

14 October 2019

Dr Matthew Butlin
Commissioner
South Australian Productivity Commission
GPO Box 2343
Adelaide SA 5001



Dear Dr Butlin

Re:

Our Ref: 5.36.1

Thank you for the opportunity to provide a formal response to the South Australian Productivity Commission's Draft Report – Inquiry into Local Government Costs and Efficiency that was released on 30 August 2019. As a result of discussion with the District Council of Robe's Elected Members and input from Limestone Coast councils in relation to workforce issues, the following resolution was made at the Ordinary Meeting of Council on 9 October 2019:

12.1.9 SAPC Inquiry into Local Government Costs and Efficiency

Moved Cr Laurie
Seconded Cr Bates

Resolved that the District Council of Robe having considered Report No. 12.1.9 'SAPC Inquiry into Local Government Costs and Efficiency' approve the response to the South Australian Productivity Commission. (39/2020)

Carried

The resolution endorsed the following points from the District Council of Robe as it's response to the Draft Report:

- Support the findings that:
 - There are opportunities to improve productivity in the local government sector
 - Transparency of data and information for community is vital
 - An appropriate benchmarking model would allow a greater focus on areas for improvement
 - Councils should seek more opportunities for resource sharing
 - That councils have varying degrees of control over factors that influence their costs
 - The issues across the council groups and often within them vary significantly
- That the level of complexity (issues to be managed, services to be delivered) in a small rural council are on the whole consistent with larger councils (e.g. coastal management, strategic planning, economic development, tourism, ageing population, governance, environmental management, health safety and wellbeing, compliance). There will be differences in the size of each of the issues but the complexity does not change. The critical gap is that the small rural council don't have the capacity and capability to deal with many of these issues, nor the funding to bring in outside resources to support the development of plans to deal with the issues. This is reflected in the fact that more of 'Rural – Small & Medium' councils spend more on mandatory services compared with their metropolitan counterparts.
- A greater focus on variable population such as Robe where the residential population increases from the Census level of around 1400 to 15,000 in the peak period. This includes how the variability is included in benchmarking and a recognition that a small residential population is funding the infrastructure and services of a significant visitor population.
- Community expectations for rural councils to provide services when it is not viable for the commercial sector to provide them e.g. childcare
- To leverage existing data and benchmarking model such as The Australasian LG Performance Excellence Program run in partnership with LG Professionals and PwC and the Victorian Know Your Council. This should be done in preference to investing in building a new model
- Recognise the capacity and capability limitations of rural councils. In particular, the challenge of attracting people to take up employee positions.
- Limited flexibility in determining resources due to enterprise agreements. Councils, as the community's elected body, should have the ability to determine the numbers and capabilities to deliver the community's service expectations.
- Explore the question as to whether with the increase in council wages, were there any tangible productivity offsets achieved given the higher percentage increase in employee costs when compared with the SA wage price index
- The opportunity to find tangible productivity savings in smaller councils is hindered by funding and the capacity and capability to implement. This is reflected in the finding that mandated responsibilities account for nearly 60 percent for rural councils. Therefore, the focus is on the delivery of mandated and non-mandated services and the ongoing maintenance and replacement of assets and infrastructure. There is an opportunity for a funding pool to be made available by the state government to facilitate the change. This could be done on the basis of an interest free loan that small councils pay back as the productivity savings are achieved. An example of this model was the Energy Performance Contracts put in place by the Victorian government several years ago.

- Explore the potential of the LGA having resources to facilitate service reviews and process improvement processes in regional and rural councils
- With rural decline, some costs are carried by councils due to legacy assets and access to historic services. It is difficult to take away services and assets when there are significant demographic change
- Look at whether the increase in operating expenditure is due not only to growth in population and property numbers but also visitor and employment numbers utilising council's infrastructure and services. For example, the number of people who work or visit Adelaide on a daily basis, the increasing number of tourist visiting key locations such as Kangaroo Island and the Barossa Valley
- Often the service expectations are higher than the capacity and capability to deliver. Therefore, it needs to be recognised that a large portion of the productivity improvements in rural councils will be invested in improved community outcomes rather than rate reductions

In terms of workforce issues, the District Council of Robe provides the following comment:

- In reviewing industrial relations, the issues and outcomes should be analysed utilising the four council groups, i.e. Urban metro and fringe, Urban regional, Rural small and medium and Rural large and very large
- Councils within the Limestone Coast have experienced issues attracting and retaining employees with the following specific skills:
 - Planning
 - Building and Civil Engineers
 - Accountants
 - HSW and HR professionals (to develop systems rather than process)
 - Works Technical Staff
 - Environmental Health (currently contracted to the same person across some Councils while others run a shared services model)
 - Community Development
 - Tourism and Events

This is not unique to the Limestone Coast with anecdotal evidence from South West Victoria that they have the same issues with recruitment and retention of specialist skills. It is a regional issue shared by many rural South Australian Councils. Employees are often cycled between regional Councils for a variety of reasons creating a revolving door effect with little fresh blood coming into the region because of statewide skills shortages

- Regional councils also have less peer support within a council, i.e. mentors/teachers with the same profession. This impacts on succession planning, career development within a region and ability to have localised training
- There is value in a sector-wide or region-wide approach to workforce planning to identify current and emerging gaps. For example:
 - considerable progress has been made on joint planning initiatives, forming strategic partnerships with UniSA and other training providers, and in sharing resources across multiple Councils.
 - Wattle Range, Robe and Kingston currently share an Environmental Health Officer
 - Kingston and Robe share a building inspector
 - Mt Gambier has just provided a short term planner to Wattle Range to back fill a critical planning vacancy that will prove difficult to fill.

- the Limestone Coast LGA has commenced a process this year to look at gaps in capability across the region, particularly where capability can be increased through resource sharing and looking at governance models to better support councils
- Examples where new and emerging skills are required include:
 - through the State Planning authority's changes to the accreditation requirements for planners and building surveyors under the new PDI Act which will further exacerbate regional skills shortages. While the State Government has suggested using private certifiers to fill the gap, these are also in short supply and prohibitive insurance costs are likely to preclude many of them from entering the market in this capacity.
 - professional IT skills are also in short supply in regional South Australia, and emerging technology that has the very real potential to enhance Local Government efficiency will be limited as a result of a lack of local skills and resources in this area.
 - GIS capability to support service delivery, planning and problem solving
 - Engineering to support the significant infrastructure managed by councils

Many of the roles outline above require tertiary qualifications which are not offered regionally. In reality, the challenge is to increase the professional pool of people in a climate of rural decline and a worldwide urbanisation trend

- There are currently no training providers located in the Limestone Coast that can fill the tertiary, apprentices and traineeships skills gaps. While UniSA has a regional campus in Mt Gambier, it does not currently provide any training in the areas required by local government. UniSA is currently the only training provider in South Australia that offers a tertiary planning curriculum, and we are led to believe that this course will not be offered in future years as it undergoes a major overhaul. This will further exacerbate the skills shortage in this area at a critical juncture in time when accreditations standards are increasing and accredited professionals are in short supply. Vocational guidance counselling provided by the University is also at odds with regional skills shortages, with a number of third and fourth year planning students recently advising Wattle Range that they were told there were no jobs in South Australia and to look for work on the Eastern seaboard when they attending the region on a relationship building exercise.
- Enterprise bargaining does not cost Limestone Coast councils anything other than employee time, and this is seen to be an important investment in each council's people and the development and maintenance of a healthy organisational culture. Transitioning to a sector wide bargaining arrangement would see a significant increase in wage costs, a loss of any ability to tailor packages to meet the needs of regional employees and councils and negatively impact the culture of individual councils where employees and management currently have the ability to work through difficult circumstances at a local level to reach consensus. Sector wide enterprise bargaining would also become highly unionised (which is not the case now and would not be reflective of the workforce). It will polarise the Local Government workforce at a State level, increase the chance of industrial action and create considerable lost productivity and unrest. It is unlikely that any costs benefits will be realised as no individual group or party will accept a pay decrease and there is a very real chance that many sections will get a pay increase to catch up to the higher paid Councils, such as those in the metropolitan area.
- The current system of enterprise bargaining does not create significant differences between councils in relation to wages and conditions. However, it is important to recognise that some differences are necessary and important based on regional circumstances. For example, Wattle Range and Robe employ childcare workers on different terms and conditions, the councils have different spans of hours for indoor and outdoor employees to improve travel based productivity levels across a large geographic area. It is important that this flexibility is retained.
- Alternative reforms instead of a sector wide agreement include:



- The Victorian Government have a state's wages policy that require internal negotiation via Department of Treasury and Finance, the Portfolio Minister and Industrial Relations Victoria prior to commencing EA negotiations. Each entity negotiate their own agreement but need to pass a hurdle test around:
 - any new EBA clauses and their impact on other EBA negotiations;
 - the costs versus benefit analysis; and
 - state position on any emerging issues such as "right of access" or maternity leave.
- Focus should be on modernising our industrial awards
- Could look at bargaining at a regional level but this has some of the same issues as a move to sector wide EB's but with less impact.

Yours sincerely

A handwritten signature in black ink, appearing to read "James Holyman". The signature is fluid and cursive, with a large initial "J" and "H".

James Holyman
Chief Executive Officer

