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## MEDIA RELEASE

### AUDITOR-GENERAL'S REPORT Managing Departmental Amalgamations

The Auditor-General of New South Wales, Peter Achterstraat, today released a report on amalgamation of government departments. The report examines two case studies - amalgamations creating the Department of Commerce (2003) and the Department of Primary Industries (2004).

The audit assessed if the amalgamations were well planned and implemented, and achieved anticipated outcomes and benefits.

Released with the report is a better practice guide for managing the amalgamation of government departments. It is based on the lessons learned from the case studies and literature on amalgamations.

#### Key Findings

"Both Commerce and DPI substantially achieved their amalgamation financial savings targets," said Peter Achterstraat. "The departments are expected to achieve savings of about \$150 million and \$190 million respectively over their first four years. However, the Commerce amalgamation is not providing other expected benefits, such as improved and lower cost customer service."

The Primary Industries amalgamation achieved more by combining services that had similar customers. The Commerce amalgamation combined a number of services with different customers and consequently operates as a group of semi-independent organisations.

"Achieving the best from amalgamations requires effective planning," said Peter Achterstraat. "Planning must commence as soon as amalgamation decisions are made by Government. We found Commerce's approach less strategic and largely based on a series of short-term plans."

Amalgamations are major projects that are challenging for managers and must be managed at all levels of the new organisation. Services to clients and staff morale need to be maintained during job uncertainty, and business systems need to be consolidated.

"To assist with future amalgamations we have produced a better practice guide with checklists. Currently, there are no handy references available," said Peter Achterstraat.

"We also support improved reporting of performance against amalgamation objectives in the annual reports," said Peter Achterstraat.

#### Further Information

Barry Underwood, Executive Officer on 9275 7220 or 0403 073 664.

The full report is available on the Audit Office's website [www.audit.nsw.gov.au](http://www.audit.nsw.gov.au)