



**Queanbeyan-Palerang Regional Council**

# **Ordinary Meeting of Council**

## **SUPPLEMENTARY**

## **AGENDA**

**22 June 2016**

**Commencing at**

**Council Chambers  
10 Majara Street, Bungendore**



**\*\*On-site Inspections\*\***

List any inspections or indicate “Nil”

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**LIST OF ATTACHMENTS –**

*(Copies available from General Manager’s Office on request)*

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*Nil*



GENERAL MANAGER'S REPORTS

**S.1 Merger - Transitional Staffing Arrangements (Ref: C1688355; Author: Tegart/Tegart)**

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**Summary**

Reporting on proposed interim organisation structure and other staffing arrangements to transition to the new entity following the merger of the Queanbeyan and Palerang Councils on 12 May 2016.

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**Recommendation**

**That Council:**

- 1. note the report on transitional staffing arrangements**
  - 2. adopt the interim organisational structure 2016/17**
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**Background**

On 12 May 2016, the former Palerang and Queanbeyan Councils were merged by proclamation into the Queanbeyan-Palerang Regional Council (QPRC). That Council now comprises 5300km<sup>2</sup> with 56,000 residents, supported by over 400 staff delivering around \$100m in services and maintaining \$600m of assets to the community. 20% of the cost of those services comprise backoffice support and governance costs. Based on population forecasts, QPRC will become one of the largest regional councils in NSW growing to 76000 and is already the largest council in south east NSW.

The new entity has one of the lower staff to resident ratios at 7FTE per 1000 residents, compared to NSW councils.

The Administrator and Interim General Manager have been appointed by proclamation to oversee the implementation of the new council through to the election.

The NSW Government's merger proposal forecast savings of \$22m over 20 years nett of merger costs, over the four-year transition period. Those savings were anticipated to be delivered by senior staff savings (\$6m), backoffice savings (\$16m) and procurement savings (\$5m). However, the proposal also suggested staff numbers increase by 11 to provide expanded services and support a growing population.

In its submissions to the merger proposal, Council noted the savings are more likely to be delivered by providing services of greater range and spread with the same (2016) resources, rather than providing current service levels with less resources. The Government's merger proposal suggested savings could be achieved through redeployment of some duplicated backoffice roles to front line services.

Given the geographic spread of the LGA, QPRC provides offices and depots at Queanbeyan, Bungendore and Braidwood. Council also operates water and sewage services at Captains Flat together with waste disposal facilities at Bungendore, Braidwood, Captains Flat, Bywong, Nerriga Majors Creek and Araluen.

**S.1 Merger - Transitional Staffing Arrangements (Ref: C1688355; Author: Tegart/Tegart)  
(Continued)**

The current distribution of staff by function and town; depot and office is illustrated in the table below:

	FTE			Headcount	
Location	Office	Depot	Corporate/ Community	Planning	Works
Queanbeyan	151.82	119.54	124	46	116
Braidwood	13.95	26.69	16	2	33
Bungendore	42.9	36.33	19	15	46
Captains Flat		1.82			2
Nerriga		0.55			1
Macs Reef		0.67			1
Total	208.67	185.60	159	63	199

The NSW Department of Premier and Cabinet (DPC) is providing guidance and support to the merged councils, in addition to the \$5m grant to assist the costs of merging the administrations of the former councils. A weekly status reporting process is in place on the progress of matters such as establishing centralised points of contact (website, phone, email) for the community, publishing an Operational Plan (comprising the drafts prepared by the former councils) and an interim staffing structure. The Operational Plan continues funding for the existing staff resources for 2016/17.

While award-staff have the confidence in retaining their current salaries and conditions of employment for three years under the terms of a merger, setting an organisation structure for the new entity presents certainty of a role and an opportunity for development and progression. In addition, given most staff live in and within 15km of Queanbeyan or ACT, there may be scope for some staff to relocate to worksites closer to home, subject to the requirements of s218CA.

The merger presents an opportunity to review current systems and services; shed poor or inefficient process; and invest in new and innovative approaches to delivery.

**S.1 Merger - Transitional Staffing Arrangements (Ref: C1688355; Author: Tegart/Tegart)  
(Continued)**

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It is proposed the transitioning to the new organisation will involve three Phases:

1. ***Interim*** – bringing the two former council organisations together to enable:
  - a. Business as usual
  - b. Extension of due diligence/stocktake program
  - c. Establishment of a transition project office
  - d. Development of Implementation Plan
  - e. Capacity for the executive and management group to invest in the transition of people, systems, policy and process
  - f. Review of finances, services, assets and technology
  - g. Commence ICT installations and upgrades
  - h. Migration to a new salary system, staff development and personnel policies
  - i. Preparation of draft Resourcing Strategy
2. ***Transition*** – building on the review of services, assets and technology to:
  - a. Embed actions from the Implementation Plan
  - b. Shape the organisation around range and mode of delivery of services and assets
  - c. Potentially centralise some functions by locality
  - d. Implement technology solutions
  - e. Explore expansion of type and reach of services, and modes of delivery
  - f. Build and renew assets in accord with merger grant and asset plans
  - g. Engage in potential regional delivery of services with Joint Organisation
  - h. Prepare new Community Strategic Plan

**S.1 Merger - Transitional Staffing Arrangements (Ref: C1688355; Author: Tegart/Tegart) (Continued)**

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3. **Transformation:** reflect the ambitions of the new Council through:
- a. Potentially shaping the organisation around thematic of the Community Strategic Plan
  - b. Piloting and embedding the innovation and technology opportunities explored during previous phases

Those Phases are expected to invoke reviews of the organisation structure. An Interim Structure is proposed with this report. The new Council (elected in September 2017) is required to confirm the existing or support a new structure in the first year of its term, in addition to the selection of a General Manager.

A number of meetings and communications have been held with Council staff outlining the effect and actions around the merger. Initial efforts are aimed at building confidence and certainty, part of which is delivered through an organisation structure.

## **Implications**

### ***Legal***

S354 of the *Local Government Act* (LGAct) and the NSW Local Government Award protects non-contract staff salaries, terms and conditions of employment for 3 years. While that represents the floor, staff may transfer or apply for roles in the organisation – laterally or as advancement. Merger recruitment arrangements require all vacancies to be sought internally first, then if an internal candidate does not have the skills or development potential, the position is recruited externally.

There is a mix of specialist and generalist staff across the organisation, some of whom may avail opportunities to specialise in roles and develop skill sets once organisation structures mature. Based on the location of those roles and options to centralise some functions at either of the main towns, some staff may have the option to work closer to home. In those circumstances, consultation and agreement is required to progress.

S218CA stipulates the staff numbers at the former Palerang Council worksites (~123 FTE) be retained in perpetuity, as far as practicable, as Bungendore, Braidwood, Captains Flat and Nerriga are considered 'rural centres'. Some of those staff are subject though to continuation of grant funding:

- *The transferee council must ensure that the number of regular staff of the council employed at the rural centre is, as far as is reasonably practicable, maintained at not less than the same level of regular staff as were employed by the previous council at the centre immediately before the amalgamation or alteration of boundaries took effect.*



**S.1 Merger - Transitional Staffing Arrangements (Ref: C1688355; Author: Tegart/Tegart)  
(Continued)**

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- *regular staff of a council means:*
  - *staff appointed to a position within the organisational structure of the council, otherwise than on a temporary basis, and*
  - *casual staff who are engaged by the council on a regular and systematic basis for a sequence of periods of employment during a period of at least 6 months and who have a reasonable expectation of continuing employment with the council,*
  - *but does not include senior staff.*

In addition, s354 in several subsections requires other processes and protections:

- *The employment of a transferred staff member, other than a senior staff member, continues on the same terms and conditions that applied to the staff member immediately before the transfer day, subject to section 354E*
- *The employment of a transferred staff member other than a senior staff member, must not be terminated, without the staff member's agreement, within 3 years after the transfer day on the ground of redundancy arising from the staff transfer.*
- *The council:*
  - *(a) must notify its staff members of the position and give its staff members a reasonable opportunity to apply for the position, and*
  - *(b) must not externally advertise the position.*
- *(3) A person who:*
  - *(a) applies for appointment to a position referred to in this section, and*
  - *(b) is employed by the council at the time of making the application, and*
  - *(c) is a person referred to in subsection (1) (a) (iii) or (b) (iii), as the case requires, must be considered for appointment to the position in preference to any other applicant for the position who is not such a person.*
- *(4) If there is more than one person referred to in subsection (3) who is eligible for appointment to a position, the applicant who has the greatest merit, determined in accordance with section 349 (2) and (3), is to be selected*

The delegations assigned to staff will also be reviewed based on the continuation or revision of functions undertaken by staff.

**S.1 Merger - Transitional Staffing Arrangements (Ref: C1688355; Author: Tegart/Tegart)  
(Continued)**

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***Policy***

The personnel policies and conditions of employment of the former Queanbeyan and Palerang Councils differ in a number of areas. The Implementation Phase will commence the review and harmonisation of those policies, and development of new policies, in conjunction with the establishment of a new job evaluation and salary system. Options to partner with the Canberra Region Joint Organisation (CBRJO) in policy and salary system templates will be explored.

Continuing the 'stocktake' and reviews of services, assets and technology will guide the drafting of a new Workforce Strategy, mapping the resources, development and skill sets around the forecast services and mode of delivery.

A policy position will be considered to establish the 'floor' for staff resources at say 80% of peak activity, to enable recruitment of temporary, contract, or consultant resources to supplement staff in those peaks.

***Asset***

An asset and financial sustainability review of the former Palerang Council will be undertaken by Prof Percy Allan and his associates in 2016. This will enable a similar platform to be consolidated with the results established with the former Queanbeyan under the Responsible Scenario and Financial Strategy adopted by Council.

While those reviews will guide the next long term financial plan, it is the assessment of asset condition and standards and setting of service and intervention levels, that provide the greatest scope to harmonise and rationalise assets, and engage the communities across the LGA in setting expectations around the mix and standard of assets.

Resources will be dedicated in the Implementation and Transition Phases to reset the system of asset management, implement asset management software, establish risk-based performance reporting systems; and establish and consult on asset standards and service levels,

***Strategic***

During Phase 1 particular attention will be given to three primary considerations:

- Minimising loss of momentum in existing commitments
- Minimising loss of staff
- Community trust and confidence

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(Continued)**

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There will be a focus on supporting staff in transitioning to the new organisation and adjusting to reconfigured responsibilities, reporting lines and the cultural shift of working for the whole of QPRC. Development and implementation of a change management plan is an early priority. A key purpose of this plan would be to establish protocols around staffing the new structure to minimise disruption, ensure clear and transparent processes are followed, and to set the tone of the desired culture of the new entity. This would also help to reduce uncertainty that could exacerbate the risk of staff leaving. Implementation of the change management plan would continue throughout the transitional period.

The rate of change during Phase 2 will be significant as Council continues to deliver business as usual whilst rationalising the operating and enabling suite of culture, systems, processes and technologies of the two councils, and positioning the new entity to innovate and excel in service delivery.

The merger grant will be used to invest in resetting organisation culture and capability. The grant will also be used to invest in new technologies to expand the scope of self-serve enquiry/self-heal services for residents; online applications and transacting; introduce remote access to meetings (eg web streaming); establish smart hub sites at council offices; and improve mobility for access to information and delivery of services by staff.

A Transition Project Management Office (PMO) is required to be established by DPC. An Implementation Plan is in draft for endorsement by DPC and report to Council late in July. The PMO requires the recruitment of contract, consultant and temporary staff resources to assist the merger transition and includes secondment of internal staff. The Interim Structure signals the extent to which managers are expected to contribute to the Transition Project – ie Operational Managers 20%, Strategic Managers 40%. The PMO will be funded by the merger grant. A P3M3 of Prince project management model may be utilised.

***Consultation***

The Interim Organisation Structure proposed in this report establishes the executive structure to be adopted by Council, below which the various management and team layers are established by the General Manager within the boundaries of the former council structures and the Operational Plan.

Each layer of the restructure requires engagement of staff in accord with the Award and the involvement of the workplace consultative committee (WCC) and unions where appropriate. In some circumstances in positions below the Executive structure, the position description, report lines and work location may be altered, requiring agreement under the provisions of the Award and s354 of the LGAct.

***Financial***

The total employment costs of the new entity are forecast to be \$40m in the 2016/17 Operational Plan (5% of operating expenses) with Award increases expected to cost \$890k. No job losses are forecast in the Operational Plan. Vacancies will be considered for recruitment on a business case basis, and redeployment or development options for existing staff explored.

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It is proposed to record and report 'savings' each year to the Council and record progress against the Implementation Plan, noting some 'savings' may be through delivering broader services with the same resources.

Any staff resourcing and salary movements will be managed within the four-year rates freeze on general rates (1.8% in 2016/17) noting the government asset grants of \$10m provide scope for retention or expansion of some staff resources and contracts to deliver the new or upgraded asset projects.

***Resources (including staff)***

The proclamation of the new council requires: *the initial organisation structure of a new council is, as far as practicable, to be a composite of the organisation structures of each of the former councils, and any position that, immediately before the amalgamation day, was a senior staff position of a former council is taken to be a senior position of the new council.*

Attached for the endorsement of Council is the Interim Organisation Structure proposing the reporting lines of the executive group to the General Manager. Subject to staff movements through resignations or voluntary redundancies, it is expected the Interim Structure will remain during Phase 1 (2016/17) and reconsidered once the finance, asset, service and technology reviews are complete. The Executive structure and responsible functions by position will be published on the website.

The Interim General Manager is responsible for a range of matters required by DPC:

- Provide effective day to day management and leadership of the council organisation throughout the initial period of change.
- Ensure the operational plan is implemented with a focus on service continuity, reporting regularly to the governing body on progress and other significant matters.
- Lead transformational change that builds on the organisational changes to deliver an operationally effective and efficient new council, whilst ensuring council continues to deliver services to the community.
- Implement operational and strategic goals required by the governing body of council with a focus on service and performance outcomes (based on a comprehensive set of key performance indicators that target transformational change).
- Build a culture, and active staff commitment, to improvement and change.
- Lead, monitor and ensure the Implementation Plan achieves its targets including identification of measurable benefits.
- Contribute significantly to the development of council's strategic direction, guiding the preparation of the draft community strategic plan, delivery program and operational plan.
- Communicate, liaise and consult with key external stakeholders and the community about service continuity, strategic planning and the opportunities for change.
- Ensure all statutory and proclamation requirements are met.

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Therefore, the Interim Structure has been designed to delineate operational and enabling/strategic expectations of the senior staff, nominating either a 20% or 40% commitment to transition activities. Reporting to the General Manager is based on anticipated levels of senior staff investment in strategic activity (financial, asset, service, technology, property, integrated planning, communications) and the Transition PMO; while reporting to the Deputy General Manager is based on the seamless continuation of business as usual for land use, environment, development, utility and infrastructure services and executive support, as well as reviewing and harmonising policies, legals, contracts, records and access to information.

The executive group will then work with managers to draft a structure of management and supervisory layers and work teams. Consideration will be given centralising some functions and building work teams by locality, in keeping with s218CA requirements, but minimising position and worksite changes for supervisor and work teams.

As outlined earlier, there are requirements under the legislation to recruit internally which may generate some churn. Further, as voluntary redundancies are available under a merger environment, a program to enable application and processing of VRs will be developed in coming months. Both those scenarios may give rise to adjustments to the organisation structure.

There will be a focus on supporting staff in transitioning to the new organisation and adjusting to reconfigured responsibilities, reporting lines, the likely cultural shift as the new entity evolves, and the extensive harmonisation projects (remuneration, performance management, systems and processes). The processes of any job redesign (through role redefinition, reporting lines and worksites), job evaluation and consultation have a 28-day consultation period.

Migration into a new salary system supported by personnel policies and evaluation system, is expected over the next year. Market premiums for some positions may be reviewed.

The employment of senior staff at the former Queanbeyan and Palerang Councils differ as only the former General Manager of Palerang is on contract and nominated as senior staff, while the Directors of the former Queanbeyan Council are on senior staff contract and formally nominated as senior staff. The Interim Structure requires an SES lateral transfer for those staff (Deputy General Manager and Director) roles for 12 months. Award-based directors (former Palerang) and managers will be placed in an acting senior staff role for 12 months. Senior staff roles in the next Phase structure will be appointed on a competitive basis on senior staff contract.

***Integrated Plan***

As referenced earlier in this report, through the Stocktake process a review of finances, assets, services and technology has commenced. Those reviews will inform the long term financial plan, workforce plan and asset plans that comprise the Resourcing Strategy proposed for completion by June 2017 in preparation for the September 2017 Council elections.

It is anticipated the engagement of the community in drafting the first Community Strategic Plan for QPRC will commence mid-2017.

**S.1 Merger - Transitional Staffing Arrangements (Ref: C1688355; Author: Tegart/Tegart)  
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**Conclusion**

The Interim Organisation Structure is proposed for Phase 1 during 2016/17 as the new entity beds down and finance, asset, service and technology reviews are concluded. The subsequent structural review may modify the number of senior positions and may fold some management roles currently reporting to the Interim General Manager under those senior positions.

The Interim Structure has been designed to create capacity for senior staff to invest in transition and strategic activities, while maintaining business as usual. All award-staff retain current salaries and terms of employment, however opportunities to develop and transfer into new roles in the organisation are expected.

The appropriateness and functionality of existing offices and depots to accommodate staff will be examined, some of which may require improvements. It is noted funding has been set aside in the 2016/17 Operational Plan to redevelop 257 Crawford St Queanbeyan into the head office. It is proposed the Queanbeyan, Bungendore and Braidwood offices ultimately be established as 'smart hubs' to enable the seamless movement of staff between sites and accommodate contractors and consultants.

The Interim Structure is recommended to Council.

**Attachments**

Attachment 1      Attachment 1 - Executive Group - Interim Organisation Structure 2016/17

# **QUEANBEYAN-PALERANG REGIONAL COUNCIL**

## **Council Meeting Attachment**

**22 JUNE 2016**

ITEM S.1                      MERGER - TRANSITIONAL STAFFING ARRANGEMENTS

ATTACHMENT 1            ATTACHMENT 1 - EXECUTIVE GROUP - INTERIM  
ORGANISATION STRUCTURE 2016/17

Attachment 1 - Executive Group – Interim Organisation Structure 2016/17

