

The Members of the Legislative Assembly
Parliament House
SYDNEY NSW 2000

In compliance with Section 38E of the *Public Finance and Audit Act 1983*, I present a report to the Legislative Assembly titled **Redundancy Arrangements**.

A C HARRIS

Sydney
April 1997

Performance Audit Report

Redundancy Arrangements

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Executive Summary

Executive Summary

The Audit Office carried out an audit on voluntary redundancy in the NSW Public Sector. Expenditure on redundancy packages by public sector agencies was \$736.1m during 1 July 1989 to 30 June 1995.

Six agencies were selected for the audit. They were selected largely on the basis of the materiality of redundancy expenditure and included a mixture of budget and non budget sector agencies. The six agencies had 6,100 redundancies between 1993-95 at a cost of \$190.1m.

The main audit objectives were to identify and report on the existence, adequacy and implementation of Government and internal agency policy.

The latest Government Policy relating to redundancy is contained in the Premier's Memorandum 96/5 *Managing Displaced Employees* which was issued on 20 February 1996.

The audit identified that overall the agencies had carried out the redundancy process satisfactorily and the process, with some exceptions, complied with Government and internal policies.

Government policy states that performance problems should be dealt with by managing the performance of the employee rather than restructuring/redundancy processes. In a limited number of instances certain employees, whose performance had been questioned, had been offered and accepted voluntary redundancy.

The audit also indicates that the process of redundancies has resulted in lower salary costs, in real dollar terms, without undue increase in either overtime or consultancy costs nor any detrimental effect on service quality. However, it is noted that the decrease in staffing levels occurred exclusively in the non-budget sector. Budget sector staffing levels increased by 1.4% during 1989-95.

There are also signs that the need for and the benefits arising out of redundancies are not well planned or measured. The need for redundancies often arises from a desire to reduce staff related costs while there is no comparison of the costs of redundancy compared to benefits.

Although not part of this audit, it was noted that the Department of Agriculture, in 1995-96, commenced a redundancy program in order to achieve long term expenditure reductions. Four hundred and seventy-eight (478) officers accepted voluntary redundancy to 30 June 1996. The cost of redundancies effective to 30 June 1996 was \$9.8m.

In March 1996 the Government rescinded a large part of the cuts to the Department's budget. Following this decision the Department commenced recruitment of approximately 250 staff. These decisions were reviewed as part of a separate audit, following a request of the Legislative Council, the report on which was tabled in Parliament on 27 March 1997.

In another instance, the Roads and Traffic Authority (RTA) decided to outsource its graphic, building, mechanical and electrical services within Technical Services Directorate.

As a result of this decision over 100 personnel were declared surplus to requirements and took voluntary redundancy.

The RTA was not able to produce for review a cost/benefit analysis between internal and external service provision. The Premier's Department has advised that the RTA in this particular instance has not complied with the Competitive Tendering and Contracting Out Guidelines issued to agencies by the Premier's Department.

The Audit Office considers that the guidelines dealing with Managing Displaced Employees' should require the preparation of a cost benefit analysis of a proposal and its reconciliation with the result.

Unlike in Victoria, there is no relevant information, public sector wide, on redundancy and the effects thereof, including:-

- public sector employment levels
- severance package expenditures and savings achieved
- severance package activity by agency and
- redeployment outcomes

In the absence of this information it is difficult for a Government to make judgements in regard to the success, or otherwise, of its policy of achieving continuous improvement.

In the course of the audit it was also noted that at some agencies performance management had not been introduced for certain categories of employees. The reasons cited for this were: the possibility of employee relations problems; and that traditional performance management was not appropriate for certain categories of employees for example, process workers.

The Audit Office considers that performance criteria should be established for all categories of employees. Apart from its obvious value in managing staff performance, it would also assist in making decisions about the separation or retention of employees in any redundancy program.

There is also doubt whether all the requirements of Premier's Memorandum 96/5 *Managing Displaced Employees* are legally enforceable.

For example, Premier's Memoranda have required consistently that an employee receiving a redundancy severance payment sign an undertaking to repay a portion of the payment in case of re-employment in the public sector within a given period.

The Crown Solicitor's advice casts doubt whether the repayment obligation can be legally sought and enforced.

There is also some confusion as to what constitutes re-employment of redundant employees and to whom the repayment obligation applies.

If it is the Government's intention to have this provision meaningfully used and enforced, there is a need to clarify the position by obtaining legal advice regarding the enforceability of the re-payment obligation. There is also a need clarify the position as to what constitutes re-employment of redundant employees.

The Audit Office also notes that as a consequence of Government policy, agencies generally may not retrench employees.

The Audit Office calculated the annual cost of such policy in respect of only the RTA, SRA and Sydney Water to be in the order of \$10m. The total annual costs borne by NSW residents from the Government's policy prohibiting involuntary redundancy are clearly large. (Costs are also borne by employees who have no meaningful work but who are in receipt of salaries.) It also leads to pressure to increase the benefits payable under the Government's redundancy scheme in order to induce voluntary redundancy.

The Audit Office considers that where employees are retained by trading entities as a consequence of Government policy directives, the cost of such directive be treated and accounted for as a social program.

*Suggested
Inclusions to
Premier's
Memorandum for
Managing
Displaced
Employees*

As part of the audit, The Audit Office has compiled suggested inclusions to the Premier's Memoranda for Managing Displaced Employees as an aid to the implementation of Government Policy. The suggested inclusions are contained at the end of this Report.

Recommendations

It is recommended that

- the legal doubt existing in respect of the repayment undertaking required to be signed by individuals be clarified and, if necessary, action be taken to resolve the position
- the definition as to what constitutes re-employment of redundant employees be clarified
- the guidelines dealing with Managing Displaced Employees be amended to incorporate that agencies proposing a staff reduction program, should, as part of their strategic planning, prepare a detailed cost/benefit analysis of the proposal and its reconciliation with the result
- performance criteria should be established for all categories of employees.

Acknowledgment

The Audit Office gratefully acknowledges the co-operation and assistance provided by both the nominated liaison and other personnel of government agencies visited in the course of this review.

Response to the Report from Premier's Department New South Wales

Dear Mr Harris

I refer to your letter of 6 February 1997 in which you request comments in regard to the draft Performance Audit Report on Redundancy Arrangements.

I am pleased to provide comments as shown in the attached schedule on the specific recommendations contained in your draft Report. I am advised that you are satisfied that the position relating to the applicability of the Premier's Memorandum to company SOCs has been clarified and no recommendation will be made on this aspect.

You will appreciate that the schedule summarises the detailed comments provided separately on 10 March 1997, which included comments by the affected agencies.

Signed

**C GELLATLY
DIRECTOR-GENERAL**

Date: *19 March 1997*

Response to recommendations

Recommendations 1 and 2

- **the legal doubt existing in respect of the repayment undertaking required to be signed by individuals be clarified and, if necessary, action be taken to resolve the position**
- **the definition as to what constitutes “re-employment of redundant employees” be clarified.**

The policy on Managing Displaced Employees enables the Public Employment Office to remove the obligation to repay in certain limited circumstances (Director-General, Premier’s Department). These circumstances have not been specified.

Premier’s Department will clarify the circumstances by reference to the legal advice. Action will also be taken to consider incorporating a question in the standard public service application form to assist establish any existing repayment obligation by an applicant.

Recommendation 3

- **the guidelines dealing with “Managing Displaced Employees” be amended to incorporate that agencies proposing a staff reduction program, should as part of their strategic planning, prepare a detailed cost/benefit analysis of the proposal and its reconciliation with the result.**

Given the significance of employee related costs as a proportion of recurrent expenditure (about 70%), voluntary redundancy programs are often required to meet changes in programs, priorities and budgets. The policy commitment to voluntary redundancy and budgetary imperatives set the boundaries for planning and assessment of costs and benefits.

Department Heads of public service departments are responsible for the “general conduct and the effective, efficient and economical management of the functions and activities of the Department” pursuant to section 11 of the Public Service Management Act 1988. Chief Executives of statutory authorities outside the public service have similar responsibilities in relation to their organisations. These obligations cover decisions on all staffing matters, including the business case for voluntary redundancy programs, and separate guidelines within the Managing Displaced Employees Policy on the need for cost benefit analysis in relation to voluntary redundancy programs are not considered appropriate.

Recommendation 4

- **performance criteria should be established for all categories of employees**

The recommendation in respect of the need for performance management systems across the whole sector is noted. The NSW Government is committed to maximising the performance of organisations and individuals through performance management. The Government sees effective performance management as a key aspect of strategic people management and as an integral part of the process of continuous improvement. To this end, the Premier’s Department is finalising new Performance Management Policy and Guidelines which affirm the requirement on all government agencies to develop, implement and regularly review performance management systems.

1. Background

Audit of Redundancy

The Audit Office carried out an audit on voluntary redundancy in the NSW Public Sector.

Voluntary redundancy refers to an arrangement where an employee voluntarily agrees to terminate his/her employment services in return for financial compensation (commonly titled a severance package).

As detailed later in this report, the expenditure on redundancy and related packages during 1989-95 was \$736.1m.

Basic Audit Objective

The basic audit objectives were to identify and report on:

- the existence, adequacy and implementation of government and/or internal agency policy with respect to redundancy arrangements and the extent to which agencies comply with such policies
- the extent rational and structured processes existed and were applied in identifying excess staff
- the effect of redundancy on agencies in terms of service, costs and quality.

The audit examined redundancy expenditure for the period 1 July 1993 to 30 June 1995.

Previous Audit Report

A review conducted by The Audit Office as to:

- the extent of redundancy payments during the period 1989-1992
- the adequacy of internal controls for the payment of voluntary redundancy packages

was reported in Volume One of the Auditor-General's Report to Parliament for 1993.

**Agencies
Selected**

The current audit was in respect of the following agencies:-

- ◇ NSW Dairy Corporation
- ◇ Sydney Water Corporation Limited (Sydney Water)
- ◇ Former State Rail Authority (SRA) which was replaced effective from 1 July 1996 with four separate organisations: State Rail, Freight Rail, Railway Services Authority and Rail Access Corporation
- ◇ Roads and Traffic Authority (RTA)
- ◇ Department of Housing (Housing)
- ◇ Former Department of Courts Administration (Courts Admin) which is now part of Attorney General's Department.

These agencies were selected largely on the basis of the materiality of redundancy expenditure and included a mixture of budget and non budget sector agencies.

In addition, discussions took place with the Workforce Management Centre (WMC), which is within the ambit of the Public Employment Office (PEO).

The WMC co-ordinates the redeployment arrangements for surplus staff who seek this option. The WMC use to provide counselling and job assistance services to surplus staff who seek assistance in obtaining alternative employment following voluntary redundancy and/or retrenchment.

It should be noted that the Public Employment Office has been replaced by the Public Sector Management Office (PSMO). References in this report to the PEO should, where appropriate, be taken to mean the PSMO.

Cost of the Audit

The cost of the audit totalled \$185,563 and comprised the following costs:

	\$
Direct salaries costs	125,367
Overheads charged on staff time	37,610
Value of unpaid overtime (at standard time rates only)	16,172
Printing	6,414
Total Cost	\$185,563

2. Expenditure

2.1 Usage of Redundancy

Premier's Memoranda

The latest Government Policy relating to redundancy is contained in the Premier's Memorandum 96/5 *Managing Displaced Employees* which was issued on 20 February 1996.

The Premier's Memoranda for managing excess employees apply only to:

- those agencies scheduled under the Public Sector Management Act (PSMA) 1988, that is all budget sector agencies and a small number of non budget sector agencies
- statutory state owned corporations within Schedule 5 of the State Owned Corporations Act 1989, that is non budget sector agencies.

Agencies not scheduled under the PSMA or Schedule 5 of the State Owned Corporations Act 1989 set their own policies and guidelines for managing surplus staff.

The 96/5 Memorandum superseded three other circulars issued between 1991 and 1995. These were:

- 91/23 *Restructure of Public Sector* (24 July 1991)
- 93/36 *Managing Excess Employees* (15 October 1993)
- 95/41 *Managing Displaced Employees* (1 November 1995)

Premier's Memorandum 91/23 advised that the anticipated effect of structural changes was a reduction of 12,500 public sector positions over the following two to three years.

Expenditure during 1989-95

The consolidated expenditure reported on redundancy severance packages across the public sector reported during 1989-95 was \$736.1m.

The following table gives a breakdown of redundancy expenditure by year and agency type during 1989-95.

Table 2.1: Redundancy Expenditure 1989-1995 (measured in nominal dollars)						
Financial Year	Budget Agencies		Non Budget Agencies		All Public Sector Agencies	
	\$m	% Change	\$m	% Change	\$m	% Change
1989-90	15.1	na	43.6	na	58.7	na
1990-91	7.1	-53.0	54.9	25.9	62.0	5.6
1991-92	88.4	1145.1	76.2	38.8	164.6	165.5
1992-93	82.6	-6.6	95.1	24.8	177.7	8.0
1993-94	76.0	-8.0	90.4	-4.9	166.4	-6.4
1994-95	56.9	-25.1	49.8	-44.9	106.7	-35.9
Total	326.1		410.0		736.1	

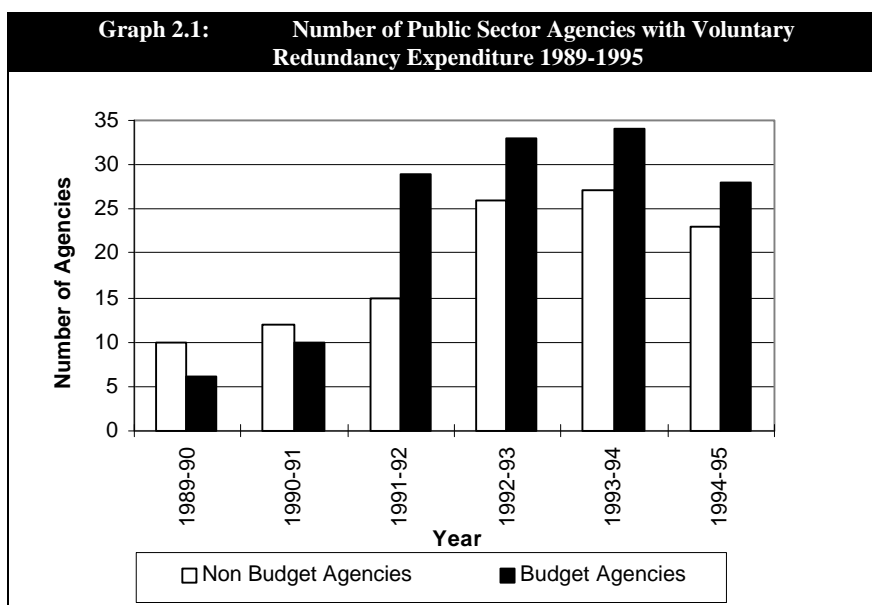
Source:

1989-92 Audit Office of NSW Statewide Review of Redundancy Payments
1992-95 NSW Public Sector Consolidated Financial Statements

Notes:

- 1989-90 has been treated as the base year.
- The % change in redundancy expenditure has been calculated using the previous year's expenditure as the base.
- Agencies have been classed as Budget or Non Budget based upon their classification in the NSW 1994-95 State Budget Information Paper No 2 Appendix D. The glossary in the Appendices section of this Report provides further information on the terms Budget and Non Budget Agencies.

Major users were RTA, State Rail Authority (SRA) and Sydney Water.

**Source:**

1989-92 Audit Office of NSW Statewide Review of Redundancy Payments
 1992-95 NSW Public Sector Consolidated Financial Statements

The figures above do not include expenditure on related assistance schemes which is detailed within the chapter titled *Alternative Employment Assistance* later in this report.

On the other hand, they contain expenditure for other than employee severance packages. For example, expenditure on redundant employees includes payments for superannuation, annual and extended leave.

Based upon the information provided to The Audit Office by review agencies for fiscal 1993-95, expenditure on redundancy severance packages for the period 1989-95 was in the vicinity of \$617m, a variance of \$119m or 16.1% from the expenditure figure mentioned earlier.

Those agencies which incurred the highest expenditure (recorded for ten budget and ten non budget agencies) during the period 1989 to 1995 are identified within Appendix 7.1 to this report.

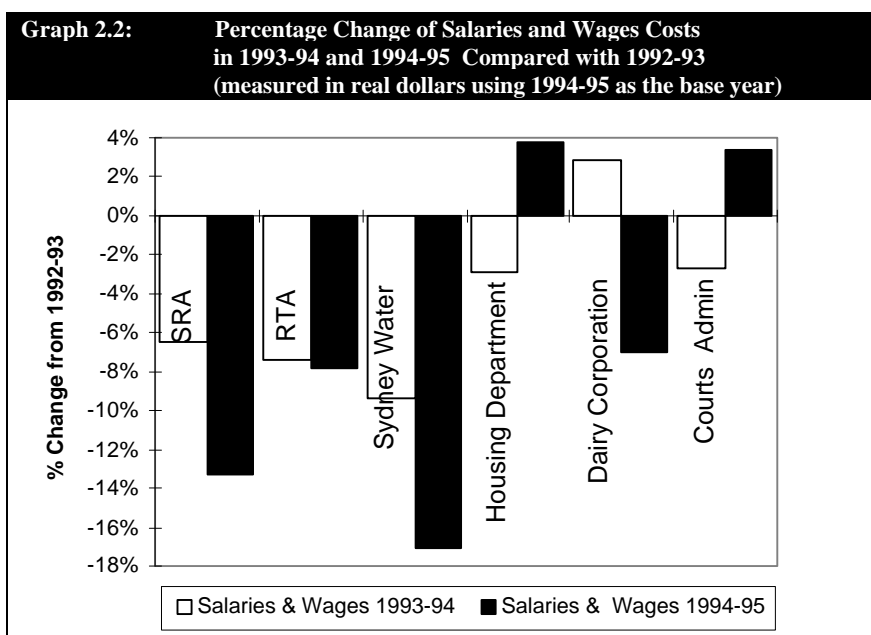
2.2 The Effect on Costs

Redundancies often occurred within the context of extensive restructuring and other reforms by agencies. As such it is not always possible to identify separately within each agency the impact of redundancy in financial and non financial terms from other developments.

Salaries and Wages

The reduction in costs that occurred as a result of restructuring/redundancy has been estimated by agencies subject to review using a variety of bases.

The Audit Office analysed the impact of redundancy on salaries and wages expenditure as shown within the graph below.



Source: Agency Records CPI Adjusted

Table 2.2 details expenditure on salaries and wages for the financial years 1992-95 in real terms.

Table 2.2 : Salaries and Wages Expenditures Fiscal 1992-1995 and percentage and dollar change in salaries and wages costs in 1994-95 compared with 1992-93 (measured in real dollars using 1994-95 as base year)

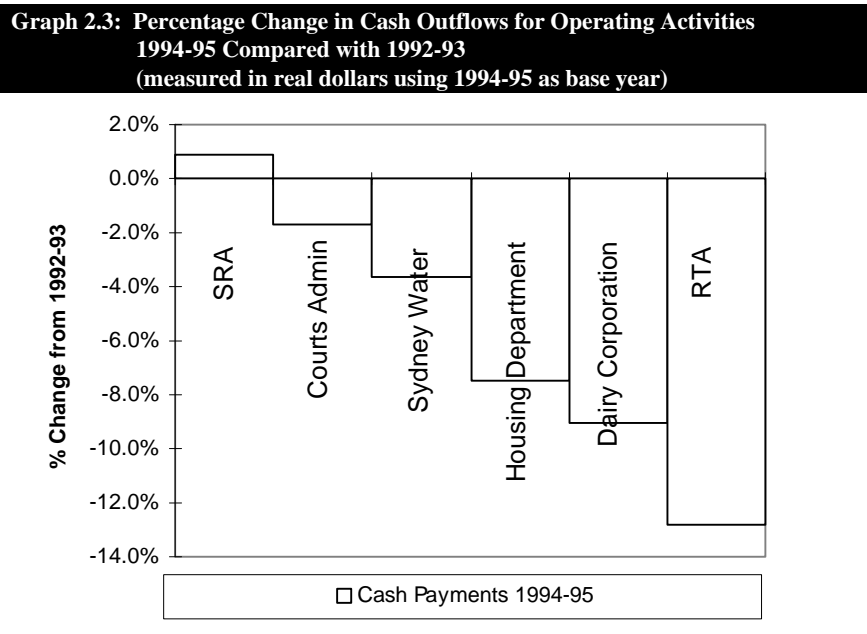
Agency	1992/93	1993/94	1994/95	Change 1994-95 Over 1992-93	
	\$000	\$000	\$000	\$000	%
Dairy Corporation	5,136	5,282	4,775	-361	-7.0
Courts Admin	90,166	87,728	93,222	-3,056	-0.2
Housing	68,712	66,756	71,325	2,613	3.8
RTA	364,066	336,962	335,623	-28,443	-7.8
SRA	710,937	664,539	616,949	-93,988	-13.2
Sydney Water	277,791	251,783	230,328	-47,463	-17.1
Total	1,516,808	1,413,050	1,352,222	-164,586	-11.1

Source: Agency Records CPI Adjusted

Operating Costs Operating expenditure is subject to a variety of non-cash charges such as depreciation and movements in provisions and the consumer price index. In addition, new initiatives can impact significantly operating costs and results.

Using a cash basis to review cost of operations removes some of the effect of these transactions.

Using a cash basis indicated that outflows for operating activities in real terms (consumer price index [CPI] adjusted) declined for most agencies for 1994-95 compared to 1992-93 (Graph 2.3 refers).



Source: Agency Annual Reports CPI Adjusted

2.3 Compensating Expenditure

Given the reductions in overall public sector staffing which occurred over the period 1989-95, The Audit Office examined whether other expenditure areas such as overtime, contractors and consultants had risen to compensate for decreases in staffing levels.

Overtime Table 2.3 details expenditure by agencies on overtime for the financial years 1992-95 in real terms.

Table 2.3 : Overtime Expenditures Fiscal 1992-1995 and percentage and dollar change in salaries and wages costs in 1994-95 compared with 1992-93 (measured in real dollars using 1994-95 at base year)					
Agency	1992/93	1993/94	1994/95	Change	
	\$000	\$000	\$000	\$000	%
Dairy Corporation	51	49	72	21	40.1
Courts Admin	900	796	947	47	5.2
Housing	462	295	377	-85	-18.4
RTA	30,518	30,097	26,480	-4038	-13.2
SRA	128,433	129,377	124,176	-4,257	-3.3
Sydney Water	33,082	23,361	21,518	-11,564	-35.0
Total	193,447	183,975	173,570	-19,876	-10.3

Source: Agency Records CPI Adjusted

Trends

- The downward trend in overtime expenditure over the period 1992-95 is most pronounced at Sydney Water, with RTA expenditure in 1994-95 down on 1992-93 levels. This downwards trend has been attributed to a close monitoring of overtime expenditure
- Dairy Corporation, Courts Admin and Housing saw overtime expenditures decrease in 1993-94 from 1992-93. However, in 1994-95 expenditures rose again. Pay increases were cited by the agencies as being a major factor for this rise in overtime expenditure
- SRA's overtime expenditure trend was one of little movement. Overtime was reviewed in the course of The Audit Office Special Audit of Internal Control at SRA¹. The audit report noted that the high level of overtime were due to: constraints of current train and track technology and awards; and operational demands to complete jobs as quickly as possible.

Observation

The trends identified and explanations received for expenditure on overtime suggest that overtime has not been used to compensate for losses in staff through redundancy.

¹ Audit Office of NSW Special Audit Report May 1996 -Internal Control at the State Rail Authority of NSW

Contractors and Consultants Table 2.4 details the expenditure by agencies on contractors and consultants for the financial years 1992-95 in real terms.

Table 2.4 : Consultancy/Contractors Expenditures Fiscal 1992-1995 and percentage and dollar change in salaries and wages costs in 1994-95 compared with 1992-93 (measured in real dollars using 1994-95 at base year)					
	1992/93	1993/94	1994/95	Change	
Agency	\$000	\$000	\$000	\$000	%
Dairy Corporation	305	351	595	290	95.0
Courts Admin	664	1,065	752	88	13.2
Housing	N/P	15,421	13,808	N/A	-
RTA	63,660	80,334	74,634	10,974	17.2
SRA	91,573	97,241	132,665	41,092	44.9
Sydney Water	153,337	74,213	69,681	-83,656	-54.6
Total	309,539	268,625	292,135	-31,214	-10.1

Key: N/P - not provided
N/A -not applicable

Source: Agency Records CPI Adjusted

Note: Housing has been excluded in calculating \$ and % Change 1994-95 Over 1992-93

Trends

- Dairy Corporation and SRA exhibited an upward trend in expenditure. Dairy Corporation explained the variation as due to the involvement of contractors/consultants in: the sale of Corporation properties; privatising the laboratory; and the outsourcing of functions, notably, information technology. At SRA the major reasons cited for the rising expenditure (particularly 1994-95) were: the outsourcing of electric trains heavy maintenance; and maintenance charges on locomotives leased under the Motive Power agreement
- Sydney Water's expenditure fell significantly in 1993-94 while 1994-95 expenditure rose marginally compared to 1993-94. The expenditure reduction was cited as being due to: freezes on contract labour engagement; an internal independent committee review of new consultancy proposals; and the review of existing consultants/contractors for cost savings
- RTA's expenditure rose significantly in 1993-94 while 1994-95 expenditure fell marginally on 1993-94. The expenditure increase was cited as being due to: contracting out of certain functions (including property conveyancing, valuations, survey and design); and the establishment of tighter controls to record contractors costs

- while expenditure in 1992-93 by Housing is not available, 1994-95 expenditure was down on that incurred in 1993-94
- Courts Admin expenditure rose and fell significantly in 1993-94 and 1994-95 respectively. Court Admin initially advised that it was unable to provide an explanation for these expenditure variations due to a restructure which has resulted in certain cost centres ceasing to exist. Subsequently advice indicates (according to available records) in 1993-94 consultants and contractors were used to conduct various reviews of court services.

Observation

Table 2.4 indicates that expenditures on consultancy/contractors increased in most agencies between 1992-93 and 1994-95. However, the decrease in salaries and wages expenditure, refer Table 2.2, more than offset the rise in contractors and consultants expenditures.

There is, however, no comparison, over time, of the costs of redundancy compared to savings.

This is quite in contrast with the situation in Victoria where the Office of the Public Service Commissioner (the NSW equivalent would be the former PEO) compiles relevant information on redundancy and the effects thereof, including:

- public sector employment levels
- severance package expenditures and savings achieved
- severance package activity by agency and
- redeployment outcomes.

Within New South Wales there is no equivalent document or aggregation of information detailing public sector staffing issues and more particularly the financial benefits and costs of restructuring/redundancy.

The Audit Office considers that it would be desirable if agencies would provide a clear statement of efficiency gains achieved as a consequence of major redundancy programs put in place.

3. Staffing Trends and Service Delivery

3.1 Introduction

As part of the audit the effect of redundancy on public sector staffing levels and service delivery was also examined.

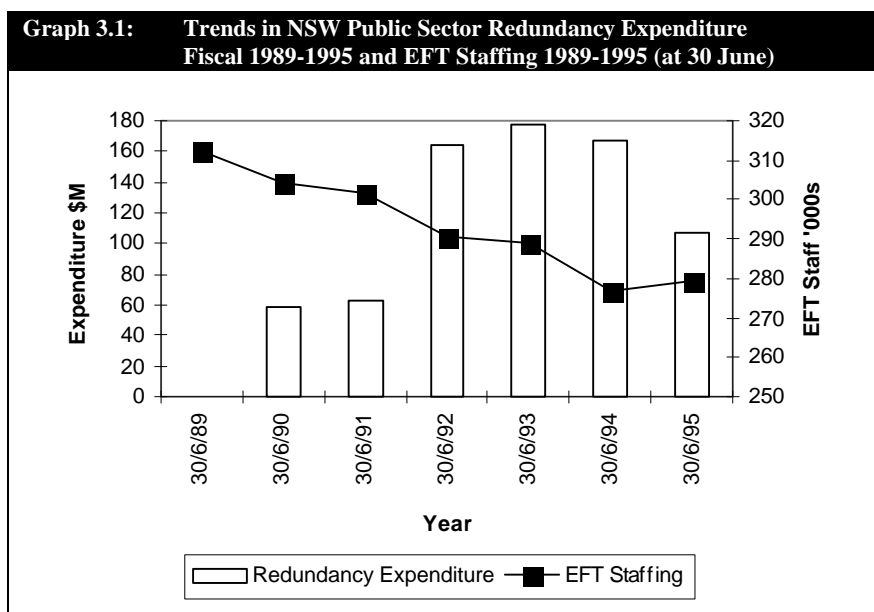
3.2 Staffing Trends

NSW Public Sector Staffing

During the period 1 July 1989 to 30 June 1995 the number of effective full time (EFT) staff decreased from 312,416 to 279,601 (10.5%). Graph 3.1 refers.

Observation

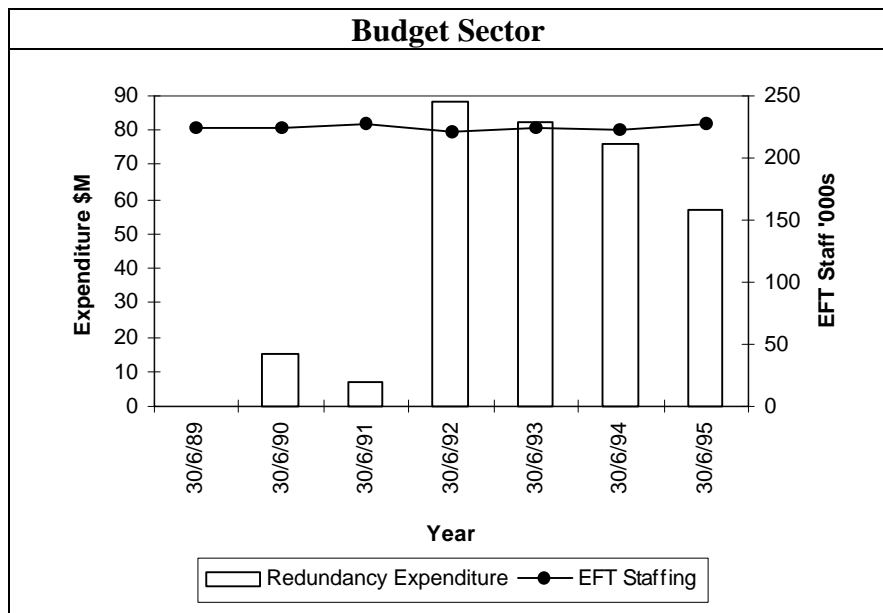
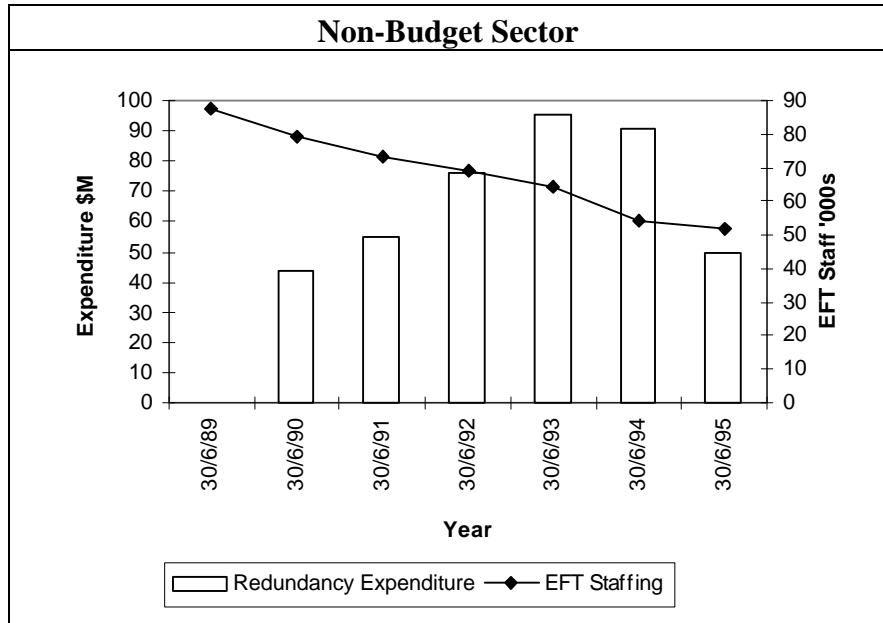
However, due to the lack of consolidated management information, it is not possible to draw a direct linkage between expenditure on redundancy and staff numbers. The trends indicated within the graph below are indicative only.



Source: Staff Numbers - Budget Sector Division NSW Treasury
Redundancy Expenditure-Refer Table 2.1

Trend information of redundancy expenditure and staffing levels can be analysed also by sector (Graph 3.2 refers).

Graph 3.2: Trends in Non-Budget and Budget Sector Redundancy Expenditure Fiscal 1989-1995 and EFT Staffing 1989-1995 (at 30 June)



Source: Refer Graph 3.1

Non-Budget Sector The decrease in staffing levels during 1989-1995 occurred exclusively in the Non-Budget Sector (36,040 EFT or 41.1%).

The decline reflects the micro economic reforms to trading enterprises for example, State Rail and Pacific Power.

Budget Sector Staffing Budget Sector EFT staffing increased by 3,225 (1.4%) to 227,977. Graph 3.2 refers.

Table 3.1: Budget Sector Staffing at 30 June 1995 Compared to 30 June 1989		
	Staffing Changed	EFT Staff Movement
Agencies with Increases	50	8,543
Agencies with Decreases	21	(5,318)
Net Increase		3,225

Notwithstanding expenditure of \$326.1m on redundancy severance packages, staffing increased at particular agencies due to :

- initiatives by the Government of the day, for example extra police and
- increased service provision, for example more teachers in technical and further education due to higher student enrolments.

3.3 Service Delivery

Client Surveys All agencies have conducted or are in the process of conducting, client surveys to gauge service quality and timeliness.

Performance Indicators The extent and scope of performance information published by agencies varies.

Some agencies evidence the stated good performance contained in annual reports by publishing extensive information on performance. Conversely, there were other agencies which published minimal hard evidence of performance.

Observations Review of client survey reports disclosed that redundancy has not impacted the provision of quality and timely services by agencies to clients.

Based upon the performance information available for review, the indications are that agency performance has not been impaired as a result of redundancies. Agencies advised that there had been no adverse effect on service delivery as a result of redundancies. This advice would seem to be supported by client survey results.

It should be noted that The Audit Office has not reviewed the quality of the surveys or undertaken an audit of performance indicators.

The question does arise, given the apparent non detrimental effect on services in terms of quality, as to whether further staff reductions are possible without affecting adversely service delivery.

Comment

The Audit Office has indicated previously the need for an audit opinion on the accuracy and relevance of agency published performance indicators.

This issue has been taken up by the Public Accounts Committee in Reports on the Review of the NSW Audit Office and Annual Reporting in the NSW Public Sector (for 1996).

4. Redundancy Planning

4.1 Introduction

The audit also examined the:

- processes applied in identifying surplus staff
- employee separation and retention decision making.

4.2 Identification of Surplus Staff

Staff may become surplus to requirements due to:

- technological change
- the need to reduce costs and/or cuts in funding
- outsourcing
- changes within the organisation due to benchmarking against other agencies.

Business Plan

Generally, the identification of surplus staff is done at business level.

It was noted, however, that while agencies had developed corporate strategies in regard to operations which identified goals and objectives that translated into business plans, these plans tended to be non specific about the staffing required to deliver services and to achieve goals and objectives.

Indications are that there are some shortcomings in human resource planning.

At one agency the identification of surplus staff had relied on an across the board expressions of interest in redundancy. The calling for or acceptance of expressions of interest did occur to some degree at other agencies.

Outsourcing at the RTA

The graphic, building, mechanical and electrical services of the RTA were outsourced following a Management Review of the Technical Services Directorate.

Observation The RTA advised that the decision to close the service was that it:

- was not core business
- could be expected that there would be significant savings from purchasing these services from a competitive market.

The Management Review Report did not provide an estimate of the costs/benefits involved with outsourcing these services. The RTA was not able to provide for review a cost/benefit comparison between internal and external service provision. The Premier's Department has advised that the RTA in this particular instance has not complied with the Competitive Tendering and Contracting Out Guidelines issued to agencies by the Premier's Department.

Human resource planning is critical to the success of the organisation. Experience tends to indicate that planning is made more difficult in the rolling restructure process, which by the nature of the exercise carry the risk of fragmentation and lack of co-ordination. These risks need to be managed.

Role of WMC The WMC provides a clearance procedure for staff to be declared surplus by an agency. This allows the collective impact of agencies' plans on the community to be communicated to the Government. The WMC also undertakes the processes for the redeployment when surplus staff choose this option. This aspect will be referred to later in this report.

Observation The clearance given by the WMC tends to be a perfunctory process. There is no independent review of the decision by an agency that certain staff are surplus to requirements. The WMC advised that its role was that of providing guidance and advice.

Analysis by The Audit Office of information provided by the WMC for a selection of agencies (only some were review agencies) showed that a high proportion of employees awaiting redeployment were in fact provided employment within their former agency, refer Table 4.1.

Table 4.1 : Agency Redeployment of Staff Declared Surplus to Requirements 1 October 1993 to 20 December 1996						
Agency	Redeployment at Home Agency		Redeployment at Another Agency		Total Redeployed	
		%		%		%
A	11	45.8	13	54.2	24	100.0
B	2	25.0	6	75.0	8	100.0
C	2	40.0	3	60.0	5	100.0
D	2	33.3	4	66.7	6	100.0
E	7	53.8	6	46.2	13	100.0
F	25	62.5	15	37.5	40	100.0
G	3	100.0	0	0.0	3	100.0
H	5	55.6	4	44.4	9	100.0
Total	57	52.8	51	47.2	108	100.0

Source: Extract from WMC database of selected agencies for which records were complete

Note: A home agency redeployment is when the employee is placed in the agency from which the employee was declared surplus to requirements. An another agency redeployment is when the employee is placed in a different agency to that from which the employee was declared surplus to requirements.

Questions about the appropriateness of the decision to declare some staff surplus to requirements is further demonstrated by Table 4.2. This table shows that of the 57 employees redeployed to home agencies, 25 or 43.9% were redeployed within 3 months of being declared surplus to requirements.

Table 4.2 : Waiting Time for Home Agency Redeployment of Staff Declared Surplus to Requirements 1 October 1993 to 20 December 1996										
Agency	0-3 Months		4-6 Months		7-12 Months		12+ Months		Total	
		%		%		%				%
A	4	36.4	3	27.3	3	27.3	1	9.1	11	100.0
B	1	50.0	1	50.0	-	-	-	-	2	100.0
C	-	-	-	-	1	50.0	1	50.0	2	100.0
D	-	-	2	100.0	-	-	-	-	2	100.0
E	1	14.3	2	28.6	2	28.6	2	28.6	7	100.0
F	16	64.0	8	32.0	-	-	1	4.0	25	100.0
G	3	100.0	-	-	-	-	-	-	3	100.0
H	-	-	-	-	2	40.0	3	60.0	5	100.0
Total	25	43.9	16	28.1	8	14.0	8	14.0	57	100.0

Source: Extract from WMC database of selected agencies for which records were complete

4.3 Agency Decisions on Retention and Separation of Employees

Factors Affecting Decision

An agency in determining which employees are offered redundancy has to have regard to:

- complying with the law in terms of avoiding unlawful discrimination and applying equal employment opportunity (EEO)
- applying equity and merit
- retaining staff with the necessary skills, knowledge and experience for operational requirements.

Internal Policy Documents and Guidelines

A number of agencies, notably those with large numbers of employees, had compiled internal agency policy documents and guidelines for managing surplus employees.

The internal policy documents and guidelines contain reference to anti discrimination and EEO matters. By this means managers are made aware of their responsibilities.

All agencies have a central unit, normally within Human Resources, to co-ordinate the processes associated with redundancy. This provides an oversight of employees referred for redundancy. Additionally, agencies have grievance mechanisms which employees may access.

Annual Reports and Returns

Agencies compile annual EEO reports including statistical returns to the Office of the Director of Equal Opportunity in Public Employment (ODEOPE).

The statistical information covers various profiles of the public sector workforce. One statistical table covers separations with one variable being 'voluntary redundancy.' These arrangements provide a degree of oversight by ODEOPE of the impact of redundancies on EEO groups at agency specific and aggregate public sector statistics for redundancies.

However it should be noted that ODEOPE did not have information for the whole public sector as some agencies were not covered by that Office until they were constituted as State Owned Corporations in mid 1995.

Agencies considered that they had adequate mechanisms through their EEO strategies and reporting to ensure compliance with the law in terms of EEO and anti discrimination requirements when offering redundancy.

Observation

The Audit Office found there were variances between the data provided to ODEOPE and that provided to The Audit Office by those agencies under review. The variances appeared to be due to:

- differences in the definition of voluntary redundancy by agencies for the provision of data to ODEOPE and The Audit Office
- a disparity of information within agencies between payroll records and human resource records as to when a redundancy occurred which impacted redundancy statistics.

ODEOPE has advised The Audit Office that in order to ensure that data reported is a reliable indicator of separations by voluntary redundancy, ODEOPE will develop, with the co-operation of agencies, data quality tests. In addition, revised tables and reporting procedures introduced from 1996 will assist in this matter.

The information maintained by agencies, that is quantitative and qualitative other than information on gender, and provided to ODEOPE prior to 1996 did not permit an assessment by ODEOPE of compliance with anti discrimination law and EEO policy. The Audit Office has been advised that the information now provided enables a better assessment to be made.

**Skills,
Knowledge and
Experience
Criteria**

Agencies have criteria to assess current and future staffing levels, knowledge, skills and experience requirements to enable agencies to decide about the retention and separation of staff via redundancy.

Observation

The Audit Office considers that decisions by agencies in regard to retention and separation of employees have in the main been appropriate. This observation is indicated by:

- post redundancy re-employment of personnel by their former agency in a permanent capacity is a rare event
- agencies being selective in the acceptance of redundancy expressions of interest
- agency client survey results and performance achievements (section 3.3 *Service Delivery* refers)

- audit review of agency consultancy returns to the PEO (1994-95) and the Office of Public Management (1993-94) disclose no instances of former employees (who received severance payment) having been re-engaged by their former agency.

The Audit Office was not able to undertake an extensive review of the re-engagement of staff post redundancy as contractors and employment agency hire personnel because of decentralised records and difficulty of identifying redundant employees through company/contractor/consultant/agency.

As indicated in the section *4.2 Identification of Surplus Staff*, the redeployment situation, as shown in Tables 4.1 and 4.2, is a demonstration that the criteria are not always effective and/or adequate.

**Performance
Management
Systems**

Certain agencies had introduced performance management systems while others were in the process of doing so.

At some agencies performance management had not been introduced for certain categories of employees. The reasons cited for this were: the possibility of employee relations problems; and that traditional performance management was not appropriate for certain categories of employees for example, process workers.

Observation

Performance criteria should be established for all categories of employees. Performance appraisals would assist in making decisions about the separation or retention of employees in any redundancy program.

5. Compliance and Other Issues

5.1 Introduction

This chapter contains comments on:

- compliance issues of redundancy arrangements with Government policy and guidelines
- internal review arrangements
- legal issues associated with corporations and repayment obligations and enforceability.

5.2 Premier's Memoranda and Company State Owned Corporations

PEO Circular 95/12

PEO Circular 95/12 issued on 12 May 1995 states that:

Premier's Memoranda.....apply to.....State Owned Corporations, unless particular memoranda advise otherwise.....or an exemption has been approved by the PEO.

The State Owned Corporations Act 1989 defines a State Owned Corporation as a company or corporation specified in the Schedule 1 or 5 to the Act.

Corporatisation of Water Board

The Water Board was formerly a statutory authority scheduled under the PSMA.

With the proclamation of the Water Board (Corporatisation Act) 1994 the Water Board ceased to exist having been succeeded as from 1 January 1995 by Sydney Water Corporation Limited (the Corporation). The Corporation is a company State Owned Corporation (company SOC).

The only other company SOC in the NSW public sector is the Hunter Water Corporation Limited. Neither company SOC is scheduled under the PSMA.

Legal Advice

In order to determine its own legal responsibilities, Sydney Water has obtained legal advice to the effect that as a consequence of corporatisation:

- Sydney Water is no longer subject to Premier's Memoranda. Compliance may specifically be directed by the relevant Minister, and
- Sydney Water staff are not employees of the Crown.

Observations The policy and practices for managing surplus employees at Sydney Water are different from that promulgated by the Government via Premier's Memoranda.

Examples of those differences are:

- employees do not complete refund undertakings for re-employment within the period covered by the voluntary redundancy severance payment
- retrenchment or involuntary redundancy was removed from the Government's policy on managing surplus employees but continued to be an option at Sydney Water until it was removed at Ministerial suggestion.

The view held by Sydney Water on the non applicability of Premier's Memoranda (to Sydney Water) is not disputed by The Audit Office or one representative of the PEO. However, in discussing the matter with another representative of the PEO, The Audit Office was advised that Premier's Memoranda applied to Sydney Water. This difference within the PEO was resolved on 5 December 1996. The Public Employment Commissioner formally advised the Treasury that Premier's Memoranda or Circulars do not apply to a company SOC unless so directed by the Treasurer.

5.3 Employee Performance Issues

Premier's Memoranda

The guidelines accompanying Premier's Memoranda advised that:

- employees were not eligible for redundancy where action was in train to terminate services because of misconduct or unsatisfactory services
and/or
- an agency's performance management system (not redundancy) was to be used to deal with unsatisfactory performance problems, that is unsatisfactory or poor performance.

Expressions of Interest

Agencies at various times call for and/or receive expressions of interest in voluntary redundancy from/by employees.

Expressions of interest may lead to a termination of services where redundancy is mutually satisfactory to employer and employee.

Observations

Sample testing did not identify any instances where an employee was given a redundancy while action was in train to terminate services because of misconduct or unsatisfactory services.

However, instances were noted of services terminated using redundancy, after an expression of interest, where there was adverse comment(s) on the record of the employee concerning the performance of the employee.

And The Audit Office is aware from its financial audits that this practice is adopted by some other agencies.

The following examples point to a correlation between employees whose ability to perform their duties was questioned and termination of services by voluntary redundancy.

Case Study 1

An employee, subject to disciplinary action, had been on sick (stress) leave pre and post disciplinary action.

The employee indicated a readiness to accept a position at another location within the agency. Approximately two weeks after this event and arising from discussions between the employer and the employee, an expression of interest in voluntary redundancy was made by the employee.

In due course an offer of voluntary redundancy was made to the employee and the employee's services were terminated at the expiration of sick leave.

Case Study 2

An employee had a heart problem and was on sick leave and unable to carry out the duties of his/her position.

The employee wished to terminate his/her services and expressed interest in voluntary redundancy. The employee's position was not surplus to requirements and the expression of interest was accepted on compassionate grounds. The employee exited the agency on a voluntary redundancy basis.

The employee used the job assistance scheme to seek alternative employment and \$5,000 is expended for that purpose.

Case Study 3

An employee allegedly sustained an injury (a hernia) at work.

The employee was absent from work on sick leave for seven months before returning to work on a part time basis. The employee worked approximately four months on a part time basis before resuming sick leave.

After approximately two months sick leave the employee was assessed as not fit to return to work. Approximately one month later the employee exited the agency on a voluntary redundancy basis.

Advice received indicated that in the public sector it is a long and difficult process to dismiss staff for inefficiency, that is poor performance. Voluntary redundancy does provide a vehicle for employees to be “constructively dismissed” thereby avoiding the official dismissal process.

Whilst the end result achieved is the same it does result in inefficient employees being given a reward (golden handshake) which is contrary to Premier’s Memoranda, that is Government policy.

5.4 Repayment Obligation

Repayment Undertaking

Premier’s Memoranda have required consistently that an employee receiving a redundancy severance payment sign a repayment undertaking.

A portion of the severance payment is repayable, except in limited circumstances, if the employee is re-employed in the public sector within the period covered by the severance payment (for example an employee who received the maximum severance payment is subject to a repayment obligation if re-employed within thirty-four weeks of the date of leaving the public sector). The severance payment is subject to concessional taxation, discussed later in this report.

Observation

A reasonable interpretation of this obligation to repay is that it is intended to maintain the integrity of the voluntary redundancy scheme. Otherwise any abuses of the scheme would result in the government and taxpayers paying twice for the services of employees who received redundancy pay.

However, on the reverse side, the need for repayment could also compound the error created by redundancy, by making it more difficult to employ the best person for the job. This too has an opportunity cost.

At the Department of Housing and the former Water Board redundancy repayment undertakings were not completed by employees.

The former Water Board took the view that a contract could not be placed on something that might not happen and it was the responsibility of the new public sector employer to initiate recovery action where such is warranted.

Housing advised that it preferred to address repayment obligations as an employee entered the Department rather than require employees to complete a repayment undertaking at the time of receiving a redundancy. As from the middle of 1996 approximately, redundancy repayment undertakings have been completed at Housing based upon advice received.

Where repayment undertakings had been completed only one instance was noted of a review agency using a repayment undertaking form which incorporated the wording of re-employment from Premier's Memorandum 96/5 *Managing Displaced Employees*.

5.5 Application for Employment

The standard public sector *Application for Employment/Promotion/Transfer* form does not require the applicant to disclose the receipt of a public sector redundancy, retrenchment or termination severance payment.

5.6 Re-employment of Redundant Employees

Definition The definition of what constitutes re-employment of redundant employees has changed over time.

Initially, re-employment meant a permanent employment that is placed on a payroll. The most recent Premier's Memorandum 96/5 *Managing Displaced Employees* refers to re-employment as

in any capacity (including temporary, part-time, casual, contracting and consultancy capacities)

The PEO advised the Audit Office that “*in any capacity*” covered re-employment as an individual or through a company.

Observation The issue of what constitutes re-employment seems to be open to interpretation by agencies particularly where company/contractor/employment agency is involved.

Repayment of Severance Moneys At one agency a repayment obligation is imposed only where the former employee is the principal of a registered company or a member of a family company.

A redundant employee of the agency who received a severance package may not incur a repayment obligation for re-employment by the agency within the severance period where:

- a consultant/contractor/agency is engaged by a public sector organisation and
- a redundant employee is employed by that consultant/contractor/agency and works in a public sector organisation.

This variation arises from different interpretations of what constitutes re-employment.

Observations The PEO also observed (somewhat in contradiction to its other views) that a repayment obligation did not arise in the case of agency hire as this circumstance did not constitute re-employment.

One instance was noted of a former employee working within the public sector for an employment agency within the period covered redundancy severance payment.

Another instance was noted of a former employee being re-employed as a payroll paid employee inside the period covered by the voluntary redundancy severance payment.

The basis of this re-employment would have qualified the repayment obligation being waived by the Minister, but this was not sought. Arrangements have now been made to obtain retrospective Ministerial approval to waive the repayment obligation.

It should be noted that an extensive review was not undertaken of the re-engagement of staff post redundancy through company/contractor/consultancy/employment agency.

The re-employment of a person in the public sector who was formerly employed in the public sector and received a redundancy package incurs the following costs, namely:

- the cost of the redundancy in the first place
- the additional cost of hiring the same person through a consultant/contractor/agency. This amounts to a double cost to the taxpayer
- the opportunity cost of not being able to hire the best person for the work.

Review agencies in certain circumstances were not able to provide information on the re-employment of redundant public servants within the severance payment period, either on an individual basis or as an employee of a company/contractor/agency. Other agencies could only respond where the name of the redundant employee appeared on the payroll of the employee agency.

One agency advised that no redundant public servants had been re-employed (within that agency) in any capacity within the severance period. This proved not to be the case: a redundant public servant had gained employment with that agency through the auspices of a private employment agency.

The impression gained was that agencies were aware only of the employment of redundant employees where that employee appears on the payroll of the employing agency.

Anecdotal evidence suggests that employees have been re-employed by the same agency but outside the period covered by the severance package.

Retention of Repayments

Treasury Circular *G1991/41 Employment of Redundant Staff* issued on 21 November 1991 advised that the employing agency could retain the full amount of the severance payment paid to a redundant employee by the employee's former employer.

Legal Issues

There is doubt as to whether the repayment obligation is legally enforceable.

This is based upon the advice given by the Crown Solicitor in February 1993 and that obtained by Sydney Water in January 1996.

The Crown Solicitor advised that an agency's proposals for ensuring that employees of third parties adhered to the repayment obligation were a restraint of trade and there were real doubts about the likelihood of successful recovery action of the repayment obligation. Furthermore, an injunction could be sought to restrain enforcement of the restriction.

The Crown Solicitor also questioned whether any restriction should be placed on the prospects of a former employee to trade. The Crown Solicitor considered that the true nature of the redundancy payment encompassed:

- tiding the ex-employee over a period of unemployment
- a recognition of past services and
- an inducement for the employee to part with his/her job.

The Crown Solicitor advised it was possible to regulate this situation by legislation.

The legal advice obtained by Sydney Water was to the effect that former employees were only subject to refund requirements if they signed an undertaking with the new employer. Otherwise the employing agency had no statutory or contractual basis to recover a refund paid by the former employer.

Observation

The various legal advisings indicate that there is a gap between the intentions governing repayment obligations and the legal position in regard to enforcement.

5.7 Staff Establishment Records

Agencies are required to maintain position/staff establishment records for human resources. In many instances these records are linked to the payroll. This control may be used to help ensure employees are not paid unless an established position exists.

Observations

Testing of position/establishment records by The Audit Office showed that Dairy Corporation, RTA, SRA and Sydney Water had deleted the positions of employees taking voluntary redundancy where the position had been declared surplus.

At Sydney Water deletions had been in arrears, a matter which had been reported by internal audit.

Due to a restructure at Housing, checking of the deletion of positions of voluntary redundant employees was not performed by The Audit Office because all positions had been deleted and then re-established as part of a restructure.

No check of the deletion of positions at Courts Admin was undertaken because maintenance of the central record of positions was suspended in the middle of 1993 to enable available resources to concentrate on a new computerised leave system.

The absence of an up to date central record of positions at Courts Admin was felt to be a major contributor to an instance noted where the position of a voluntary redundant employee was used to pay a higher duties allowance to a person undertaking special work.

The inadequate establishment records at Courts Admin was identified by the Attorney General's Department when these organisations were merged. Action was taken to develop and maintain establishment records using a manually operated system.

The Attorney General's Department advised that in March 1997 implementation of a human resources system which operates from an establishment base commenced (the implementation is due to be completed by August 1997). This new system will in conjunction with position numbers on higher duties allowance claim forms and checking of these against establishment records will prevent a reoccurrence of the situation noted by The Audit Office.

5.8 Concessional Taxation Arrangements

Premier's Memoranda

Premier's Memoranda advise agencies to seek approval from the Australian Taxation Office (ATO) before applying concessional taxation rates to voluntary redundancy severance payments.

Observation

With the exception of Housing all review agencies had sought and obtained approval for the application of concessional taxation rates to voluntary redundancy severance payments.

Housing advised that it was unaware of the need for ATO approval. Remedial action has been taken by Housing in this regard.

5.9 Accuracy of Payments

The Premier's Memoranda guidelines determine the financial entitlements of redundancy, although variations can occur from such things as employment awards and agreements.

Observation

There were a number of instances noted where severance payments had been calculated incorrectly. For example:

- certain agencies had made errors in the calculation of an employee's length of service
- an agency had paid an additional week in lieu of notice for employees aged over forty five prior to this being included in Premier's Memorandum 95/41 that is employees were overpaid a weeks pay.

The errors have been drawn to the attention of agencies concerned.

The Audit Office considers that agencies had adequate internal control systems in operation for the calculation of severance payments.

5.10 Internal Review

The extent and scope of internal audit reviews of redundancy payments are matters for agency management to determine.

A report of a review of redundancy payments by The Audit Office in 1993 recommended that an agency's internal audit should consider a separate review of redundancy payments in the annual audit plan where redundancy expenditure was significant.

Observations Several agencies subject to this review had made significant redundancy payments.

Internal audit at the relevant agencies had, at least once since the recommendation referred to above, reviewed redundancy payments.

In a number of instances the scope of internal audit reviews extended to other areas of redundancy such as deletion of positions, re-employment of employees as contractors and job assistance expenditures.

The internal audit within agencies subject to this review is considered satisfactory.

5.11 Salary Maintenance

Surplus employees who were redeployed to work valued at a lower rate of pay were entitled to salary maintenance for a maximum period of twelve months.

Under Premier's Memorandum 96/5 *Managing Displaced Employees* there continued to be a twelve month time limit but this period of salary maintenance could be varied with the approval of the PEO.

The PEO on 14 March 1996, approved that employees of the SRA who were redeployed to lower graded positions be permitted to retain their former salaries indefinitely.

Indefinite salary maintenance has occurred at SRA since 1992 when the Authority's Board decided there should be no time limitation. Accordingly, a requirement of Premier's Memoranda prior to Premier's Memorandum 96/5 had not been complied with.

Observation Salary maintenance practices at the SRA means that redeployed employees have been treated more favourably than that which occurs elsewhere in the public sector. Advice received was that more favourable terms and conditions of redeployment at SRA occurred in order to negate possible industrial unrest over this issue.

6. Alternative Employment Assistance

6.1 Introduction

This section examines the alternative employment assistance available to employees who are surplus to requirements or have accepted voluntary redundancy.

6.2 Redeployment

If an employee chooses the option of redeployment then the processes for this option are managed by the WMC and/or redeployment units within a particular agency (relevant employees were given two weeks to decide between this and voluntary redundancy).

The redeployment process commences with an assessment, known as a skills audit, to determine whether the redeployment of an employee seeking this option is viable. If redeployment is not practical then the employee is offered voluntary redundancy.

The maximum period of time that an employee could be awaiting redeployment was six months. This time limit was removed in Premier's Memorandum 95/41 and this stance was continued in Memorandum 96/5. The removal of the time limit flows from the change of Government in March 1995.

Redeployment Activity and Outcomes

Redeployment activity and outcomes for the WMC and the redeployment units of RTA, SRA and Sydney Water are shown below.

	WMC	RTA	SRA	Sydney Water
No of Employees Opting for Redeployment	434	147	260	138
No of Employees Redeployed	186	48	135	37
No of Employees Changing Selection to Voluntary Redundancy or Exiting for Other Reasons	145	78	60	INR
No of Employees Awaiting Redeployment	103	21	65	147
As at	January 1996	April 1996	May 1996	July 1996
Number of Employees in Total Taking Voluntary Redundancy 1 July 1993 to 30 June 1995	NA	872	2,782	2,226

Source: WMC and Agency Records

Key: INR - Information Not Requested
NA - Not Applicable

In compiling this table there are variations in the time period covered:

- WMC - October 1993 to January 1996
- RTA - July 1993 to June 1995
- SRA - July 1994 to April 1996
- Sydney Water - July 1994 to June 1995

This lack of consistency in time periods is in some cases due to statistical information not being maintained on an ongoing basis, for example annually. Another factor was that The Audit Office sought to have details on people awaiting redeployment at the time of agency visits.

**Redeployment
Success and
Opportunities**

The success with which employees opting for redeployment have been redeployed varies.

Observation

The contraction in the public sector has had an effect on the opportunities for redeployment. Furthermore, when functions and activities are outsourced those affected employees often suffer a decline in competitiveness as the skills held by employees are not in demand.

Figures in Table 6.1 indicate that when employees were offered a choice between redeployment and voluntary redundancy, the latter was the preferred option. A notable number of employees initially seeking redeployment later changed their preference to voluntary redundancy.

**Employees
Awaiting
Redeployment**

The length of time employees have waited for redeployment is detailed in Table 6.2.

Agencies subject to review are together incurring expenditure in the order of \$10m each year that employees remain on redeployment.

Table 6.2: Employee Waiting Times for Redeployment and Associated Costs RTA, SRA and Sydney Water			
	RTA	SRA	Sydney Water
No of Employees Awaiting Redeployment As at	21 April 1996	41 June 1996	147 July 1996
Minimum Time Waiting - Months	8	13	3
Maximum Time Waiting - Months	32	77	67
Median Waiting Time - Months	24	27	15
Number of Employees Awaiting Redeployment in Excess of 12 months	19	41	66
Direct Payroll Cost Per Annum of All Employees Awaiting Redeployment	\$666,451	\$1,326,916	\$5,315,947
Employee Payroll On -costs Percentages	42.5%	39.0%	37.0%
Payroll Oncost Amount Per Annum	\$283,242	\$517,497	\$1,966,900
Total Corporate Cost Per Annum of Employees Awaiting Redeployment	\$949,693	\$1,844,413 Note	\$7,282,847

Source: Agency Records

Note: SRA does internally recover some surplus employee costs from business where the employees have been undertaking work

6.3 Job Search Leave

Availability and Conditions Employees of Sydney Water and RTA taking voluntary redundancy have access to job search leave (JSL).

Under JSL an employee can be granted up to twelve weeks paid leave to actively seek employment outside of the agency. The employee continues to be paid via the payroll and once JSL is commenced neither party can withdraw from the termination of service.

At the conclusion of JSL, that is the employee's last day of service, the voluntary redundancy severance payment is made.

Use and Cost Sydney Water introduced JSL around 1992. In 1994-95, 695 employees were granted JSL (53.7% had leave of twelve weeks duration granted) at a cost of \$4.4m.

RTA introduced JSL on 1 February 1995. In the period 1 February to 30 June 1995, 88 employees were granted JSL (96.6% had leave of 12 weeks duration granted) which cost \$969,015.

Sydney Water and RTA cite that JSL was introduced to encourage staff to take the voluntary redundancy.

These agencies consider that the cost of JSL is offset by there being higher acceptance of voluntary redundancy offers and earlier than would have been the case if only the standard Government severance package was available. The PEO endorsed the use of JSL by these agencies.

JSL Alternative Employment Success

Neither Sydney Water or RTA specifically

- measure the success of employees in securing alternative employment
- monitor whether employees actively seek alternative employment
- report in annual reports the financial cost/benefits of JSL.

Sydney Water has, however, done general surveys of voluntary redundant employees in 1993 and 1995 which covered what the employees were doing immediately after redundancy and at the time of the survey (refer Table 6.3).

	Immediately after Redundancy		Current Situation	
	1993	1995	1993	1995
	%	%	%	%
Retired	28	16	25	17
Took Other Job	15	18	20	28
Started Own Business	9	16	14	23
Unemployed	26	35	21	23
Other	22	15	20	9
Total	100	100	100	100

Employee Undertaking

Sydney Water employees give an undertaking to immediately advise success in obtaining alternative employment as part of the employee termination statement. Sydney Water does have legal advice, however, this undertaking does not extend far enough in that a contractual obligation (to refund) is not imposed on the employee. Therefore Sydney Water has no legal recourse should an employee neglect to advise alternative employment success while on JSL.

Employees at RTA make no formal undertaking with respect to the granting of JSL. RTA considers that it would require additional resources to record and monitor employees employment status while on JSL if there were a legally binding document.

Observation Sydney Water and RTA have rendered severance package for voluntary redundancy more attractive through the use of JSL.

This is in contrast to the total package for employees whose terms and conditions of employment are governed by the PSMA.

The enhanced total package at Sydney Water and RTA has an additional up front cost for surplus employee management. Additionally, it provides an indirect way of dealing with the Governments' position on involuntary redundancy.

It also places a pressure on other agencies to enhance the total voluntary redundancy severance package as employees will require greater inducements to leave on a voluntary redundancy basis. Anecdotal evidence suggests that other statutory authorities and SOCs plan to offer redundancy severance packages more favourable than the standard package.

It is noted that one agency has a signed undertaking arrangement for JSL while another does not.

6.4 Job Assistance Scheme

Outplacement Assistance Employees accepting voluntary redundancy have access to assessment, counselling and training services in order to improve (the chance of) alternative employment or improve knowledge or skills in demand in the broader community.

This assistance is provided through the Job Assistance Scheme (JAS). The assistance is available for a period of up to twelve months from acceptance of the voluntary redundancy and has a monetary cap of \$5,000.

Major Assistance Provider and Costs The WMC did provide access until 1 July 1996 to the JAS which was available at no cost to budget agencies and on a fee for service basis for non budget agencies. WMC expenditure on services to clients was approximately \$1.3m in 1994-95 (\$1.1m in 1993-94).

The WMC undertook surveys (of redundant employees who accessed JAS) approximately three months after separation. Table 6.4 gives selected information from the latest survey and that obtained overall at January 1996 by the WMC.

Table 6.4: WMC Survey of JAS Clients		
	Survey 13	Overall
	%	%
What Employee Is Doing Currently		
Working in paid employment part/full time	53.4	41.0
Self employed	32.2	20.0
Not worked in paid employment	21.2	Not Available
Retired	6.8	4.8
Other	8.5	Not Available
Expectation Next 3 Months		
Paid employment	49.2	49.5
Self employment	36.4	25.8
Training/education	33.9	44.2
Benefit of JAS		
Some/considerable benefit	88.1	71.3
No benefit	9.3	25.5

Source: WMC Records

Note: Figures in table do exceed 100% in most instances as multiple responses were made to particular questions as the questionnaire collected information over a period of time rather than at a particular point of time.

Observation

The indications are that JAS is assisting employees to secure alternative employment and that the employees in the main consider JAS to be of benefit.

The survey findings should be used cautiously as:

- there is a relatively low survey response rate (around 20-25%)
- the survey timing is short term post redundancy and JAS intervention
- it does not cover an employees employment position at the expiration of JAS or their satisfaction with the assistance provided at its conclusion.

Nevertheless, the WMC is attempting to assess the success of the job assistance provided.

RTA

In March 1994 the RTA established its own JAS and ceased using the services of the WMC for employees who subsequently exited the organisation.

RTA took this action because of control and cost considerations. In addition, RTA wished to make JAS more attractive to "blue" collar voluntary redundant workers by enabling these category of employees to purchase equipment to establish their own business.

The amount expended by RTA on JAS cannot be accurately established because expenditures were not identified separately in the general ledger. However, a figure of \$250,000 can be taken as a guide for JAS expenditure.

Observation The RTA has not attempted to measure the success of the outplacement assistance provided to voluntary redundant employees in securing alternative employment. Therefore the effectiveness of expenditure incurred has not been measured.

The RTA noted that the Premier's Memoranda and guidelines for managing surplus employees does not require agencies to monitor the success of individuals in obtaining alternative employment and to do so would require additional resources.

Revision Arrangements As from 1 July 1996, and in accordance with PEO Circular 96/34-*Services for Displaced Employees*, public sector organisations will takeover from the WMC the support of voluntary redundant employees in accessing counselling, training and re-training services and reimbursement of associated expenses.

In August 1996 the PEO issued a draft policy and guidelines for assistance services for employees and displaced employees. This document included obtaining information regarding value for money from assistance provided and gave examples of useful information.

Observation The draft policy and guidelines did not include determining the success that employees have in obtaining alternative employment from the services provided.

The availability of JAS may well be an influencing factor in an employee's decision to accept voluntary redundancy. The Audit Office acknowledges that JAS will not in every instance result in alternative employment being achieved. But in a reasonable number of cases JAS should enable alternative employment to be secured.

Therefore The Audit Office considers the latter to be a key indicator of the value for money achieved from the expenditures.

6.5 Retrenchment

Influences

An employee's decision to take voluntary redundancy was influenced often by the following :

- an incentive payment is offered (up to eight weeks additional payment) for accepting voluntary redundancy and terminating employment within nominated time periods
- employees redeployed to work valued at a lower rate of pay maintained salary for twelve months only from the date of surplus notification
- an employee could be retrenched if redeployment or separation was not finalised within six months of being formally advised that the employee was surplus to requirements (the separation time limit was introduced in Premier's Memorandum 93/36). The employee did not receive the incentive payment mentioned earlier.

The use of retrenchment as a last resort option for dealing with surplus employees was provided for in *Premier's Memorandum 91/23 Restructure of the Public Sector - Dealing with Excess Staff and 93/36 Managing Excess Employees*.

Under Memorandum 91/23 Ministerial approval was required for this action. Memorandum 93/36 required WMC clearance and Ministerial consultation for retrenchment to occur.

No instances of forced retrenchments occurred in review agencies during the period 1 July 1993 to 30 June 1995. There were a number of the review agencies who sought to use this option but Ministerial sanction was not obtained.

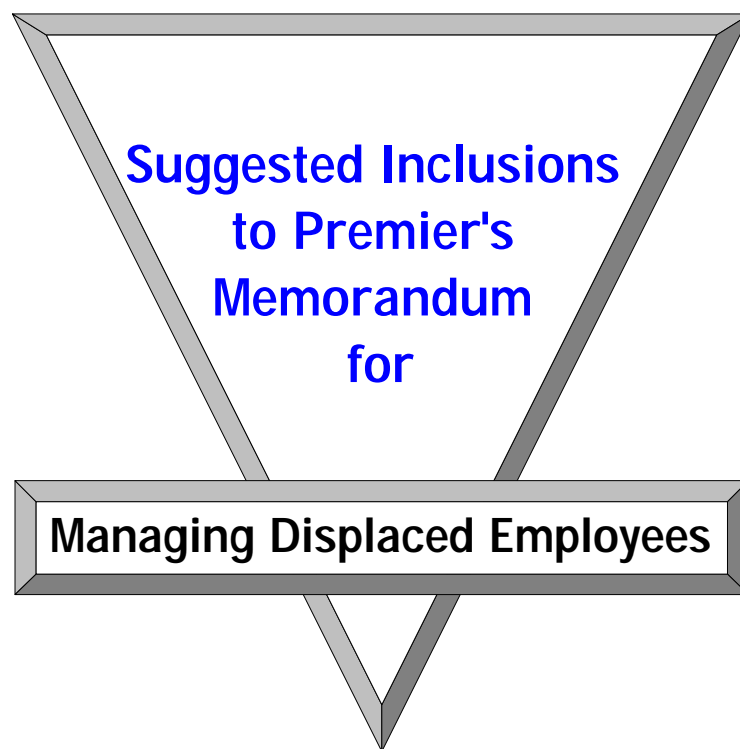
On the other hand, it is known that the former Maritime Services Board used involuntary redundancy. But this involved only a handful of employees and union agreement was obtained via an Enterprise Agreement which substantially enhanced the standard severance package for voluntary redundancy.

Observation

The former Government had a policy which allowed involuntary redundancy. But it was rarely used as it had significant industrial ramifications in the provision of services to the general public.

Following the change of Government in March 1995 an official policy of no forced retrenchments (involuntary redundancy) was introduced.

Premier's Memorandum 95/41 and more recently Memorandum 96/5 reflect this stance.



**Adding Value Through
Performance Audits**

better practice is simply the better way to perform a process including the desire to learn and adapt leading edge ideas from others so as to deliver world class standards of performance

The Public Sector Management Office (PSMO), formerly the Public Employment Office (PEO), is a central Government agency. The PSMO has and will continue to play a pivotal role in establishing better practice within the public sector for the planning, implementation and reporting of the management of surplus persons of which redundancy is a final option.

A notable forum for provision of advice, guidance and assistance is provided to agencies through the compilation and promulgation of Premier's Memoranda, the most recent Premier's Memorandum 96/5 *Managing Displaced Employees* which was issued on 20 February 1996.

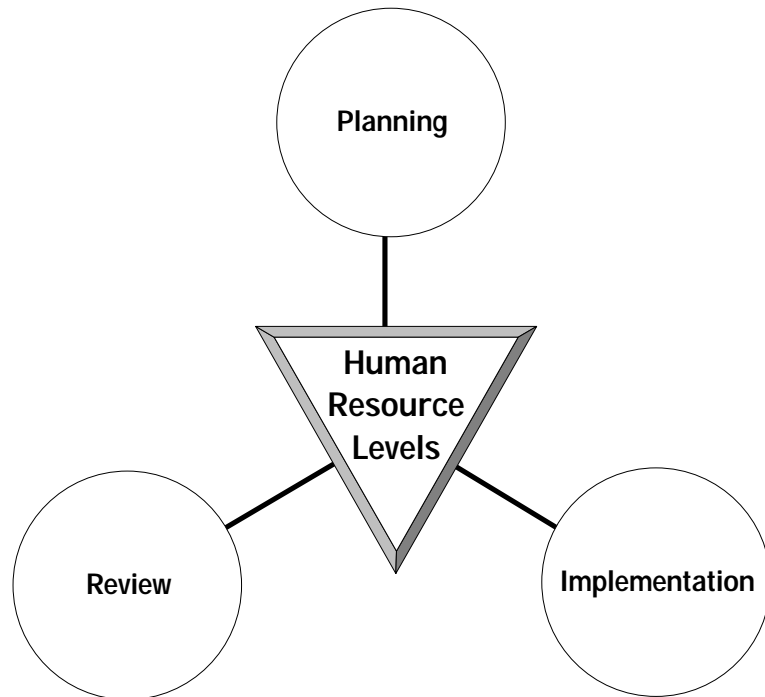
The purpose of the Suggested Inclusions to the Premier's Memoranda for managing displaced employees is to provide additional material which could be included, when compiling the next Premier's Memorandum on the management of surplus staff, as an aid to the implementation of Government Policy.

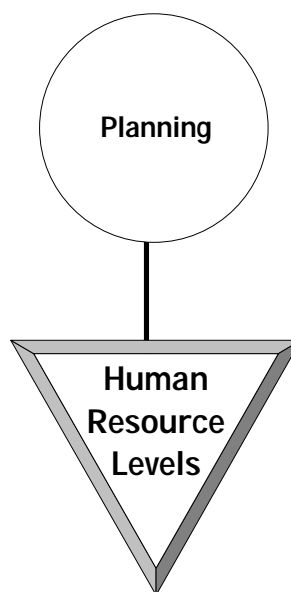
The Suggested Inclusions to the Premier's Memoranda for Managing Displaced Employees has been developed from:

- observations at agencies reviewed as part of this audit
- research undertaken by The Audit Office
- Premier's Memorandum 96/5 *Managing Displaced Employees*
- a paper of September 1993 by the Office of the Director of Equal Employment Opportunity in the Public Sector titled "*Successful Restructuring - the People Aspects*".

The Guide has been segmented as follows:

- **Planning**
 - **Implementation**
 - **Review.**





The development and implementation of a corporate strategic plan is a matter for each agency to decide as are decisions pertaining as to the management of surplus persons and staff reductions including redundancy (which may occur as a result of outsourcing, technological change, reduced funding).

the success of any endeavour is heavily dependant upon good planning

Human resource levels and any decision as to whether, where, by how many, and by what means staff should be reduced and/or expanded should follow a rational and structured process. It needs to be part of an agency's strategic process.

The following are examples of such an approach:

- a human resources program should be formulated on the basis of the agency's corporate goals, plans and objectives including the maintenance of service delivery and quality, and give weight to such matters as:
 - client service needs and expectations
 - current level of service and associated costs
 - strengths, weaknesses, opportunities and threats
 - the clearance/approval of the Chief Executive Officer, Ministerial and Workforce Management Centre should be obtained for the separation of employees

Planning

(continued)

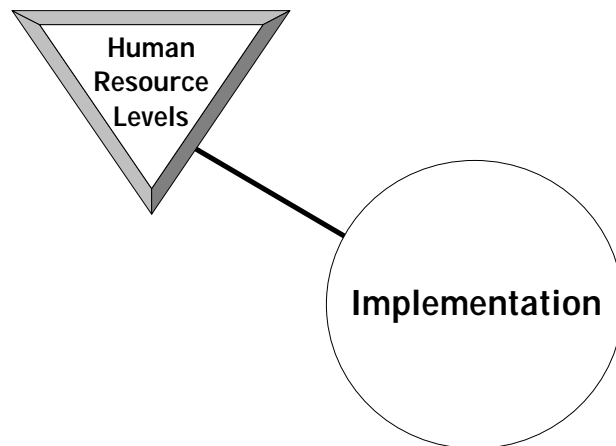
- employee departure dates should be determined so that project work can be completed and that service delivery/quality is not impaired/interrupted
- any proposed reduction in services or elimination of activities the impact of any staff reductions on the delivery and quality of services
- budgetary goals and targets that is cost/benefit of the staff reduction program (this is a net savings target as the cost of voluntary redundancy, outplacement services and costs to co-ordinate the redundancy process within the agency need to be taken into account and documented)
- as part of the assessment, an agency should:
 - undertake an inventory of staff in terms of skill and performance requirements
 - assess its future staff requirements in terms of skills and numbers
 - consider what options are available
 - identify employees or categories of employees to be affected by the staff reduction
 - establish criteria to determine employee retention and separation having regard to skill, knowledge and experience requirements of the organisation
 - determine what, if any, level of assistance such as counselling and outplacement is to be offered.
- plan consultation with employees, including the documentation of a communication plan, in order to minimise any negative reaction, and include such issues as:
 - the reasons for staff reduction
 - which employees are to be affected by the staff reductions
 - whether other cost reduction measures were considered before staff reduction
 - whether staffing reduction was considered for all levels of staff
 - arrangements to be made for surplus staff including the assistance to be provided such as counselling, outplacement advice.

Discussion on organisational change can take place through forums such as management/workforce consultative committees and should be conducted as soon as possible.

Planning

(continued)

- unions should be consulted over organisational change and ideally agreement reached over the changes
- the agency should establish and operate a central point of contact for the provision of advice and information and co-ordinating processes associated with redundancy/redeployment
- the agency should obtain the approval from the Australian Taxation Office for concessional taxation treatment of severance payments.



implementation of the redundancy program should provide adequate support to advise, assist and communicate with employees

The following steps are recommended in the implementation of voluntary redundancy at an agency:

- inform employees on a regular basis of developments in regard to human resource levels within the agency. The message of staff reduction should be :
 - firm, clear and unambiguous
 - in writing
 - consistent and honest
 - emphasise the origin and impact of the problem which gave rise to the staff reduction
 - the need to reduce staff should be emphasised rather than the staff reduction itself
- prepare and make available to staff a comprehensive information package detailing such things as:
 - arrangements as to the agreed termination date
 - severance pay entitlements
 - outplacement services
 - the availability of retraining and re-employment assistance
 - the availability of and value of unemployment benefits
 - names and telephone numbers of contact persons/units

Implementation

(continued)

- management of the agency should:
 - be visible during the staff reduction
 - anticipate and prepare for negative reactions
 - encourage feedback/questions
 - avoid confrontations and adversarial approaches
 - demonstrate empathy and/or sensitivity to timing

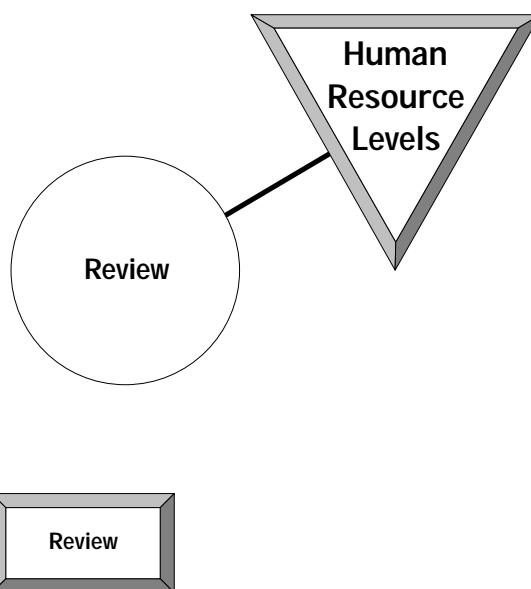
- in managing the change in a significant staff reduction exercise the following should be considered:
 - prepare employees for change
 - identify new opportunities for staff
 - clarify and verify new performance standards
 - seek to make changes beneficial for employees
 - provide additional training
 - provide meaningful staff appraisals
 - demonstrate that employee expertise is valued
 - stress long term goals of the agency
 - work to build confidence/trust/support

- implement systems to monitor compliance with :
 - the terms and conditions of the redundancy program, for example, staff receiving a voluntary redundancy should not be re-employed in any capacity within the public sector during the period covered by the severance payment
 - other laws and regulations of the State/Commonwealth such as, for example, the Income Tax Assessment Act

- maintain a register to facilitate job swap/redundancy arrangements

- carry out regular reconciliations between payroll and staff establishment records to ensure positions of employees who took voluntary redundancy are deleted from the staff establishment

- provide for independent reviews and report to senior management on the voluntary redundancy severance payments.



effective management information systems are important so as to report performance on critical activities of the agency

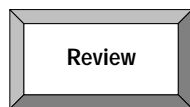
The impact of the implementation of a staff reduction and/or expansion initiative on the agency should be monitored in terms of service delivery/quality/costs/savings/staff levels and on remaining employees, the agency's clients and other stakeholders.

It is acknowledged nonetheless that the direct impact of staff reduction may be difficult to separate from other corporate initiatives such as a restructure and that the impact may be difficult to measure in certain cases, for example, the effect on quality of service. The level of staff reduction will be proportional to the impact.

The timing of monitoring and evaluation is a matter for each agency to determine.

Some aspects the agency may wish to review regularly while other things may have a shorter or longer review time frame.

An important criterion is that an agency is aware of the potential negatives of a staff reduction exercise and that the agency manages these aspects within an appropriate timeframe.



(continued)

The following practices are recommended for consideration when monitoring and evaluating the impact, in monetary and non monetary terms, of redundancies:

- at agency and/or unit level the agency should monitor :
 - employee morale
 - staff turnover
 - declining working hours
 - number of complaints/grievances
 - the incidence of stress related leave
 - the level of sickness absence
 - communication difficulties etc.
- the agency should conduct surveys of clients and stakeholders as to the quality of services provided
- support units should conduct surveys of internal clients as to the appropriateness, quality and timeliness of services provided
- voluntary redundant employees should be surveyed as to their satisfaction with the agency's redundancy processes
- the incidence and type of complaints by clients should be monitored, be they internal or external
- outsourced services, operations, activities etc. should be monitored to ensure services are achieving performance levels required by the agency
- the agency should monitor/reconcile whether detailed cost/benefits have been achieved from redundancies and/or outsourcing
- the agency should monitor whether EEO groups have been disproportionately effected by voluntary redundancy
- employee outplacement services should be monitored in regard to:
 - employee satisfaction with services provided
 - employees securing employment post redundancy

7. Appendices

7.1 Agencies with Highest Redundancy Expenditure

Redundancy Expenditure - Budget And Non Budget - Agencies 1989-95								
Agency	Sector	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	TOTAL
		\$000	\$000	\$000	\$000	\$000	\$000	\$000
Roads and Traffic Authority	B	14,659	3,563	17,263	58,313	42,683	40,103	176,584
State Rail Authority	N/B	22,289	21,659	26,898	23,664	30,964	20,441	145,915
Sydney Water Corporation Limited	N/B	1,600	4,100	10,900	18,146	27,523	23,270	85,539
Health, Department(& Public Health System)	B			24,362	12,996	20,087	7,290	64,735
Pacific Power	N/B	9,669	11,118	6,692	11,593	9,914	1,701	50,687
NSW Public Works	N/B			11,812	20,950	12,428	43	45,233
State Transit Authority	N/B	2,884	2,493	9,941	7,075	1,047	(304)	23,136
Department of Community Services	B		318	14,847	1,000	1,244	2,084	19,493
Maritime Services Board	N/B	5,000	7,800	2,800	1,471	150		17,221
Department of School Education	B	36	3	11,437	1,606	1,027	314	14,423
Commercial Services Group	N/B		6,609	3,449	801	1,964		12,823
Department of Conservn & Land Management	B			5,955	3,222	174		9,351
Hunter Water Corporation Limited	N/B	1,400	500	1,500	1,555	2,264	1,822	9,041
NSW TAFE Commission	B			3,878	583	1,896	1,429	7,786
NSW State Forests	N/B				5,721	475	313	6,509
Department of Transport	B		2,897	1,773				4,670
Department of Water Resources	B			3,471	493	586		4,550
Department of Corrective Services	B			753	93	1,280	1,061	3,187
Department of Housing	N/B	459	252	124	366	854	1,071	3,126
Attorney General's Department	B					2,297	673	2,970

Key: B= Budget N/B= Non Budget

Note: No adjustment has been made to this table for public sector restructures which have occurred, for example Department of Water Resources and Department of Conservation and Land Management amalgamating.

7.2 List of Tables

- 2.1** Redundancy Expenditure 1989-1995 (measured in nominal dollars)
- 2.2** Salaries and Wages Expenditure Fiscal 1992-95 (measured in real dollars using 1994-95 as base year)
- 2.3** Overtime Expenditure Fiscal 1992-95 (measured in real dollars using 1994-95 as base year)
- 2.4** Consultancy/Contractor Expenditures Fiscal 1992-1995 (measured in real dollars using 1994-95 as base year)
- 3.1** Budget Sector Staffing at 30 June 1995 compared to 30 June 1989
- 4.1** Agency Redeployment of Staff Declared Surplus to Requirements 1 October 1993 to 20 December 1996
- 4.2** Waiting Time for Home Agency Redeployment of Staff Declared Surplus to Requirements 1 October 1993 to 20 December 1996
- 6.1** Redeployment Activity and Outcomes WMC, RTA, SRA and Sydney Water
- 6.2** Employee Waiting Times for Redeployment and Associated Costs RTA, SRA and Sydney Water
- 6.3** Sydney Water Voluntary Redundancy Employee Activity Survey
- 6.4** WMC Survey of JAS Clients

7.3 List of Graphs

- 2.1** Number of Public Sector Agencies with Voluntary Redundancy Expenditure 1989-1995
- 2.2** Percentage Change in Salaries and Wages Costs in 1993-94 and 1994-95 Compared with 1992/93 (measured in real dollars using 1992-93 as base year)
- 2.3** Percentage Change in Cash Outflows for Operating Activities 1994-95 Compared with 1992-93 (measured in real dollars using 1992-93 as base year)
- 3.1** Trends in NSW Public Sector Redundancy Expenditure Fiscal 1989-1995 and EFT Staffing 1989-1995 (at 30 June)
- 3.2** Trends in Non Budget and Budget Sector Redundancy Expenditure Fiscal 1989-1995 and EFT Staffing 1989-1995 at 30 June

7.4 Glossary of Terms

Budget Sector Agencies	<p>In this report The Audit Office uses the term Budget Sector Agencies to comprise all agencies which:</p> <ul style="list-style-type: none">• rely predominantly on the State Budget for direct funding (that is approximately 50% or more of the total funding for each agency is provided by the Consolidated Fund) of operations rather than user charges• are generally known as departments as defined by Section 45A(1) of the Public Finance and Audit Act 1983 and are listed in Schedule 3 of the Act.
Company State Owned Corporation	<p>A corporation specified in Schedule 1 of the State Owned Corporations Act 1989 which is subject to Corporations Law.</p>
Involuntary Redundancy	<p>Another description for retrenchment which is defined later in this glossary of terms.</p>
Non Budget Sector Agencies	<p>In this report The Audit Office uses the term Non Budget Service Agencies to comprise agencies:</p> <ul style="list-style-type: none">• other than Budget Sector Agencies which rely predominantly on user charges to fund operations and their capital works from borrowings and internal funds• generally known as statutory bodies as defined under Section 39(1) of the Public Finance and Audit Act 1983 and are listed in Schedule 2 of the Act• including Company and Statutory State Owned Corporations, for example Sydney Water Corporation Limited and Sydney Ports Corporation.

However, the following agencies are excluded:

- Universities as it is considered that the State does not have 'control' over their day to day financial and operating policies and activities although they are statutory bodies
- the Grain Corporation, Government Insurance Office and the State Bank which were agencies sold by the Government during the period 1989-1995
- electricity transmission authorities as the Budget Sector Division of the NSW Treasury does not have details of staff employed by these agencies for the period 1989-1995.

NSW Public Sector

The NSW Public Sector from a whole of government point of view is the combination of the previously defined Budget and Non Budget Sector Agencies.

Outsourcing

An arrangement whereby a contracting agency enters into a contract with a supplier from outside that agency for the provision of goods and/or services which typically have been provided internally - not necessarily involving competitive bids.

Redeployment

An employee seeks placement in another position within their employing agency or another agency.

Retrenchment

An employee's services after forcibly terminated and a severance package is paid.

Statutory State Owned Corporation

A corporation specified in Schedule 5 of the State Owned Corporations Act 1989 which is not subject to Corporations Law.

Voluntary Redundancy

An employee voluntarily terminates their employment and is paid a severance package. The package excludes annual and extended leave entitlements. Concessional taxation rates apply.

7.5 Acronyms

ATO	Australian Taxation Office
Company SOC	Company State Owned Corporation
Courts Admin	Former Department of Courts Administration
EEO	Equal Employment Opportunity
EFT	Effective full time
Housing	Department of Housing
JAS	Job Assistance Scheme
JSL	Job Search Leave
ODEOPE	Office of the Director of Equal Opportunity in Public Employment
PEO	Public Employment Office. References in this report should, where appropriate, be now taken to mean the Public Sector Management Office (PSMO)
PSMA	Public Sector Management Act 1988
PSMO	Public Sector Management Office
RTA	Roads and Traffic Authority
SRA	State Rail Authority
Statutory SOC	Statutory State Owned Corporation
Sydney Water	Sydney Water Corporation Limited
WMC	Workforce Management Centre

Performance Audit Reports

Agency or Issue Examined	Title of Performance Audit Report or Publication	Date Tabled in Parliament or Published
Department of Housing	<i>Public Housing Construction: Selected Management Matters</i>	5 December 1991
Police Service, Department of Corrective Services, Ambulance Service, Fire Brigades and Others	<i>Training and Development for the State's Disciplined Services: Stream 1 - Training Facilities</i>	24 September 1992
Public Servant Housing	<i>Rental and Management Aspects of Public Servant Housing</i>	28 September 1992
Police Service	<i>Air Travel Arrangements</i>	8 December 1992
Fraud Control	<i>Fraud Control Strategies</i>	15 June 1993
HomeFund Program	<i>The Special Audit of the HomeFund Program</i>	17 September 1993
State Rail Authority	<i>Countrylink: A Review of Costs, Fare Levels, Concession Fares and CSO Arrangements</i>	10 December 1993
Ambulance Service, Fire Brigades	<i>Training and Development for the State's Disciplined Services: Stream 2 - Skills Maintenance Training</i>	13 December 1993
Fraud Control	<i>Fraud Control: Developing an Effective Strategy</i> (Better Practice Guide jointly published with the Office of Public Management, Premier's Department)	30 March 1994
Aboriginal Land Council	<i>Statutory Investments and Business Enterprises</i>	31 August 1994
Aboriginal Land Claims	<i>Aboriginal Land Claims</i>	31 August 1994
Children's Services	<i>Preschool and Long Day Care</i>	10 October 1994
Roads and Traffic Authority	<i>Private Participation in the Provision of Public Infrastructure</i> (Accounting Treatments; Sydney Harbour Tunnel; M4 Tollway; M5 Tollway)	17 October 1994
Sydney Olympics 2000	<i>Review of Estimates</i>	18 November 1994
State Bank	<i>Special Audit Report: Proposed Sale of the State Bank of New South Wales</i>	13 January 1995
Roads and Traffic Authority	<i>The M2 Motorway</i>	31 January 1995
Department of Courts Administration	<i>Management of the Courts: A Preliminary Report</i>	5 April 1995
Joint Operations in the Education Sector	<i>A Review of Establishment, Management and Effectiveness Issues</i>	13 September 1995

Agency or Issue Examined	Title of Performance Audit Report or Publication	Date Tabled in Parliament or Published
	<i>(including a Guide to Better Practice)</i>	
Department of School Education	<i>Effective Utilisation of School Facilities</i>	29 September 1995
Luna Park	<i>Luna Park</i>	12 October 1995
Government Advertising	<i>Government Advertising</i>	23 November 1995
Performance Auditing In NSW	<i>Implementation of Recommendations; and Improving Follow-Up Mechanisms</i>	6 December 1995
Ethnic Affairs Commission	<i>Administration of Grants (including a Guide To Better Practice)</i>	7 December 1995
Department of Health	<i>Same Day Admissions</i>	12 December 1995
Environment Protection Authority	<i>Management and Regulation of Contaminated Sites: A Preliminary Report</i>	18 December 1995
State Rail Authority of NSW	<i>Internal Control</i>	14 May 1996
Building Services Corporation	<i>Inquiry into Outstanding Grievances</i>	9 August 1996
Newcastle Port Corporation	<i>Protected Disclosure</i>	19 September 1996
Ambulance Service of New South Wales	<i>Charging and Revenue Collection (including a Guide to Better Practice in Debtors Administration)</i>	26 September 1996
Department of Public Works and Services	<i>Sale of the State Office Block</i>	17 October 1996
State Rail Authority	<i>Tangara Contract Finalisation</i>	19 November 1996
NSW Fire Brigades	<i>Fire Prevention</i>	5 December 1996
State Rail	<i>Accountability and Internal Review Arrangements at State Rail</i>	19 December 1996
Corporate Credit Cards	<i>The Corporate Credit Card</i>	23 January 1997
NSW Health Department	<i>Medical Specialists: Rights of Private Practice Arrangements</i>	12 March 1997
NSW Agriculture	<i>Review of NSW Agriculture</i>	27 March 1997
Public Service wide	<i>Redundancy Arrangements</i>	April 1997



NSW Government



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