Response from Snowy Monaro Regional Council

10 April 2019

Ms Margaret Crawford
Auditor-General
Audit Office of New South Wales

Via email: Margaret.Crawford@audit.nsw.gov.au

Dear Ms Crawford,

Performance Audit Report on Workforce Reform in Three Amalgamated Councils

Thank you for your office’s letter dated 4 April 2019 and for the opportunity to respond to the Performance Audit Report on Workforce Reform in Three Amalgamated Councils (the Report).

Snowy Monaro Regional Council accepts the recommendations contained in the Report, in so far as these relate to Snowy Monaro Regional Council.

I advise that these recommendations have been included in our Operational Plan 2019/2020 as a means of continuing our endeavours towards the implementation of these recommendations.

I would like to thank the Audit Office for its efforts in examining how amalgamated councils are reforming their workforce to realise efficiency benefits from amalgamation and to manage its impact on staff.

Should you require further information please contact Peter Cannizzaro, Director Corporate and Community Services on (02) 6455 1720.

Yours faithfully,

Peter Bascomb
General Manager
Response from Inner West Council

INNER WEST COUNCIL

17 April 2019

Ms Margaret Crawford
Auditor-General of NSW
GPO Box 12
Sydney NSW 2001

Attention: Claudia Migotto

Dear Ms Crawford

RE: Response to Performance Audit Report – Workforce Reform in Three Amalgamated Councils

I am writing in formal response to your Performance Audit Report – Workforce Reform in Three Amalgamated Councils as a participant Council.

The State Government did not adequately prepare for amalgamation. The amalgamations were forced upon the community with little or no regard for them or the staff. Consequently, amalgamated Councils are still, three years since proclamation, in a situation of transition and transformation, whilst delivering services to the community. The Performance Audit Report accurately reflects that newly amalgamated Councils cannot realise the benefits of amalgamation until they align services across the former council areas, complete integration of ICT systems and adopt common practices. These matters should have been managed much better by the State and funded properly.

These transition processes are time and resource intense and efficiencies are longer term. The impact of employment protections within the Local Government Act whilst giving some certainty to staff, have had a detrimental effect on timely benefits realisation.

As indicated via the examples in the report, Inner West Council has made tremendous efforts and significant achievements to date, despite the challenging and disconcerting environment for staff.

I would like to thank you for the personal meeting to discuss this report and the co-operation shown by all parties in ensuring an accurate reflection of Workforce Reform to date at Inner West Council.

Yours sincerely

Michael Deegan

Chief Executive Officer
Inner West Council

P.O. Box 14 Petersham 2049 | P (02) 9392 5000 | E council@innerwest.nsw.gov.au
Customer Service Centres | Petersham 2-14 Fisher Street | Leichhardt 7-15 Wetherill Street | Ashfield 250 Liverpool Road
Response from Queanbeyan-Palerang Regional Council

18 April 2019

Audit Office of New South Wales
GPO Box 12,
Sydney, NSW 2001

Dear Ms Crawford
By email: susan.loane@audit.nsw.gov.au

Workforce Reform Audit of Amalgamated Councils

Thanks you for the opportunity to respond to the Performance Audit of Amalgamated Councils, of which Queanbeyan-Palerang Regional Council (QPRC) was selected as one. At the outset, we compliment your audit team led by Susan Loane, for their professional and courteous conduct.

In broad terms we support the approach, findings and recommendations of the Report, noting we were provided an opportunity to discuss aspects with your audit team previously. We provide the following observations and comments.

2.1: QPRC established a ‘service, program, activity (SPA)’ framework that underpinned the five pillars of the Community Strategic Plan. That framework was used to guide its reframing of services and to guide the shape of the organisation structure and the associated resources and expertise required to deliver services and projects for the community. To an extent, many of those services were expanded in scope or extended geographically into the broader LGA, more generally at a harmonised or higher level than the former council.

2.2: Council reported progress against the Merger Transition Plan 2016 and the Merger Projects initially to the Implementation Advisory Group, then to the Audit Risk and Improvement Committee. Those Committee minutes were reported to Council. We continue to provide annual updates on merger progress to Council, and will prepare a 3-year Merger in Review report after FY2019.

Council prepared an initial Workforce Strategy (WFS) embedded in the Resourcing Strategy 2017, which together with workforce and culture related projects outlined in the Merger Plan, outlined the actions and responsibilities to deliver workplace reform and establishment of systems. The next generation WFS is in draft for presentation to Council mid-year.

2.3: It is difficult at this early stage of the new organisation life to identify and illustrate efficiencies generated by the organisation structure and the investment in technology platform. As the audit noted, the provisions of the Act limited real structural and locational reform – particularly through obligations to retain staff numbers, depots and offices (and in most circumstances the same roles) in the smaller towns.
Similarly, transitioning to single pay cycles, structures and salary systems was problematic and relatively lengthy – in part due to experiences of the merger 12 years earlier. Nonetheless, those systems and structures were designed to be foundation setting for a new organisation, not just to stitch the former organisations together.

It would be a useful outcome of the audit to gain legal or industrial clarity on a number of matters identified, such as s218CA, s332 and retention of former salary systems for example.

3.2: QPRC also provided assistance to L2-3 staff exposed to spill/fill to obtain financial and CV advice, as well as assistance for staff considering voluntary redundancies. We recently advised staff there will be no forced redundancies as a result of the merger protection period closing in May 2019, but will continue to revise roles and structures in accord with the Award. A formal review and consideration of the Transformation Structure to have regard to service reviews and productivity generated by the digital and mobility platforms is scheduled for mid-2020 as foreshadowed in the Merger Transition Plan.

Merger benefits presented to DPC by Council included an FTE/resident ratio at or below the ratios of the former councils; lower backoffice % of operational expenditure; and a lower rate pricing path of the former councils. It is suggested those, together with others extracted from the ‘Australasian LG performance Excellence Program (PEP)’ may inform the performance benchmarks to established by OLG.

While we initially proposed to undertake an independent logistics assessment of the impact on productivity of daily shuffling between the various offices, work sites and depots by staff, we have utilised the PEP to examine attendances, unplanned absences and co-relationships to overtime, stress, excess leave and injury statistics as metrics of productivity.

Appendix 2: based on the level of vacancies at time of merger, meant we did not have enough staff to fill the structure and seamlessly continue services. Hence the opportunity for employment, role redesign and promotion was available to staff from time of merger. Recent presentations to staff have illustrated ~20% of staff have been placed or promoted into higher level roles since merger; ~ 20% received a pay rise; and ~30% of staff have now been employed longer at QPRC than the former councils.

Relocating staff to different work locations has been problematic due to merger and award protections, unless appointed to new roles. Notwithstanding, retention of staff numbers at the smaller centres skewed those attempts to relocate. Post the merger protection period, a program to co-locate staff in functional groupings cross the three main offices and depots is underway. Award allowances and travel-in-work-time issues may prevail.
Again, thank you for the opportunity to submit to the audit report. We are happy to clarify or expand on any of the points raised.

Yours sincerely,

[Signature]

Peter Tegart
CEO
Queanbeyan-Palerang Regional Council
Response from Office of Local Government

Ms Margaret Crawford
Auditor General of NSW
By email: mail@audit.nsw.gov.au

Dear Ms Crawford

Thank you for your letter of 4 April 2019 providing a copy of the report, Performance Audit – Workforce Reform in Three Amalgamated Councils. The Office of Local Government (OLG) appreciates the opportunity to respond to the report and notes the findings and recommendations that have been made.

I would like to acknowledge the valuable work of your Office in examining the progress made by the three amalgamated councils that have been audited towards an efficient organisation structure.

I have noted the recommendation that OLG develop a suite of efficiency and economy indicators and report on the performance of councils against those indicators. I note that a similar recommendation was made in the report Council Reporting on Service Delivery 2017. In my response that report, I advised that OLG is working on the development of a Performance Measurement Framework for councils in NSW, incorporating appropriate performance measures to assist in consistent sector-wide performance reporting.

As you may be aware, work began on the development of a performance measurement framework during 2013 and 2014. The project was placed on hold while other local government reforms were being pursued. The NSW Government has previously committed to the development of a performance measurement framework for NSW councils, and provision for such a framework has been made in previous amendments to the Local Government Act 1993.

The timing and development process for this framework will ultimately be a matter for the consideration of the Minister for Local Government, the Hon. Shelley Hancock MP. However, it is currently anticipated that work will recommence later in 2019.
Thank you again for the opportunity to respond to the report and for engaging with OLG throughout the audit process.

Yours sincerely

Tim Hurst  
Chief Executive  
Office of Local Government  
29/4/19