



4 October 2016

The Hon Paul Toole MP
Minister for Local Government

Dear Minister

Your Government is compromising the obligations of merged councils under clause 39 of the Local Government State Award

Your Government's decision to impose "financial targets" on the nineteen merged councils, and the apparent reliance on reducing staff as the primary way of doing this, compromises individual council's responsibilities under clause 39 Workplace Change and Redundancy of the Local Government State Award.

Clause 39(i) provides obligations on councils to advise employees and the unions to which they belong of any "definite decision to introduce major changes in production, program, organisation structure or technology that are likely to have significant effects on employees". And at 39(i)(a) defines "significant effects" as including "termination of employment, major changes in the composition, operational size of the employer's workforce or in the skills required, the elimination or diminution of job opportunities, promotion opportunities or job tenure" etc. etc.

There is no doubt that savage cost "savings", apparently targeted primarily at reducing staff numbers constitute "significant effects" under clause 39(i)(a). And, unless obtained through voluntary redundancy, will be a challenge with the three years' protection against redundancy provided in the Act.

You would be aware that depa is one of the three local government unions which collectively have as members the overwhelming majority of the employees in newly merged councils across NSW. Our membership figures are reflected in the 100 or so employees actively engaged in council Project Management Offices (PMOs) helping to implement the Government's reform agenda prior to September 2017.

Our PMO members have regular access to information relating to the progress of the Government's merger program, including input into reporting templates, status updates, DPC/OLG advices, stronger councils' performance indicators etc. Most recently, those PMO members have been asked to evaluate "savings targets" that, if implemented, are likely to significantly affect their prospects for continuity of employment both before and after 2019.

While these “savings targets” may be fundamental to the success of the Baird Government’s reform of local government, they also have a direct and critical impact on our members’ employment in councils, and as such, should have been listed for discussion at a meeting of the Employment Matters Reference Group (EMRG) before distribution to councils. We are currently working our way through our dissatisfaction with failures of the EMRG to disclose significant things happening within the merged councils which should have been the subject of consultation with the Reference Group.

It is this failure of disclosure that, for us at least, risks making the Reference Group a facade obscuring high levels of confidentiality which, as we point out in this letter, create industrial and legal risks for councils.

I write to ask that you agree to release the individual “baseline targets for the realisation of savings associated with the formation of merged councils”. I understand that a document titled “Delivering the benefits of Council amalgamations” and setting specific baseline targets to each Council has been provided to them within the last fortnight and that the document contains targeted reductions in staffing not disclosed publicly, nor locally at the councils themselves in the normal way in which major changes in the composition of the workforce would be the subject of consultation and discussion.

I ask that you agree to provide this information by midday on Friday 7 October to the three unions and ensure that DPC/OLG provide it immediately also to the members of the Employment Matters Reference Group.

This is our primary request but because the EMRG does not operate in accordance with its Terms of Reference and does not properly disclose what is going on, I need to raise directly with you the following additional questions as part of understanding what is happening in the industry:

1. Has DPC established “savings targets” for each of the merged councils?
2. How were these saving targets established?
3. Did DPC liaise and consult individually with the merged councils to develop the savings targets prior to distribution?
4. Have the discredited KPMG financial modelling assumptions (January 2016) been used to develop the targets?
5. Have the Administrators and the IGMs agreed that the savings targets are realistic and achievable?
6. Are the savings targets consistent between what might be regarded as roughly comparable organisations - are the merged councils grouped, or individually targeted?
7. Are these savings targets specifically tied to KPMG assumptions and Government expectations of back office efficiencies and redundancies for example?
8. What expectations does DPC have about cost savings from, for example, back office restructuring, and how much of these cost savings relate to reduced numbers of employees performing those functions?

9. What expectations does DPC have about cost savings from, for example, redundancies, and what redundancies would be available other than terminating senior staff contracts or voluntarily?
10. What expectations does DPC have about cost savings from, for example, workforce efficiencies, and what does this mean, if it doesn't mean reduced numbers in the workforce?
11. Has sufficient time been provided to each council to undertake consultation with the workforce in regard to the savings targets, and in particular, has each council considered the comments of its consultative committee?
12. Why didn't DPC and OLG consult with the unions on targets that are specifically derived from salary savings and workforce efficiencies prior to reaching agreement with individual councils?

I have also attached to this request a pro forma of a letter sent today to the IGMs at each of the 19 merged councils asking that they supply the information sought so that they are not in breach of their obligations under the Award. We have asked for this to be provided by midday on Friday 7 October and if it is not we will join them in an industrial dispute we intend to file with the Industrial Relations Commission of NSW at 12:30 that day.

Yours sincerely



Ian Robertson
Secretary