Development with *Museums & Galleries NSW* - the key development agency for museums and galleries in NSW).

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- In early January 2007, Council received a preliminary assessment report from Mr. Scrivener (*"Assessment report on the proposed Deed of Agreement between Hawkesbury City Council, Hawkesbury Historical Society and the Friends of Hawkesbury Art Collection and Regional Art Gallery"*). This report was subsequently forwarded to A R Walmsley & Co for legal advice as to the suitability or otherwise of the DoA as a legal instrument for execution by Council.

Current Situation

Summary of Assessment Report. In simple terms, the assessment report prepared by Peter Scrivener (which is appended to this Report) makes the following points:

- the workability of a DoA will be primarily dependent on signatories coming to a shared understanding of collection development and collection management principles - the draft DoA in its current form does not address this critical pre-requisite;
- in assigning management responsibility for cultural collections to Council, the draft DoA carries significant resource implications tied to the storage, professional conservation, security, management, and the electronic documentation and communication of the collection;
- the draft DoA does not provide for an ownership arrangement that reflects good industry practice in that the ownership of the collections (to be transferred to the Cultural Precinct) does not reside within a single entity. The Report recommends that 'all parties should investigate ownership models as part of long range strategic planning process'.
- the draft DoA does not provide sufficient clarity in relation to an operative governance structure for authorising management activities associated with the collection(s) - it notes that some of the requirements of the DoA are onerous.
- the current format of the DoA will work against the integrated and effective operation of the Cultural Precinct - the draft DoA is an inflexible instrument in that it has a narrow focus on the location and storage of a limited subset of existing cultural collections within the Hawkesbury and as such may be of limited benefit to the wider community.

In Summary, the Assessment Report notes that the proposed DoA does not provide terms that reflect good industry practice. It suggests that the efforts being focussed on developing the DoA should be redirected to strategic planning, collection policy development and significance assessment of collection items. It advocates a review of the role of the Cultural Precinct Advisory Committee, and the investigation of alternate ownership models which can support the integrated management of cultural assets. It concludes that the primary aim of a partnership agreement should be focused on providing the best benefits for the wider community.

Key Issues. The Assessment Report identifies a need for a consultative process to address the key issues raised within the Report. These issues are summarised as:

- a. Communication strategies to facilitate partnership and change management.
- b. Development of Collection Policy based on significance assessment.
- c. Review of Cultural Precinct Advisory Committee and its terms of reference with consideration given to broadening the membership base of the committee.
- d. Establishing clear delegations to facilitate effective collection management.
- e. Investigating options to establish a Cultural Precinct Collection Trust to support the integrated management of collections.

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- f. Investigating best practice across both museums and galleries for accepting unencumbered gifts and ensure that future plans examine the possibility of, and preparation for, the transfer of ownership of HHS and FOHACaRAG collections.
- g. Integrating collection development and management by promoting Hawkesbury Cultural Precinct as both reference point and the umbrella entity.
- h. Scheduling a completion date for reviewing the MoU and reach consensus on what partnership statements or document is required.
- i. Separate the detail of management procedure and policy issues from the MoU/DoA and program this into the strategic planning process.
- j. Promote the research and the fundraising role of FOHACaRAG and HHS, including opportunity to continue their publication and income generation activities.
- k. Establish a cycle for the planning and review of all policy, agreements and plans.
- l. Clarify the current status of ownership of the collections.

The Assessment Report presents four options for Council's consideration.

	OPTION	CONSEQUENCES
1.	Put aside the MoU/DoA to focus on strategic planning and policy development.	<ul style="list-style-type: none"> Centres decision-making on the key planning documents for sustainable practice. Maintains a cooperative approach in support of the vision. Can widen representation to increase community benefits. Opportunity to assess cost versus social benefits and deliver effective programming aligned to resources the partners can attract and contribute.
2.	Revise the draft DoA and MoU format and content.	<ul style="list-style-type: none"> Continues dependency on current process and the constraints of current advisory committee. Could focus MoU/DoA on governance while strategic planning and policy address management procedures. Sustainable only if Council liability for unhindered collection growth or encumbered loans is removed. Unlikely to be cost effective (timely) in delivering sustainable results.
3.	Update the draft DoA/MoU (plans and policies now in place, summarise terms of reference for current committees).	<ul style="list-style-type: none"> Nominates what areas are under review and the timeline for their resolution. Limits options for decision-making within the constraints of the current process. Process is hamstrung by short-term focus and therefore unlikely to deliver sustainability for future operations. Implications for Council's role (to provide and service a collections management role with limited opportunity to focus collection development) lacks capacity to address strategic opportunities for the wider community.
4.	Adopt the draft DoA and MoU as presented by HHS and FOHACaRAG.	<ul style="list-style-type: none"> Places Council at risk to fund on-going costs without effective opportunity to focus collection development. Potential for shortfall in providing adequate storage would place collections at risk. Restricts professional and creative opportunity to focus the collections, and to extend innovative programming that could attract contemporary audience interests. Unlikely to deliver effective management which can present a confident profile and attract wider community and funding support.

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Mr Scrivener has identified Option 1 as providing the best means of moving forward with the development of a sustainable partnership arrangement for the relocation and management of cultural collections within the Hawkesbury Cultural Precinct.

"All parties to the draft DoA (Council, FOHACaRAG and HHS) put aside the detail of the MoU and do not proceed with any DoA at this point. Instead focus on strategic planning and collection policy development which will in turn inform the establishment of effective sustainable management plan including any required partnership arrangements."

Advice from Council's Solicitors. A R Walmsley & Co were requested to review the Deed of Agreement in conjunction with the Assessment Report and the existing *Memorandum of Understanding*. Written advice has been provided to the effect that:

- (a) it is inappropriate for Council to enter the deed in its present form.
- (b) Council's future liabilities in respect of the matters covered by the DoA could be onerous.
- (c) The Assessment Report recommendations should be considered seriously before proceeding further.

Discussion

The legal and Industry advice received by Council recommends that Council should not execute the Deed of Agreement as it currently stands.

The Assessment Report indicates that in order to achieve a viable partnership arrangement for the sustainable management of cultural collections, there must be an agreed policy framework for collection development informed by a strategic plan. The Report recommends that such a policy should use *'significance assessment as a founding principle in determining accession decisions and to inform de-accessioning procedure'*.

In simple terms, if Council is to accept management responsibility for cultural collections, it should be on the basis of:

- a process which establishes the significance or otherwise of these collections to the wider community (to ensure that collection development activities are in step with available infrastructure and resources); and
- an ownership model which best supports the integrated management of cultural assets within a clear governance framework.

Within the industry, there is a clear preference for the receipt of unencumbered gifts or donations with ownership of collections deeded to a single entity - usually the institution or organisation managing and housing the collection. Council's resolution of June 2004 (providing for the Hawkesbury Historical Society and FOHACaRAG to retain ownership of their collections) does not conform with industry practice.

In view of this apparent inconsistency (with industry practice), together with the issues identified in the Assessment Report, it is recommended that Council undertake a more comprehensive review of options for sustainable management of cultural collections. As Council is effectively a partner in these discussions (with a clear interest in arriving at an agreed position which is not prejudicial to Council's interests) this would best be progressed through the engagement of an external facilitator, with relevant industry experience, to work with key stakeholders. The consultants brief would be framed to deliver the following outputs:

- a. a strategic directions document to guide a process for the development of a strategic plan by Council staff.

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- b. an agreed significance criteria to assess the broader community value of collections which are proposed to be relocated to the Cultural Precinct
- c. a template for a collection development policy based on industry best practice
- d. a briefing paper on possible ownership models to be considered by partners.

It is estimated that the cost of engaging a consultant to deliver these outputs would be between \$6,000 to \$10,000. In view of the critical need to address these core issues prior to Council entering into any agreement where it accepts the responsibility and cost of managing cultural collections, this expenditure is warranted and can be met from approved operational funds within the Cultural Services Unit.

Conformance to Strategic Plan

The proposal is deemed to conform with the objectives set out in Council's Strategic Plan i.e:

"Objective: Work in partnership with community and government to implement community plans to meet the social, health, safety, leisure and cultural needs of the City"

Funding

There are no funding implications arising from this report. The costs of engaging an external facilitator can be met from existing budget allocations.

RECOMMENDATION:

That:

1. The Assessment Report on a proposed Deed Of Agreement between Hawkesbury City Council, Hawkesbury Historical Society and the Friends of the Hawkesbury Art Collection & regional Art Gallery be received.
2. Council adopt *Option 1* within the Assessment Report as its preferred option for finalising the development of a sustainable partnership arrangement for the management of cultural collections within the Hawkesbury Cultural Precinct
3. The Assessment Report be placed on public exhibition.
4. Council not proceed with the draft DoA in its current form.
5. Council engage an independent facilitator to work with key stakeholders to develop a strategic directions document, significance criteria, collection development policy and collection ownership models which can inform the establishment of a sustainable management plan for cultural collections.
6. Copies of the Assessment report be forwarded to the Hawkesbury Historical Society, Cultural Precinct Advisory Committee and the Friends of the Hawkesbury Art Collection & Regional Art Gallery. HHS and FOHACaRAG be invited to comment on the content of the Report and their willingness to participate in the proposed (further) review of options for sustainable management of cultural collections.

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ATTACHMENTS:

- AT - 1** *Deed of Agreement* between Hawkesbury City Council, Hawkesbury Historical Society and the Friends of the Hawkesbury Art Collection & Regional Art Gallery - (*Distributed Under Separate Cover.*)
- AT - 2** Assessment report on a proposed *Deed of Agreement* between Hawkesbury City Council, Hawkesbury Historical Society and the Friends of Hawkesbury Art Collection & Regional Art Gallery - (*Distributed Under Separate Cover.*)

oooO END OF REPORT Oooo

ORDINARY MEETING**Meeting Date: 27 February 2007****SUPPORT SERVICES****Item:35 SS - Monthly Investment Report - January 2007 - (96332)****REPORT:**

According to Clause 212 of the Local Government (General) Regulation 2005 the Responsible Accounting Officer must provide the Council with a written report setting out details of all money that the Council has invested under section 625 of the Local Government Act 1993. The report must include a certificate as to whether or not investments have been made in accordance with the Act, the Regulations and the Council's Investment Policy.

The following table lists the investment portfolio held by Council at 31 January 2007 in a form compliant with legislative and policy requirements.

All investments have been made in accordance with Section 625 of the Local Government Act 1993, Clause 212 of the Local Government (General) Regulation 2005 and Council's Investment Policy.

January 2007

The following table indicates that Council held \$31.3 million in investments as at 31 January 2007. Details of the financial institutions or fund managers with which the investment was made, date investments were taken out, the period to maturity, the rate of return achieved and the credit rating of the investments are provided below.

Investment Type	Lodgement Date	Interest Rate %	Principal	Rating	Total
On Call					
CBA	31-Jan-07	6.20%	\$ 1,500,000.00	A1+	\$ 1,500,000.00
Term Deposit					
CBA	15-Jan-07	6.35%	\$ 1,000,000.00	A1+	\$ 1,000,000.00
Managed Funds					
ANZ Cash Plus Fund	31-Jan-07	7.05%	\$1,407,134.14	AA	
Macquarie Income Plus Fund No 1	31-Jan-07	6.90%	\$6,650,250.75	A	
Deutsche Cash-Plus Fund	31-Jan-07	7.05%	\$9,176,161.61	A	
Perpetual Credit Income	31-Jan-07	7.32%	\$6,470,315.91	A	
ING Enhanced Cash	31-Jan-07	7.24%	\$5,116,508.00	A	\$28,820,370.41
TOTAL INVESTMENT AS AT 31 JANUARY 2007					\$31,320,370.41

Managed Funds

Bench Mark - Jan 2007	6.65%	Bench Mark - last 12 months	6.09%
Actual- Jan 2007	6.86%	Actual -last 12 months	6.26%

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Category	Balance	Average Interest	Difference to Benchmark
Cash at Call	\$ 1,500,000.00	6.20%	-0.27%
Term Deposit	\$ 1,000,000.00	6.35%	-0.12%
Managed Funds	\$28,820,370.41	6.86%	0.39%
	\$ 31,320,370.41	6.47%	0.00%

Restriction Type	Amount
External Restrictions - S94	\$ 4,538,825
External Restrictions - Other	\$ 16,131,171
Internal Restrictions	\$ 10,639,512
Unrestricted	\$ 10,862
Total	\$ 31,320,370

Investment Commentary

The investment portfolio decreased by \$1.11m during January 2007. The decrease was due to the cyclical payment of rates with January being a non instalment month. During January income received including rates payments amounted to \$2.24m, while payment to suppliers and staff costs amounted to \$3.83m.

Managed Fund performance was marginally above the benchmark (UBS Australia) Bank Bill Index in January 2007 with an average return after fees of 6.86%, compared with the index of 6.65%. The managed funds portfolio has achieved a return after fees for the past 12 months of 6.26%, which outperformed the (UBS Australia) Bank Bill Index of 6.09% for the corresponding 12 month period.

The investment portfolio is diversified across a number of investment types. This includes a number of managed funds, term deposits and on-call accounts.

The investment portfolio is regularly reviewed in order to maximise investment performance and minimise risk. Comparisons are made between existing investments with available products that are not part of Council's portfolio. Independent advice is sought on new investment opportunities.

Conformance to Strategic Plan

The proposal is deemed to conform with the objectives set out in Council's Strategic Plan i.e.:

"Objective: Maximise return on Council's investment portfolio"

Funding

Funds are invested with the aim of achieving budgeted income in 2006/2007.

Robert Stalley
Responsible Accounting Officer

RECOMMENDATION:

That the information be received and noted.

ATTACHMENTS:

There are no supporting documents for this report.

oooO END OF REPORT Oooo

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Item:36 **SS - December 2006 Quarterly Review - 2006-2007 Management Plan - (96332)**

REPORT:

Within two months of the end of each quarter, Council is required to review progress in achieving the objectives set out in its Management Plan.

Management Plan

Council adopted its Management Plan for 2006/2007 on 26 June 2006.

Section 407 of the Local Government Act 1993 requires the General Manager to report to Council the extent to which strategies set by the Council's current Management Plan have been achieved during that quarter.

The December 2006 quarter review has been prepared and is attached for your information.

Financial Position

As part of the Management Plan review, Clause 203 of the Local Government (General) Regulation 2005 requires a revised estimate of the income and expenditure for the year.

The December 2006 review recommends budget adjustments that result in a balanced adjustment for the quarter, made up of a number of both positive and negative impacts on the adopted budget.

The more significant items include:

Operational Variations

Salaries – Nil Variance

Advertising and recruitment costs for the Chief Financial Officer position, \$25,850 is being funded from savings accrued in the period this position was vacant, and from the Finance Systems Analyst vacancy. The latter position is currently being advertised. Advertising for the Director of City Planning position, \$10,000 is being funded from savings accrued in the period the position was vacant.

Travelling - Unfavourable

The travelling budget is increased by \$3,000 to cover E-Tag expenditure. No allowance has been made for travelling in the adopted budget.

Fire Control - Favourable

A budget adjustment of \$113,073 income is required to reflect a 13% reimbursement received from NSW Rural Fire Services. This income was not budgeted for in the adopted budget.

Property Leases – Nil Variance

Actual rental income from Loder House Windsor has exceeded estimate due to longer than expected tenancy. This increase is offset by an expenditure budget adjustment of \$10,570 to cover the 15% levy payable to the Department of Lands in respect of rental properties. As this levy was only introduced recently, no allowance had been made in the original budget.

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Hawkesbury Leisure Centre – Nil Variance

An amount of \$60,000 was adopted in the operational plan 06/07. These funds were to be used for maintenance activities at the Hawkesbury Leisure Centre. An accounting adjustment transferring the funds from capital expenditure to operational expenditure is recommended to better reflect the nature of the funds expended.

Street Sweeping Program – Nil Variance

As per Council Resolution 14th November 2006, the Mechanical Sweeper operational costs are to be funded from the Environmental Stormwater Reserve in the amount of \$60,000 for the current year. A budget adjustment allocating \$60,000 from the Reserve to the Street Sweeping Program is being processed to this effect.

Road Reinstatements – Unfavourable

Income estimated to be received from Road Restorations is reduced by \$65,000. Part of this reduction in income is offset by a reduction of \$47,762 in corresponding expenditure. The respective estimates are more indicative of the current trend and past results.

Vehicle inspections - Unfavourable

Budgeted income from Vehicle Inspections has also been revised and adjusted down by \$22,000. This income stream is unpredictable and varies from year to year. Estimates are reviewed every quarter and adjusted accordingly.

Sewer Rates Revenue – Nil Variance

The budgeted transfer to the Sewer Operating Reserve is increased by \$37,673. This results from actual income received from residential sewer rates exceeding estimate by \$6,368, income from business sewer rates by \$28,111 and Sewer rates extra charges by \$3,194.

The budgeted transfer to the Treatment Works Reserve is reduced by \$250,000. This results from a revision of the Sewer S64 contributions, originally estimated at \$500,000, based on income received as at the end of December.

Fines & Penalties – Favourable

Actual income received from fines and penalties has exceeded estimates by \$11,227. Budget estimate is increased to match actual.

Agricultural Fees - Unfavourable

Estimated income from Tree Removal application fees has been revised and reduced by \$6,985.

Sale of Drainage Diagrams – Unfavourable

Estimated income from the sale of drainage diagrams is reduced by \$19,625. This results from the fee being reduced to \$15.00 from \$60.00.

Sundry Income – Unfavourable

Sundry income from Development Control activities is reduced by \$8,829 to reflect the current trend.

Personnel – Favourable

A favourable adjustment is made to the income estimate for Sundry Income in the Personnel Department. Income received in respect of uniforms, in the amount of \$2,938, was not included in the adopted budget.

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Public Relations – Nil Variance

An amount of \$8,000 is transferred from printing and stationery costs and re-allocated to the Hawkesbury Show Display.

Grants - Nil Variance

Various neutral budget adjustments to grant contributions and associated expenditure are included in this review. Refer to detailed variations sheet in this document.

Capital Variations

For the 2006/2007 financial year, Council has a total capital budget of \$17.5m. This total is made up of \$8.4m carried forward from 2005/2006 and \$7.4m being the 2006/2007 allocation. As at the end of December 2006, actual capital expenditure amounted to \$3.2m. This amounts to 43% of the current year's allocation, but only 18% of the total funds available.

As at the end of December, major projects including upgrading rising mains and pump stations (\$1.1m), waste management capital works (\$1.3m), the Museum (\$2.5m) bridge construction (\$0.7m), gross pollutant traps (\$0.4m), and road construction projects (\$1.5m), were still in the early stages of works or are scheduled for the second half of the financial year. Black Spot funded projects are 22% expended. As at the end of the second quarter only 13% of funds allocated to the purchase of plant was expended.

A major review of capital works status will be undertaken in the third quarter to identify estimated unexpended funds, with the aim of reducing funds carried forward in the 2007/2008 financial year.

Provision for Contingencies - Favourable

Whilst increases in income and savings have been identified in this review, trends in some areas have indicated possible future unfavourable variances in 2006/2007. These expenditure trends will be re-assessed in the third quarter review. To this effect a total of \$49,561 has been quarantined to fund future deficits.

Conformance to Strategic Plan

The proposal is deemed to conform with the objectives set out in Council's Strategic Plan i.e.:

"Preparation of quarterly reviews of management targets and financial information"

Funding

Funding and budget impacts have been specified within this report and attached review documents.

RECOMMENDATION:

That:

1. The information contained in the report on the 2006-2007 Management Plan - December Quarter Review be received.
2. The quarterly review of the 2006-2007 Management Plan and Financial Statement for the period ending 31 December 2006 be adopted.

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ATTACHMENTS:

AT - 1 2006-2007 Management Plan Review - December Quarter - (*distributed under separate cover*)

oooO END OF REPORT Oooo

Item:37**SS - Review of Council's Workers' Compensation Program - (95496, 79509)**

REPORT:**Purpose**

The purpose of this report is to provide Council with information regarding a need for Council to increase costs for Workers' Compensation and OH&S compliance under a 'Self Insured' program. The information has been gathered subsequent to the recent Desktop Audit of Council's OH&S System undertaken by Minerva Consulting and compared to the WorkCover Model 2005. Compliance with the Model, is required to maintain Council's current 'Workers' Compensation Self-Insurers Licence'.

Background

It has long been a legal responsibility for all employers to secure and maintain adequate insurances for their employees. One of these insurance covers is "Workers Compensation" which is to cover situations where an employee is injured in the course of their employment.

Hawkesbury City Council, since 1984, has successfully managed its Workers Compensation insurances under a "Self Insurers Licence" issued by WorkCover NSW. Council is one of a small group of around 16 (approx 10%) of Local Government authorities within NSW that hold a Self Insurers Licence. Hawkesbury is an anomaly in the Workers Compensation self-insurance markets having gained its licence under a Grandfather arrangement in the past. Clearly we would not be eligible to hold such a licence under existing conditions due to the fact that Council's employee numbers are currently well under accepted current minimums for this purpose.

The enactment of the OH&S Act in 1983 and its subsequent amendments in 2000 and the OH&S Regulations of 2001 has meant that employers are required to introduce and continuously develop a regime of work practices, in consultation with their employees, aimed at ensuring "safety in the workplace". Over more recent years WorkCover has introduced a heightened focus on the OH&S requirements for Self Insurers with the development of a Model compliance standard and audit timetable far in excess of that for organisations operating under the general scheme.

WorkCover last amended the Self Insurers OH&S Model in July 2005, which apart from minor general improvements, sought to reinforce the "management authority" aspect of the model.

Council has recently undergone its second OHS systems audit by WorkCover NSW in the last 12 months and is currently operating under a 12-month licence pending a further audit in September 2007. Whilst the results of the 2005 audit have been reversed somewhat, it is becoming increasingly evident that maintaining Council's Workers Compensation Self Insurers Licence may require significant additional investment of time and resources into OH&S systems development and verification activities.

WorkCover NSW has recently been working with authorities from other states and Self Insurers Associations for the development of a national OH&S scheme and an associated audit tool (model), which is based on the "Safety Map system" of approximately 194 prescriptive measures across possibly 12 elements. It is understood that this new federal scheme will be formally applied in NSW from 1 July 2007. It is hoped this should mean only minor variation to the Hawkesbury OHS&IM system whilst audit and verification should be clearer. It may work to assist Council but will always rely on how the organisation practically embraces its own system.

Under the current 'Workers Compensation Self Insurers licence' Council will be reaudited again in September 2007 and failure to achieve appropriate standards could result in the Council's licence being suspended. Although, the most likely scenario would result in a six monthly audit regime with quite specific expectations. A subsequent OH&S audit failure, after the six months audit, will most definitely see Council's licence suspended for a longer term.

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In the report to follow the various options available to Council for the future management of the Workers Compensation insurance and associated OH&S regimes will be outlined.

Following a second unsuccessful report from the WorkCover Audit Team, in October 2006, a report to address options for Council's future direction in the management of the 'Workers' Compensation Program' was prepared. One recommendation of that report was to engage an external specialist firm, the Minerva Consulting Group, to undertake firstly a Desktop and then a Site Audit, with a view to developing an Action Plan to achieve a successful report from the WorkCover Audit Team in their September 2007 Audit.

The Minerva Desktop Audit identified some 147 opportunities to improve our System. Of the 147, some were 'non-compliance', some 'partial compliance', and some 'no clear evidence of compliance'. In a subsequent de-briefing, Minerva provided significant advice and direction to Council in respect of avenues to strengthen Council's system in an endeavour to achieve compliance with the model.

Of course, once the System has been enhanced to a standard of compliance it will need to be communicated across the entire organisation. This will be a significant task and training, or retraining, adds additional costs to the situation.

In the past 18 months the WorkCover Guidelines, the Self-Insurers Model and audit tools have shifted significantly. They are also supported by legislative amendments and regulations as recent as November 2006.

As mentioned earlier, over the past 18 months the Self-Insurers Associations, from all states, have been working with all the State WorkCover agencies to develop a 'national audit model', it is understood is scheduled to be released in July 2007. There are suggestions of a 'phasing in period', and verbal assurances have been received that if Council can demonstrate it has a system compliant to the current Model, it should not have much difficulty under the proposed Model.

Following the Minerva desktop audit and associated gap analysis, it is apparent Council will need to apply additional resources to updating its systems, registers and procedures. As mentioned earlier when the systems redevelopment is completed Council will need to communicate the changes, instruct the entire Workforce on new procedures and registers, and then undertake audits of selected sites for at least six elements to test compliance.

Workers' Compensation Program options

For Council's information, it is highlighted that there are three options for Workers' Compensation insurance in New South Wales, namely a Registered Fund Manager, Industry Group Special Licence³ (State Cover Mutual) and the Self Insurance Scheme (being Council's current situation):

1. The Registered Fund Manager

The registered Fund Managers are a small select group of general insurance companies (such as GIO, etc.) who have indicated they will write the business for Workers' Compensation, and will aim to satisfy the requirements of the WorkCover Case Management Guide and associated legislation.

Claims Management under this type of insurance would remove much of the pressure regarding treatment and management of claim files, etc... however it would still be necessary to maintain a high level of focus on 'Return to Work' and rehabilitation in order to contain a blow out in cost of claims.

2. Industry Group Special Licence (State Cover Mutual)

At present the Industry Group Special Licence for local government is held by the State Cover Mutual.

By all reports the 'State Cover Mutual' runs on similar fashion to an insurance company, only they specialise in Local Government business and offer some economics of scale in administration charges, training schemes, OH&S advice and systems, etc. It should be understood, however, that the Managing Director of State Cover has indicated that if any Council chooses not to take notice of

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initiatives offered and an incident occurs then that Council will suffer financially at the next premium adjustment.

It is important to understand that whether insured through a 'Fund Manager' or the State Cover Mutual, the premiums quoted are 'deposit' premiums calculated on the past two years actual cost of claims and wages costs, and an estimated cost of claims and wages for the period. Should there be a significant blow out in any of the three periods, an adjustment premium will be issued. Conversely, should there be a significant shortfall in the estimates then a rebate should be expected.

In assessing the premiums an industry weighting is applied along with a weighting for claims experience. In some cases, every dollar spent might cost three dollars in premium. Obviously the greater attention given to claims management, rehabilitation and workplace safety etc should stem the tide of claim blowouts.

The advantage, however, is that any costs after three years does not get taken into account when premiums are being calculated. That is, there is NO tail of claims after three years from date of injury

3. Self Insured Scheme

Under this scheme Council's Workers' Compensation costs are associated with costs of claims only, and the industry weighting or claims experience. Such figures may be taken into account when the Actuary reviews Council's potential claims exposure, which has direct impact on the 'Injury Management Reserve Funds', held by WorkCover, or covered by a 'Bank Guarantee' agreement. Currently Council has lodged a Bank Guarantee in the order of \$1.13m with WorkCover for the purposes of its "Injury Management Reserve Funds" as required under the terms of its "Self Insurers Licence". This amount is reviewed annually.

It is assumed by WorkCover, that as a self-insurer, Council would have a heightened focus on employee safety and further, that savings in premiums would be offset against our commitment to OH&S. It is with this mindset that WorkCover NSW has elevated its audit of self-insurers much higher than other systems.

Financial implications

Obviously, it is possible to achieve compliance with both OH&S and Case Management Audits but at what costs? To address this issue of costs an "estimated premium" has been ascertained in respect of each of the three possible "insurance" models as outlined above and the following chart details the quoted estimate differences inclusive of GST:

Registered Fund Manager	State Cover	Self-Insurer
\$1,000,481	\$880,177	\$469,000

Clearly as the figures above indicate, a saving of approximately \$410,000 between the cost of "State Cover" (being the next lowest) and a "Self Insured" basis exists, it would seem logical to remain as a 'Self-Insurer'. However, the pressing question in considering this issue is that of "the costs of compliance".

Council has undergone two unsuccessful WorkCover audits since September 2005 and it is apparent that while very considerable work and endeavours have been applied by the organisation prior to the last two audits considerable additional effort and resources will be required if Council is to achieve a successful audit in September 2007.

As indicated previously, Council has undertaken a Minerva Desktop Audit in respect of its current system and as a result the following program has been formulated and costed:

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1.	Desktop Audit & Gap Analysis (already undertaken and funded)	\$10,990
2.	Update procedural documentation in accordance with Gap Analysis - 30 days @ \$1,100 per day (March / April)	\$33,000
3.	Training staff in new procedures and the System overall - 20 days @ \$1,100 per day	\$22,000
	<ul style="list-style-type: none"> • Risk Assessment • OH&S Awareness • OHS&IM Management System • Reporting Incidents / Accidents • Accident / Incident Investigations • Corrective Actions • Workplace Inspections • Purchasing • Records • Inspection and Testing • Management Responsibilities 	
4.	Staff wages component for wages staff to attend refresher and specialised training - (300 staff x 8 hrs x \$25)	\$60,000
5.	Site Visit - Test Audit - 5 days on site and 3 days report (already funded)	\$8,790
6.	Inspect, review and train in on site registers, systems procedures	\$15,000
7.	WorkCover Preview Training, tutoring, site visits, etc...	\$20,000

		\$169,780

Say \$170,000

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Added to this there will need to be some physical assistance both at the Wilberforce Depot, other "outdoor" locations and in the Risk Management Branch.

- At the Wilberforce Depot and other "outdoor" locations, a significant need for a Safety Officer exists with duties that would include:
 - Risk Assessments
 - Update MSDS
 - Risk assessments for above
 - Manual handling assessments
 - Noise assessments
 - Chase up routine workplace inspections

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- Corrective Actions
- Toolbox talks
- Inductions (staff, contractors, visitors etc)
- Random site audits (staff and contractors)
- Random PPE audits
- Random plant inspection and compliance audits
- Training
- Establish site induction for contractors
- Document control of site documents
- Keep records and save / file
- Review of group risk assessments
- First party auditing
- Reports (accident, injury, near miss, statutory requirements)
- Reference appropriate legal material i.e. Australian standards, codes of practice, hand books etc
- Site Risk Registers
 - Hot / cold environments
 - Pressure vessels
 - Confined spaces
 - Working at heights
 - Energy Sources
 - Slings register (chains, slings, straps etc)
 - Excavation
 - Hazardous substances
 - Manual handling
 - Noise register
 - Asbestos register

Estimated costs (including a vehicle) would be in the order of \$65,000 per annum. It is anticipated that due to the allocation of work the Sewer Fund and the General Fund could meet the costs of this position equally.

Apart from continuous development of OH&S system and audit requirements WorkCover has also been developing the injury management/claims management side of the system. In late November 2006 the self-audit tool for Case Management was issued and all future case management audits will be undertaken within the bounds of that tool. This will heighten the need for a more focussed program of Case Management, which runs parallel to OH&S in the self-insurer licence renewal consideration by WorkCover.

Further the Risk Management Branch, having developed a Corrective Actions Database, a number of audit system requiring review, data entry, scheduling & coordination of safety training etc now need further assistance. The Assistant Insurance Officer has in the past, undertaken much of these functions however, it is believed that this officer now needs to focus on the Case Management, Return to Work & Rehabilitation side of the positions duties to ensure compliance at the next Case Management audit. To this end, it is suggested that an additional resource in the form of an OH&S Trainee would greatly assist in this regard. It is estimated that a trainee for this purpose would involve an estimated cost of \$25,000 per annum.

An OH&S Trainee, which would provide a "training" opportunity for an individual and further assist Council's drive to compliance would be involved in duties covering the following possible functions:

- Enter monthly inspection returns
- Organise and catalogue training
- Enter training information onto database
- Enter onto and maintain CA database (inspections, audits, non-conformances, reviews, accident-incident-near miss investigations)
- Review Emergency response requirements
- Assist with general enquiries

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- Update information i.e. SWMS, Manuals, documents
- Research and update technical data i.e. AS etc
- Maintain review register
- Update SWMS
- Update notice boards
- Photocopies etc

In order to maintain Council's existing Self Insurers Licence the above would indicate that additional funds in the order of \$150,000 would be required (an amount of \$19,780 indicated has already been provided for) as well as the positions of Safety Officer and OH&S Trainee involving ongoing costs in the order of \$90,000 per annum. This is offset by the prospect of Council's Workers Compensation Insurance costs being increased by approximately \$410,000 per annum (current cost basis) if Council were not to maintain its existing Self Insurers Licence (currently approximately \$469,000 per annum) and entered into the next cost level being the State Cover Mutual (indicative premium of \$880,177 per annum).

Accordingly, it is proposed that Council continue in its endeavours to maintain its existing "Self Insurers Licence" for Workers' Compensation Insurance requirements. To this end it is also proposed that the additional costs involved would be adjusted in the next quarterly review (for period to 31 March 2007). In this regard, it will be noted that elsewhere in this Business Paper the quarterly review to 31 December 2006 has been reported showing a surplus amount in the amount of \$49,561 being placed into a "contingency" fund in addition to an amount in the order of \$150,000 placed into the "fund" from the September quarter. It is anticipated that the additional provisions for the remainder of the 2006/2007 financial year could be funded from existing provisions with appropriate provisions for the positions being incorporated in the upcoming 2007/2008 budget.

Offset against these potential additional costs is the prospect that if Council does not pursue this course of action it may be faced with additional Workers' Compensation Insurance costs in the order of \$410,000 per annum in the future. It should be noted that the suggested course of action, while placing Council in the best possible position to retain its "Self Insurers Licence", does not necessarily guarantee this result but this situation must be weighted against the certain prospect of additional insurance costs if significant additional endeavours are not provided for this purpose.

Conformance to Strategic Plan

The proposal is deemed to conform with the strategic direction set out in Council's Strategic Plan i.e:

"Establish processes and develop flexible plans that will enable the City to respond to change"

Funding

The additional funds required to endeavour to maintain Council's existing Self Insurers Licence for Workers' Compensation purposes can be met for contingencies established from recent quarterly reviews in comparison to the potential additional cost in the order of \$410,000 per annum if Council were to proceed to the next level (for cost effective purposes) of Workers' Compensation Insurance coverage available.

RECOMMENDATION:

That:

1. The various options and information contained in the report in connection with Council's Workers' Compensation Insurance coverage be noted.
2. Council continue in its endeavours to maintain its existing "Self Insurers Licence" for Worker's Compensation Insurance purposes.

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3. Council endorse the course of action, and associated costs and staff positions, outlined in the report proposed for the purposes of 2 above and note that appropriate adjustments will be incorporated in the March 2007 quarterly review for this purpose and as outlined in the report in this regard.

ATTACHMENTS:

There are no supporting documents for this report.

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ordinary
meeting

end of
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paper

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