

12.5 FY22 AUSTRALASIAN LOCAL GOVERNMENT PERFORMANCE EXCELLENCE PROGRAM - KEY FINDINGS OF BENCHMARKING REPORT

Attachments: 1. Local Government Performance Excellence Report 2022

RECOMMENDATION:

That Council **RECEIVES** the City of Vincent's FY22 Australasian Local Government Performance Excellence Report at Attachment 1.

PURPOSE OF REPORT:

To provide Council with the City of Vincent's results report from its participation in the FY22 Australasian LG Performance Excellence Program.

BACKGROUND:

The City has previously participated in the LG Professionals Australasian Performance Excellence Program (PEP) prepared by PricewaterhouseCoopers (PwC) for the 2018/19 and 2019/20 financial years - and participated again in 2021/22. The PEP provides the City with comparative data to measure strategic and operational performance results in context with the sector's unique services. It also provides intelligence and insight on strengths and areas for improvement. See full report at **Attachment 1**.

The PEP assists local governments to better communicate, control and manage internal business performance.

DETAILS:

The key findings where the City of Vincent was identified as tracking either significantly above or below the medium metro WA Council is at **Attachment 1**.

1. Vincent is overall tracking towards a **gender-diverse** workforce.

Comment: This reflects the City's and our community's values and aspirations for a workforce which reflects our diverse population.

2. The City is underspending on **staff training** compared to other LGAs.

Comment: This continues to be a focus area for improvement to ensure staff have adequate training and support to fulfill their roles. Underinvestment in training is a significant concern and has a direct impact on organisational capacity and capability.

3. **Overtime** remains comparatively high.

Comment: Overtime spend is under review – particularly if this could be creating OSH risks due to fatigue or excessive hours on the job.

4. **Agency staff** spend is very low.

Comment: This might be related to the higher levels of overtime that internal staff are undertaking to complete their work.

5. Vincent has a higher **span of control** than the median – meaning we do not have too many layers of management.

Comment: We do not have unnecessary layers of middle management and we enable our staff to be clever, creative and courageous in how they deliver our programs, projects and services.

6. **Sick days** taken were significantly lower than the median.

Comment: This would indicate a high level of overall staff health and wellbeing.

7. **Lost time injuries** is higher than the benchmark.

Comment: We expect this relates to a small number of very high claims.

8. **Capital expenditure** per resident of \$250 remains lower than the median of \$280.

Comment: The reduction in the gap largely reflects the local government sector reducing capital expenditure during COVID19.

9. Early **collection of rates** is very favourable compared to the rest of the local government sector.

Comment: This could indicate that Vincent's ratepayers have a higher capacity to pay, as well as our relatively low rating. The City's Rates team is proactive with debt recovery which also contributes to this favourable result.

10. **IT spending and staffing** are much lower than the benchmark.

Comment: This is an area of long-term underspending which is being addressed – including through a greater focus on cyber security. We are responding to a series of findings identified by the Office of the Auditor General. Our response to a legacy of underinvestment in IT is to pursue a value for money approach to long overdue upgrades focused on producing the highest operational return. We are approaching this without a major capital spend on a new Enterprise Resource Planner by working with our existing vendor (Civica) to maintain and ensure a fit for purpose technology platform.

11. **Staff turnover** is lower than the benchmark in most service areas but much higher in town planning.

Comment: Across the local government sector, the top three most cited skill shortages that local governments experienced were engineers (as noted by 46% of 2022 survey respondents), urban and town planners (40%), building surveyors (36%), environmental health inspectors (30%) and human resources professionals (29%).

Several occupational skill shortages are becoming critical, including engineers, town planners, building surveyors, environmental health officers and accountants. The proportion of local governments expecting shortages in these occupational areas increased from a range of 20- 35% in 2018 to 37-53% in 2022. The most common drivers of skills shortages are; a market shortage of suitably skilled candidates; an inability to compete with the private sector and other local governments on remuneration; locational disadvantages and some pronounced geographic differentiations. The hardest to fill occupations included engineers (24%) due primarily to competition with the private sector being able to offer better remuneration followed by building surveyors (36%) and town planners (17%).

12. Vincent rate **revenue** matches the WA average of 63% but we are higher on user charges and lower on grants.

Comment: We are able to generate significant revenue through paid car parking which is not available to other councils. This reduces the pressure on rates. Better management of car parking from the Accessible City Strategy could further improve this situation. We are looking to improve grant revenue through our Advocacy Agenda.

13. **Waste management costs** are higher than the benchmark.

Comment: Since the early introduction of FOGO, the City collects a lot more organic/green waste than the benchmark and has significantly reduce residue waste. FY22 included additional costs for the RRF exit, FOGO implementation and Commercial Waste rebate that is distorting these figures.

14. **Road operating expense** of \$52k per kilometre was double the metro median of \$25k.

Comment: This may reflect the higher traffic volumes and resultant cost of maintenance and resurfacing in an inner-city area. Factors in road drainage maintenance needs (pit cleaning, etc.).

15. **Parks and sporting grounds expense** per resident is very high per resident and per hectare.

Comment: We have a high spend on parks which reflects the priority given to this area by Council and our community, who value high quality public open spaces. We have a large number of parks which are maintained to a very high (near premium) standard, including heritage listed Hyde Park. The City hosts two WAFL sides at Leederville Oval with high service levels in respect to playing surface quality and maintenance.

16. **Average operating cost per visit** for Beatty Park is \$9 compared to the median result of \$14.

Comment: The size and scale of Beatty Park Leisure Centre represents a significant operational burden on a Tier 2 LGA – but we are managing costs well for the volume of visitors to the facility, as can be shown by this result and a predicted decline of the average operating cost per visit in the FY23 to approximately \$7.80.

17. **The Staff turnover rate at Beatty Park Leisure Centre is 4.8% compared to an industry average of 10%.**

Comment: The team at Beatty Park Leisure Centre were well supported during the 2020 pandemic by Executive and Council. Good communications and working on cross unit collaborations showed flexibility and developed a high level of trust in the staff.

Staff continue to be enthusiastic about their mission to provide such a valuable health and wellness service to the community as we foster a culture of creativity, innovation and collaboration. A great example was seen during the recent highly successful refurbishments to the indoor pool and gym areas of the facility as well as the staff buy-in to the 60th Birthday celebrations.

CONSULTATION/ADVERTISING:

Nil

LEGAL/POLICY:

Nil

RISK MANAGEMENT IMPLICATIONS

Low: It is low risk for Council to receive this report.

The information and/or metrics referred to are extracted from the Australasian Local Government Performance Excellence Program survey (survey) conducted by PricewaterhouseCoopers and commissioned by Local Government Professionals, NSW. The survey was not conducted for the specific purposes of the council and was limited to only the councils who participated in it and based on the data they provided. The reliability, accuracy or completeness of this information has not been verified by PwC, Local Government Professionals, NSW or any other person.

Accordingly, no one should act on the basis of this information and neither Local Government Professionals, NSW nor PwC accept any responsibility for the consequences of any person's use of or reliance on this information or any reference to it.

STRATEGIC IMPLICATIONS:

This is in keeping with the City's *Strategic Community Plan 2018-2028*:

Innovative and Accountable

We are open and accountable to an engaged community.

Our community is aware of what we are doing and how we are meeting our goals.

Our community is satisfied with the service we provide.

SUSTAINABILITY IMPLICATIONS:

This does not contribute to any environmental sustainability outcomes. This action/activity is environmentally neutral.

PUBLIC HEALTH IMPLICATIONS:

This does not contribute to any public health outcomes in the *City's Public Health Plan 2020-2025*.

FINANCIAL/BUDGET IMPLICATIONS:

Nil

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Proudly delivered by



Local Government Performance Excellence Program

December 2022

City of Vincent

We acknowledge and pay our respects to Aboriginal and Torres Strait Islander peoples as the First Peoples of Australia, whose ancestral lands and waters we work and live on throughout Australia. We honour the wisdom of, and pay respect to, Elders past, present and future.

PwC's Disclaimer

This report has been prepared by PricewaterhouseCoopers (PwC) in accordance with the Australasian Local Government Performance Excellence Program Agreement, dated 7 August 2018. This report is solely for the information of City of Vincent.

PwC has not verified, validated or audited the data used to prepare this insights report. PwC makes no representations or warranties with respect to the adequacy of the information, and disclaims all liability for loss of any kind suffered by any party as a result of the use of this insights report. The intellectual property in this report remains the property of PwC.

Our work did not constitute an audit in accordance with Australian Auditing Standards or a review in accordance with Australian Auditing Standards applicable to review engagements and accordingly no assurance is provided in this report.

Except as stated in the *Sharing results with third parties* section, this report is not intended to be read or used by anyone other than City of Vincent. PwC accepts no responsibility, duty or liability to anyone other than City of Vincent in connection with this report. PwC makes no representation concerning the appropriateness of this report for anyone other than City of Vincent. If anyone other than City of Vincent chooses to use or rely on it they do so at their own risk.

PwC is not obliged to provide any additional information or update anything in this report, even if matters come to our attention which are inconsistent with its contents.

PwC's liability is limited by a scheme approved under Professional Standards Legislation.

This disclaimer applies to the maximum extent permitted by law and, without limitation, to liability arising in negligence or under statute; and even if PwC consents to anyone other than City of Vincent receiving or using this report.

WA FY22 Local Government Highlights

1. Workforce profile

pg 9

Across our participating WA councils, our findings show a median of 5.1 FTE per 1,000 residents (4.9 in FY21), a relatively low figure compared to a median of 9.2 in NSW. However the median workforce cost per 1,000 residents has increased year on year to \$564k (compared to \$512k in FY21), and represents 39% of total operating expenses (consistent with FY21).

The use of overtime remains low across WA councils, with the median council paying 1.3% of their total salaries and wages as overtime (1% in FY21), compared to NSW which reported a median council overtime spend of 3.5% of total salaries and wages.

2. Diversity

pg 20

When it comes to representation in senior management roles, the WA median council results indicate that 20% of the General Manager and Director positions are held by women, a decline from the past two years and a return to a consistent result that was observed across the FY16-FY19 survey period.

WA councils continue to focus on diversity and inclusion (D&I), with 77% having a formal D&I strategy in place (55% in FY21). When it comes to specific D&I policies, more WA councils are yet to adopt 'floating public holidays' as a policy offering (38%, broadly consistent with FY21) but they are still outperforming their NSW counterparts (15%).

3. Leave management

pg 26

For the WA workforce, employees had an average of 4.1 weeks of annual leave accrued in FY22 which remains broadly consistent year on year (4.2 weeks in FY21).

WA councils also reported the lowest proportion of accrued long service leave (LSL), with 9% of employees having LSL balances of 12 weeks or more (consistent with FY21), compared to 21% of employees in NSW.

4. Finance function maturity

pg 44

Across WA councils this year we observe a slight shift away from the frequent use of manual data wrangling (69%, down from 81% in FY21) and an increase in more frequent use of robotic process automation (15%, up from 5% in FY21).

Councils are also optimistic about their digitisation journey over the next two years, with an increase in councils planning for frequent use of cloud-based data wrangling (46%, up from 24% in FY21), as well as somewhat frequent use of data transformation and blending tools as well as data visualisation (both categories 61%, up from 38% in FY21).

5. IT priorities over the next three years

pg 59

'Cybersecurity implementation' remains the most prevalent IT priority, with 77% of participating WA councils including it within their top three IT priorities (consistent with FY21). This is followed by 'improving technology to facilitate enhanced remote working for staff' (57%, up from 43% in FY21), and 'automating internal operational processes for enhanced service delivery' (49%, up from 38% in FY21).

6. Cybersecurity

pg 60

This year we report that nearly half (47%) of participating WA councils have a formal cybersecurity strategy in place, up from 43% in FY21. Similarly we note an uptick in the existence of incident response plans, with 61% of WA councils having a formal plan in place (up from 40% in FY21).

Pleasingly, we also see an increasing trend of proactive behaviour towards cybersecurity, with a greater proportion of councils performing penetration testing (85%, up from 76% in FY21) and phishing simulations (77%, up from 57% in FY21).

The Local Government Performance Excellence Program FY22



Workforce

pg5



Finance

pg37



Operations

pg49



Service
Delivery

pg68

Methodology

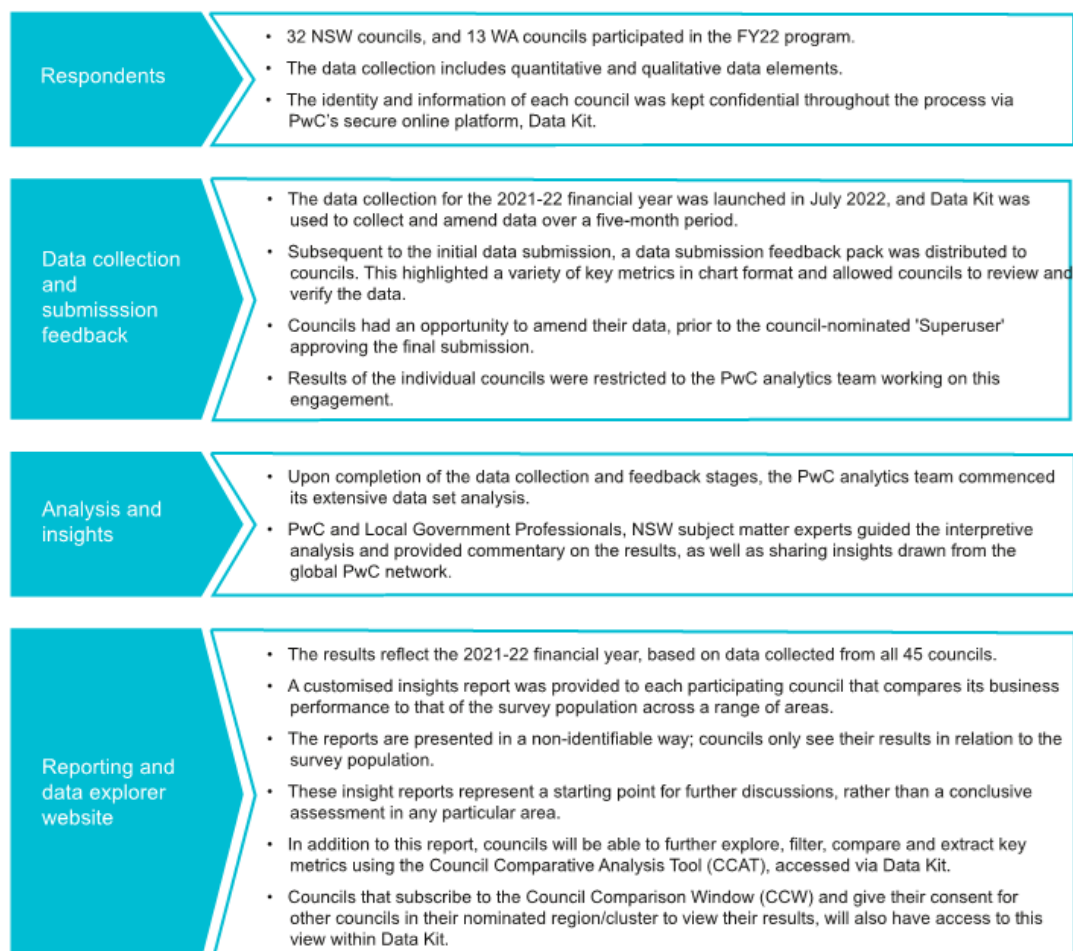
Local Government Professionals, NSW and PwC are pleased to release your report as part of the Local Government Performance Excellence Program. We would also like to acknowledge and welcome our new councils.

The objective of the program is to empower councils with benchmarking data to better communicate, control and manage their internal business performance with their stakeholders. As part of the program, PwC collects data from participating councils and then transforms this data into key metrics, identifying trends and observations that focus on operational and management excellence.

Councils are provided with the opportunity to enhance their ability to monitor and manage their internal business performance over time, and better prioritise change based on data-driven decision making. Annually, councils obtain a report with customised charts and contextual commentary, as well as access to the Council Comparative Analysis Tool (CCAT), an interactive data explorer platform accessed via Data Kit.

The current benchmarking insights are provided to councils through the use of PwC's extensive experience with local government and in developing, delivering and analysing a variety of business process data collections across multiple industries. The process undertaken to produce this customised insights report for each participating council is outlined below.

How the report was produced:



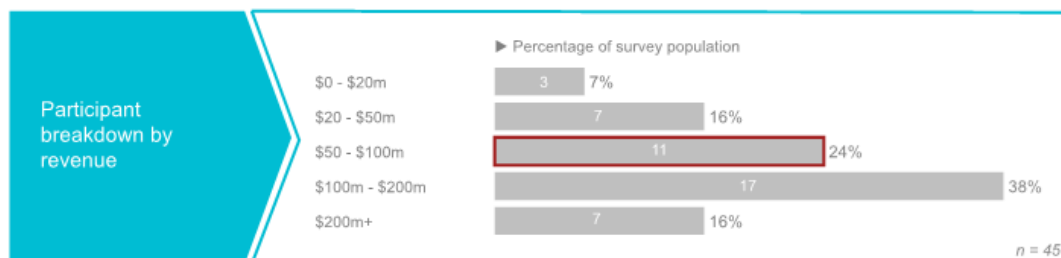
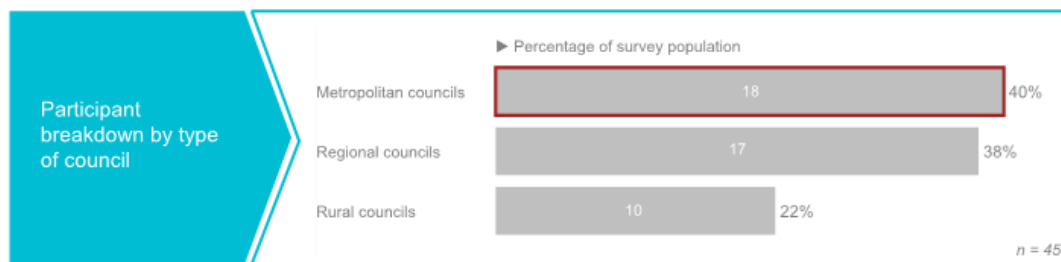
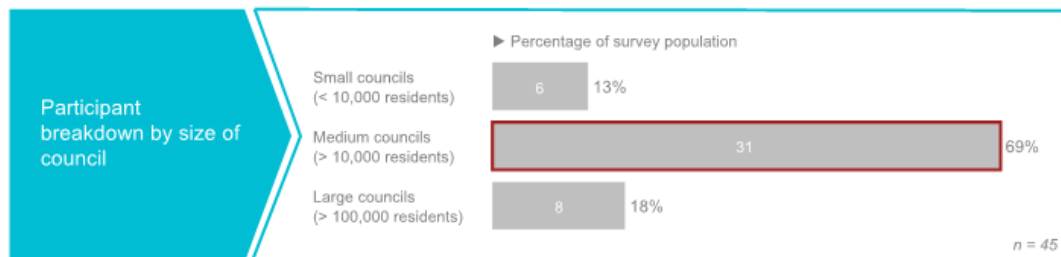
Survey population

This insights report is based on data derived from 45 councils across Australia. Throughout this report, participating councils have been identified by the size of their resident population (small, medium or large) and the type of council (metropolitan or 'metro', regional or rural).

To group councils by size, they have been classified as 'small' for fewer than 10,000 residents, 'medium' for residents between 10,000 to 99,999, and 'large' if they have more than 100,000 residents.

To classify councils as either metro, regional or rural, we used the Office of Local Government allocation for NSW councils, and for WA we consulted Local Government Professionals, WA. As such, the following classifications have been applied:

- 'Metro' councils are typically city councils;
- 'Regional' councils are the next tier, being located outside the main cities and with a reasonable-sized population; and
- 'Rural' councils are generally small and not considered a regional centre.



Understanding this report

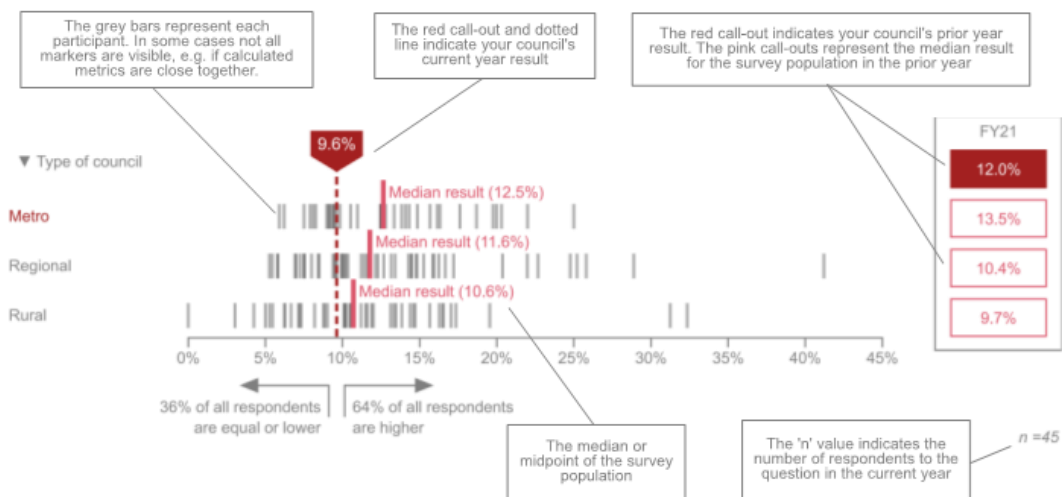
The commentary provided for the FY22 Local Government Performance Excellence Program report has been prepared for the overall program and although it does not change for each council, it should provide relevant information to help your council understand the context of its own results.

However, the survey results presented in the charts are customised for each participating council. For each response to a question, your council's input is displayed in red (indicated by the chart legend). To help you understand changes from the previous report, the majority of charts within this report also present the survey population results and (where applicable) your council's result from the prior financial year.

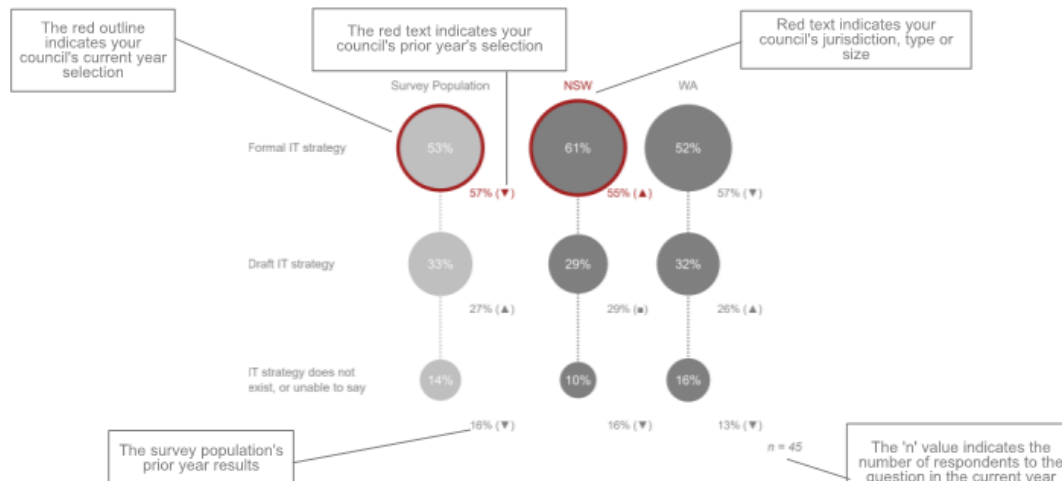
If no input was recorded by your council for this year and/or last year, the red indicator will be missing from the charts and only the survey population result will be displayed.

To allow us to convey the rich and detailed information obtained from the data analysis, we have developed a number of customised charts for this report. Further explanation is provided below to assist with interpreting the distribution and bubble charts throughout the report.

Example Chart 1.1

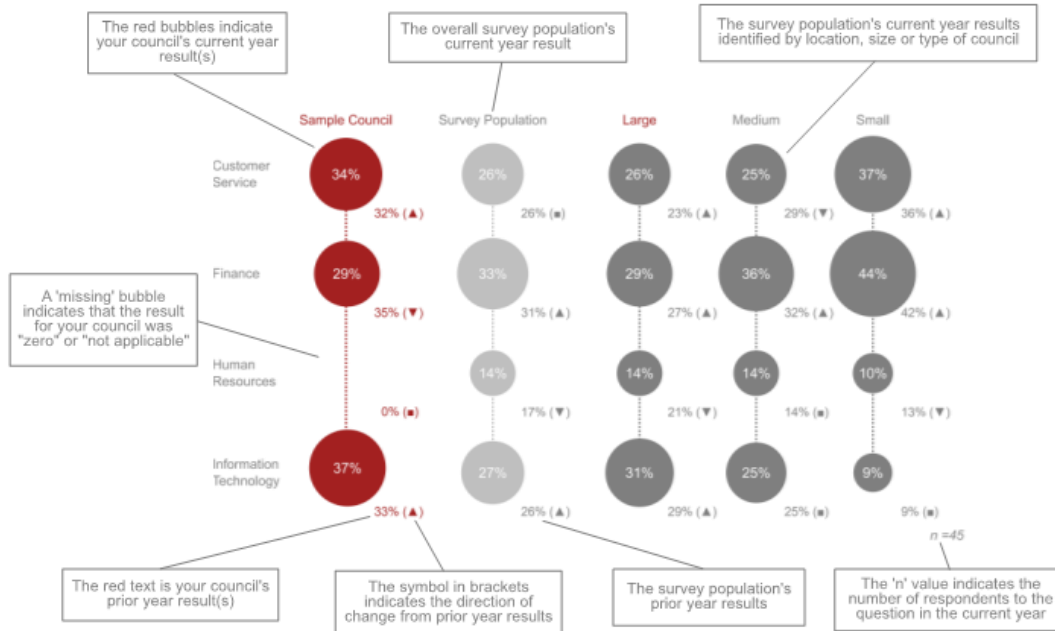


Example Chart 1.2



Understanding this report

Example Chart 1.3



Prior to reading this report, it is important to note that it is not an in-depth customised analysis or review of each council’s business operations. Instead, it reflects your council’s results in relation to the survey population.

Participating in the Local Government Performance Excellence Program should allow councils to:

- Evaluate their own practices to better understand current operational and management performance;
- Identify focus areas when striving to optimise operational excellence;
- Understand how businesses – and in some cases international businesses – perform in terms of workforce, operations and finance using results from similar surveys conducted by PwC globally.

Sharing of information by Participating Councils

Per our Agreement, in relation to clause 1.4 of the Terms of Business, and in the event any Participating Council needs to share its Report (in whole or part) or the findings from the CCAT (but excluding any information in the CCW) with third parties as part of a council meeting, or on a council website, or with other Participating Councils, or in a submission to government, then, unless a copy of the full Report (including the disclaimers in the report) is being disclosed, the following words are to be included to qualify any statements, results and/or comparisons extracted or referenced from the CCAT or the Report.

“The information and/or metrics referred to are extracted from the Australasian Local Government Performance Excellence Program survey (survey) conducted by PricewaterhouseCoopers and commissioned by LG Professionals, NSW. The survey was not conducted for the specific purposes of the council and was limited to only the councils who participated in it and based on the data they provided. The reliability, accuracy or completeness of this information has not been verified by PwC, LG Professionals, NSW or any other person.

Accordingly, no one should act on the basis of this information and neither LG Professionals, NSW nor PwC accept any responsibility for the consequences of any person’s use of or reliance on this information or any reference to it.”

A Participating Council may not share the information of another Participating Council to which it has access in the CCW, without the express written consent of that other Participating Council.

Workforce



2.9%

of total salaries and wages for the median council is spent on overtime for permanent and fixed-term contract employees

25%

of CEO and/or director positions are held by women

37%

median staff turnover rate for the Gen Z and younger cohort

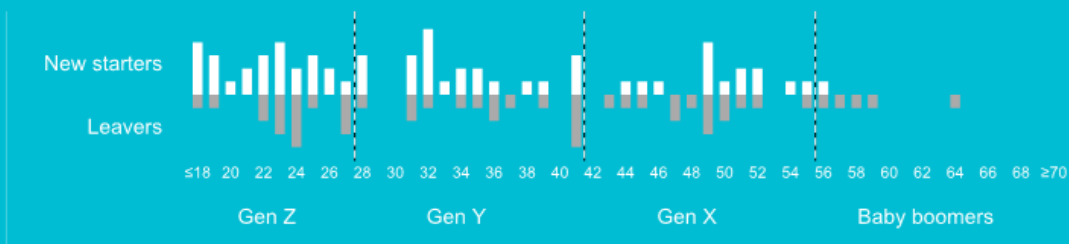
City of Vincent's workforce profile at a glance

FY22 | Metro council | Medium council

Your FTE and employee costs



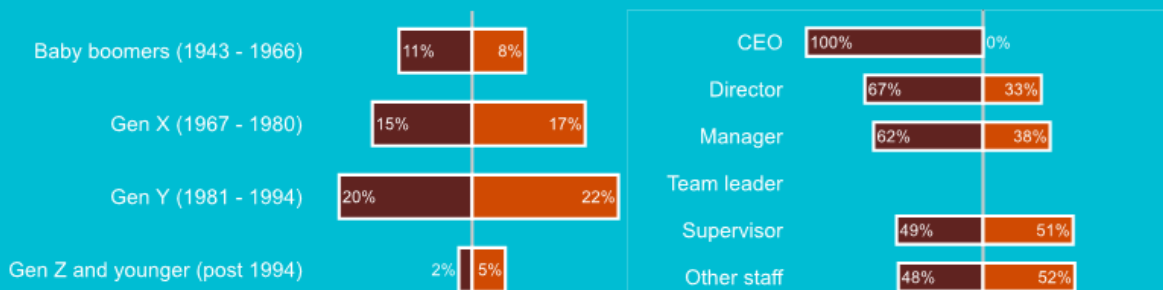
Who joined and who left your council during FY22?



Does your council have a gender-diverse workforce?

51% of your employees are women

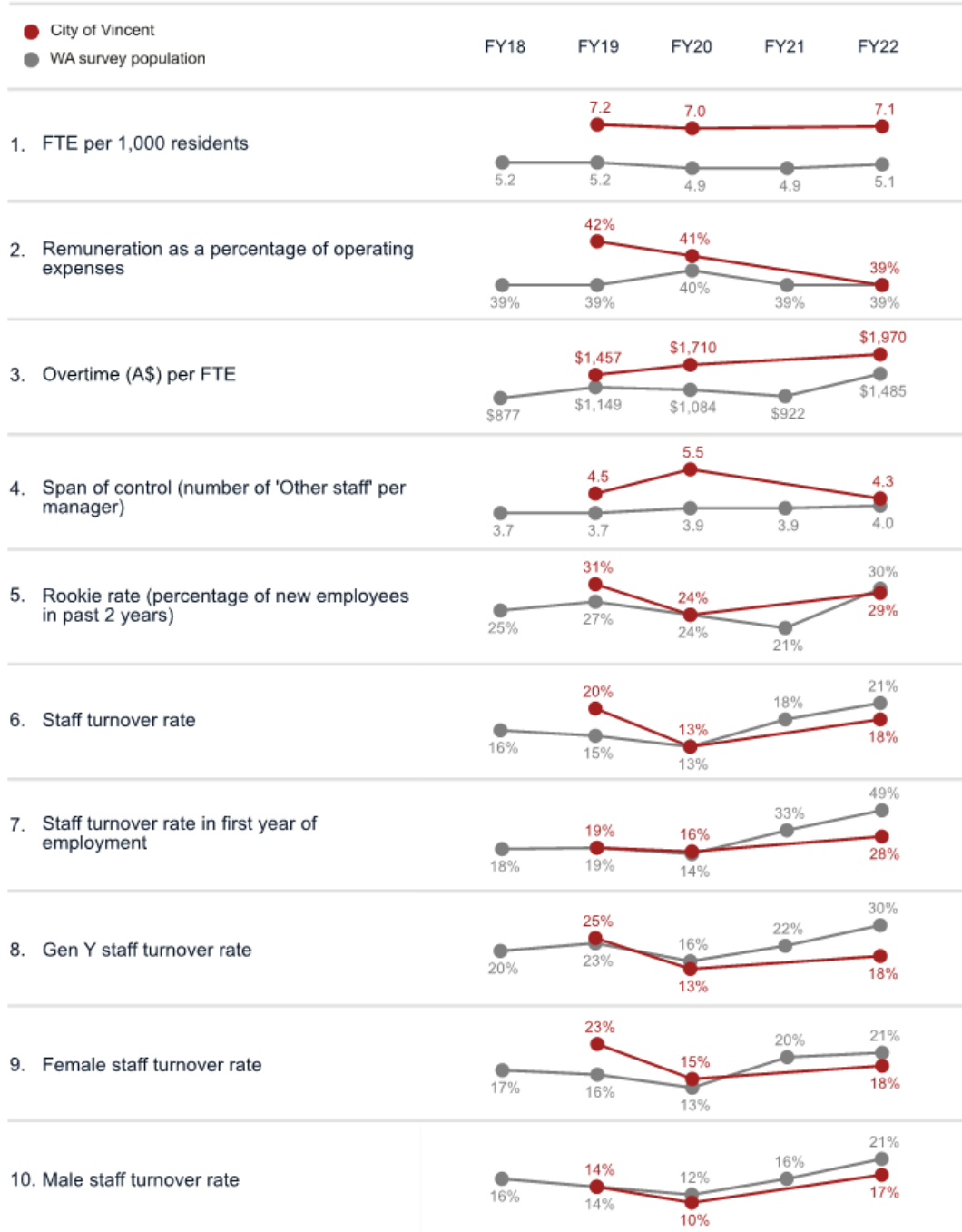
35% of your employees at manager level and above are women



Workforce

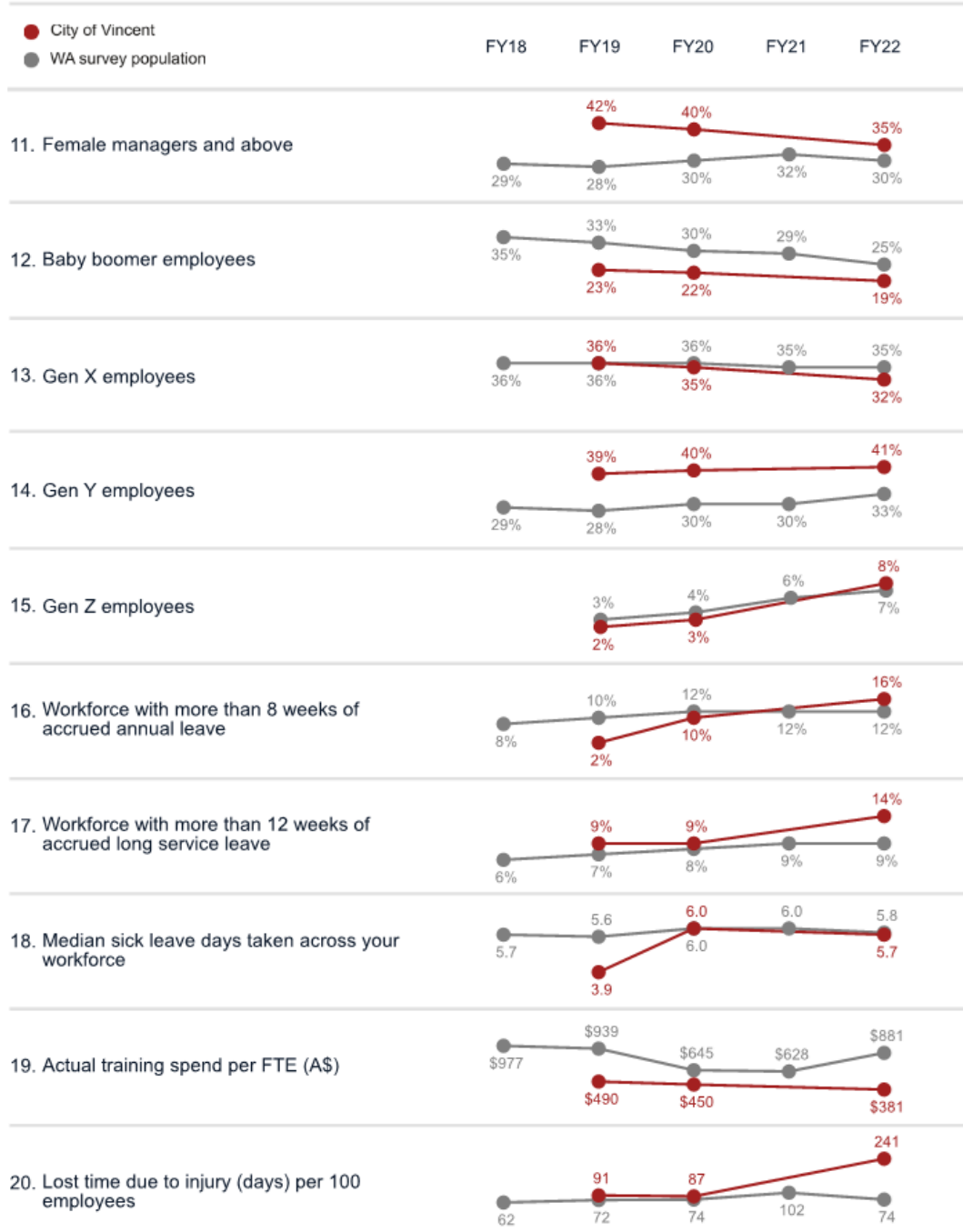
Workforce Trend Summary

City of Vincent



Workforce Trend Summary

City of Vincent



Workforce

Your workforce at a glance: overall cost & structure

Employee costs

In order to serve the community, councils require a competent and capable workforce, a team of employees who understand their purpose and are supported by the leadership team to work towards a shared vision and purpose.

There are a number of factors that combine to attract and sustain employees across the career lifecycle, and in this section we look at the financial investment involved in maintaining a productive workforce, as well as the underlying

operational structure across different council types.

For the fourth year in a row, the overall median council's total employee costs as a proportion of operating expenses (i.e. the employed workforce measure) remains at 37%. Minor year on year fluctuations occurred across council sizes and council types, with regional and rural councils observing a 2% year on year decline to 32% and 33% respectively (34% and 35% respectively in FY21).

Meanwhile, metro councils have reported a steady median of 39% for the past six years.

The overall FTE per 1,000 residents metric has seen an increased median of 7.1 this year, compared to 6.7 in the prior year. This is reflective of a steady increase in the median for small councils, with a median of 19.0 FTEs per 1,000 residents, the highest median for small councils since the beginning of the survey.

Key considerations

Meaningful analysis of employee costs can be a complex activity as there are a number of variables that contribute to the overall figure. Listed below are some possible contributing factors to consider, all of which can be at a different rate of change to overall cost growth:

- Wage growth levels
- A change in the level of outsourced versus insourced services
- Changes in the service mix due to the changing needs of the community
- Changes in the demographic mix within the team

Figure 1.1: Employee costs as a percentage of total operating expenses (council type)

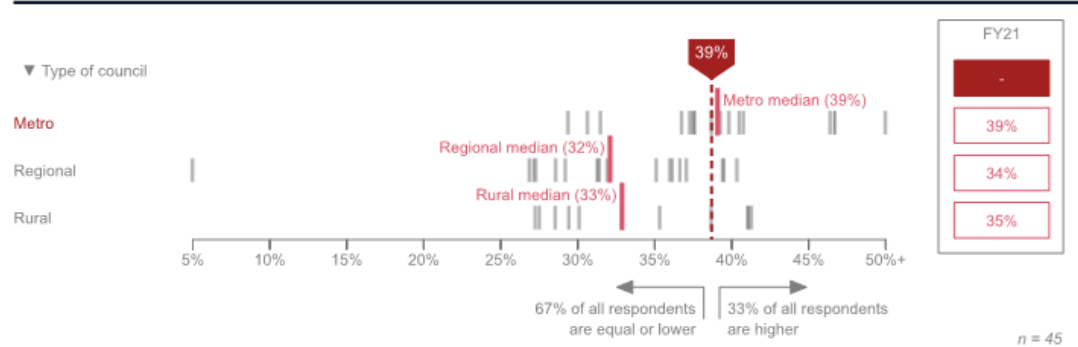
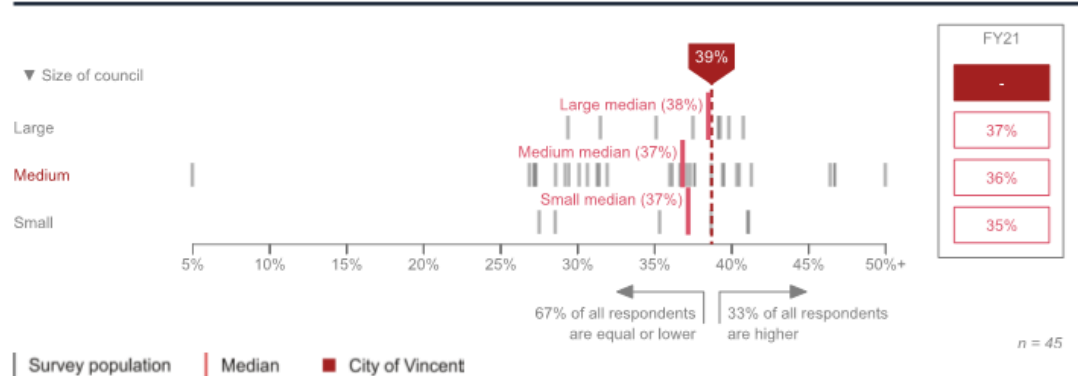


Figure 1.2: Employee costs as a percentage of total operating expenses (council size)



Your workforce at a glance: overall cost & structure

Overtime

For the first time in four years, the overall median council spend on overtime for permanent and fixed-term contract employees as a percentage of total salaries and wages has increased to 2.9%, after remaining stable at 2.6% for the last three years.

Are employees working longer hours in an attempt to 'make up for lost time' in a post-pandemic environment, or are the results reflective of a shortage of resources in a challenging labour market? Councils should review these data points in conjunction with an assessment of their macroeconomic surroundings.

Your FY22 overtime spend per FTE was

\$1,970

WA councils' FY22 median overtime spend per FTE was

\$1,485

Figure 1.4 illustrates what this equates to in dollars per FTE, by council size. Small councils are paying the greatest proportion of overtime, 5.2% or A\$3,874 per FTE, three times that of large councils and 1.5 times that of medium councils.

We encourage councils to log into Data Kit and use the Council Comparative Analysis Tool (CCAT) to further analyse the prevalence of overtime across comparative groups of councils.

Figure 1.3: Paid overtime as a percentage of total salaries and wages (council size)

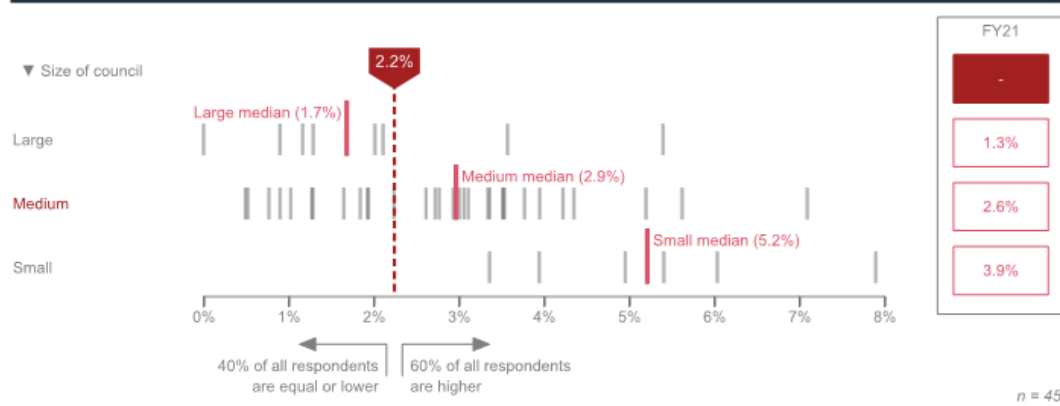
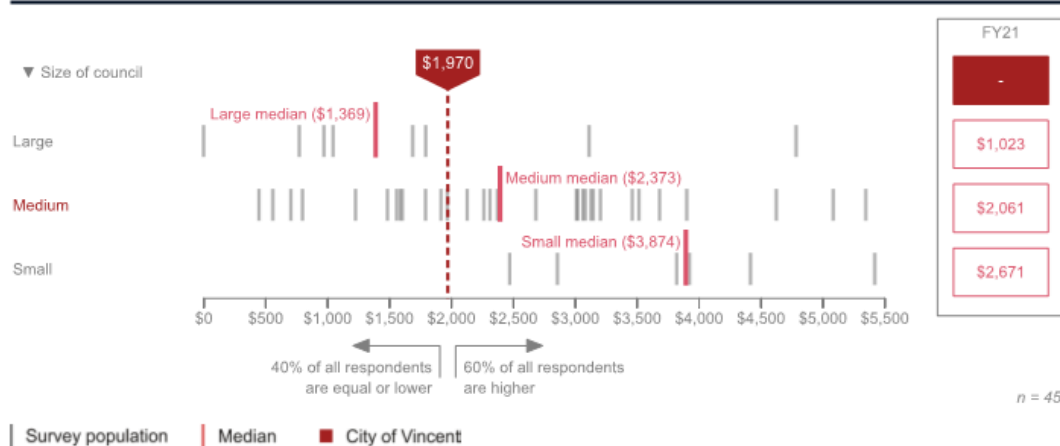


Figure 1.4: Overtime spend per FTE (council size)



Workforce

Your workforce at a glance (cost & structure)

Agency staff

As an alternative to using overtime to meet marginal demand for staff resources, councils may seek to employ agency staff to support teams with additional resources, skills and expertise on an as-needs basis. This option can also assist with short-term or seasonal capacity constraints, or filling a skills gap while staff are being trained.

The use of agency staff has remained broadly consistent year on year, with agency staff costs representing 1.6% of total employee costs (compared to 1.7% in FY21). We note that neither small councils or councils based in rural areas recorded any agency staff costs, and this has been a consistent theme since the beginning of the survey 10 years ago. This suggests a limited availability of the agency staff option in those geographic locations, and a reliance on overtime is much more prominent in these types of councils. Small councils as well as rural councils reported the highest median of paid overtime as a percentage of total salary at 5.2% respectively.



Figure 1.5: Agency staff spend as a percentage of total expenditure on employees and agency staff (council type)

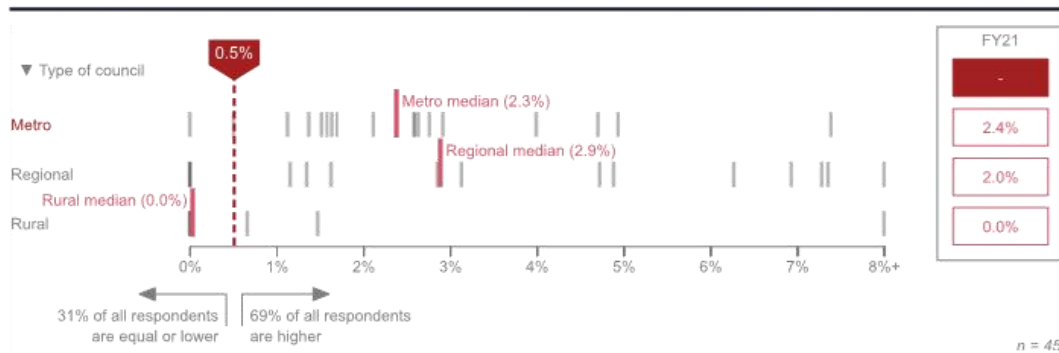
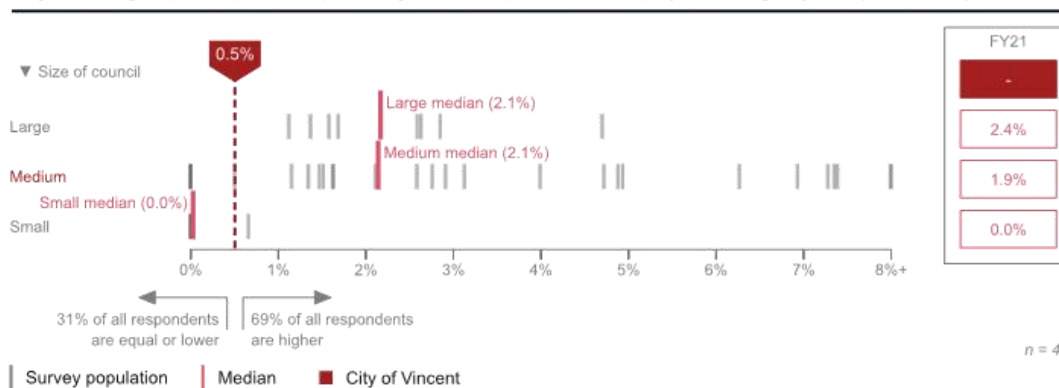


Figure 1.6: Agency staff spend as a percentage of total expenditure on employees and agency staff (council size)



Organisational design

Span of control

A council's span of control is influenced by their unique blend of resources and services. The size and distribution of the workforce across service areas, the overarching workplace strategy and culture, and the spread of existing skills and capabilities all play a part in determining the appropriate ratio of managers to staff.

A wider span of control signals reduced layers of management, which if managed well can present staff with greater autonomy and on-the-job career development opportunities. If managed poorly, leaders run the risk of staff feeling less supported due to managers being overstretched across daily tasks and people matters.

For the second year in a row we observe a slight decline in the overall span of control to a median of 3.3. When we review this result by council size, large and small councils have increased their median span of control from last year (3.8 to 4.8 for large councils, 3.0 to 3.3 for small councils), whilst medium councils have seen a decline in the median to 3.0 (down from 3.4 in FY21), which is commensurate with the higher rate of promotion observed at medium-sized councils this year.¹

It would be inappropriate to recommend a particular span of control result, as the ratio will vary according to each council's circumstances at any given point in time. However the span of control result can be combined with an analysis of overall staff

mix (as presented on the following pages) to obtain greater insight into a team's operating rhythm and assist leadership teams with succession planning for the years ahead. Whilst challenging, achieving the right balance of power can lead to a more engaged workforce and allow staff to thrive in their respective career journeys.

We encourage councils to use the Workforce Metrics section of the Council Comparative Analysis Tool (CCAT) in Data Kit to further compare and contrast results by council size or type, as well as benchmarking against the overall survey population.

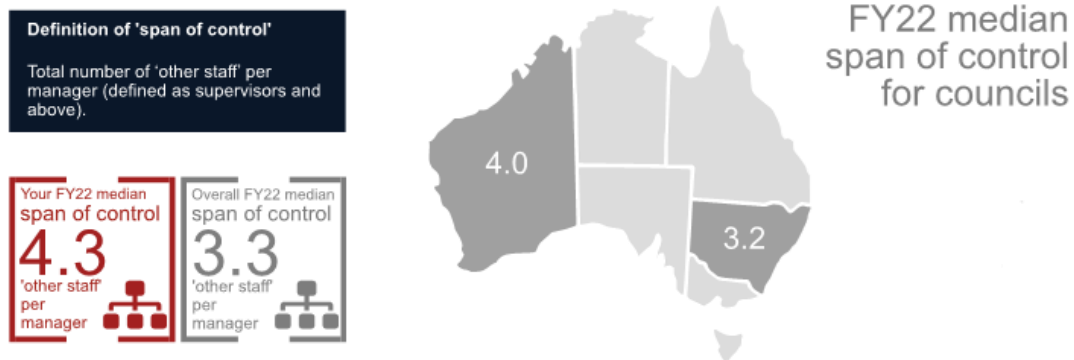
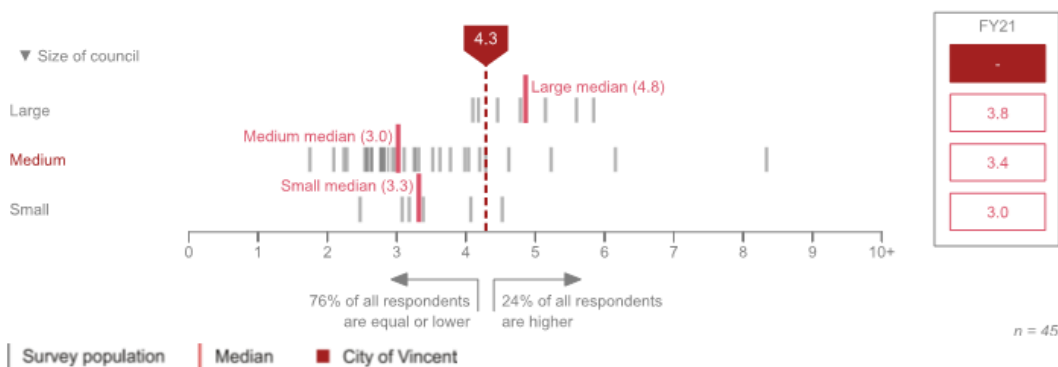


Figure 1.7: Span of control (number of 'other staff' per manager)



¹ Medium-sized councils were the only council type to record a rate of promotion exceeding 1% for both men and women. Small and large councils reported an average rate of promotion ranging from 0% to 0.9%.

Workforce

Organisational design

Staff level mix

On this page we delve into the composition of the council workforce by staffing level, which supplements the span of control metric (Figure 1.7) and allows councils to compare their results against the overall survey population as well as their similar-sized counterparts.

Broadly consistent with prior years, the results indicate that approximately 1 in 5 employees hold the role of supervisor or above, with a slightly greater proportion of supervisors and above in medium-sized councils, representing 23% of the total workforce, compared to 17% in large councils and 22% in small councils.

Councils that subscribe to the Council Comparative Window (CCW) may be able to identify peer councils that have similar or contrasting staffing models, and share learnings or experiences for one another's benefit.

Figure 1.8: Staff level split

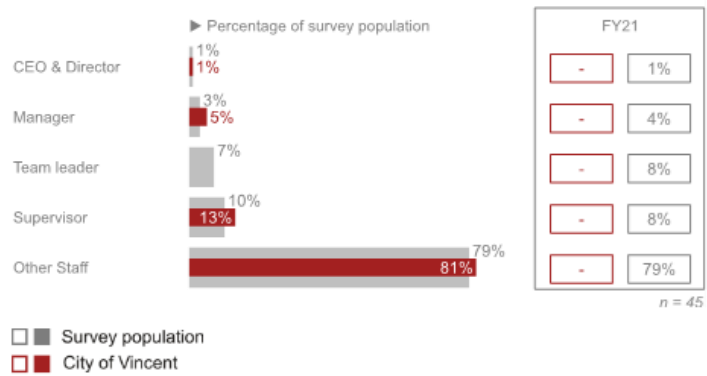
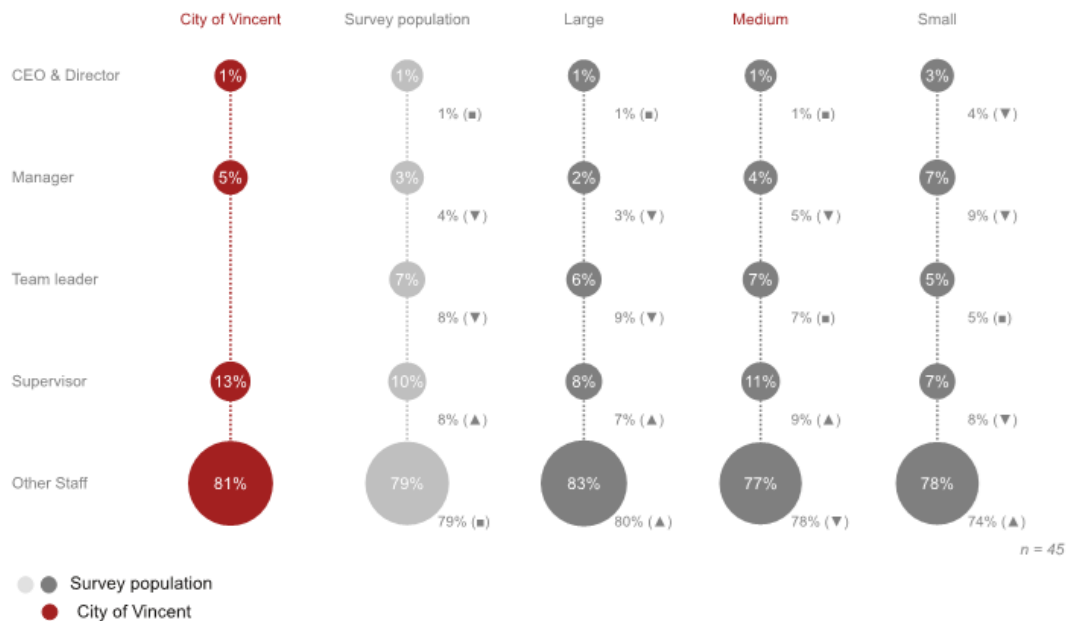


Figure 1.9: Staff level split (council size)



Creating a culture of diversity, equity and inclusion in the workplace

Generational diversity

Overall, we see a continued decline in the proportion of Baby boomers in the local government workforce, with the exception of small councils whose Baby boomer cohort remained stable year on year at 35%. Naturally as Baby boomers either retire or move to other roles in the community, we observe a continued increase in Gen X employees moving into the senior leadership positions, with similar increases in Gen Y at the middle management level. This year we also see a small proportion of Gen Z employees entering the Team Leader cohort for the first time in our program (1%).

Understanding the generational composition of the workforce allows councils to adapt their employees' changing preferences and needs over time. We explore this further in the diversity & inclusion section of this chapter.

Figure 1.10: Headcount mix by generation

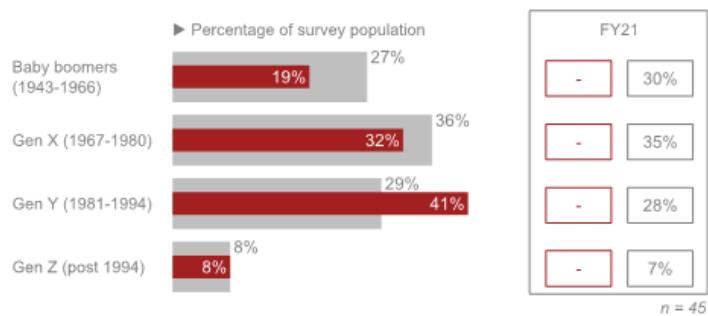


Figure 1.11: Workforce profile (closing headcount breakdown by generation and gender)

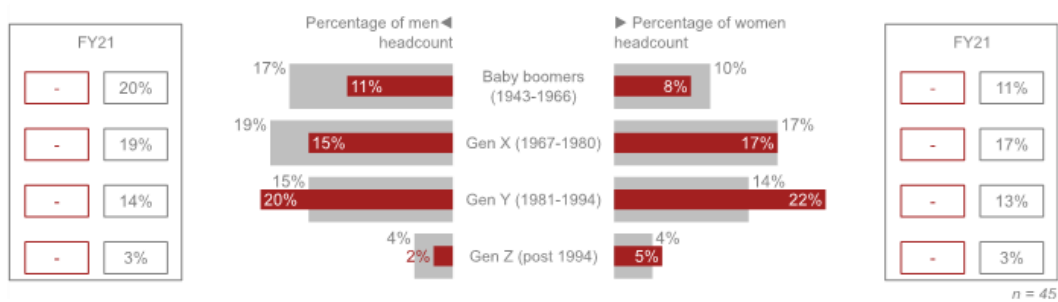
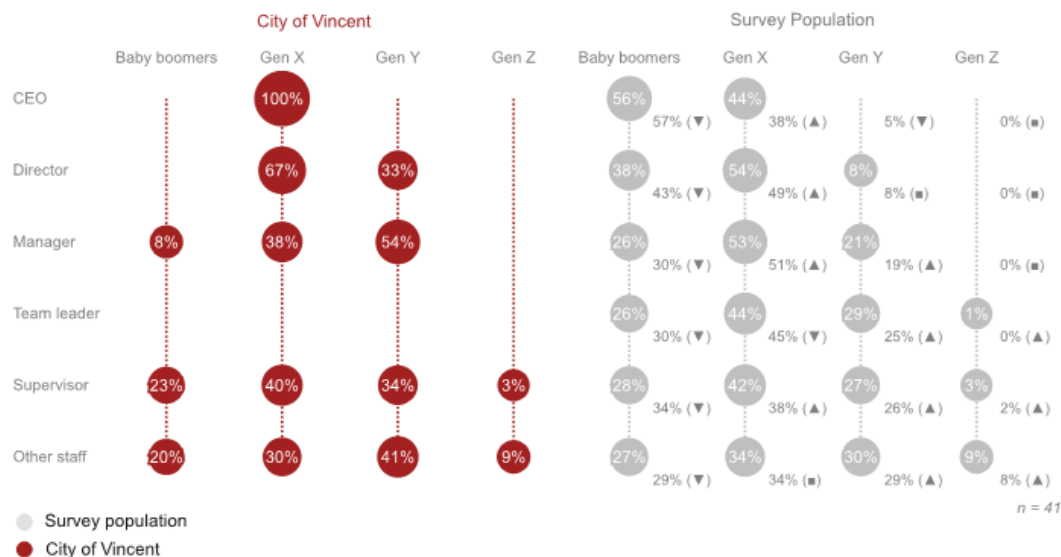


Figure 1.12: Generational mix by staff level



Workforce

Creating a culture of diversity, equity and inclusion in the workplace

Diversity, equity and inclusion workforce strategy

Achieving diversity, equity and inclusion in the workplace can generate a positive culture of acceptance and understanding between colleagues and teams. It is an important contributor towards individuals' overall wellbeing and a key ingredient in creating safe spaces where people can bring their whole self to work each day.

Our survey results show that almost two thirds of participating councils now have a formal diversity and inclusion (D&I) workforce strategy (65%, up from 57% in FY21), with 22% in development and only 13% of councils without one at all (down from 14% in FY21).

When we examine the results by council type, metro councils are leading the way. For the first time in the history of the program, all metro councils reported either having a formal strategy in place or currently in development (up from 92% in FY21). Regional councils have also shown improvement year on year, with 70% of councils having a formal strategy in place (up from 60% in FY21).

Include your employees on the D&I journey

The PwC 2021 Global Culture Survey revealed an average 20-percentage-point gap between managers' and non-managers' responses to a series of questions on how well their company supports diversity, equity and inclusion (DEI) efforts², indicating that many workers continue to feel as though they're not fully seen or heard by their leaders and that perhaps the strategies in place aren't having their desired impact.

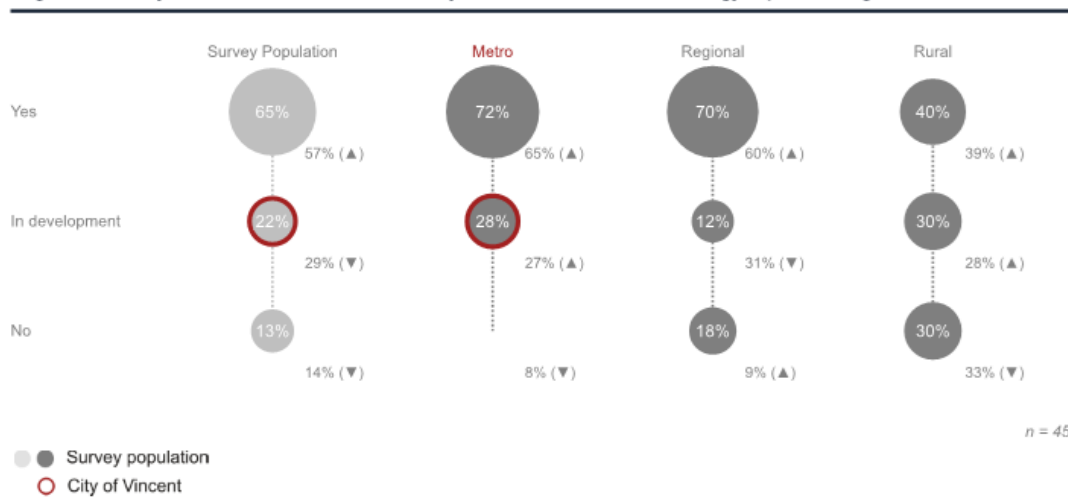
PwC Australia's Diversity & Inclusion team shares some key principles that can help councils engage their staff in the D&I process and ensure their efforts don't go to waste:

- **Engage and support senior leadership.** Sponsorship or advocacy from the leadership team can make or break employee engagement initiatives. Whilst it's important to have your leaders' backing to create influence and momentum across the organisation, the same leaders have a lot on their plate and need to be supported in their roles as sponsors. Those responsible for driving employee engagement initiatives also need to establish clear expectations and accountabilities to ensure leaders are set up for success.
- **Align to the organisational D&I strategy.** It can be surprising how often employee initiatives are developed in isolation and lack strategic intent. Employee engagement initiatives should always align with and contribute clearly towards the organisation's D&I goals.³

"Diversity and inclusion is fundamentally about our people's wellbeing and sense of psychological safety and belonging. It's about our people feeling their contributions are valued and being comfortable raising ideas and concerns, to bring out the best, most productive versions of themselves"

- Julie McKay, Chief Diversity, Inclusion & Wellbeing Officer of PwC Australia

Figure 1.13: Did your council have a formal diversity and inclusion workforce strategy in place during FY22?



² PwC 2021 Global Culture Survey

³ PwC, 2022, 'How to make workplaces so inclusive people won't want to leave'

Creating a culture of diversity, equity and inclusion in the workplace

Diversity, equity and inclusion workforce strategy

We note that across all councils, the vast majority of the ten diversity and inclusion (D&I) policies examined in our survey are commonly made available to employees. It is interesting to note that 'Floating public holidays' is by far the rarest policy on offer, with less than a quarter (23%) of councils including this as part of their D&I strategy (over 50 percentage points behind 'Additional leave options', the next most common policy offered by 79% of councils).

In particular, we also observed that a much lower proportion of rural councils

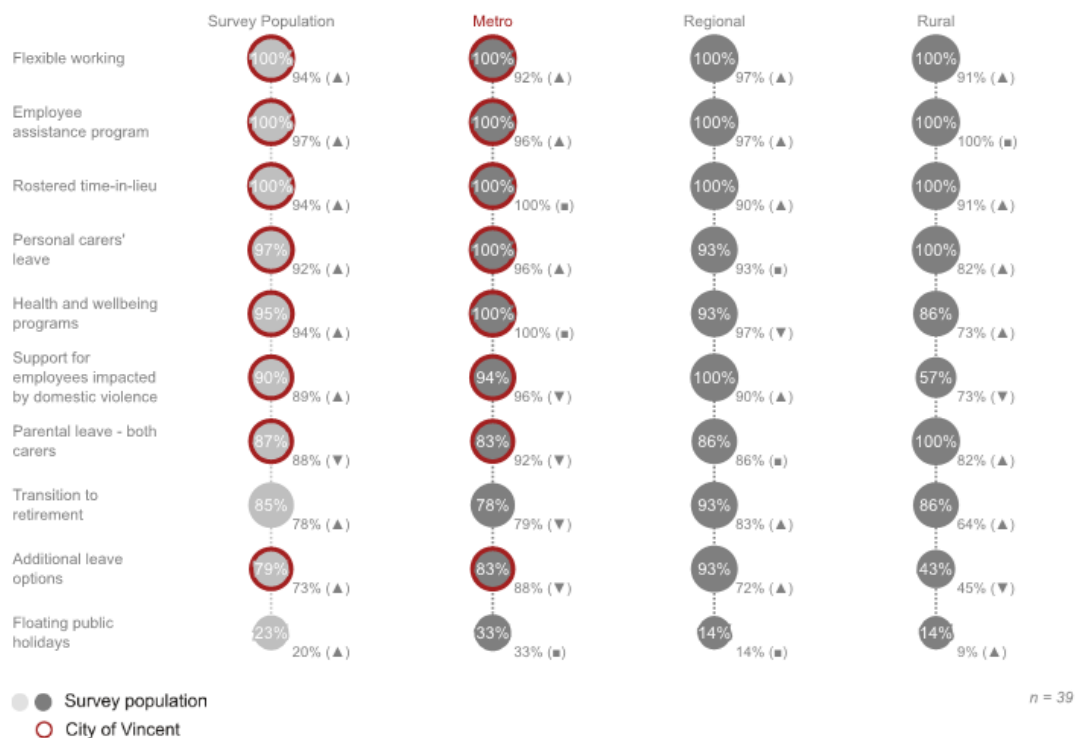
(57%), compared to 94% of metro and 100% of regional councils, have a policy in place to support employees impacted by domestic violence. The workplace has traditionally been a place of safety for many experiencing domestic family violence, so the impact of the pandemic and an increased reliance on remote working environments means that domestic settings have become more important. In this context, organisations and employees are well served by respectful and appropriate ways to recognise the needs of those who require a safe space to work.⁴

Whilst policies play an important role in establishing the tone of an organisation on paper, councils can seek to improve employee engagement in practice through the establishment of D&I networks, such as a Pride network or a Cultural Connections network where people can come together to celebrate their commonalities as well as learn from those who come from different backgrounds. Such initiatives can leave people feeling better connected, included, and 'seen' within a broader workplace community.

D&I policies: Further considerations for councils⁵

- **Adopt a collaborative and intersectional approach.** Individuals can experience discrimination on multiple intersecting identities, such as race, gender, disability or sexual orientation. So it's important to ensure that D&I initiatives don't take a 'one size fits all' approach. Thinking broadly about intersectionality helps elevate D&I initiatives to focus on broader inclusion and cultural change, creating a better work environment for more people.
- **Integrate with the broader organisational purpose.** Bringing D&I into the organisation's 'main game' should be the ultimate goal. Success becomes apparent when D&I is 'baked into' everything that happens in the business and is more than just a series of change initiatives.

Figure 1.14: Which of the following diversity and inclusion policies exist within your council?



⁴ PwC, 2022, 'A contemporary approach to workplace mental health and wellbeing'
⁵ PwC, 2022, 'How to make workplaces so inclusive people won't want to leave'

Workforce

Does your diversity and inclusion data support your strategic effort?

Collection of diversity and inclusion demographic data

Our findings show that 80% of councils collect gender data for new and existing employees, with an overall upwards trend of collecting data detailing an employee's Aboriginal or Torres Strait Islander background (44% in FY22, up from 37% in FY21), ethnicity (40%, up from 35% in FY21) and disability (29%, up from 26% in FY21).

We also observe that it is very rare for councils to collect demographic data on employees' sexual orientation (only 2%, down from 4% in FY21), with an increasing percentage of councils (20%, up from 17% in FY21) including this as an optional disclosure.

Does disability inclusion play a part in your D&I policies?

This year, the PwC Network released its first Global Disability Inclusion Strategy which focuses on improving the lives of people with disabilities at PwC and those who have caring responsibilities, as well as people in the wider communities in which we work. Councils might like to read through the strategy and consider leveraging ideas to uplift their own strategy and policies. Scan the QR code for more information.

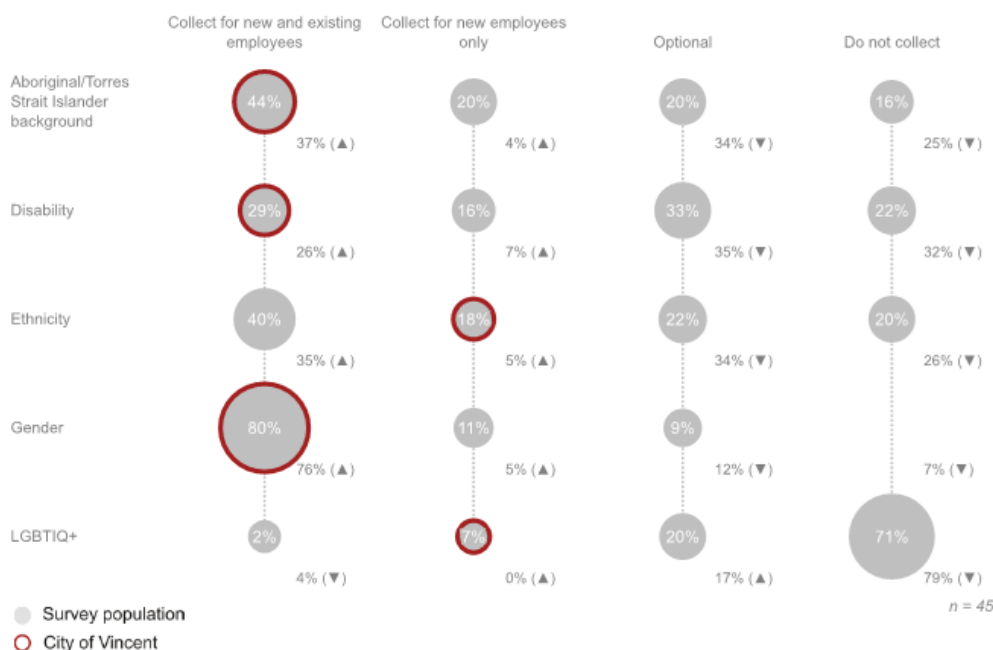


How can demographic data help drive diversity, equity and inclusion in the workplace?⁶

When used correctly, employee demographic data (or a lack thereof) can provide a starting point in determining areas for improvement in the workplace. PwC Australia's Diversity & Inclusion team shares the following advice on using data to maximise the effort-to-impact ratio on diversity and inclusion (D&I) initiatives:

- **Use data and information to prioritise and focus effort.** A data-driven, evidence-based approach is a good starting point in identifying the most critical areas to be addressed in the organisation. The absence of data across some or many demographic measures can also be a valuable insight for leadership to consider as part of their analysis. Additionally, results from culture surveys or key findings from exit interviews can be shared with employee networks and/or working groups, who can identify relevant insights and use those to align their efforts to the areas of greatest need.
- **Be rigorous around measurement, evaluation and accountability.** As well as aligning with the D&I Strategy, employee initiatives need clear objectives and measures to help quantify the level of progress achieved. These should be reviewed periodically with a focus on continuous improvement, and there should be clear communication channels that outline who is responsible for delivering what.

Figure 1.15: Which of the following demographic data does your council currently collect?



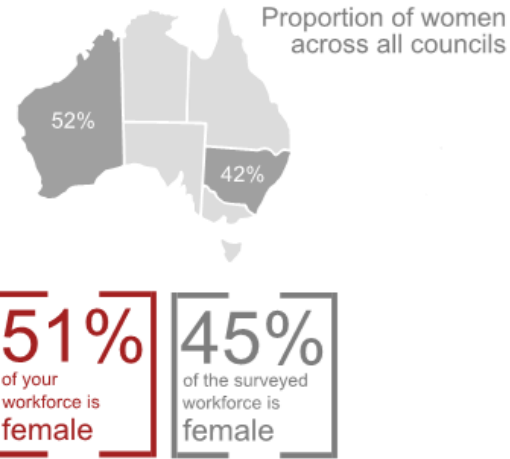
⁶ PwC, 2022, 'How to make workplaces so inclusive people won't want to leave'

Does your diversity and inclusion data support your strategic effort?

Gender diversity across the organisation

At a time where gender gaps in both employment and pay continue to pervade industries and economies, the local government sector has the opportunity to serve as an exemplary workplace for the inclusion of women. This year the proportion of women in the workforce was 45% of the overall surveyed workforce, remaining consistent with FY21 (45%). However this ratio is primarily reflective of the gender balance at the 'other staff' level, as Figure 1.16 shows that only 1 in 4 CEO and/or director positions are held by women (down from 1 in 3 CEOs and/or directors in FY21). Why is this the case? Is there a higher concentration of women in service areas within the council where there are less opportunities to attain senior leadership positions?

Whilst other sectors such as utilities, construction and mining have a significant underrepresentation of women in the workforce, the breadth of community services offered by councils puts them in a unique position to be able to move towards closing the gender gap through careful planning and considered recruitment. On the following pages we delve deeper into the gender mix and employee pipeline.

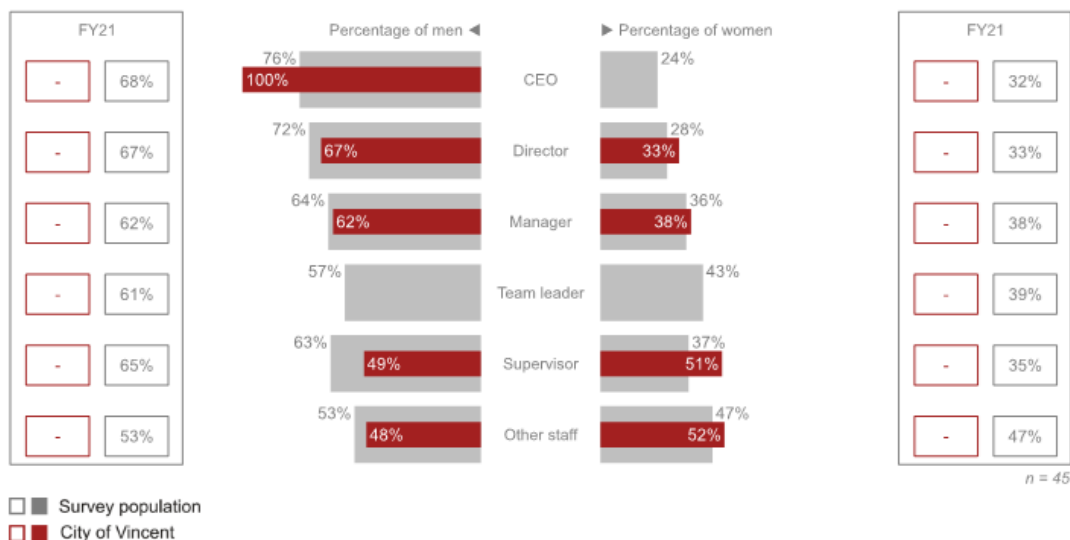


How can councils actively strive towards greater gender equality in the workplace?

The 2022 Gender Equity Insights report released by the Bankwest Curtin Economics Centre in partnership with the Workplace Gender Equality Agency shares a number of suggestions for businesses to help create a greater equity of opportunity in the workplace, regardless of gender or family circumstances:

- Gender diversity and the elimination of unconscious bias should be a continued focus in recruitment and promotion practices;
- A pay equity audit across all levels of occupational seniority is an important and effective starting point; and
- Businesses should continue to explore flexible working models and broaden the scope of policies that support family and care responsibilities, as well as the policies that address workplace harassment and improve respect at work.

Figure 1.16: Gender split by staff level at 30 June 2022



⁷ Duncan AS, Mavisakalyan A and Salazar S (2022), Gender Equity Insights 2022: The State of Inequality in Australia, BCEC|WGEA Gender Equity Series, Issue #7, October 2022

Workforce

Does your diversity and inclusion data support your strategic effort?

Pipeline of employees - women

Findings from the WGEA Gender Equity Insights series illustrate that having more women in key decision making positions delivers better company performance, greater productivity and greater profitability.⁸ To create a strong pipeline of women employees, councils should focus on the design of roles, along with a shift in the workplace culture. One example is council leaders role-modelling flexibility and alternative ways of working. This flexibility can be modelled and normalised across all levels and genders.

An opportunity continues to exist for councils to improve gender diversity in senior levels, particularly as roles become vacant due to the ageing workforce. Councils should encourage women in leadership roles as a way for councils to future-proof their workforce.

Tips from 'Women in leadership: Lessons from Australian companies leading the way'

The Business Council of Australia, McKinsey & Company and the Workplace Gender Equality Agency collaborated on a study using WGEA data and more than 40 interviews. The resulting report identified the following steps for dismantling barriers and increasing the level of female participation at senior levels:

1. Build a strong case for change
2. Role-model a commitment to diversity, including with business partners
3. Redesign roles and work to enable flexible work and normalise uptake across levels and genders
4. Actively sponsor rising women
5. Set a clear diversity aspiration, backed up by accountability
6. Support talent through life transitions
7. Ensure the infrastructure is in place to support a more inclusive and flexible workplace
8. Challenge traditional views of merit in recruitment and evaluation
9. Invest in frontline leader capabilities to drive cultural change
10. Develop rising women and ensure experience in key roles⁹

Figure 1.17: Female employees by staff level



⁸ Cassells R and Duncan A (2020), Gender Equity Insights 2020: Delivering the Business Outcomes, BCEC|WGEA Gender Equity Series, Issue #5, March 2020
⁹ WGEA 2020, 'Women in leadership: Lessons from Australian companies leading the way'

Does your diversity and inclusion data support your strategic effort?

Gender diversity in leadership

This year, the PwC's Women in Work Index fell for the first time in its 10-year history, with the research indicating that the pandemic has set back progress towards gender equality in the workplace by at least two years across OECD countries¹⁰, due to higher rates of unemployed women and a greater proportion of women leaving the labour market during the pandemic.¹¹

Domestically, the under-representation of women in leadership roles continues to

pervade industries, with 2020-21 data from the Workplace Gender Equality Agency (WGEA) reporting that although women comprise half (51%) of the private sector workforce, they represent only:

- 32.5% of key management positions (KMP)¹² (same as 2019-20);
- 19.4% of CEOs (up from 18.3% in 2019-20); and
- 18% of board chairs (up from 14.6% in 2019-20).¹³

Analysing the pipeline of future women leaders across our survey population, we note that the median proportion of women at manager level and above is at 33%, down from 36% in FY21. Interestingly we observed the same result (33%) in FY19, echoing the observations outlined earlier from the Women in Work report. Additionally, we see a blended overall median of 25% for women in CEO and director positions, a consistent result for 6 out of the 10 years of this survey.

Does your council actively sponsor women towards senior roles?

The WGEA has a Perspective Paper that discusses the difference between mentoring and sponsorship in the workplace, and notes that sponsorship involves 'proactive instrumental help to advance a person's career.'

Sponsorship can be used to achieve greater representation of women at senior levels of organisations by increasing the numbers of women moving through the management pipeline and helping them stay on their career tracks.¹⁴

We encourage councils to scan the QR code for more information on mentoring vs sponsorship, and how to engage in sponsorship for the benefit of women and the overall organisation.




Figure 1.18: Women at manager and above levels (council size)

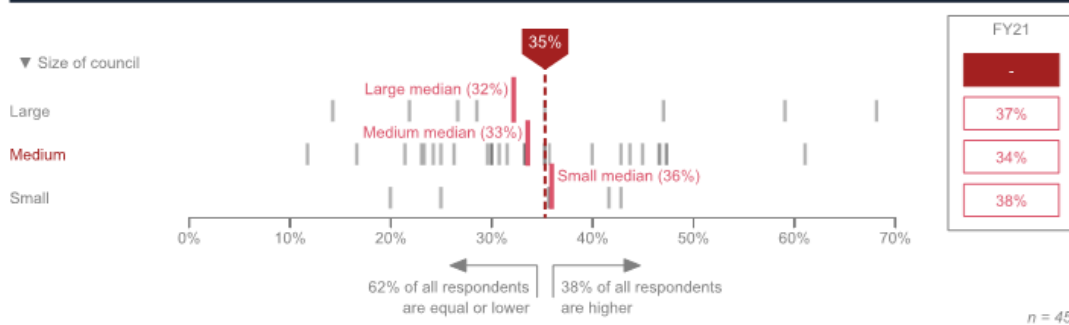
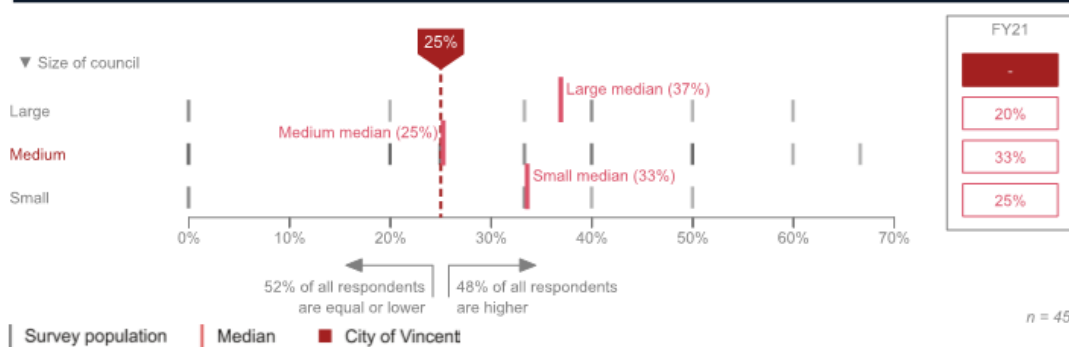


Figure 1.19: Women at CEO and Director levels (council size)



¹⁰ This refers to the 33 OECD (Organisation for Economic Cooperation and Development) countries that were included in the PwC Women in Work Index report.

¹¹ PwC, 2022, Women in Work 2022

¹² KMP is a manager who represents at least one of the major functions of the organisation and participates in organisation-wide decisions with the CEO.

¹³ Workplace Gender Equality Agency, 'Women in leadership'

Workforce

Does your diversity and inclusion data support your strategic effort?

Gender diversity in the recruitment pipeline

The proportion of new recruits represented by women within our surveyed councils has declined to a median of 50% (down from 52% in FY21). When assessing the results by council size, small-sized councils saw the largest percentage point decline with a median of 37%, down from 46% in FY21; and in terms of council type, it was rural councils who experienced the largest decline with a median result of 41%, down from 51% in FY21.

“Women are less likely than men to feel satisfied with pay, less likely to ask for a raise or promotion and less likely to feel listened to by their managers.”¹⁵

Insights from PwC’s Hopes and Fears Survey

In March 2022, PwC surveyed over 50,000 working individuals across 44 countries and territories and identified that women are:

- 8% less likely than men to feel that their manager listens to them, or to ask for a promotion; and
- 7% less likely than men to feel fairly rewarded financially, or to ask for a raise.¹⁶

This highlights the importance for organisations to better understand the lived experience of their staff as they work towards creating a more inclusive workplace where women feel equally competent and recognised for their contributions as the men they work alongside.

To assist with this, we encourage councils to take a deeper look at their results by service area to understand the gendered distribution of workers across departments. This can help drive a tailored design of gender equity targets specific to each service area, and allow councils to progress further towards closing the gender pay gap.

Figure 1.20: Proportion of new starters who are women (council size)

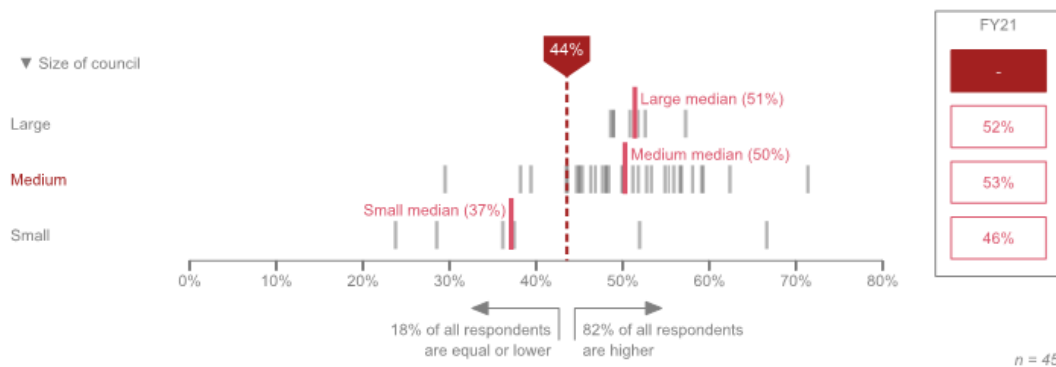
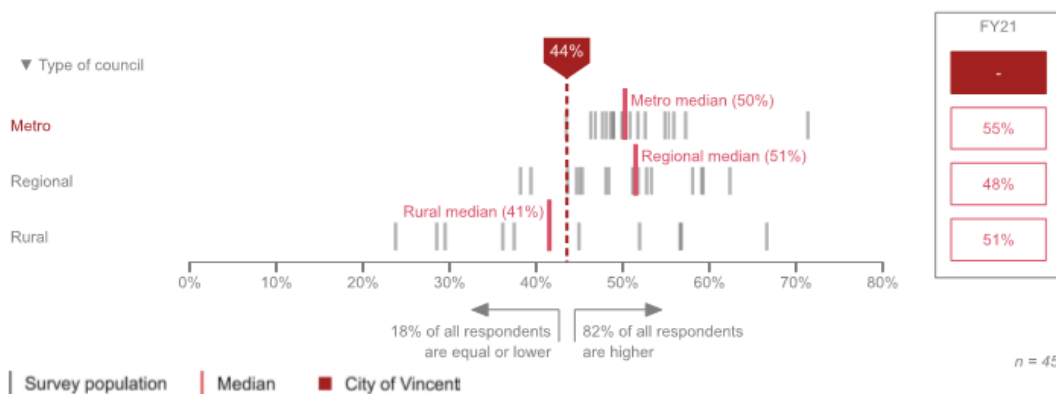


Figure 1.21: Proportion of new starters who are women (council type)



¹⁵ PwC, 2022, Global Workforce Hopes and Fears Survey

Enhancing the employee experience: attracting, retaining and engaging talent

Staff engagement

Irrespective of the working environment or location, staff engagement levels are a vital indicator of whether councils are maintaining a positive workplace culture and in turn generating a high performing and productive workforce.

Figure 1.22 shows that 55% of councils had stable or improved staff engagement over the past year, a noticeable drop from 62% in FY21 and perhaps symptomatic of the challenge that many organisations are facing - finding ways to stay connected and engaged across teams operating in a hybrid working environment.

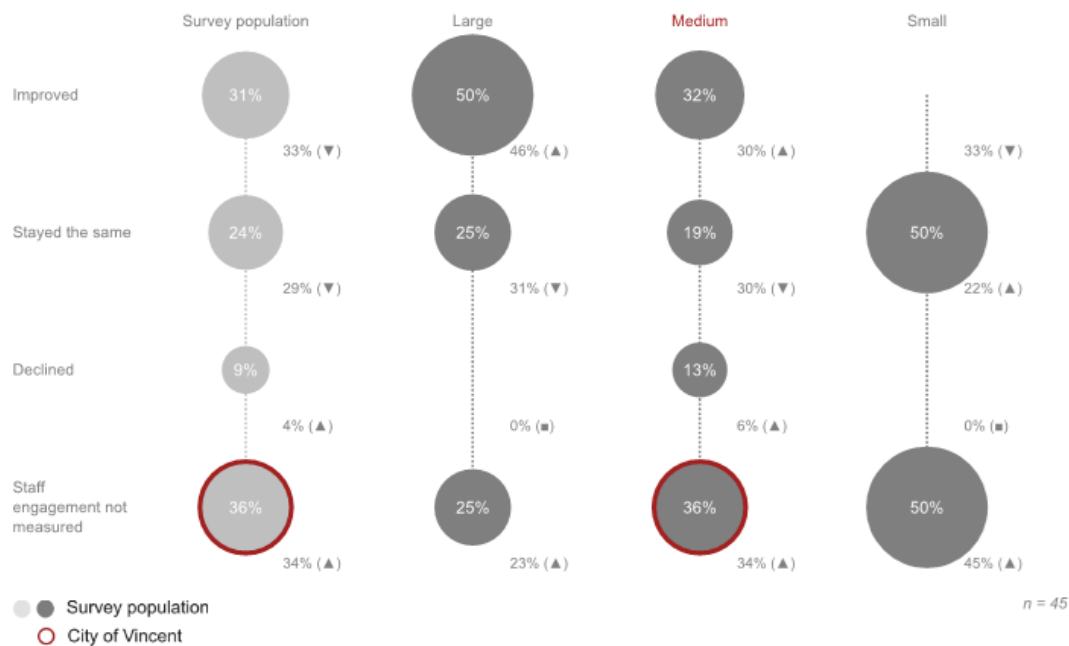
Engage staff by empowering your team leaders

In a recent study of over 1,000 Australian workers by PwC's Future of Work team, it was found that only one-third (31%) of staff in team leader positions had received formal training on leading and managing staff in a hybrid working environment. Subsequently, less than half (41%) of those with team leader responsibilities feel confident about their ability to lead, and an even smaller proportion (36%) feel that their organisation provides appropriate tools and support for effective leadership in this new scenario.¹⁷

The downstream implications are predictable - with team leaders lacking confidence in themselves, their teams are also experiencing the uncertainty, with 39% of workers feeling as though their manager doesn't trust them to work remotely.¹⁸ Therefore the onus is on council leadership to focus on investing in their middle management, and help them navigate an increasingly complex role that requires them to oversee the performance, wellbeing and diverse working environments of their team.

"With new ways of working focused around team dynamics, we can no longer just assume middle managers will learn critical skills on the job. We need to develop targeted programs to help them optimise team performance, drive a wellbeing agenda, lead through ambiguity, and play the role of coach and mentor."¹⁹

Figure 1.22: Did your staff engagement levels improve during the year?



¹⁷ PwC, 2022, 'PwC Australia's CEO Survey shows CEOs are concerned about attracting and retaining key skills'

¹⁸ PwC, 2022, 'Balancing Act: The New Equation in hybrid working'

¹⁹ PwC, 2022, 'PwC Australia's CEO Survey shows CEOs are concerned about attracting and retaining key skills'

Workforce

Enhancing the employee experience: attracting, retaining and engaging talent

Talent strategy

In our survey we ask councils about how they are adapting their talent strategy to create maximum impact when it comes to recruitment and retention of staff. Whilst 'workplace culture and behaviours' has consistently been a top priority for most councils, the focus on 'diversity and inclusion' has continued to grow, with 82% of councils now recognising its importance towards staying relevant and competitive in the market for top talent, up from 62% in FY21 and 47% in FY20.

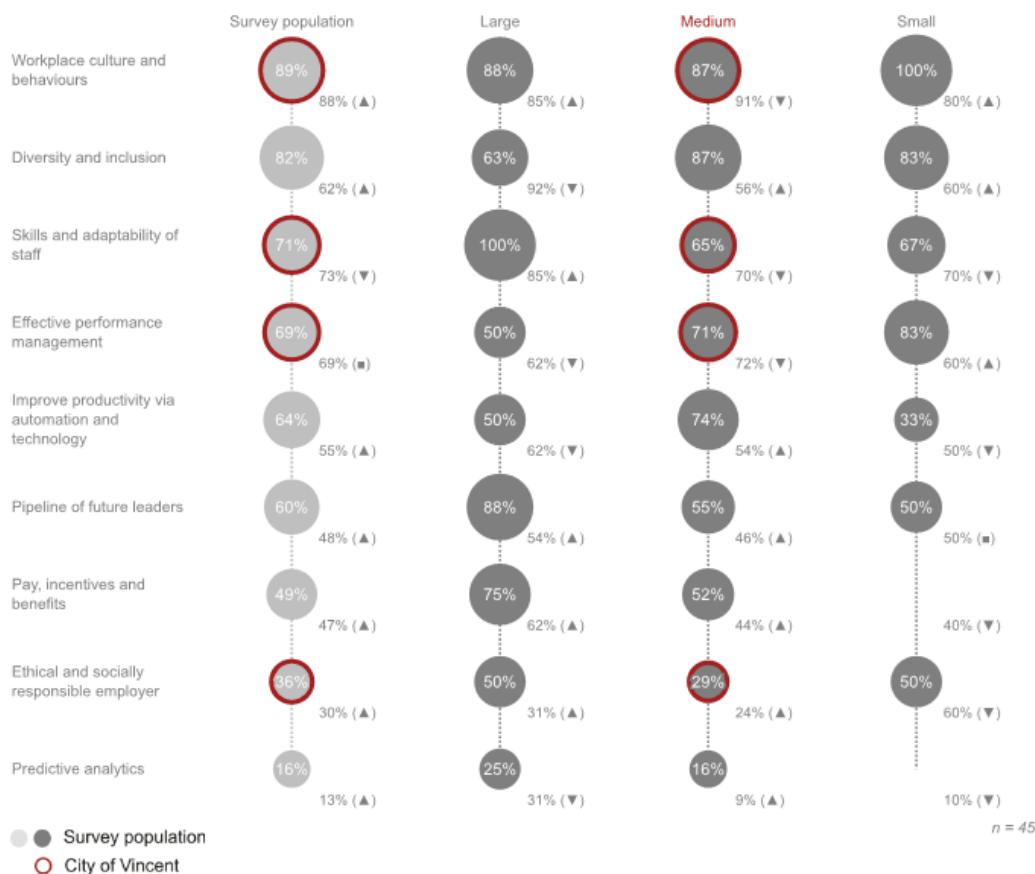
When analysing the results by council type, it is interesting to note the differing areas of focus. Metro councils are more likely to be changing their strategy in relation to 'skills and adaptability' (89% of metro councils) along with a growing

interest in 'productivity through automation and technology' (72%), echoing the sentiments from PwC Australia's 25th CEO Survey which found that 'retaining employees who have been upskilled' was the most prevalent challenge (50% of CEOs included this in their top 3).²⁰

Away from the metropolitan areas, regional councils are more likely to be focused on their 'pipeline of future leaders' (76% of regional councils), whilst rural councils are increasingly focused on 'effective performance management', perhaps an acknowledgement of the need to support the growth of existing staff rather than seeking to hire new staff from a limited resource pool.

"At an organisational level, the question is no longer: What if I invest in my people and then they leave? Instead, invest so that they have a reason to stay or want to come back."²¹

Figure 1.23: Areas of focus in the talent strategy



²⁰ PwC, 2022, 'PwC Australia's CEO Survey shows CEOs are concerned about attracting and retaining key skills'

Enhancing the employee experience: attracting, retaining and engaging talent

Staff training

This year, all participating councils reported having a formal training budget in place, but only 1 in 10 councils (12%) used or exceeded their training budget. However, this may not be due to a lack of willingness from councils, but rather due to a shortage of resources. PwC Australia's 25th annual CEO survey provides some related insights, as a third (36%) of CEOs reported that 'a lack of resources to conduct the upskilling programmes we need' was in their top 3 challenges in relation to upskilling staff.²²

This resourcing challenge may continue to linger for a little while longer as the opening of international borders continue to ease and skilled workers begin to move in and out of Australia again, so it is important that existing staff are supported to undertake and/or deliver ongoing training as part of their day to day responsibilities. It is up to councils to ensure that time for training is firmly embedded in the resourcing strategy, to minimise the risk of overloading teams and facing burnout.



Tackling the skills shortage - suggestions from the CEO survey

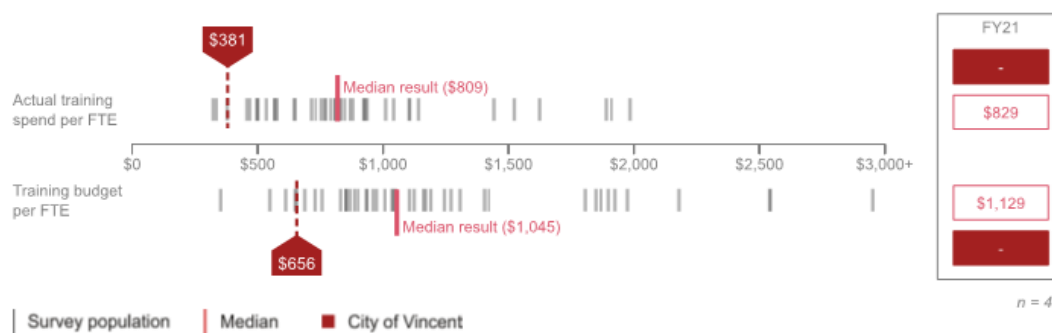
From PwC Australia's 25th annual CEO survey, nearly a quarter (24%) of CEOs reported that 'defining which skills to build' was in their top 3 staff upskilling challenges.

To assist organisations, the report recommends a future-focused 'triage' approach, and to start by asking 'Where is our organisation headed, and what key capabilities do we need to get there?'

With a clearer vision in place, organisations can consider sourcing skills through different means, such as:

- Build: Upskill existing staff if they have the aptitude and potential for the required skills.
- Buy: Spend the money in the market to acquire skills via new talent.
- Borrow: If a short-term or temporary solution is necessary, consider using contractors or specialists to supplement the workforce.
- Bot: Is it possible to automate certain work activities, thereby freeing up staff to pursue upskilling opportunities?²³

Figure 1.24: Is your council spending its training budget? (A\$)



²² PwC, 2022, 'PwC Australia's CEO Survey shows CEOs are concerned about attracting and retaining key skills' 23-24

Workforce

Enhancing the employee experience: attracting, retaining and engaging talent

Rate of promotion

Our program examines the rate of promotion for all employees across different staff levels as well as by gender. Figure 1.25 illustrates the proportion of employees who were included in the opening headcount of a particular staff level and the rate at which they were subsequently promoted during the year.

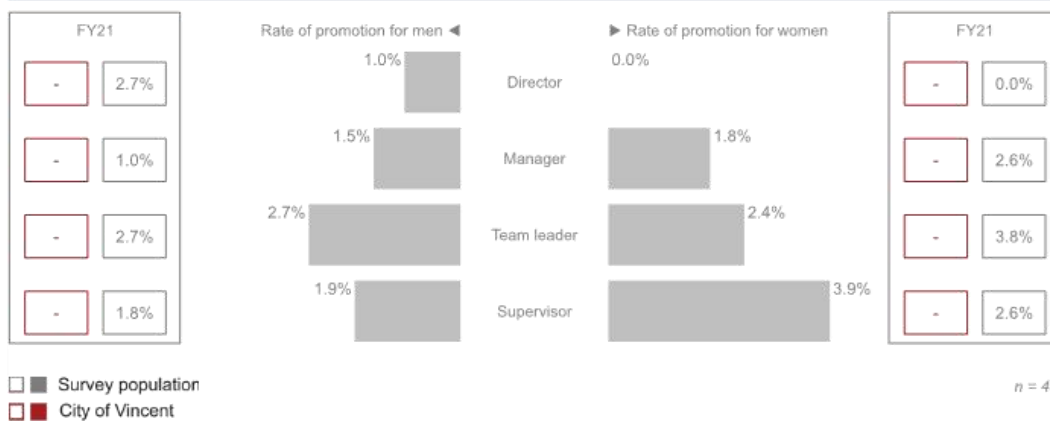
For staff at the manager level, last year we observed that women were more than twice as likely to be promoted compared to men (2.6% vs 1.0% in FY21), however this year the results have levelled a little, with 1.8% of managers who are women

promoted in FY22, compared to 1.5% of managers who are men.

Directorship continues to elude women at participating councils, with an absence of women being promoted to director across all jurisdictions for the third year in a row (0%), compared to 1.0% of men being promoted to director (down from 2.7% in FY21). However the pipeline paints a promising picture, with women in the supervisor role being promoted twice as quickly as men (3.9% supervisor promotions in FY22 were women, compared to 1.9% men).

We encourage councils to refer to the gender diversity section of our report for additional guidance on how to actively sponsor high-performing women in their workforce.

Figure 1.25: Rate of promotion - gender split by staff level



Managing employee wellbeing

Annual leave

In Figures 1.26 and 1.27 we profile the spread of annual leave (AL) and long service leave (LSL) balances across the various generations for each council, with each dot representing an employee with a leave balance. From a business perspective, councils can use these charts to assess the extent of their current financial liability; from a people perspective, leadership can hone in on assisting individuals with their own wellbeing management by encouraging them to utilise their leave entitlements.

Our survey results show that as at 30 June 2022, 41% of employees carried more than four weeks of accrued annual leave (41% in FY21) and 14% have more than eight weeks (12% in FY21). Rural councils have the greatest proportion of high unused annual leave balances, with 17% of staff having more than eight weeks accrued leave (up from 12% in FY21), compared to their metro and regional counterparts (14% and 13% respectively). We encourage councils to cross-reference their analysis of leave balances with overtime data to better understand what

levers are driving their workforce results. For example, we note that the median rural council incurred \$3.8K per FTE on overtime payments, and 49% of employees have 4 weeks or more accrued leave. A full time employee that works for a year without using any of their leave effectively works an FTE load of 1.13 during the year. Councils should consider this in workforce planning, as staff not taking leave may be masking a resource shortage that is more severe than it seems at first glance.



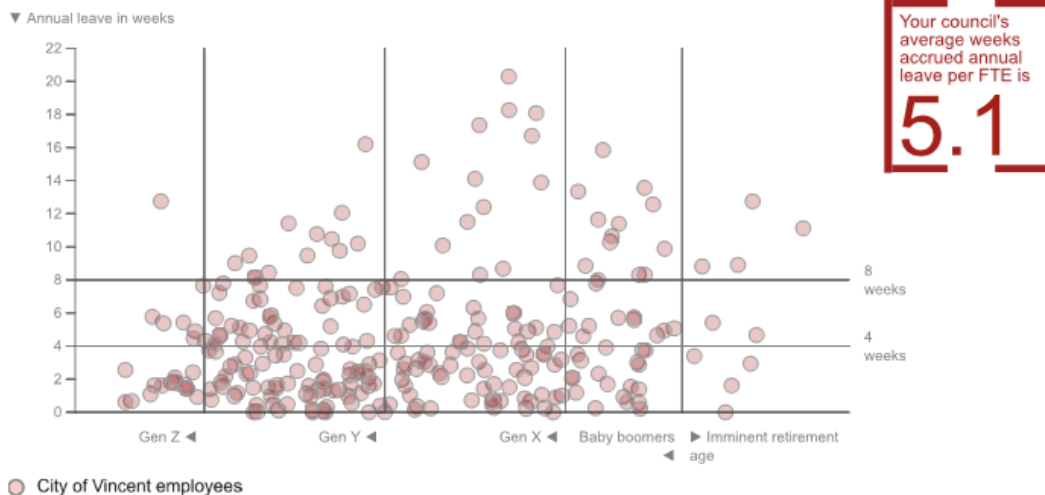
Don't just survive, thrive - focus on employee wellbeing

With 'wellbeing' ranked as the second most important lever (behind 'remuneration and reward') in the 'What workers want'²⁴ study conducted by PwC's Future of Work team, councils need to maintain a strong focus on ensuring their staff are feeling both physically and mentally well in order to bring their best selves to work.

As flexible working continues in the post-pandemic environment, councils might like to consider discussing alternative methods of encouraging staff to use their leave balances, such as:

- Are there opportunities for staff to combine remote working and leave plans to enable them to work from an alternate location either domestically or internationally (subject to working rights and eligibility)?
- Do staff prefer to take their leave in large blocks or would they prefer to put their leave days towards a reduced working week over a period of time?
- Are there any other measures that could be introduced to encourage staff to use their leave balances (e.g. floating public holiday policy)?

Figure 1.26: Employee annual leave balances



²⁴ The seven levers in the employee preference index were Remuneration and reward, Workspaces and places, Ways of working, Wellbeing, Career development, Experience, and Brand. PwC, 2021, 'The Future of Work: What workers want: Winning the war for talent'

Workforce

Managing employee wellbeing

Long service leave

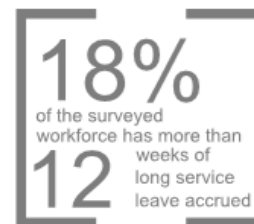
Overall, the percentage of employees with long service leave (LSL) balances in excess of 12 weeks remains broadly consistent with recent years, at 18% in FY22 (19% in FY21 and 18% in FY20).

This year, both regional and rural councils reported a decline in the percentage of staff with unused LSL, with 21% and 18% of their respective workforce having more than 12 weeks accrued (both council types reported 23% in FY21). Metro councils on the other hand saw a slight increase to 15%, up from 12% in FY21. When analysing councils by size, we observed a slight reduction year on year for large councils (18%, down from 20% in FY21) and small councils (23%, down from 24% in FY21), while medium councils remained steady with 17% of staff holding more than 12 weeks of LSL (same as FY21).

Seize the day - encourage the use of long service leave

As the world continues to emerge from the pandemic, this presents councils with a great opportunity to engage with their eligible employees and actively plan the use of their long service leave balances.

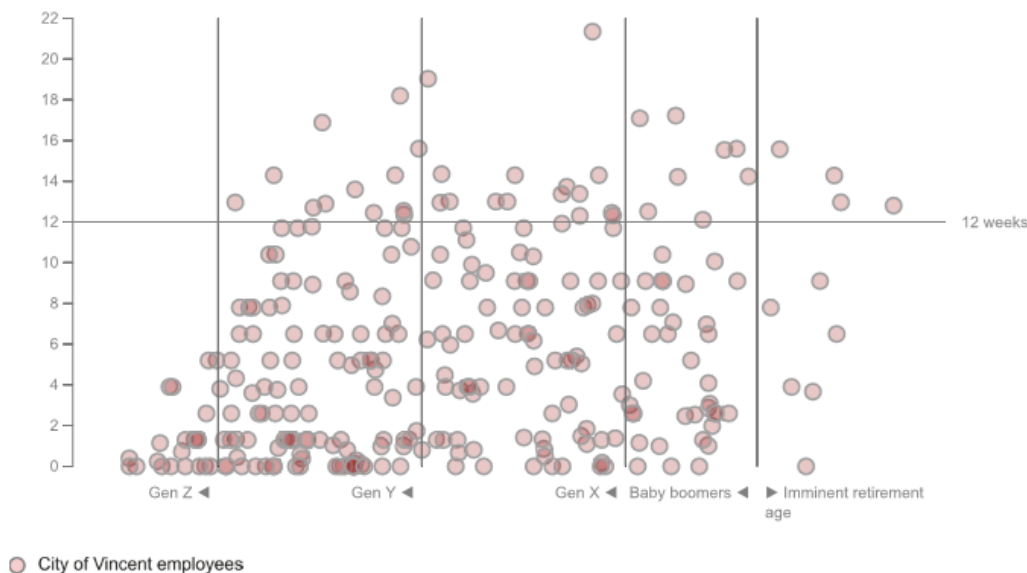
This can generate positive change across the council - encouraging the use of accrued leave signals that leadership are supportive of staff taking extended breaks for rest and recharge; and whilst staff are on leave, it opens up the door for colleagues to step into more senior or different roles, enabling them to experience a greater variety of responsibilities and improving the skill-sets and flexibility of the workforce.



“The mental health and wellbeing challenge across workplaces, let alone the community at large, is worsening. The World Health Organisation refers to stress as the global health epidemic of the 21st century.”²⁵

Figure 1.27: Employee long service leave balances

Long service leave in weeks



²⁵ PwC, 2022, 'Balancing Act: The New Equation in hybrid working'

Managing employee wellbeing

Absence

The well-documented phenomenon of increased illness and absence that occurred as pandemic restrictions eased is evident in our results, as the median number of sick leave days taken has increased across all council types. Metro councils reported a median of 6.2 sick leave days (up from 5.9 days in FY21), regional councils reported a median of 7.4 days (up from 6.0 days in FY21), and rural councils saw the largest increase with a median of 8.8 days (up from 6.5 days in FY21).

Across the survey population, the 25% of employees who used the least amount of sick leave took 3.3 sick days or less (2.6 days in FY21). At the other end of the spectrum, 25% of employees took 12.5 days or more (11.2 days in FY21). Councils whose sick leave results are higher than the population median may seek to determine whether the results can be attributed to low employee engagement, poor health in the workplace, or a combination of the two.

Figure 1.28 allows councils to assess the sick leave profile of their workforce against the survey population. Taking the analysis a step further, Figure 1.29 displays a quartile breakdown on sick leave taken by supervisors and above, compared to other staff. Higher levels of absenteeism at the supervisor level can have a flow on effect to team members, potentially resulting in a lack of direction and breeding disengagement across the more junior ranks.

5.7 median sick leave days taken in FY22 across your workforce

7.4 median sick leave days taken in FY22 across the survey population

Focusing on mental health - has your council thought about it?

In 2020, the Productivity Commission's Inquiry into the economic impacts of mental ill-health reported that 2.8 million working Australians had mental illnesses that led to them taking time off to maintain their wellbeing, estimating an economic impact of AU\$10 billion from workplace absenteeism due to mental health, and a further AU\$7 billion from presenteeism.²⁶

With this in mind, councils should consider offering their employees access to digital mental health support services as part of their overall employee value proposition. The following article in PwC's Digital Pulse provides further guidance to help organisations choose the most appropriate solution for their workforce ecosystem.




Figure 1.28: Breakdown of percentage of employees taking sick leave by quartile

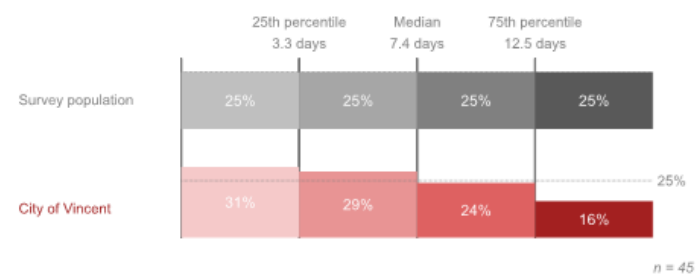
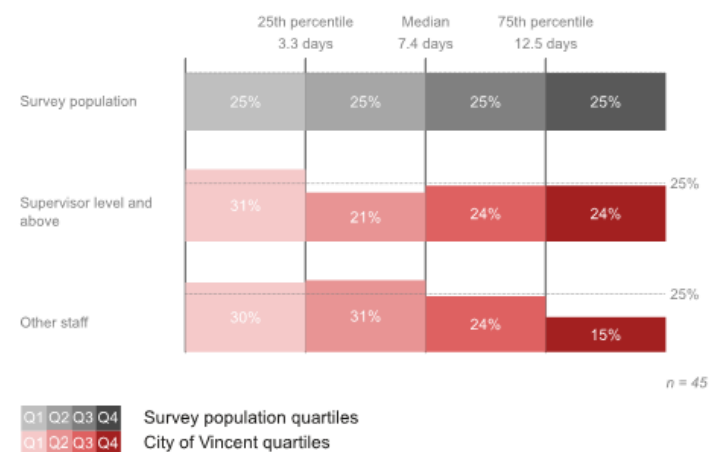


Figure 1.29: Breakdown of percentage of employees taking sick leave by quartile and staff level



"Mental health is one of the biggest societal issues of our time and employers have an obligation to support the wellbeing and safety of their staff."

- Kristin Stubbins, Chair of the Board of mental health solution, Innowell, and Assurance Managing Partner at PwC²⁷

²⁶ Australian Government Productivity Commission, 2020, Mental Health: Productivity Commission Inquiry Report Volume 1

Workforce

Managing employee wellbeing

Lost time injuries

Figure 1.30 presents each council's rate of incidents (measured as the number of incidents per 100 employees) against the average claim cost. We acknowledge that councils with a higher percentage of outdoor workers may have a higher rate of incidents due to the more physically demanding nature of their roles.

Across the survey population, the overall number of days lost per 100 employees has increased to 107 days this year, up from 100 days in FY21. Councils should strive to understand whether the nature of these incidents reflects a need to reinforce critical behaviours in the workplace to reduce the risk of injury for all staff.

What are 'critical behaviours' and how can they help improve workplace safety?

Critical behaviours are patterns of acting that are tangible, repeatable, observable, and measurable, and they contribute to achieving an organisation's strategic and operational goals.²⁹ Focusing on establishing the right behaviours across the workforce has a longer lasting effect than a one-time action, a policy change, an outcome, or a mindset/attitude.

For example, to reduce injuries on a construction site, declaring a "clean-up day" would be a one-time action. By contrast, an appropriate habitual behaviour would be getting workers to take responsibility for maintaining the safety of the site, which could include appropriate waste disposal and the elimination of tripping hazards on pathways.

This approach is applicable to all teams and workspaces. Councils can work with their people to collectively define the behaviours that will contribute to the overall objectives, starting with the question "In a future state in which we've achieved the goals, what would people actually do (or do differently)?"

Figure 1.30: Lost time injury incidents

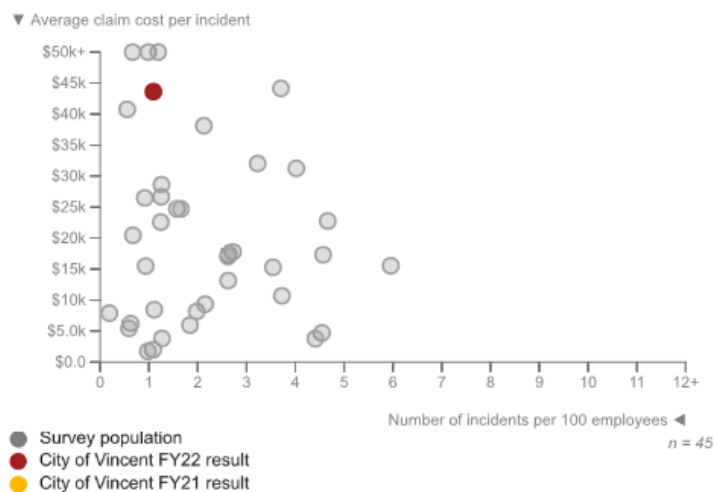
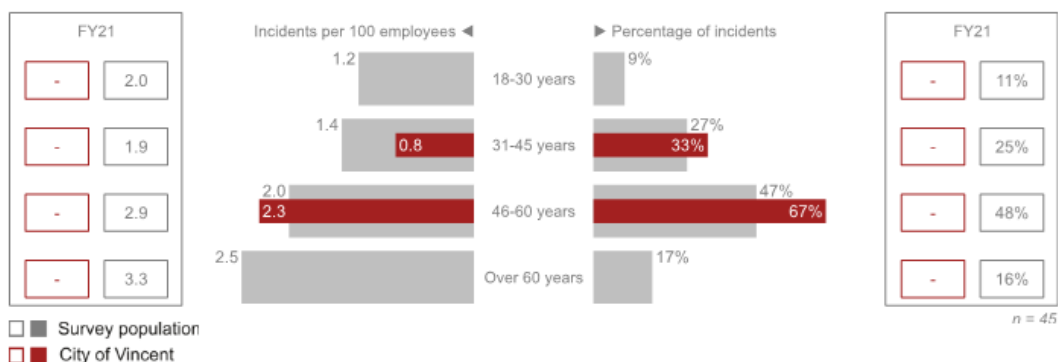


Figure 1.31: Incidents per 100 employees by age bracket

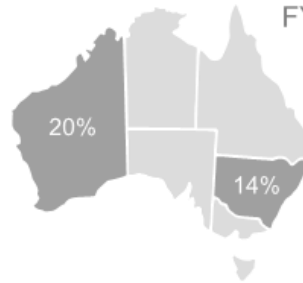


Managing the talent turnstile

Rookie rate

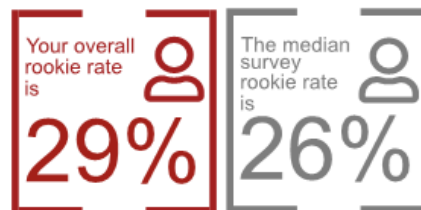
For the first time in three years we observe an increase in the overall median rookie rate to 26%, up from 23% in FY20 and FY21. Metro councils reported the largest increase in new employees, with a median rookie rate of 28% for FY22 (21% in FY21), putting them on par with regional and rural councils who reported median rookie rates of 26% and 28% respectively in FY22. However these figures should be examined alongside the turnover rate for staff in their first year of employment (Figure 1.39, further in this chapter) to assess whether the results are reflective of ineffective recruitment and retention strategies and simply contributing to employee churn.

When it comes to management rookie rates (i.e. supervisors and above with less than two years' experience), in particular we note that after 3 years of steady decline, regional councils have had a slight upturn this year, reporting a median of 14% (13% in FY21). Metro and rural councils also observed a 3% increase in their median management rookie rate to 19% and 18% respectively.



FY22 median rookie rates for supervisor and above

Definition of 'rookie rate'
Proportion of staff who commenced in the past two years.



Are your leaders empowered to support the rookies?

In trying to deliver a smooth onboarding process for new starters, it is easy to overlook the parallel onboarding process for team leaders/supervisors that needs to occur. Ensuring that appropriate training or guidance is provided to supervisors will enable them to cultivate a supportive staff network, leading to positive workplace behaviours and greater employee productivity.

This is particularly important for office/desk-based staff, where new starters may find it difficult to build relationships with colleagues in the current hybrid working environment. From the outset, teams should discuss and agree on ways of working to establish a good operating rhythm and periodically refresh the plan when new staff are brought in, to ensure continued collaboration and connection across the team.

Figure 1.32: Rookie rate by staff level



Workforce

Managing the talent turnstile

Staff turnover

In last year's report we referenced PwC's Future of Work study, which noted that over a third (38%) of Australian workers were looking at leaving their current employer in 2022.²⁹ Against the backdrop of this prediction, it is little surprise that participating councils reported the highest median staff turnover rate since the beginning of the survey, at 17.8% (including fixed term (FT) contractors) or 15.6% (excluding FT contractors).

Across the following pages we take a deeper look into the turnover results to understand which employee groups are experiencing the greatest amounts of change. This is important for leadership teams to digest, as a high turnover may be symptomatic of pain points within the council, such as workplace culture or perceived opportunities (or lack thereof) for career progression.

Do you know what your employees want?

Research from PwC's annual Global Workforce Hopes and Fears Survey, which draws from more than 52,000 workers across 44 countries and territories reveals that the three most important factors when considering a change in work environment are:

- Being rewarded financially (71% of respondents);
- Having a fulfilling job (69%); and
- The ability to truly be myself (66%).³⁰

With this in mind, it is up to councils to assess whether they have an adequate pulse on employee sentiment, and take steps to reshape the workplace experience where necessary. Managers need to be able to translate the overall purpose of the council into tangible tasks/behaviours for staff to demonstrate how their work contributes to that purpose. Equally, leadership should also be provided with regular training and upskilling that helps them eliminate any cultural barriers or blind spots towards creating an inclusive workplace culture.

Definition of 'staff turnover rate'
Total number of all leavers in the year divided by the headcount at the start of the year (excluding casual employees).

Figure 1.33: Staff turnover rate (including fixed-term contract employees)

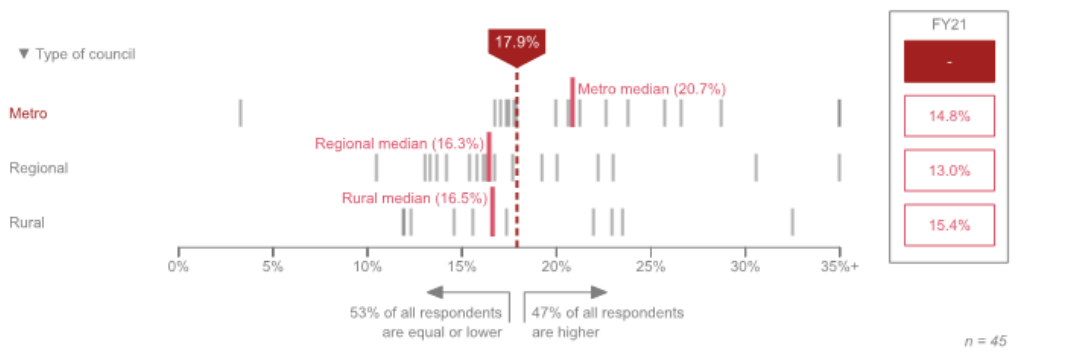
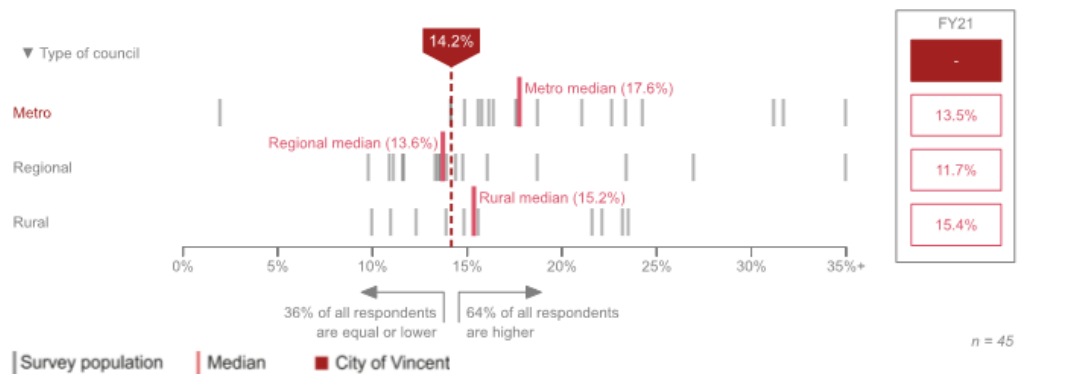


Figure 1.34: Staff turnover rate (excluding fixed-term contract employees)



²⁹ PwC, 2021, 'The Future of Work: What workers want: Winning the war for talent'

Managing the talent turnstile

Staff turnover in detail

Figures 1.35 to 1.38 below dissect the turnover data by generation, tenure, seniority and corporate service area. We note that these turnover calculations exclude casuals but include fixed-term contract employees.

For the fourth year in a row, we observe the Gen Z and younger cohort continuing to churn through the council workforce. With a median staff turnover rate of 37% in FY22, this the highest median rate ever recorded not only for this cohort, but for any generational cohort over the life of the program. However it is also important to

layer this result with the knowledge that Gen Z and younger generations still represent a small but growing proportion of the local government workforce, at just 8% (up from 7% in FY21).

When analysing staff turnover by corporate service area, this year the Human Resources department saw a significantly higher volume of staff movements compared to other departments with a median turnover rate of 25%, the highest recorded rate for any corporate service area since the beginning of the program.

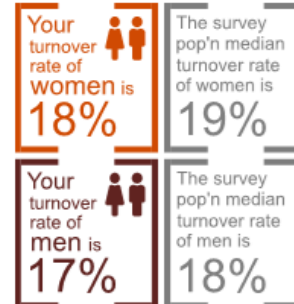


Figure 1.35: Staff turnover rate by generation

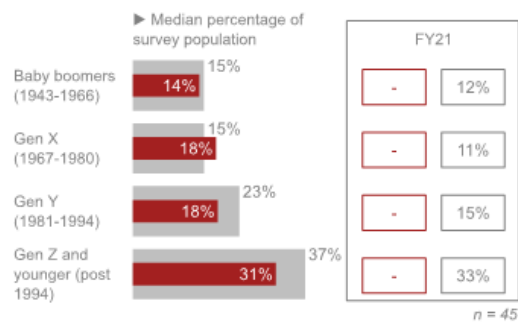
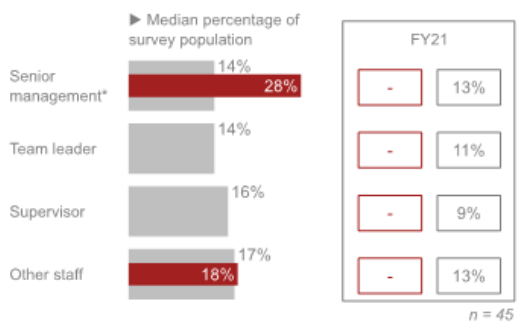


Figure 1.36: Staff turnover rate by tenure



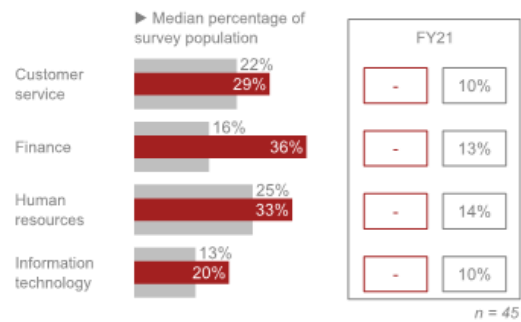
Figure 1.37: Staff turnover rate by staff level



*Includes CEO, Director and Manager.

■ Survey population
■ City of Vincent

Figure 1.38: Staff turnover rate by corporate service area



Workforce

Managing the talent turnstile

Staff turnover rate in year one

Analysing the metric of staff turnover in the first year of employment may assist councils in determining the effectiveness of their talent recruitment and onboarding strategies.

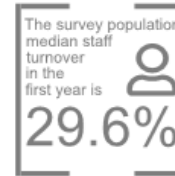
Consistent with the overall themes in the turnover story from this year's survey results, the median year one staff turnover rate of 29.6% is the highest recorded figure since the inception of the program, up from the prior highest recorded figure of 20% in FY21.

When analysed in conjunction with Figure 1.41 (overleaf) which breaks down this turnover figure by generation, all generational cohorts experienced a year-on-year increase in first year attrition, led by the Gen Z and younger cohort (year

one staff turnover rate of 41% in FY22, a significant increase from 20% in FY21).

When compared to the overall median staff turnover rate (excluding fixed term contractors) of 15.6%, the data suggests that new recruits are nearly twice as likely to leave a council in their first year of employment, compared to employees with extended service.

Additionally, for the second year in a row we report women being slightly more likely to exit councils than men (28% women, 27% men). This information should be reviewed in conjunction with the results presented in the gender diversity section earlier in this chapter, to identify further insights into the lived experience for women in the workplace.



Definition of 'staff turnover rate in year one'

Total number of leavers with less than one year of experience divided by the headcount at the start of the year with less than one year of experience (excluding casual employees).

Figure 1.39: Staff turnover rate in the first year of employment (excluding fixed-term contract employees)

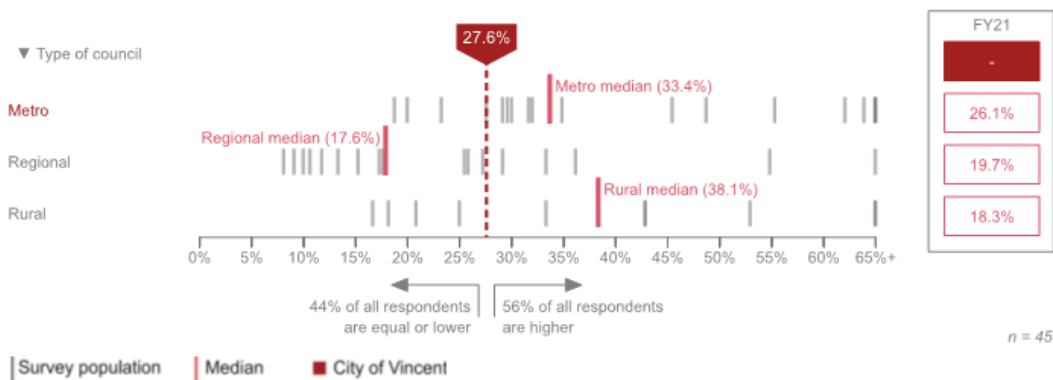
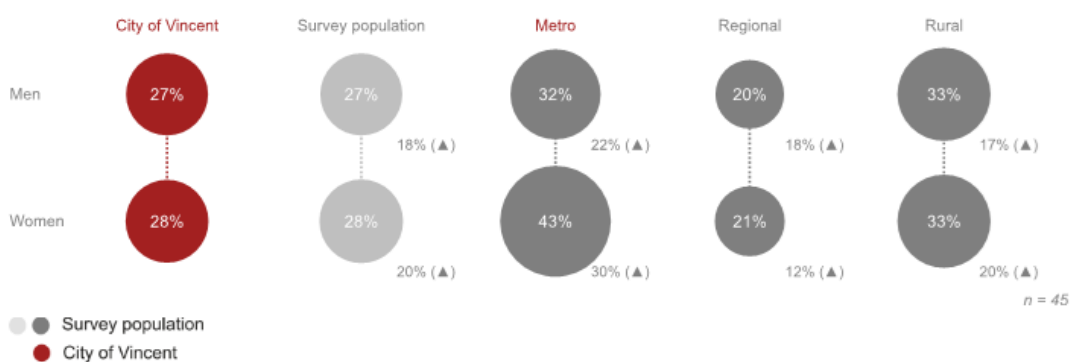


Figure 1.40: Median gender staff turnover rate in the first year of employment (council type)



Managing the talent turnstile

Generational turnover rate in the first year

Taking a look at median first year turnover rates by council type, nearly all generational cohorts at metro and regional councils reported a 10% or greater increase from last year's results, suggesting that the attrition issue is not isolated to select councils. In fact, only the Baby boomer cohort in regional councils observed a year on year decline in the median first year turnover rate, despite representing a similar proportion of the workforce when compared to their metro and rural counterparts (approximately 25-30% of council staff across all council types).

Can a focus on a hybrid work environment help attract and retain office staff?

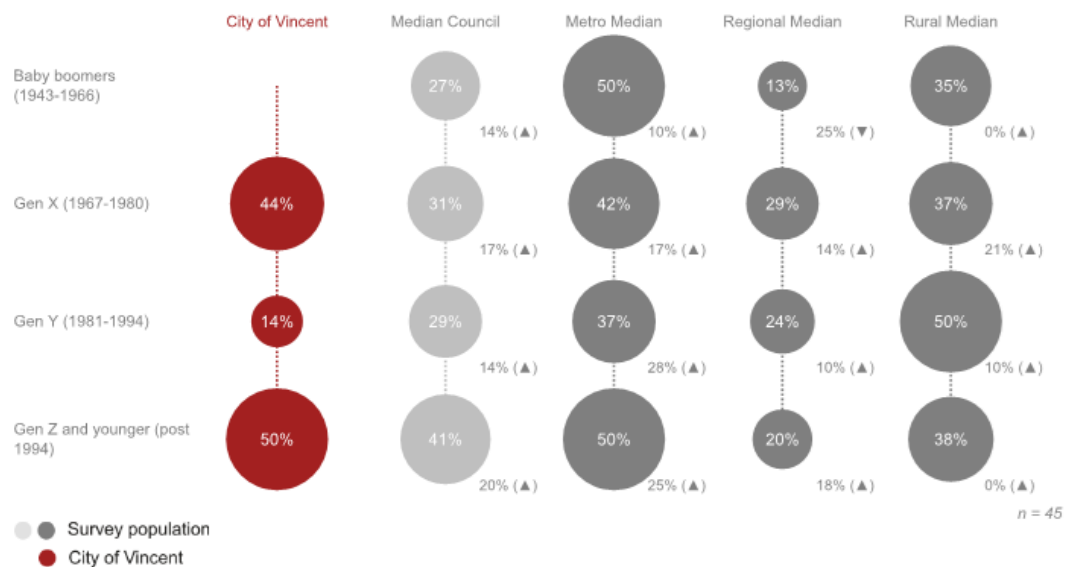
Expanding on last year's insights by generation, a new study conducted by PwC's Future of Work team provides a glimpse into the current state of hybrid working in Australia, and what this means for organisations.

Based on a survey of over 1,000 Australian knowledge-based workers (i.e. individuals who occupy roles that can be performed remotely either in part or whole, typically office/desk workers), the study found that:

- Overall, employees want to work from home for 3.4 days per week (on average), with 40% of Australians believing that they perform better away from the office;
- Millennials and Gen X staff prefer to spend less time in the office relative to their Gen Z and Baby Boomer counterparts, most likely due to the majority of this cohort having various carers' commitments; and
- If their organisation mandated a forced return to the office, 29% of respondents said they would quit their role and another 32% would consider leaving the organisation.³¹

In light of the above, we encourage councils to consider and communicate clear expectations to their teams based on business requirements, giving staff a structured yet flexible means of determining their combination of working from the home or the office.

Figure 1.41: Median staff turnover rate (by generation) in the first year of employment



³¹ PwC, 2022, 'Balancing Act: The New Equation in hybrid working'

Workforce

How are you managing the generational shift?

Transition to retirement

It is important for organisations to look after their employees across all stages of the employment life cycle, and the transition to retirement is an important phase requiring thoughtful consideration. Management should ensure their plans take into account not only the timely transfer of knowledge and/or skills to remaining staff, but also the continued wellbeing of the outgoing employee. A poorly managed transition to retirement

may feel synonymous with a loss of purpose and a sense of disconnect with the rest of the world.

For the first time in the survey, we see that all participating councils offer the option of flexible working through the transition to retirement period, followed closely by the option of reducing working hours from full-time to part-time (97% of councils).

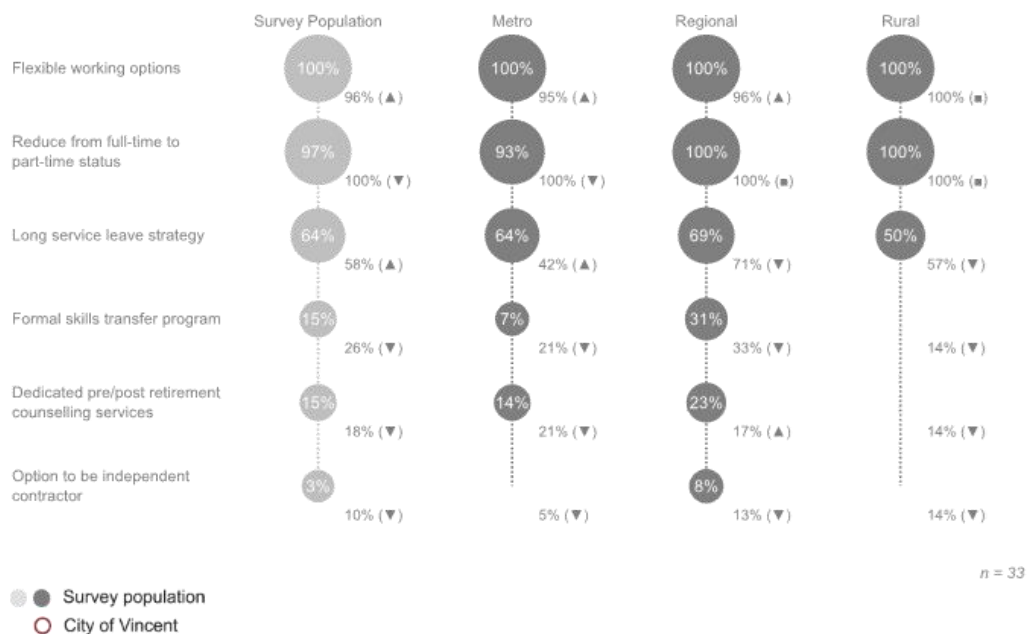
On the next page we look at upcoming potential retirements by staff role, and share some guidance on managing the CEO succession planning process. We note that whilst the guidance focuses on the CEO role, councils might also like to consider applying the principles more broadly towards succession planning for other key roles or individuals across the organisation.

Key considerations

- Does your council have a formalised transition to retirement policy? Are staff aware of the policy and actively encouraged by management to utilise the policy?
- How does your council ensure that an employee's skills and knowledge are transferred to the remaining workforce in a respectful and meaningful manner?
- Does your council perform a regular review of its transition to retirement policies to incorporate feedback received from retired alumni, prospective retirees and other key stakeholders? Alternatively, councils can consider engaging relevant stakeholders in a co-design session to ensure the policy remains relevant.



Figure 1.42: Which of the following transition to retirement policies does your council offer?



How are you managing the generational shift?

Potential retirements

At an overall workforce level, the percentage of staff reaching the retirement age of 65 continues to be broadly consistent with prior years, at 15% in the next 5 years and 28% in the next 10 years. We observe a fairly even distribution of potential retirements in the next 5 years across all levels below the CEO, with a slightly higher proportion of staff reaching retirement age at small-sized councils.

When we explore the results at the CEO level, we find that 37% of CEOs will potentially retire within the next 5 years, with this figure increasing to 63% in the next 10 years. With this in mind, councils will need to ensure that there are succession plans in place to allow for a smooth transition of leadership responsibilities in the not-too-distant future.

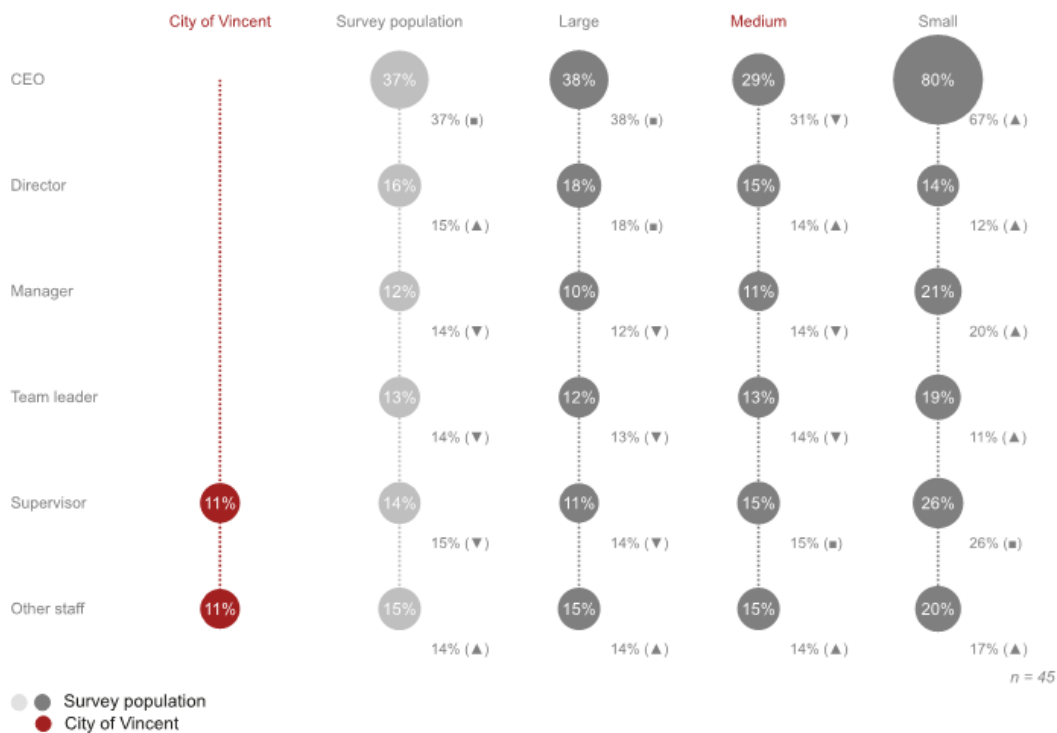
Considerations for CEO succession planning

With a greater proportion of upcoming potential retirements at the CEO level, we share some key characteristics of successful planning for a smooth CEO transition.³²

- **Determine who owns the succession planning process.** Does the council need to establish a special committee? As a minimum there should be clearly defined roles and responsibilities in place.
- **Have a detailed and documented plan.** It should include items such as capability requirements for the next CEO, short- and long-term goals, and a timeline for each step of the process (such as interviewing candidates, appointment of new CEO and subsequent announcement), and a determined frequency of review.
- **Include a well-defined emergency succession plan.** In the possible event of a sudden CEO departure, has the council identified strong interim candidates who are able to step in quickly to minimise business disruption? These candidates can spend time with the current CEO to start developing the necessary skills to take on the role if an emergency scenario occurs.

We encourage councils to log into Data Kit and use the Council Comparative Analysis Tool (CCAT) to further analyse potential staff retirements in the next 10 years across comparative groups of councils.

Figure 1.43: Potential retirements in five years (by June 2027)



³² PwC, 2021, 'How the best boards approach CEO succession planning'

Finance



2%

median cost of finance as a percentage of revenue

24%

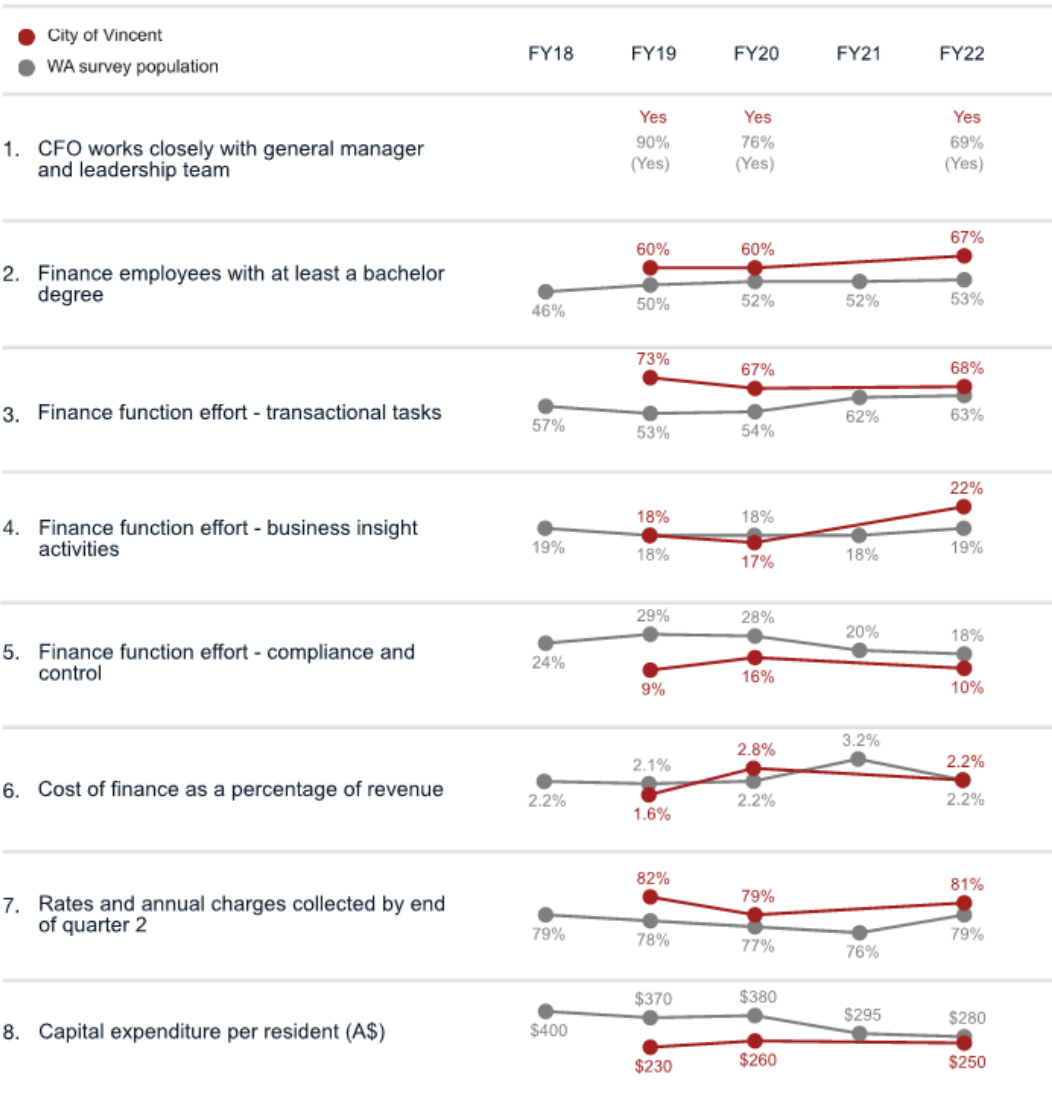
of councils report frequent use of cloud based data wrangling tools

40%

of councils processed no more than 500 manual journals during the year

Finance Trend Summary

City of Vincent



Finance

Is your finance function viewed as a business partner?

CFOs need to seize the opportunity for change

More than ever before, the CFO role is presenting itself as a keystone in the leadership team as organisations look to their CFOs to provide insights not only into the financial aspects of the business, but also the operational elements. Today's CFOs need to provide financial leadership, aligning the business and the finance strategy while working across the whole organisation to ensure decisions made today are fit for the future.³³

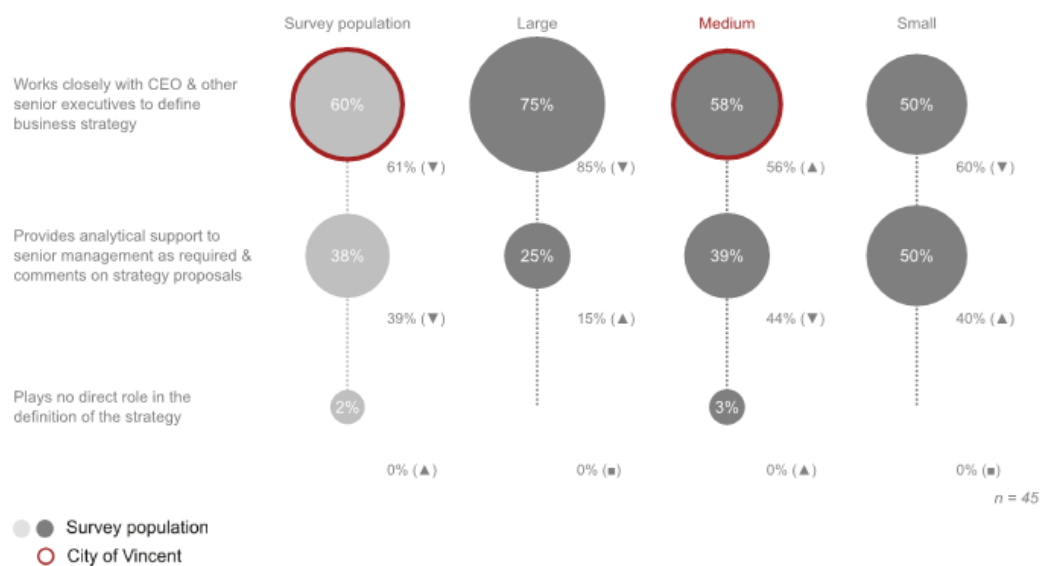
In Figure 2.1, we note that the overall results remain fairly stable year on year. However, when analysing the results by council size we observe a general decline in the number of councils where the CFO is closely involved in defining the strategy of the council. This appears to be counterbalanced by increased CFO involvement in providing analytical support to senior management, highlighting the importance of the finance

function and their potential to generate significant business insights for the benefit of council leadership teams.

On the following pages we explore how councils are interacting with their finance teams and whether they are capitalising on the opportunities for staff to be upskilled and/or focusing on generating business insights.

"The modern day CFO isn't just a CFO, they are the influential leaders in their organisation doing more with less; making data-driven decisions to help their businesses succeed in a digital world."³⁴

Figure 2.1: What role does the CFO play in the development of the council's business strategy?



³³ PwC, 2022, 'Shaping CFOs and their finance teams for tomorrow'
³⁴ Ibid

How are you creating real time insights?

Opportunities for finance teams to generate business insights

Across participating councils, over the past four years we have observed finance teams spending a greater proportion of time on transactional efficiency (65% in FY22, a steady increase from 57% in FY19 (the lowest result in the program's history). This appears to be occurring primarily at the expense of time that was previously spent on generating business insights, which has seen a 5% decline over the same four-year period (18% in FY22).

When compared to the top performing finance functions as identified in the PwC 2021 Finance Effectiveness Benchmark Study, which highlighted that nearly three-quarters (73%) of their time is dedicated to data analysis and business insights³⁵, it is clear that councils have a great opportunity to reimagine their finance function and attract or retain high performing individuals.

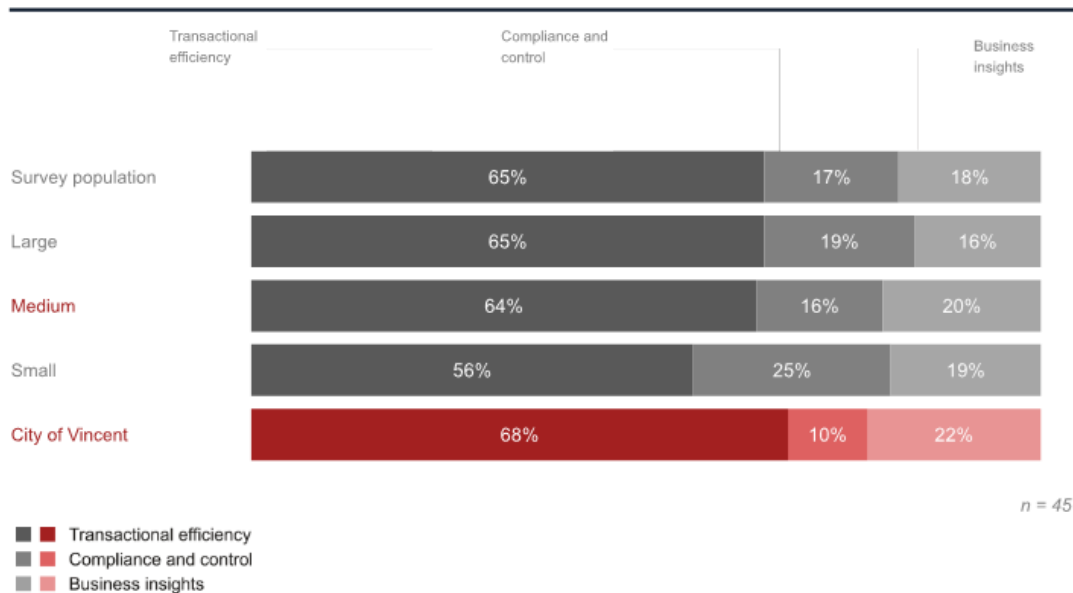
In response, leadership teams should seek to support their CFOs in developing and delivering a plan to upskilling and reskilling their finance staff. A research paper released by RMIT Online titled 'Ready, Set, Upskill' found that working professionals are increasingly conscious of the need to enhance their digital skills, with one-third of workers saying they needed new skills for a post-COVID world and a quarter of workers feeling as though they didn't have all the skills they required for their jobs.³⁶ Additionally, the paper also noted that workers are eager to embrace upskilling opportunities and professional development, but half the respondents said their employer does not provide training, and only about a fifth said they have access to training subsidies.³⁷ Overleaf we look at the educational background of councils' finance teams and discuss finance transformation in more detail.

How can councils upskill and reskill their finance function?

- **On-the-job learning:** Rotational apprenticeship programs and shadow opportunities give people the opportunity to demonstrate underused skills and offer hands-on experience in technical and analytical skills. Integrating finance more deeply into the business can bring insights that result in improved reporting design and impactful storytelling.
- **Redeploy:** Recognise that not everyone is going to be able to make the shift from a data analyst to a strategic advisor, nor should they be expected to. For those employees who aren't suited for the change, help them find new roles where their skills are a better fit, making space for new team members who can challenge the status quo.³⁸

Business insight relates to effective ways of working so that finance can guide the business to enable sustainable business growth, and provide relevant and timely performance management information.

Figure 2.2: Finance function effort by process



³⁵ PwC 2021 Finance Effectiveness Benchmark Study

³⁶ PwC, 2022, 'Your finance transformation can flourish when you prioritise people's growth'

³⁷ Ibid

³⁸ PwC, 2021, 'More than tech: Why finance transformations should start with people first'

Finance

Finance partnering with the business

Recognise existing skills and future-proof your finance team

This year we observed a slight dip in the academic qualifications of staff across participating councils, with 44% of finance employees having at least a bachelor's degree (down from 47% in FY21), and 23% having a postgraduate qualification (down from 26% in FY21). Small councils employ the lowest proportion of highly-educated finance staff, with 24% of staff holding at least a bachelor's degree, similar to rural councils (30%).

However, this is only the beginning of the picture, as councils should seek to invest in their employees through regular on-the-job training and upskilling. Therefore we encourage councils to analyse this data in conjunction with Figure 1.23 in the 'Talent strategy' section in the Workforce chapter, as well as Figure 2.8 in the 'Digital transformation' section in this chapter to better understand the current and potential skill set of their finance teams.

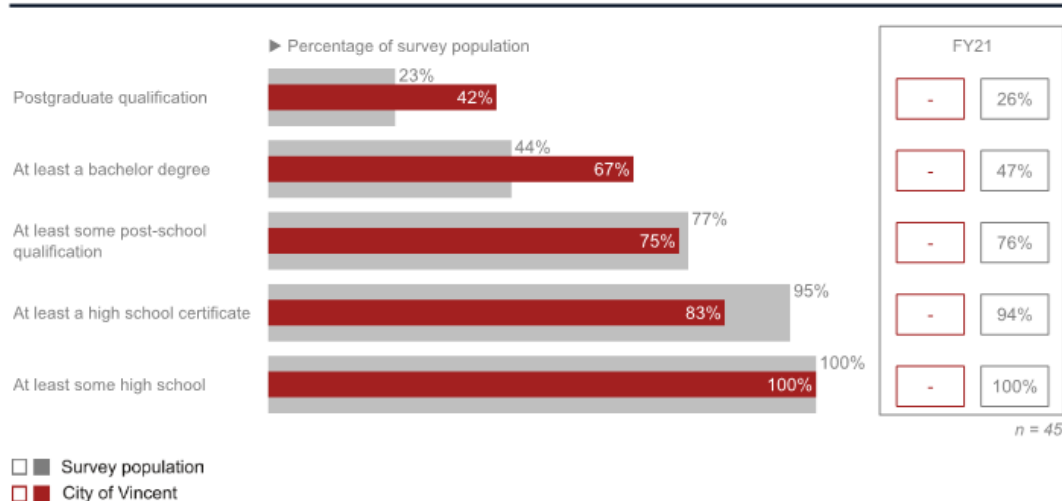
"When leaders plan to start on their journey to transform their finance functions, much attention is placed on processes and performance. These two elements are important to the way finance contributes to strategy, innovation and productivity, but an equally important element is people."³⁹

Invest in your finance function by investing in your people³⁹

In a recent *Future of the Profession* webcast (presented as a collaboration between PwC and the Group of 100, Australia's peak body for CFOs and senior finance executives) that focused on 'emerging skills and upskilling' for finance teams, it was identified that finance leaders are utilising a number of methods to drive change, including:

- Having a clear picture of the skills and capabilities the finance team will require in future and then mapping a learning program to meet those needs;
- Building targeted training outcomes into the KPIs of leaders and team members;
- Encouraging peers to share knowledge, ideas and experiences (e.g. coaching and mentoring);
- Rewarding people's learning by celebrating personal achievements (e.g. certifications) and factoring this into decisions around promotions/career progression; and
- Role modelling the commitment to learning and development that leaders expect from their people (e.g. finance leaders sharing details – and learnings – of their own professional development activities).

Figure 2.3: Finance employee qualifications (cumulative)



³⁹ PwC, 2022, 'Your finance transformation can flourish when you prioritise people's growth'

Does your finance function deliver value for money?

Finance function cost

This year we observe the median cost of finance as a percentage of revenue at 2.1% (slightly down from 2.2% in FY21). When compared against the results of the PwC 2021 Finance Effectiveness Benchmarking Study, which found that global finance functions are costing a median of 0.9% (finance cost as a percentage of revenue)⁴¹, it is clear that councils have a significantly higher investment in their finance function, compared to other industries/sectors.

The study also identified that approximately 50% of FTE time spent on management reporting tasks can benefit from automation.⁴² Similar opportunities

for automation were also identified for other high priority finance tasks such as payroll (22%), budgeting/forecasting (23%) and general accounting (29%).

Whilst large and medium-sized councils reported a decline in the cost of finance as a percentage of revenue, small councils saw their costs increase to 3.0%, up from 2.4% in FY21. Is this correlated to the higher percentage of overtime hours per FTE also reported by small councils (as noted in the Workforce chapter)? We encourage councils to investigate and cross-reference their data points to get to the root cause of their results.

As noted earlier in this chapter, with CFOs under increasing pressure to deliver more insights to senior management, finance teams need to be ready and available to dive into the data in a way that extends beyond traditional reporting outputs.

Across the following pages we assess whether finance teams have the ability to create capacity to take on such tasks.

Figure 2.4: Cost of finance as a percentage of revenue (council type)

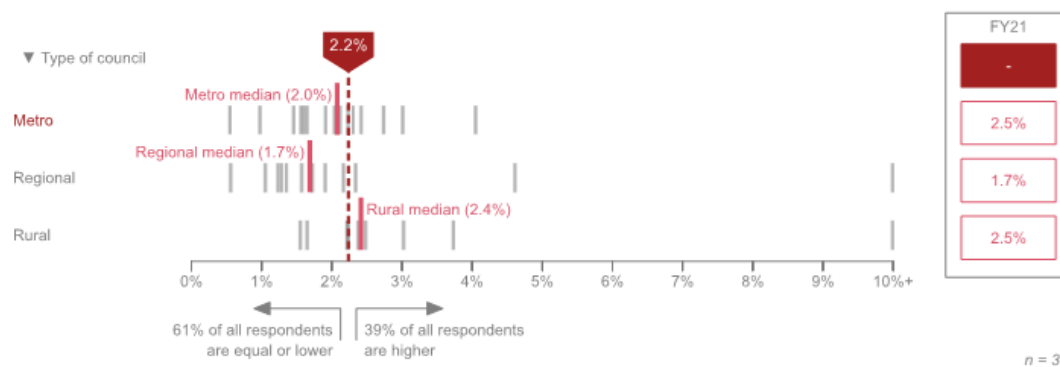
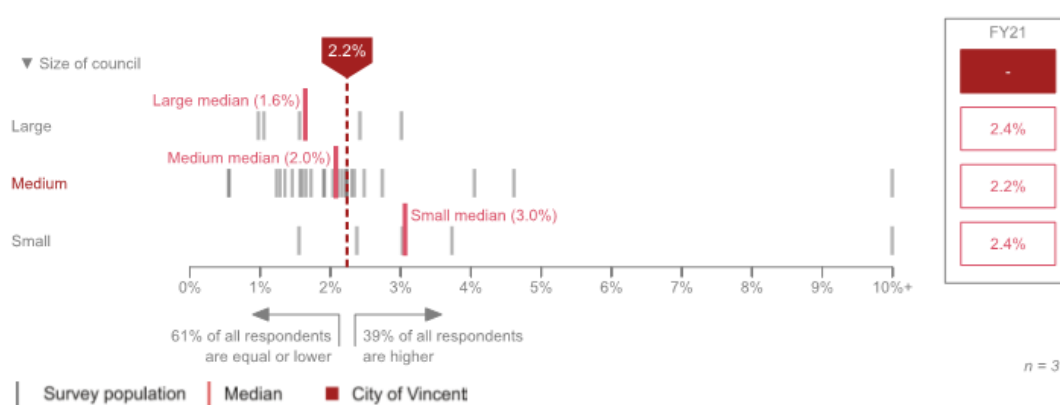


Figure 2.5: Cost of finance as a percentage of revenue (council size)



⁴¹ PwC, 2021, Future of Finance Point of View, 'Today's CFO - shaping tomorrow, today'

⁴² Ibid

Finance

How efficient is your finance function?

Days to report and manual journals

There are a variety of benefits to having an efficient finance function - it increases the likelihood of access to timely, insightful and accurate information (a crucial feature that contributes to management's decision-making processes), and it can also create capacity for staff to pursue learning opportunities and/or take on more challenging tasks that help them stretch towards the next level in their career.

This year we find some slippage in the results, as the median council completes its close-to-report cycle within 11 days (compared to 10 days in FY21 and FY20), and councils in the top quartile of the survey results are delivering results to senior management within 7 days, one day slower than the prior year.

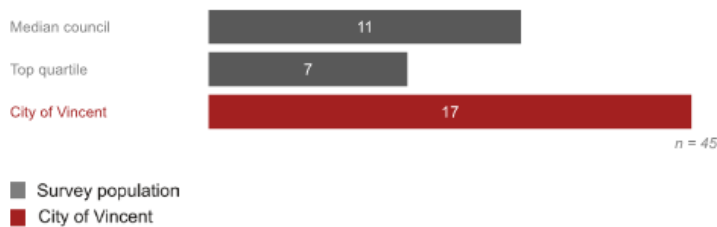
At the opposite end, councils in the bottom quartile reported delivering their financial results in 17 days (compared to 15 days in FY21). A prolonged reporting cycle can be a key indicator of inefficiencies in the reporting process, and in turn may limit the finance team's capacity to pursue the delivery of valuable business insights.

Despite this, we have seen an overall improvement in the volume of manual journals being processed, with 40% of participating councils handling less than 500 manual journals during FY22, a noticeable improvement from 28% of councils in FY21. This metric provides an insight into a council's potential for process improvement, and with just under a quarter (23%) of councils continuing to

prepare more than 1,500 manual journals, there is still plenty of room for further finance function optimisation.

For the councils operating with a higher volume of manual journals, we encourage leadership to engage in deep listening sessions with their teams to understand the root causes of such manual tasks. Are there recurring entries that can be automated? Is there a bottleneck in the overall business process that is unnecessarily driving the need for manual entry? Enabling greater operational efficiency will allow councils to redeploy finance resources to more value-adding tasks and contribute to a more robust control environment.

Figure 2.6: Days to close and report

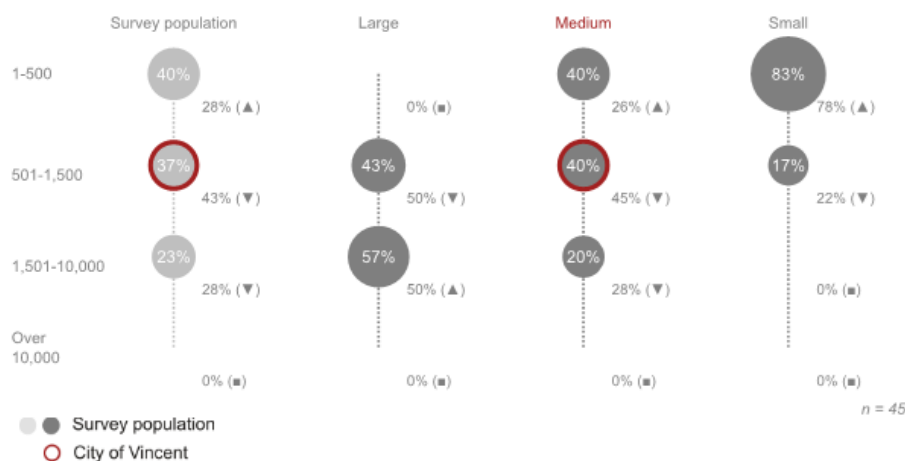


How can you reimagine the finance function?

Empower your people: Encourage employees in core roles like financial analyst and accounting manager to stretch their problem-solving skills - challenge them to identify business pain points and learn to create automations that can improve their own cycle times.

Make it easier for people to be productive: Use workflow automation tools, digital social hubs, and chat tools to modernise the workplace and create efficiencies.⁴³

Figure 2.7: What was the total number of manual journals processed in the year ending 30 June 2022?



⁴³ PwC, 2021, 'More than tech: Why finance transformations should start with people first'

How does technology support the finance team?

Is your finance team embracing digital transformation?

Continuing our analysis of operational efficiency, Figure 2.8 looks at the present state of finance teams and how they have embraced process automation through the use of digital tools. This year we see a slight shift away from the frequent use of **manual data wrangling** (71% of councils, down from 76% in FY21) as nearly a quarter of participating councils report the frequent use of **cloud-based data wrangling** (24%, up from 21% in FY21).

It is pleasing to see that more councils are embracing the power of visual storytelling, as we observe an increase in the frequent or somewhat frequent use of **data visualisation** tools (42%, up from 38% in FY21), driven by an increased uptake across large and medium-sized councils. When used correctly, the application of data visualisation techniques (such as charts and infographics) can be a powerful means of communication for teams to convey a data-driven story to an audience who may not be familiar with the detailed data (for example, senior management).

Conversely, this year we see a decline in the use of data transformation and blending tools, with only 36% of councils reporting frequent or somewhat frequent use (compared to 44% in FY21). However with increasing demands on CFOs to provide business insights, we may see an uptick in activity in the future. Overleaf we take a glimpse into the future and look at councils' plans for technology adoption across the next two years.

Is your finance function appropriately upskilled for successful finance transformation?⁴⁴

Not only is there a shortage of finance professionals in Australia, but the requisite skill set for finance professionals is changing. In an additional insight from the aforementioned *Future of the Profession* webcast (see page 41) that focused on 'emerging skills and upskilling' for finance teams, the CEO of RMIT Online (Helen Souness) discussed her organisation's analysis of three years of job adverts for finance professionals.

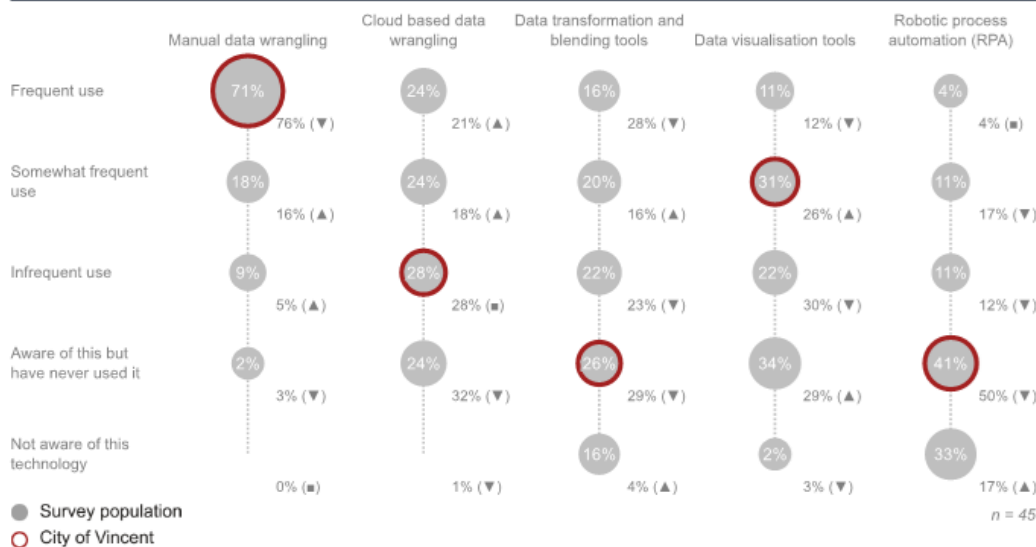
It was noted that while some requirements remain the same, employers are increasingly on the lookout for a new range of technical and digital skills, such as:

- Fluency in programming using SQL, Python, Dart, etc;
- Data visualisation on platforms, e.g. Tableau;
- Understanding blockchain and its potential applications;
- Risk management techniques; and
- Sophisticated problem solving skills.

The breadth of skills listed above indicates that finance professionals are expected to be performing real time analysis and interpretation of large data sets as well as reporting on historical information.

Data wrangling is the process of transforming data from its original "raw" form into a more digestible format and organising sets from various sources into a singular coherent whole for further processing and analytics. **Manual** data wrangling involves software such as MS Excel, whilst **cloud-based** methods involve real-time collaborative methods such as Excel 365 and Google Sheets.

Figure 2.8: Finance function current maturity - use of technology and tools during FY22



⁴⁴ Deloitte 2022, 'Your finance transformation can flourish when you address people's needs'

Finance

How does technology support the finance team?

Is your finance team embracing digital transformation? (continued)

When it comes to the future or desired state of finance maturity, councils remain optimistic for rapid digital transformation in the short-term. Our survey results highlight that over the next two years, councils aspire to reduce their reliance on manual data wrangling (45% of councils plan to manually prepare and process data on a frequent basis, compared to 71% currently doing so) and increase the adoption of cloud-based data wrangling into their daily operations (43% of councils intend to use frequently, compared to current uptake of 24% of councils).

Additionally, 38% of councils plan to use data visualisation tools on a frequent basis in the next two years, an increase from

11% currently doing so, and 31% of councils are planning to achieve frequent usage of data transformation and blending tools in the two next years, compared 16% of councils at present. This is promising for teams as they have the potential to save hours each month by eliminating the repetitive nature of manually manipulating and preparing data for monthly management reports.

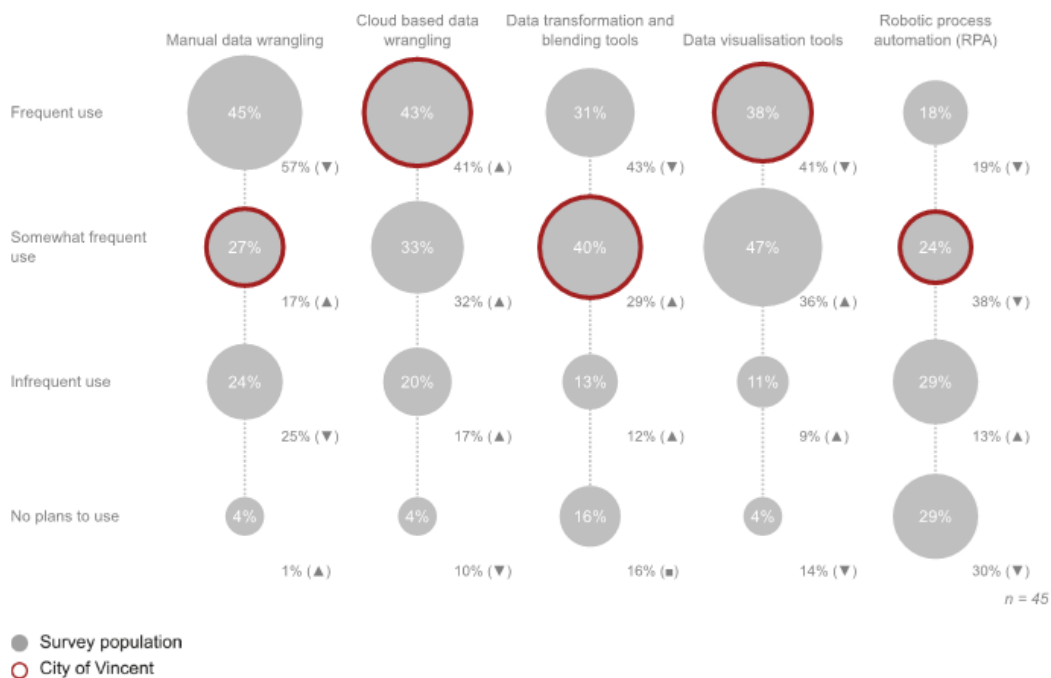
Councils' plans to transform their finance function will require careful consideration - not only in selecting the technologies to adopt, but also an assessment of the finance team's existing skill sets and personal career aspirations. All of these inputs would ideally feed into a roadmap

of staff training timelines and scheduled IT updates, which in turn aligns to the council's overall business and IT strategy to ensure a cohesive plan for all teams involved.

We encourage councils to log in to Data Kit to further analyse these results at a filtered survey population level, using the available chart filters in the Council Comparative Analysis Tool (CCAT). In particular, councils that subscribe to the Council Comparative Window (CCW) may be able to identify peer councils that have similar aspirations and share learnings or experiences for one another's benefit.

"When driving finance transformation, the business case for investing in learning and development really stacks up. Finance leaders who do invest will be more likely to retain their best people. And, when they're seeking fresh talent, leaders will have a compelling employer value proposition to offer. In short: your organisation (and your people) will be better for it."⁴⁵

Figure 2.9: Finance function future maturity - plans to use technology or tools in the next two years



⁴⁵ PwC, 2022, 'Your finance transformation can flourish when you prioritise people's growth'

Source of income

Revenue profile

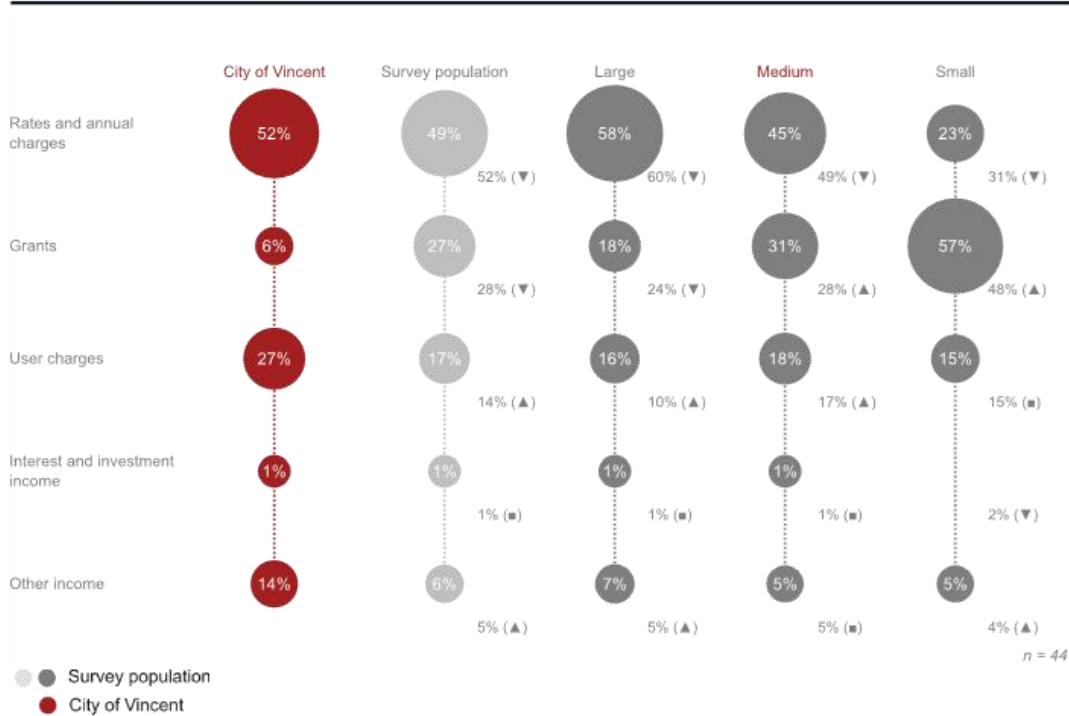
In line with historical trends, **rates & annual charges** and **grants** comprise approximately three-quarters of income for all councils, in varying ratios depending on geography (for example, metro councils earn more from rates & annual charges whereas rural councils earn more from grants).

How does your council manage its revenue profile?

- Is the overall revenue profile given continuous attention and management?
- Does the council ensure that income is diversified to protect for any adverse shocks?
- Does management actively look for new revenue opportunities? Are they supported with the right skills and resources to assist with identifying new opportunities?
- Are contingency plans in place to protect the council from any short-term/emergency funding shortages?



Figure 2.10: FY22 revenue profile



Finance

Optimising working capital

Collection of rates and annual charges

Figure 2.11 shows the cumulative collection of your council's rates and annual charges compared to the survey population, and Figure 2.12 displays the distribution cash collections by quarter during FY22. This metric has remained fairly consistent year on year, with an overall 63% of rates being collected by the end of the second quarter, compared to 61% in the prior year.

Metro councils tend to front-load their cash collection more than the others, with 68% of rates collected by the end of quarter two, compared to regional councils (58%) and rural councils (57%).

The infographic (next to Figure 2.11, below) shows the dollar-value equivalent of 1% of rates and annual charges collected. Councils can use this to determine how far ahead or behind they may be from quarter to quarter.

The importance of working capital

Working capital is a measure of liquidity, operational efficiency and short-term financial health.

Councils can better manage and allocate their cash flow and working capital through efficient collection of council rates and annual charges, employing methods such as:

- Offering early payment incentives;
- Imposing late fees for overdue payments; and
- Charging a small interest and/or an instalment fee if ratepayers choose to pay in instalments.

Minimising barriers to and facilitating easy payment options for residents, as well as automating financial processes, can help optimise labour-intensive finance processes and improve the relationship between councils, ratepayers and suppliers.

Figure 2.11: Cumulative collection of rates and annual charges

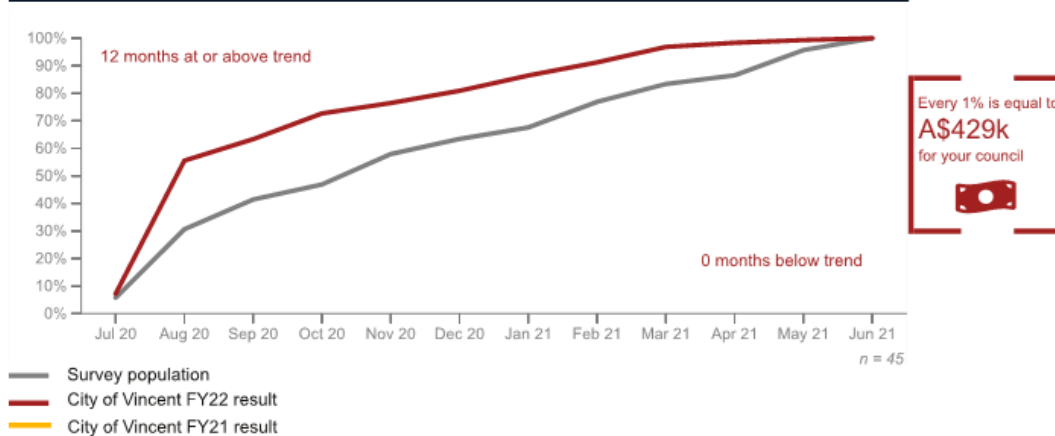
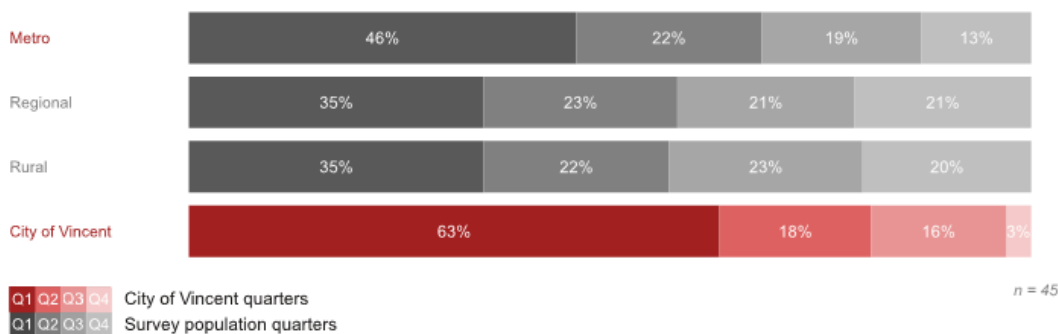


Figure 2.12: FY22 quarterly collection of rates and annual charges



Tracking and managing capital projects

Capital project expenditure

The effective management of capital expenditure (capex) is particularly important due to the asset-intensive nature of local government services, as well as the limited capacity of councils' operating budgets to absorb variations in the financial outcomes of capital projects.

However we also acknowledge the challenging nature of managing capex spend, due to the inherent volatility in spending each year as councils undertake a variety of significant capital works

according to predetermined plans or responding to unexpected events/emergencies which can adversely affect budgets and timelines. This was apparent in the results as 94% of participating councils reported that their actual capital expenditure exceeded their budgeted expenditure for the year.

Consistent with historical trends, we see that rural councils have a much higher median capex spend per capita at \$1,910 per resident (up from A\$1,650 in the prior

year) compared to their counterparts. This is in part a reflection of the lower density population of rural councils compared to their regional and metro peers, which does not proportionally reduce the substantial costs associated with construction and maintenance of public infrastructure. It should also be noted that grants are often provided to facilitate these capital works, as reflected in the rural councils' funding mix where grants make up a relatively larger portion of overall revenue (45%).

Figure 2.13: Total capital expenditure (A\$) per resident (council type)

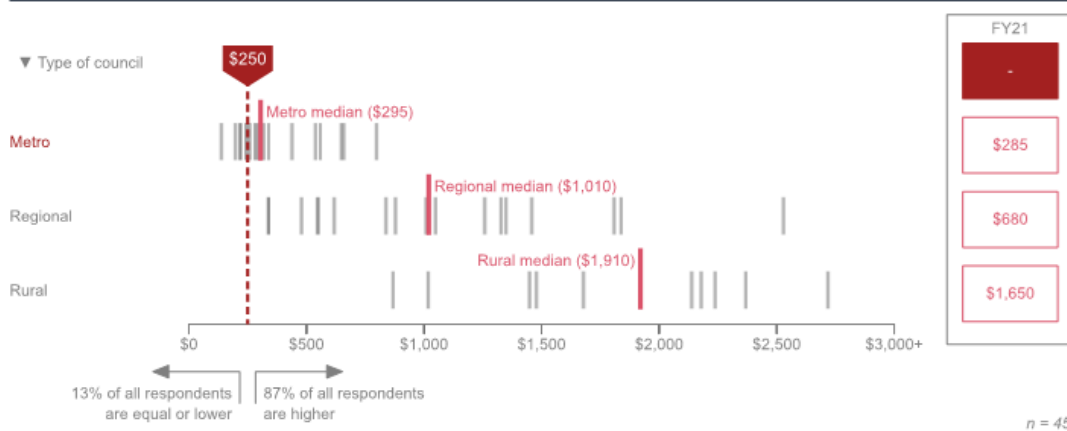
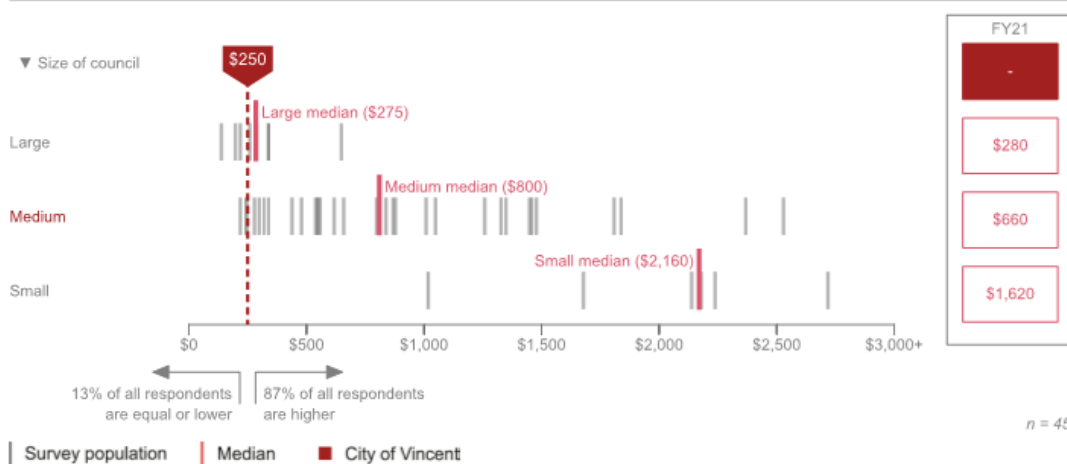


Figure 2.14: Total capital expenditure (A\$) per resident (council size)



Survey population | Median | City of Vincent

Operations



43%

of councils consider 'loss or compromise of sensitive data' as the primary consequence of a cyber attack

49%

of councils have a formal cybersecurity strategy

98%

of councils perform simulations or assessments to proactively identify cybersecurity risks

Operations Trend Summary

City of Vincent



Operations

Fostering productive corporate service functions

Corporate services

The corporate services function is the beating heart of the council, as its collective responsibilities are crucial in ensuring the smooth running of the day-to-day business operations, which have a flow-on effect to the outer limbs of the council's community services. A key focus is to provide business critical information and insights to cultivate efficient business processes, along with maintaining integrity and efficiency in line with organisational objectives.

Our analysis focuses on insourced corporate services, with an emphasis on Customer Service, Finance, Human

Resources (HR) and Information Technology (IT). If your council outsources either some or all of these four corporate service areas, your results may not be comparable to other councils that predominantly insource these functions.

This year's results indicate that large councils have a relatively even distribution of staff across the four functions noted above, whilst medium and small councils have a higher concentration of staff in the Finance function (34% and 41% respectively). Small councils also have the smallest proportion of their corporate services staff in HR and IT (both 16%).

As part of our analysis, we also assess the efficiency of the staffing model in corporate services by reviewing the number full-time equivalents (FTEs) per \$10m of total operating expenses. The economic, geographic, and demographic factors faced by large councils appear to provide the opportunity for efficiencies, operating with 3.8 corporate service FTE per \$10m of total operating expenses, compared to 4.3 and 5.3 FTE in medium and small councils respectively. Combined, the four corporate services represent 7% of total council operating expenses, a declining figure from recent years (9% in FY21 and 10% in FY22).



Figure 3.1: Breakdown of corporate service full-time equivalents



Fostering productive corporate service functions

Corporate services (continued)

Across the participating councils, we have seen a slight reduction in headcount per 100 employees across each of the four corporate services functions, with Finance leading the downwards shift with a 0.4 FTE reduction of staff per 100 employees to 3.9 in FY22 (compared to 4.3 in FY21).

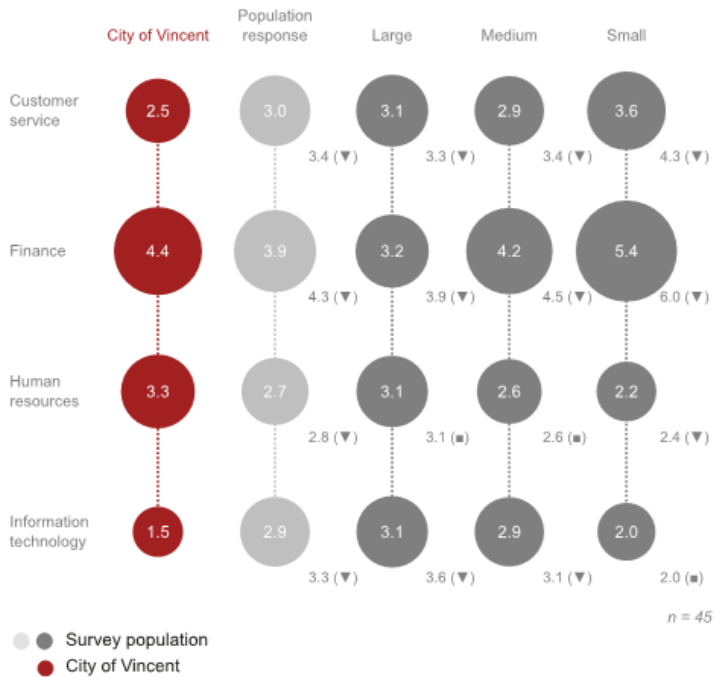
This decrease in Finance staff per 100 employees was most prevalent in small-sized councils, with a 0.6 FTE drop in average headcount (5.4 in FY22, down from 6.0 in FY21). This coincides with our observations regarding operational improvement within the finance team and finding ways to minimise time-consuming tasks. For instance, there was an overall reduction in the volume of manual journals processed (83% of small councils processed less than 500 journals in FY22, compared to 78% in FY21). Additionally, small councils reported a greater proportion of FTE effort on generating business insights (19% in FY22, up from 16% in FY21) which may have revealed further areas for efficiency gains.

We recommend reviewing the results in the Finance section of this report in tandem for a more holistic understanding of the finance function results.

When looking at the IT function, it was large councils that experienced the greatest headcount decline, at 3.1 FTE per 100 employees (down from 3.6 FTE in FY21). Perhaps this is representative of a more efficient IT function due to the operation of a formalised IT strategy, as a greater proportion of large councils reported the existence of a formal IT strategy this year (87% in FY22, up from 77% in FY21).

For more insights, refer to the second half of this section where we take a deeper dive into the IT function with a focus on cybersecurity.

Figure 3.2: Breakdown of corporate service staff per 100 employees



Operations

Customer service scorecard

Automating the customer experience

The pandemic has accelerated the digital transformation of many services, and the customer service function has been no exception. Vulnerable members of the community (and particularly those susceptible to illness) feel the need to maintain a more vigilant focus on their

physical health and safety, and it is crucial for councils to consider the accessibility of their services as possible to ensure they cater to the broadest demographic. This also needs to include a plan to educate and drive awareness of the digital options available to individuals.

Councils also stand to gain from digitisation. With greater access to customer information, councils have the ability to use the data to reimagine and tailor the overall service experience for their community. This is further addressed in the key considerations box below.



How can councils rethink the digitisation of their customer service offerings?

An article by PwC's Government Matters⁴⁶ provides the following tips:

- **Put your data to work:** Applying advanced analytical techniques to existing customer data will allow councils to provide more targeted services to those who need it most, such as those who are homebound, disadvantaged or vulnerable.
- **'Humanise' the digital experience:** Online transactions shouldn't feel sterile. Instead, investing in the look and feel of the digital service offering and tailoring a customer service approach for specific community groups can help individuals feel further supported, creating a greater sense of inclusivity within the community.
- **Create a bridge to digital channels:** Some members of the community may have a limited digital literacy due to challenges such as being able to access or afford a quality internet connection. Therefore it is important that councils work to reduce these barriers to technology, by keeping traditional service channels open whilst ensuring staff are able to educate and support customers with transitioning to self-managed/digital solutions. The model adopted by ServiceNSW across its physical locations is a powerful example of this: customers enter a shopfront and are greeted by staff who are able to assist with navigating the online menu options on the self-service kiosks. This builds the customers' confidence in navigating the online self-service portal from the comfort of their own home for subsequent service requests.
- **Constantly evaluate and improve the service offering:** Having feedback loops as part of the process to continuously improve the data and the analysis of that data will allow councils to more easily identify and predict customer needs, which in turn can help shape long-term policies and drive more efficient and targeted service delivery to citizens.

⁴⁶ PwC, n.d., 'Making digital services 'human' to serve vulnerable Australians'

Customer service scorecard

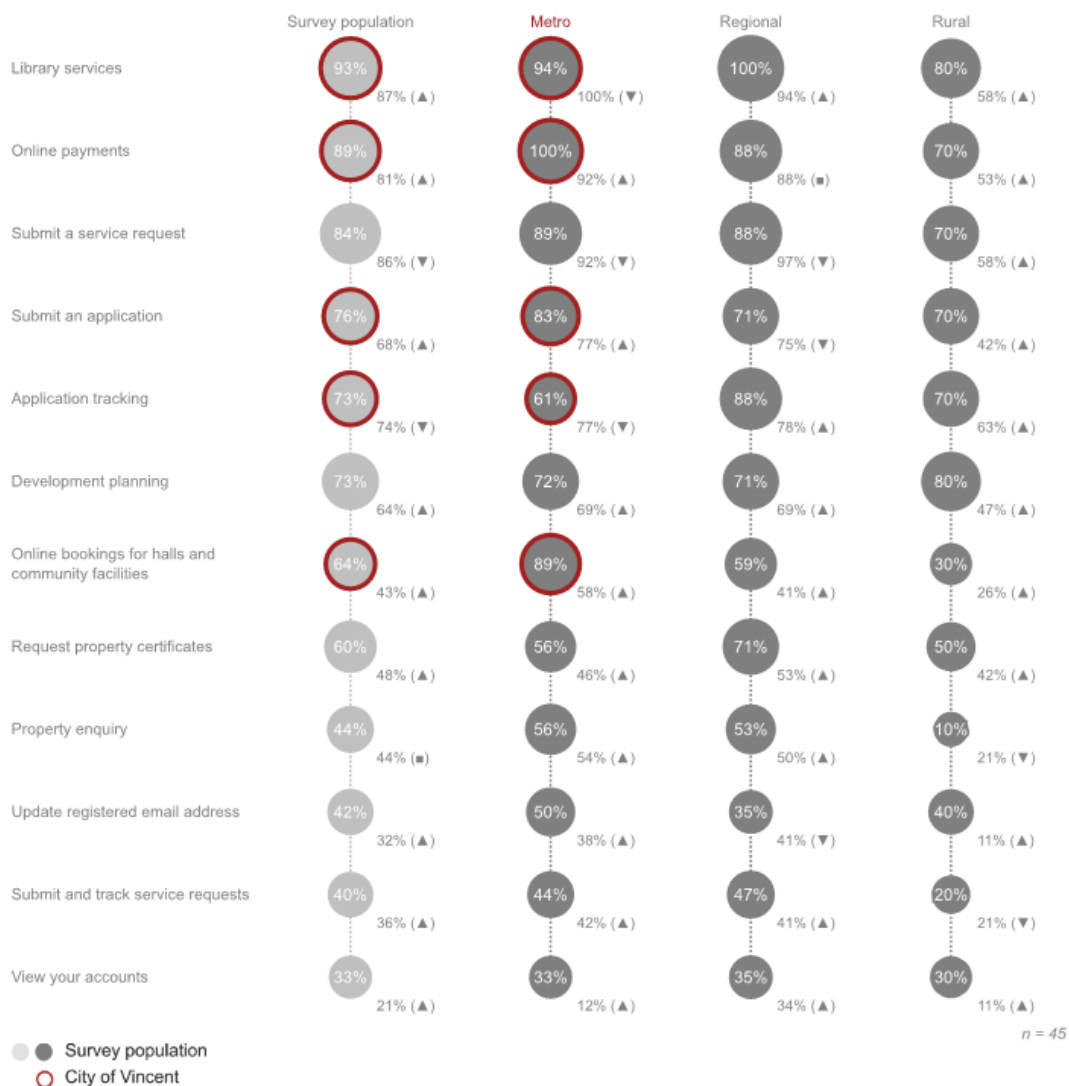
Automating the customer experience (continued)

Councils are demonstrating their commitment to growing the breadth of their digital services, as indicated in Figure 3.3. Overall, the vast majority of service categories represented in our survey either saw an increase or remained relatively consistent in the percentage of councils offering self-service functionality.

More than half of participating councils now offer online bookings for halls and community facilities (64%, up from 43% in FY21) as well as the ability to request property certificates (60%, up from 48% in FY21). Rural councils in particular have also improved their online presence, with a significant increase in residents' ability to

access development planning applications online (80%, up from 47% in FY21) as well as library services (80%, up from 58% in FY21).

Figure 3.3: Percentage of councils offering online customer self-service



Operations

Case study:
Open All Hours: transforming the community library experience through data

MidCoast Council, NSW

Background

MidCoast council was formed via the amalgamation of the former Great Lakes, Greater Taree and Gloucester Shire Councils in 2016. Since then, we have conducted two customer satisfaction surveys in 2018 and 2021. The survey schedule was based on the recommendations of the State Library of NSW and aligned with the planning cycle for Council's Development Plan/Operational Plan. In both surveys, the Harrington community expressed a desire for longer library opening hours.

From a pragmatic business perspective, the Harrington Branch was over serviced in both staff levels and opening hours, in relation to overall use. Despite active attempts by staff to engage with the community there was little change in patronage or loans. The lack of meaningful work negatively affected staff morale.

The motivation to change the service model was initially driven by the Harrington branch staff, with active support from the Library Manager and Customer Services Librarian. There were additional factors which allowed us to explore the viability of the Community Access model, namely:

- Staff retirement permitted a review of staffing needs;
- There was precedent from West Gippsland Libraries, who have established 24-hour access to their Foster Library branch;
- Council more broadly were updating security systems; and
- Active library members who are also editors of the local paper ('Tell Everybody') were in support of the proposed change.



Implementation

We began our discussions with the remaining staff members who were fully on board and keen to pursue the idea. The proposal was then "test driven" with the 'Tell Everybody' editors. In addition to being regular library users, as former business owners they acknowledged that the current model was over-resourced and uneconomic.

Following the initial staff discussions, our Community Engagement Team was briefed and they devised an engagement strategy which involved advertising through various channels - council/Library website & social media, Council advertising in local print media, "Advertorials" in 'Tell Everybody', and verbal promotion and 'up-sell' by library staff.

Following the engagement process, a group of community members formed a reference group to give feedback on the model during the trial period. It was the reference group who determined that the library access card system be programmed to allow card holders access at specific times, i.e. 1:00pm-5:00pm Monday to Friday and 8:00am-5:00pm weekends & public holidays. Council endorsed the 12-month trial period at the February 2021 full Council meeting.



Case study (continued):
Open All Hours: transforming the community library experience through data

MidCoast Council, NSW

Using data to enhance the Community Access model

Library usage data (loans, total visitations, visitations by day/time) is collected annually and can be extracted at more granular levels by location. In the case of Harrington Library, we have been collecting usage data since its inception in 2008 and the usage patterns over 14 years remained consistently low when compared to other branches of similar size. Our data analysis showed that Harrington Library was active prior to 2:00pm during the week, with little afternoon traffic and negligible activity on Saturday mornings.

Currently, the data shows that the library is used mostly prior to 1:00pm during the week, and weekend hours are under 1% of the total usage for April-October 2022, similarly concentrated in the 9:00am to 1:00pm band.

As the trial year of 2021-2022 included several months where community access was suspended due to COVID, the upcoming year (2022/2023) will be the first year of complete data that encompasses both staffed & unstaffed hours.



Reflections, outcomes and looking ahead

The three principal aims of the Community access model have been achieved:

- Staff are being used to their full potential and the workday is productive & satisfying - they are fully engaged and report increased 'busyness' compared to prior periods;
- Library members have access to additional library opening hours, including all weekend and public holidays. Library availability has risen from 35 hours per week to 58 hours, and over 300 community access cards have been issued, which is over 20% of branch members; and
- Community groups are benefitting from the increased library access, with regular after hours use by the Mahjong Club and Harrington Book Club.

The key to our success was the support of library staff. They are held in high regard by the community, and it was their enthusiasm for the project that allayed community fears about loss of staff jobs, having no help available for technology support and overall degradation services and facilities.

Other library services have shown interest in the model which is gratifying. We already are planning to refurbish the Tea Gardens Library in a similar fashion. For any other councils who may be inspired by our success, we encourage them to 'trust your community' and have the courage to 'try something new'.



Operations

Leading councils have an IT strategy

Importance of an IT strategy

As workplaces become increasingly digitised, we continue to observe the importance of technology in enabling employees to work remotely and communities to remain connected to councils. It is pleasing to see that nearly three-quarters of participating councils now have a formal IT strategy in operation.

An effective IT strategy should strike a balance between current business needs (i.e. supporting the day to day operations) and preparing for future developments (such as investments in new IT technologies/cloud services/cybersecurity).

Although our survey results indicate an increase in the proportion of councils reporting that they have effective systems in place with no concerns about their functionality (29%, up from 21% in FY21), this is countered by a slight decline in councils deeming their systems to be effective and a source of real business advantage (4%, down from 10% in FY21).

Having the right systems in place will allow staff to focus on using technology to enhance organisational efficiency, competitive advantage, and innovation, as well as strengthening the digital defence against potential cyber attacks. In the following pages we will look further into councils' progress in this space.

Figure 3.4: Does your council have a formal or draft IT strategy that aligns with the business strategy?

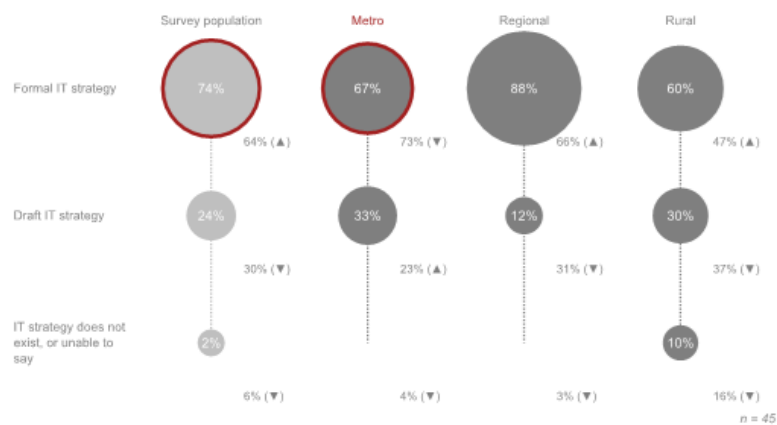
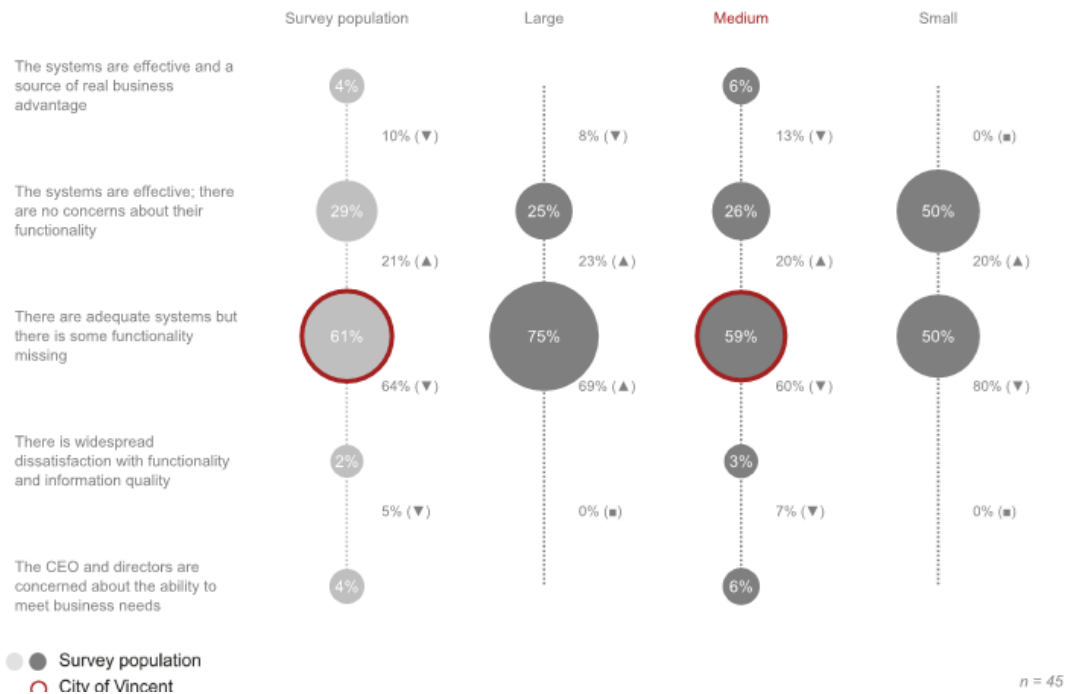


Figure 3.5: How effective are IT systems at supporting your business?



Investing in IT

IT spend

Although the workplace is becoming increasingly digitised, councils can expect to observe fluctuations in annual IT spend per employee as IT priorities, projects and investments can vary greatly depending on the council's circumstances in a given year.

Large councils continue to demonstrate a pattern of higher median spend, compared to medium and small councils where median spend declined year on year. However, what appears to be an

overall plateau in spend may in fact be indicative of planned IT investment on the horizon. Figure 3.8 (overleaf) indicates that 'cybersecurity implementation' is by far the top IT priority for most councils (42% of councils ranked this as their top priority), signalling councils' intentions to continue investing in organisational cyber resilience.

This echoes the findings from the 2023 PwC Global Digital Trust Insights Survey, where it was noted that 60% of Australian

organisations will increase their cyber budget in 2023, with 25% of those organisations planning to increase their cyber budget by 6-10%. Interestingly, just over a quarter (28%) of respondents in the survey indicated that their cyber budgets would remain unchanged.⁴⁷ Later in this chapter we delve further into the importance of cybersecurity for councils and related organisations.

Figure 3.6: IT spend (A\$) per employee (council size)

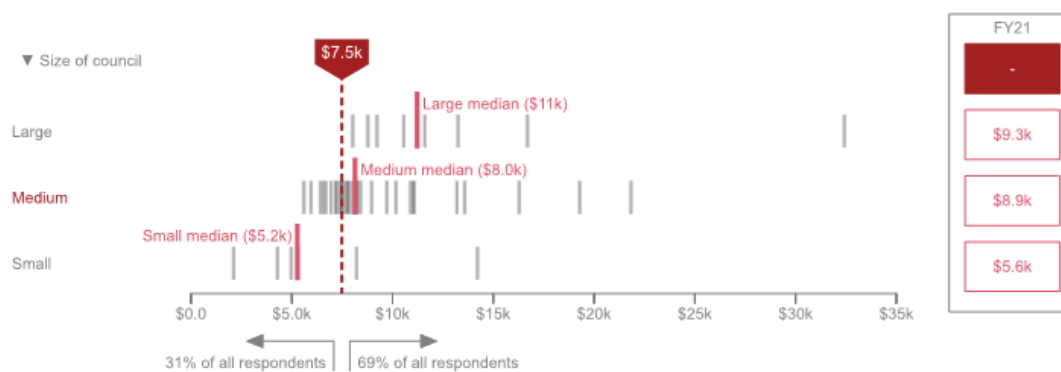


Figure 3.7: IT spend (A\$) per employee (council type)



We encourage council leadership teams to work closely with their Head of IT to understand the longer-term IT strategy/roadmap for the council, and use this to guide the budget design/plan for FY24. A cost assessment should incorporate the IT costs as well as the efficiency impact felt by the business in working with slow, cumbersome, or disjointed systems. When preparing the budget, areas to consider include integrated IT systems, cybersecurity implementation, cloud computing, software development and increased investment in employing experienced IT professionals.

⁴⁷ PwC, 2022, 'Cyber and the C-suite in Australia: Findings from 2023 Global Digital Trust Insights'

Operations

Managing your IT projects

IT priorities

Our program asks councils to rank a selection of IT priorities. 'Cybersecurity implementation' remains high on the list, being the most prevalent area of focus for councils over the last 3 years. Achieving the implementation of sufficient cybersecurity measures is not an end-state, due to the continuous churn of emerging cyber threats across the digital business landscape.

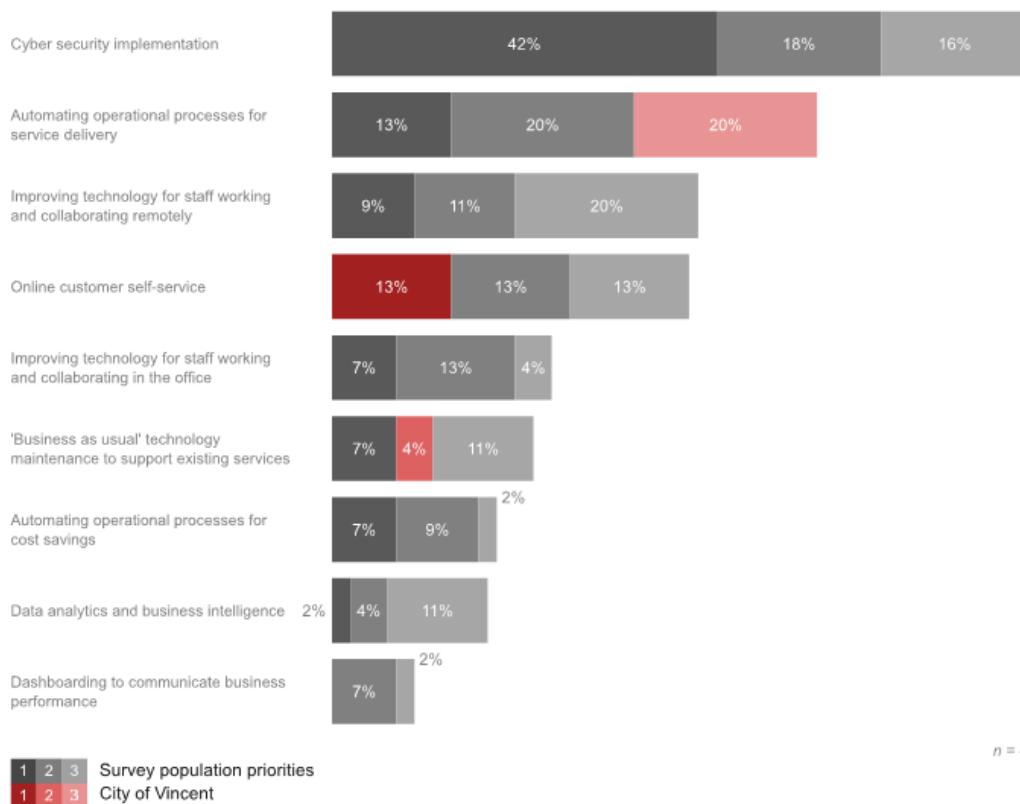
Therefore we anticipate that 'cybersecurity implementation' will remain a key priority for councils well into the foreseeable future.

It is interesting to note that whilst 'Automating operational processes for service delivery' is the second most popular priority for councils (53% of councils included it in their top 3),

'Automating operational processes for cost savings' sits at the opposite end of the list (only 18% of councils). This is perhaps reflective of the community-centric mindset of councils and demonstrates their ongoing commitment to serving the needs of their residents, ahead of spending limited resources on improving internal operations for economic benefit.

Top IT priorities jurisdiction	
NSW <ul style="list-style-type: none"> Cybersecurity implementation (75%) Automating operational processes for service delivery (53%) Improving technology for staff working and collaborating remotely (35%) 	WA <ul style="list-style-type: none"> Cybersecurity implementation (77%) Improving technology for staff working and collaborating remotely (54%) Automating operational processes for service delivery (53%)

Figure 3.8: What are your top three IT priorities over the next three years?



Be proactive, not reactive when it comes to cyber threats

Cybersecurity planning & responsibility

With high-profile cybersecurity breaches making headlines across the nation over the past year, it is evident that the issue of cybersecurity presents an ongoing challenge to organisations of all shapes and sizes. In light of this, in Figure 3.9 it is pleasing to see a continued uplift in the proportion of councils operating with a formal cybersecurity strategy (49% of councils, up from 39% in FY21), with a dramatic increase across small councils (66%, up from 30% in FY21).

However, the simple existence of a formal strategy is not enough to mitigate the pervasive risk that cybersecurity presents to council operations. There needs to be a cultural shift in the workplace where cybersecurity is understood to be everybody's business, driven by the tone from the executive leadership team.

responsible for cybersecurity, with the rest of the C-suite (CISOs and 'Other', most likely representing CEOs and CFOs) playing a supporting role. This draws some parallels with the results from 2023 PwC Global Digital Trust Insights Survey, which indicated that CISOs and CIOs retain most key cyber responsibilities, with CEOs, CFOs and CDOs being well represented across all areas of responsibility.⁴⁸

In the case of councils, Figure 3.10 illustrates that the Chief Information Officer (CIO) continues to be primarily

Cybersecurity and digital trust: Perspectives from the C-suite

The 2023 PwC Global Digital Trust Insights Survey evaluated 3,522 business, technology and security executives (CEOs, corporate directors, CFOs, CISOs, CIOs and C-suite officers) from around the world. The Australian component of the survey provides insights into 105 executives from the nation's C-suite and their priorities in the cyber landscape, as well as their key concerns and assignment of roles and responsibilities across the business functions of their organisations.

For Australia's C-suite, the top five factors that would help drive cybersecurity transformation in their organisations across the next 12-18 months were determined as:

- Leadership that drives cybersecurity throughout the organisation;
- Ensuring all non-cybersecurity employees understand the potential cyber implications of their actions;
- Strengthening data analytics capabilities on cyber and privacy activities;
- Educating the board on cyber risks; and
- Solving the talent gaps in the cybersecurity workforce.⁴⁹

Figure 3.9: Does your council have a formal cybersecurity strategy?

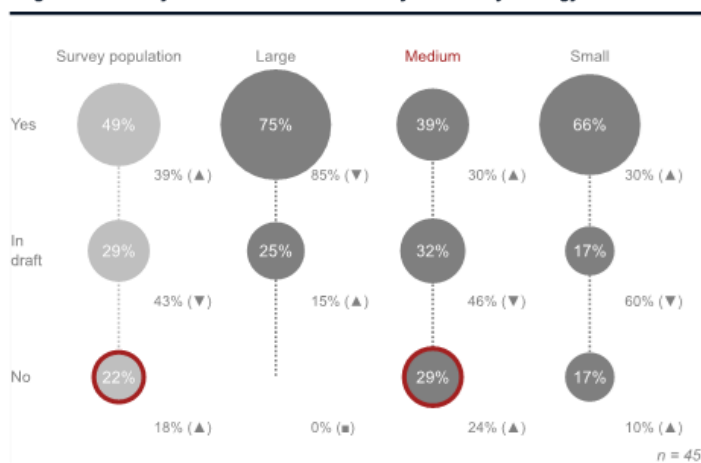
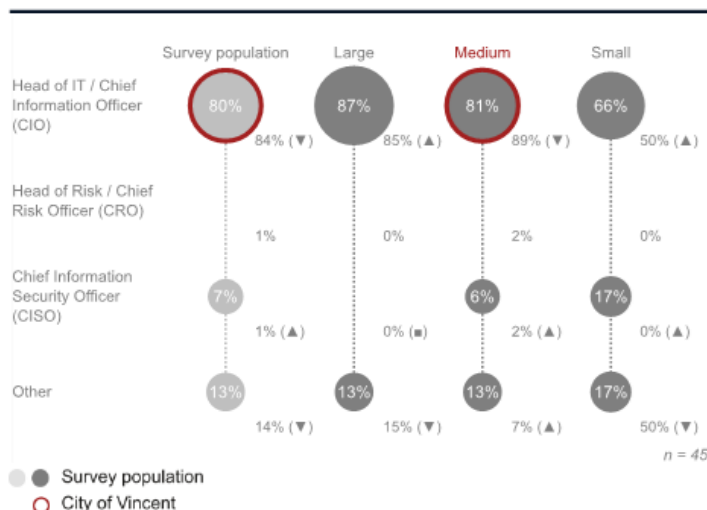


Figure 3.10: Who is responsible for cybersecurity within your council?



⁴⁸ Key responsibilities identified in the survey included roles such as 'Managing third-party risks', 'Deciding on cyber budget', 'Coordination on cyber incident response', and 'Managing data governance and privacy'.

⁴⁹ PwC, 2022 'Cyber and the C-suite in Australia' Findings from 2023 Global Digital Trust Insights'

Operations

Be proactive, not reactive when it comes to cyber threats

Cybersecurity planning & responsibility (continued)

When it comes to managing cybersecurity, a larger proportion of smaller councils (83%, up from 80% in FY21) outsource this responsibility compared to their medium and large sized counterparts. Regardless of their size however, councils should weigh the benefits against the risks associated with outsourcing cybersecurity management to ensure adequate oversight across all business functions.

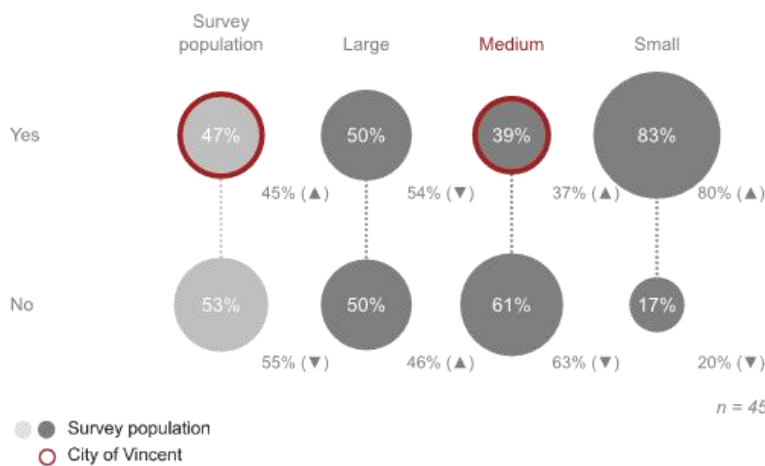
Is your council vulnerable to cyber threats and attacks?

PwC's Cybersecurity & Digital Trust team highlights a number of unexpected factors that can increase an organisation's cyber vulnerability, such as:

- Having an inaccurate view of your cybersecurity risk profile and threat landscape;
- Having limited, inflexible or non-existent plans to manage cybersecurity incidents with appropriate cyber threat intelligence;
- Having unnecessarily complex third-party supplier ecosystems where core functions are outsourced without adequate controls or understanding for clients;
- Changes in legal and regulatory expectations that affect the organisation;
- Rapid adoption of emerging technologies without commensurate controls;
- Having poor or inflexible data protection or privacy management policies in place; and
- Having immature digital and technology risk management practices in play.⁵⁰

The overarching theme across these factors is stagnation. Councils need to ensure their cybersecurity resilience plans are regularly reviewed in light of emerging risks, to ensure they remain agile enough to ideally detect and deflect, rather than responding and recovering from a cyber attack.

Figure 3.11: Does your council use an outsourced provider to manage cybersecurity?



⁵⁰ PwC, 2022, 'Cyber and the C-suite in Australia: Findings from 2023 Global Digital Trust Insights'

Assess, prevent and protect

Identifying cyber security breaches and risks

Findings from the 2023 PwC Global Digital Trust Insights Survey indicate that over the past year, nearly all participating Australian organisations have been focussed on mitigating cybersecurity risks associated with increased data volumes (96%) and risks associated with increased supply chain digitisation (95%). Both of these are relevant to councils in the context of increasing digitisation of their own services. Additionally, only 37% of Australian organisations reported taking an anticipatory and preventative approach by assuming incidents will occur and embedding mitigations accordingly.⁵¹

Our program focuses on understanding the kinds of preventative measures being incorporated into councils' cybersecurity strategies. This year, we observe that nearly all participating councils are performing some form of test, simulation or assessment (only 2% of councils reported performing 'none of the above', down from 5% in FY21), indicating that councils are continuing to assess the strength of their critical infrastructure to defend against data breaches.

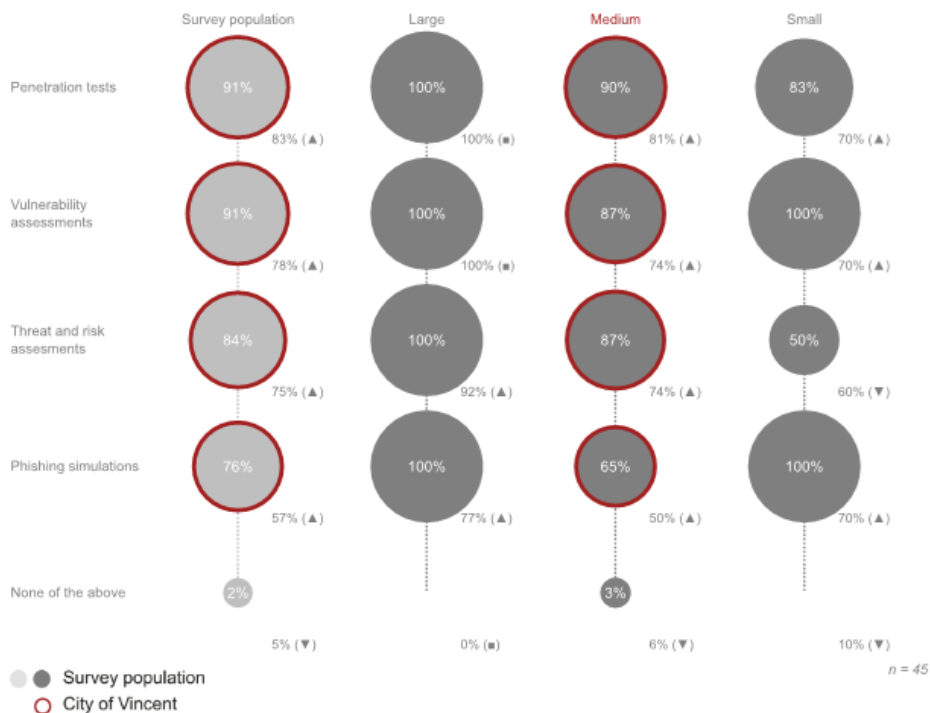
Data breaches: What's the risk?

As the frequency and impact of data breaches continues to increase, data security is becoming more important than ever.

Like any other customer service-oriented organisation, the consequences of a data breach are borne not only by the council but also the community. Some of the key risks associated with a data breach include:

- Adverse media coverage, loss of community confidence, residents' reluctance to share data in the future;
- Residents' exposure to fraud/financial harm, fear and burden of protecting themselves from the impact of breached data;
- Supply chain impacts from breaches of contract/obligations, non-delivery of service level agreements and associated penalties;
- Business disruption as executives and key staff are redirected from their primary roles to conduct investigations and deliver containment and response initiatives;
- Litigation and class action lawsuits; and
- Regulatory exposure to Conduct Investigations, Determinations, Enforceable Undertakings and Injunctions.⁵²

Figure 3.12: Does your council perform any of the following processes to identify cybersecurity risks?



⁵¹ PwC, 2022, 'Cyber and the C-suite in Australia: Findings from 2023 Global Digital Trust Insights'

Operations

Assess, prevent and protect

Identifying cyber security breaches and risks (continued)

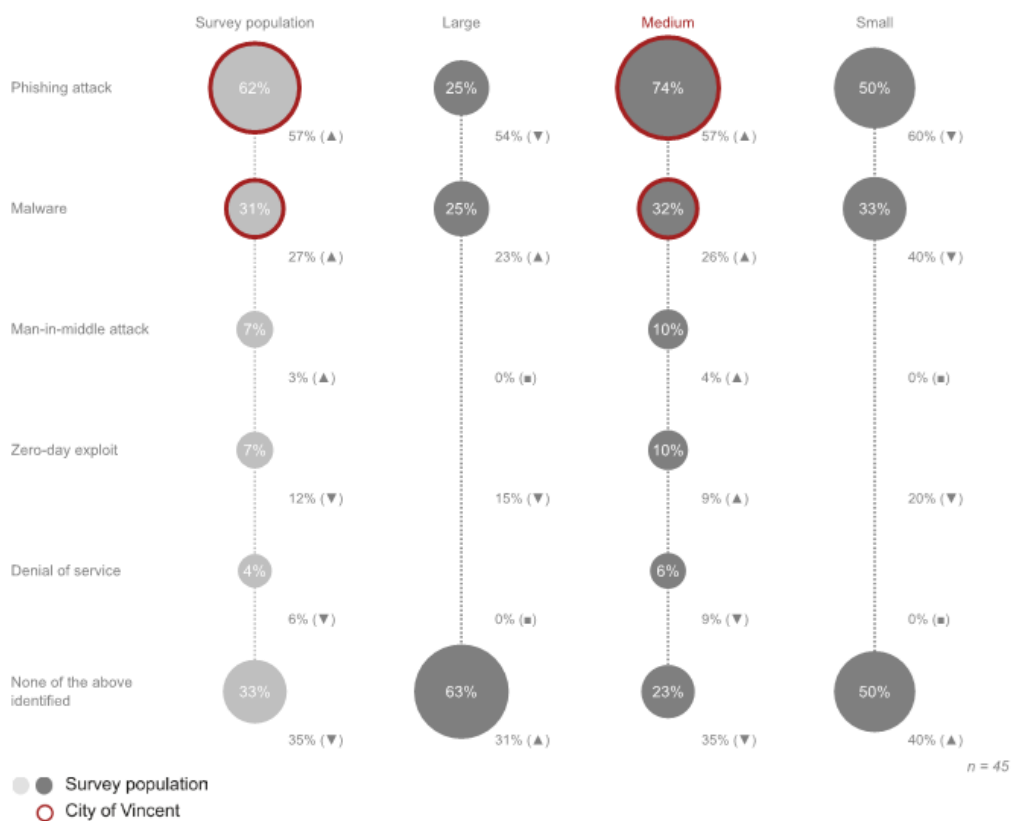
From the options presented in our survey, phishing attacks and malware remain the most prevalent types of security breaches being experienced by councils. However new threats and opportunities for cyber criminals are emerging at a fast pace, so it is prudent to consider that the 'none of the above identified' response from councils may include breaches that occurred through other means.

Is your council at risk of a cybersecurity breach? Key considerations for leadership and/or management teams

If you see news headlines regarding a cybersecurity breach at another organisation, is it possible that your council might be affected too? PwC US shares some questions for leadership teams to ask themselves in light of potential breaches:⁵³

- **How vulnerable is the organisation to the breach?** For example, in the case of a malware breach, is the affected software being used in the council's network?
- **How can you limit the impact of a potential breach?** Are there rigorous controls in place to ensure staff have appropriate network access rights in line with their roles and responsibilities?
- **In the event that you are affected, do you have a plan to respond to and contain the attack?** Depending on the severity of the impact you may need to activate a crisis management plan.
- **Even if you aren't affected, do you need to reassess your IT environment?** News of an unrelated breach can serve as a timely reminder to ensure that you have a plan in place to monitor activity around critical assets such as data, business services, and any network connections to third-parties and external suppliers.

Figure 3.13: What types of successful cybersecurity breaches has your council experienced?



⁵³ PwC, 2020, 'Cyber attacks: 5 key questions when you're facing a potential breach'

Assess, prevent and protect

Potential consequences of a cyber attack

When considering the consequences of a cyber attack, 'Disruption of operations/services' was the primary concern for councils for the second year in a row, ahead of 'Loss or compromise of sensitive data'. However in light of recent high-profile data breaches, it is increasingly apparent that sensitive data is more valuable (and perhaps vulnerable) than ever before.

"Data protection must be top of mind, not a nice to have or viewed as a burden. Customers entrust organisations with their data and are increasingly concerned with how that data is protected."⁵⁴

Responding to a cyber attack: Recover, reflect and remediate

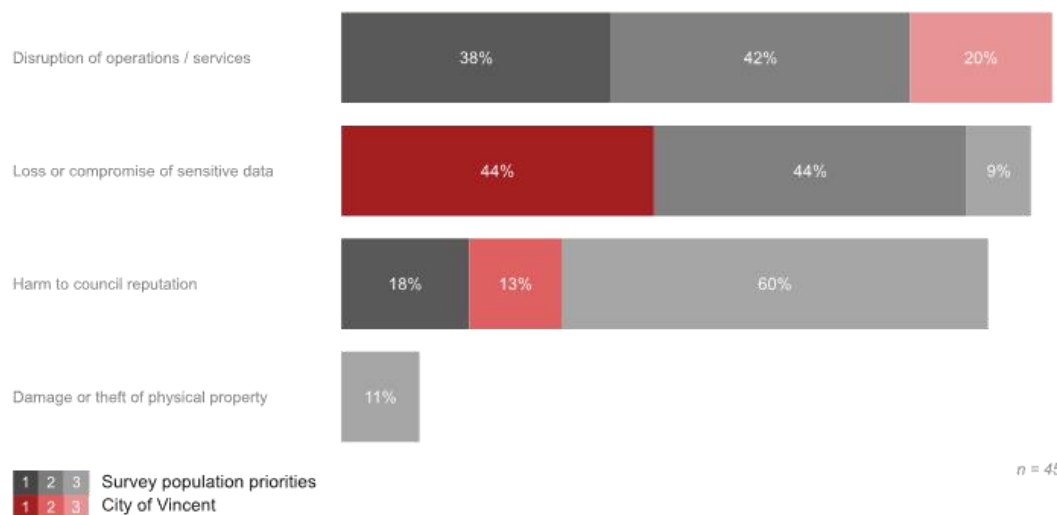
What should you do after a cyber attack? PwC's Digital Pulse⁵⁵ provides a list of actions to consider, some of which we have outlined below. We encourage councils to review their incident response plans against this list to strengthen the existing cyber protection strategies in place.

- **Conduct a post incident review:** The assessment should include a review of the overall management of the incident, a summary of root causes, the systems and/or assets that were involved, and the extent to which the council's operations were impacted. This may also result in adjustments to existing incident response/business continuity plans.
- **Perform regular threat and risk assessments:** Are there any incident trends that indicate weaknesses or gaps in the council's security measures that need to be remediated?
- **Assess your defences:** Were there any controls that failed during the incident, and if so, was it due to the inherent design or the actual operation of the control? Based on root cause analysis, are there deficiencies in particular areas of the business where the security capability needs to be strengthened?
- **Prepare against ongoing exposure:** Councils should have a detailed response plan of how to respond in the event that there is public exposure or a risk of external scrutiny as a result of the cyber attack. Ideally the plan should consider a variety of possible scenarios so the council can act quickly if there are any sudden developments. Depending on the incident, the plan may also need to allow for compliance with any regulatory assessment obligations, as well as timely notification to impacted individuals.

The Australian Cyber Security Centre also provides guidance for organisations regarding their Cyber Incident Response Plan, as well as a cyber incident response readiness checklist. Scan the QR code for more information.



Figure 3.14: How would your council rank the following potential consequences of a cyber attack?



⁵⁴ PwC, 2022, 'Cyber and the C-suite in Australia: Findings from 2023 Global Digital Trust Insights'

Operations

Assess, prevent and protect

The importance of a cybersecurity incident response plan

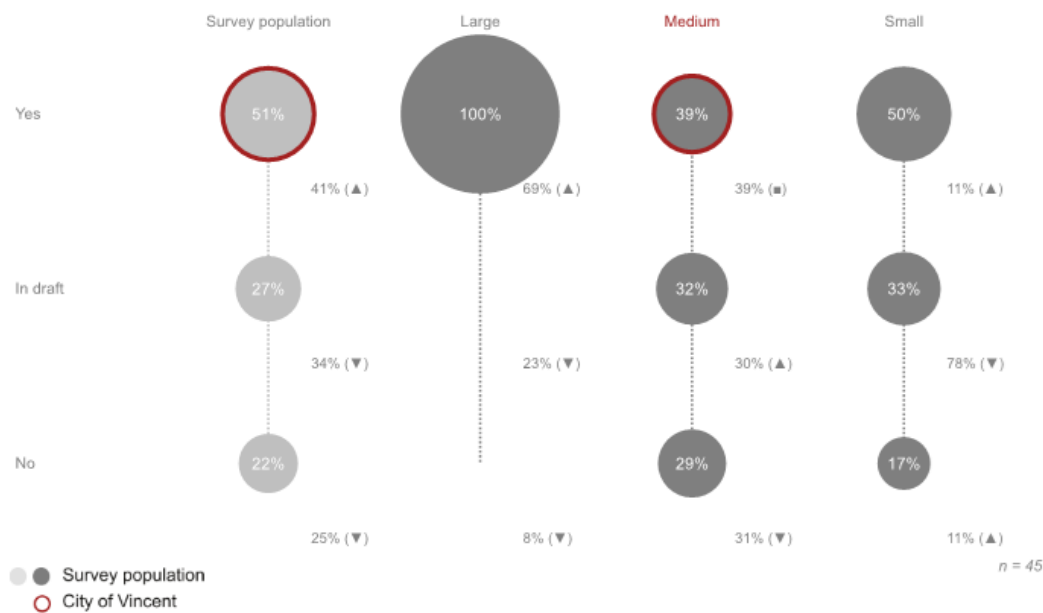
As the conversation around cyber attacks becomes more of a 'when' rather than an 'if' statement, councils will need to be prepared with an agile incident response plan that can address a variety of scenarios. The 2023 PwC Global Digital Trust Insights Survey also found that Australian organisations tend to be more

reactive in their approach to cyber disruption, with 63% (47% globally) invoking plans post-incident and focussing on recovery and remediation.⁵⁶

Accordingly, it is positive to see an increase in the proportion of councils with an incident response plan in place (51%,

up from 41% in FY21), with a further 27% of councils reporting that they have a draft in progress. For the 22% of councils without a cybersecurity incident response plan in place, we strongly encourage this to be prioritised for the reasons outlined earlier in this chapter.

Figure 3.15: Does your council have a cybersecurity incident response plan?



Responding to a cyber attack: Recover, reflect and remediate

PwC's Digital Pulse⁵⁷ publication provides a list of considerations for the aftermath of a cyber attack, some of which we have outlined below. We encourage councils to review their incident response plans against this list to strengthen the existing cyber protection strategies in place.

- **Conduct a post incident review:** The assessment should include a review of the overall management of the incident, a summary of root causes, the systems and/or assets that were involved, and the extent to which the council's operations were impacted. This may also result in adjustments to existing incident response/business continuity plans.
- **Perform regular threat and risk assessments:** Are there any incident trends that indicate weaknesses or gaps in the council's security measures that need to be remediated?
- **Assess your defences:** Were there any controls that failed during the incident, and if so, was it due to the inherent design or the actual operation of the control? Based on root cause analysis, are there deficiencies in particular areas of the business where the security capability needs to be strengthened?
- **Prepare against ongoing exposure:** Councils should have a detailed response plan of how to respond in the event that there is public exposure or a risk of external scrutiny as a result of the cyber attack. Ideally the plan should consider a variety of possible scenarios so the council can act quickly if there are any sudden developments. Depending on the incident, the plan may also need to allow for compliance with any regulatory assessment obligations, as well as timely notification to impacted individuals.

⁵⁶ PwC, 2022, 'Cyber and the C-suite in Australia: Findings from 2023 Global Digital Trust Insights'

Looking at different ways to deliver corporate services

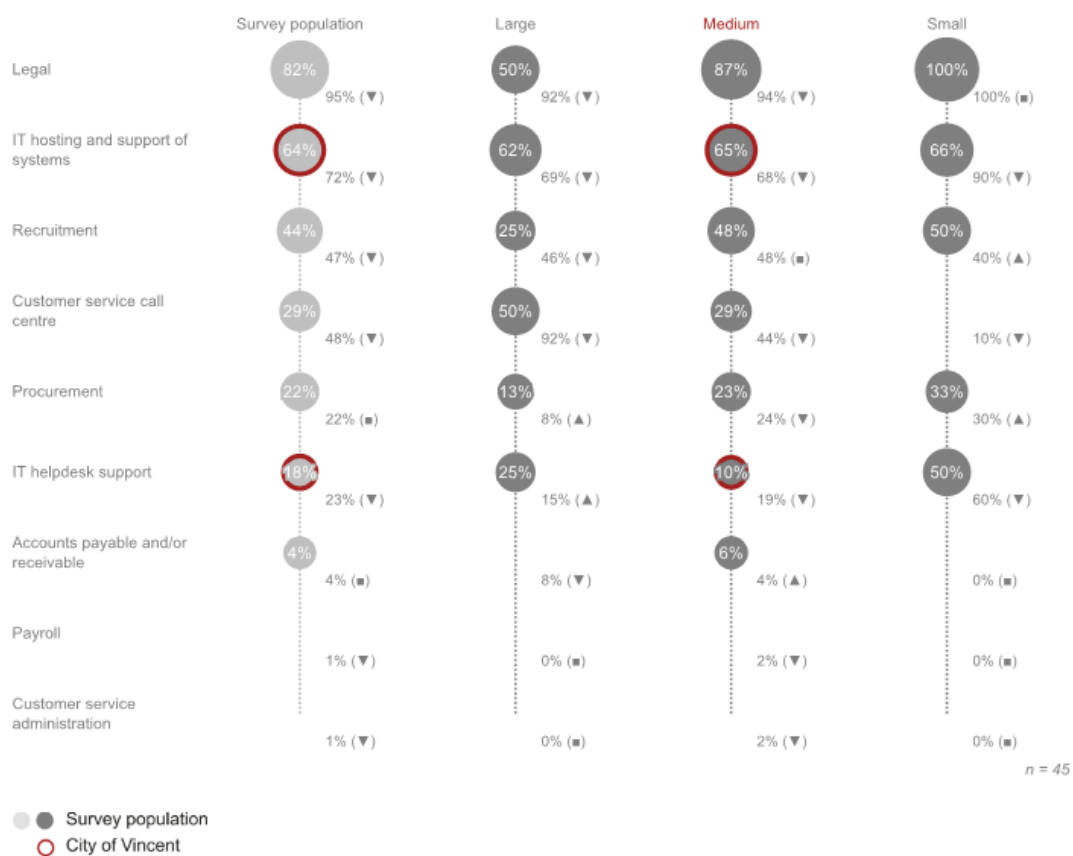
Outsourcing or sharing corporate services

The pandemic has transformed ways of working for many sectors, and it is no different for local government. In Figure 3.16, we observe an overall decline in outsourcing across all functions. However, the outsourcing of IT helpdesk support and Procurement is on the rise across large councils, compared to last year.

In particular, the proportion of councils outsourcing legal services has dipped below 85% for the first time since the inclusion of this question in our survey in FY15. Similarly, outsourced IT hosting dropped below 70% for the first time in four years. Overall, we expect a continued decline in outsourcing in the years to come, based on the results overleaf where we consider the future resourcing considerations of councils in Figure 3.17.

For councils that are feeling the pinch of a resource-constrained workforce, outsourcing and sharing corporate services may be an alternative pathway to achieving operational efficiencies. In turn, existing employees may then have the capacity to focus on value-generating activities or pursue upskilling opportunities.

Figure 3.16: Percentage of councils outsourcing or sharing corporate service areas



Operations

Looking at different ways to deliver corporate services

The future of outsourcing or sharing corporate services

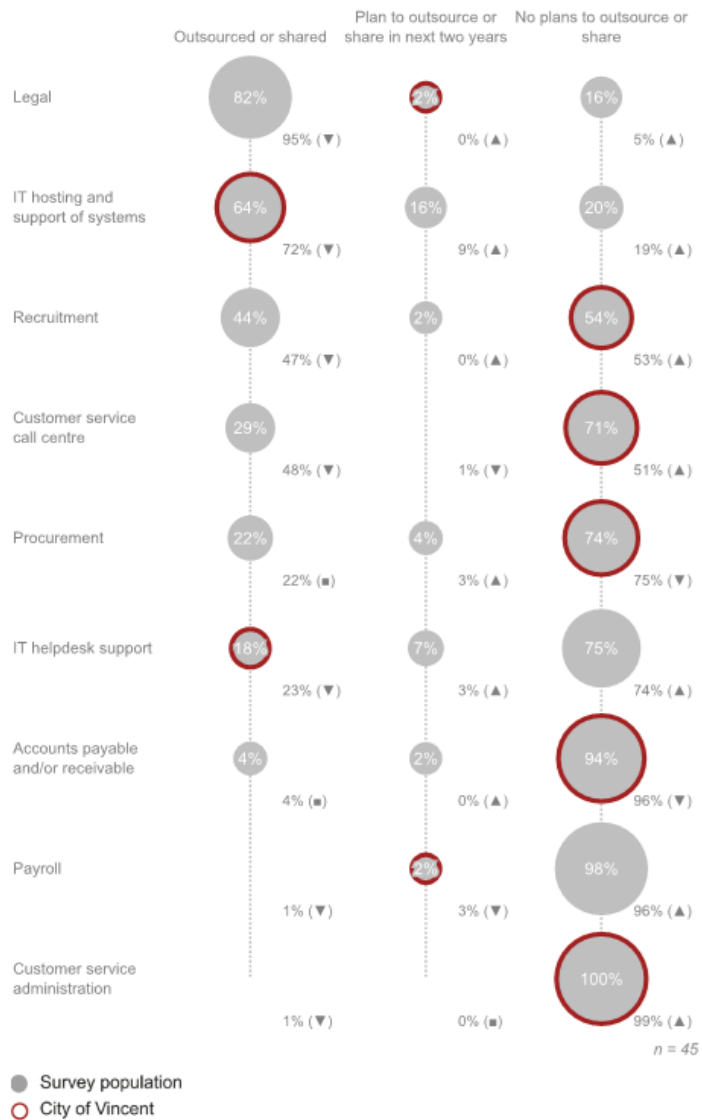
Figure 3.17 provides a look into the future for councils' outsourcing plans, and the data indicates a general trend away from using external suppliers to fulfill resourcing needs. This may be a response to a variety of environmental factors, such as the overall labour shortage in Australia (meaning less availability of contractors), or a means to mitigate cybersecurity risks stemming from third party interactions, or perhaps a reflection of upskilled staff being able to take on a greater breadth of responsibilities within their business function (and therefore less reliance on supplemental resourcing).

Successful outsourcing requires a clear vision, the right governance structure to achieve the council's strategic objectives, and a formal service-level agreement between councils and service providers. Consideration should be made as to whether these outsourcing arrangements can include several councils, to achieve cost savings and improve service quality.

Any form of outsourcing or sharing should enable councils to achieve high-quality service levels, deliver better value directly to users and generate cost savings that can be invested into other services or new initiatives. A well-managed outsourcing arrangement will also have the flexibility to meet changing business and commercial needs as the council's operations evolve over time.

As the economy continues to transform in the wake of the pandemic, we encourage councils to regularly review their corporate functions to consider the benefits that outsourcing can contribute towards a sustainable operating model, as well as understanding the breadth of new options and opportunities that may become available over time.

Figure 3.17: Current and future outsourcing or sharing of corporate services



Service Delivery



Workforce



Finance



Operations



Service Delivery

25%

of total service delivery spend represents outsourcing costs

50%

Service areas with the most balanced gender ratio are Town Planning (51% women) and Enforcement of Regulations and Animal Control (49% women)

7.9

other staff per supervisor and above for Children's Services, representing the broadest span of control across service areas

Industry Snapshot

Top Services



Councils provided information about their operating expenses for the services they deliver. Below are the top six services by the average operating cost per resident.

		Number of councils*	Average operating expense per resident*	Range of operating expense per resident^
	Governance & administration**	 44 councils	 A\$303	A\$149 - \$704
	Roads & bridges	 44 councils	 A\$262	A\$92 - \$1388
	Water supplies	 19 councils	 A\$247	A\$111 - \$401
	Solid waste management	 44 councils	 A\$191	A\$97 - \$340
	Sewerage services	 26 councils	 A\$170	A\$42 - \$426
	Town planning	 41 councils	 A\$55	A\$20 - \$201

*where service is provided

^middle 80% of councils by operating expense per resident

**Governance & administration operating expenses are a combination of Customer Service, Finance, Information Technology, Human

Overview

Introduction

Councils deliver a unique blend of services and activities that are designed to meet the needs of their respective communities. However, with limited time and resources at hand, councils may find themselves regularly reassessing the distribution of their efforts between direct service delivery and enabling administrative functions.

Since workforce costs are a consistent and major controllable component of total expenditure across all councils (median result of 37% in FY22), in this section we focus on analysing the workforce data to glean further insights into the service delivery of participating councils.

We encourage councils to use this section to better understand the:

- profile and scope of their service delivery model;
- methods used to deliver services across councils (in-house or outsourced);
- associated costs in delivering these services; and
- workforce composition of each service area.

Methodology

Participating councils have mapped their council cost centres to a defined set of 32 service areas. Employee records, which are attached to one or more of the council's cost centres (via their FTE status), have been allocated to one or more of the defined service areas using this mapping information.

Using the list of mapped service areas, participating councils then compile the specified financial data. FY22 costs are allocated to their mapped service areas across two sub-categories, outsourced contract costs (if applicable) and insourced expenses.

Our approach focuses on linking the direct workforce to each service area, without allocating overhead costs to any service areas. As a result, we present an additional service area called 'Governance and Administration' that captures all overhead costs and resources, i.e. non-direct workforce service costs. We recognise that whilst 'Governance and Administration' is not technically a service area, the total cost of this area provides a useful comparison and we have therefore treated it as a standalone component.

Understanding this section

Each participating council will be able to view a range of metrics for their top five service areas (displayed in red) either ranked by service cost or service FTE.

We have adjusted for the different scope of services provided by councils, which means participating councils will compare their metrics by service area to other councils that provide those same services. The number of councils (or 'n') that provided data for each of the service areas is displayed on each chart, and is summarised for all service areas at the end of this section.

When calculating FTE and headcount, we have used the closing balance at 30 June 2022 for fixed term and permanent staff. Given the seasonal nature of some casual employees in local government, we have analysed casual staff employed across the year and then included a casual FTE component based on casual hours worked throughout the year in the relevant service areas.

If your council did not provide service delivery cost or FTE data, the red indicator will be missing from the results for the survey population's top five service areas, as well as Governance and Administration.

In FY22, the top 3 service areas comprised 44% of the total closing FTE:

1. Governance and administration (23% of workforce)
2. Roads and bridges (13%)
3. Parks and gardens (8%)

In addition, when we analysed the share of operating expenses, the top 3 service areas comprised 49% of the total operating cost:

1. Governance and administration (19% of total operating cost)
2. Roads and bridges (18%)
3. Solid waste management (12%)

Service Delivery

Serving the community - what's the cost?

Breakdown of service delivery by operating costs and FTE

Figure 4.1 presents your council's top five service areas ranked by total service cost, as well as an additional category called Governance and Administration. The remaining service areas for your council have been consolidated into Other Services.

If your council did not provide a breakdown of service delivery costs, the red indicator will be missing from the charts, but the charts will still represent overall survey results that have been adjusted to your council's number of residents.

To allow for a more meaningful benchmarking analysis, the survey population results displayed in this figure have been remodelled to mirror your council's population size. Additionally, for

each service area, the survey population will only include other participating councils that provide that particular service.

For example, Council X may have 50,000 residents and spend \$10m on solid waste management, equating to a cost of \$200 per resident. The remodelled survey population result, using the combined total cost from all councils that also provide solid waste management, may result in an equivalent comparative cost per resident of \$220, or \$11m for a relative survey population of 50,000 residents.

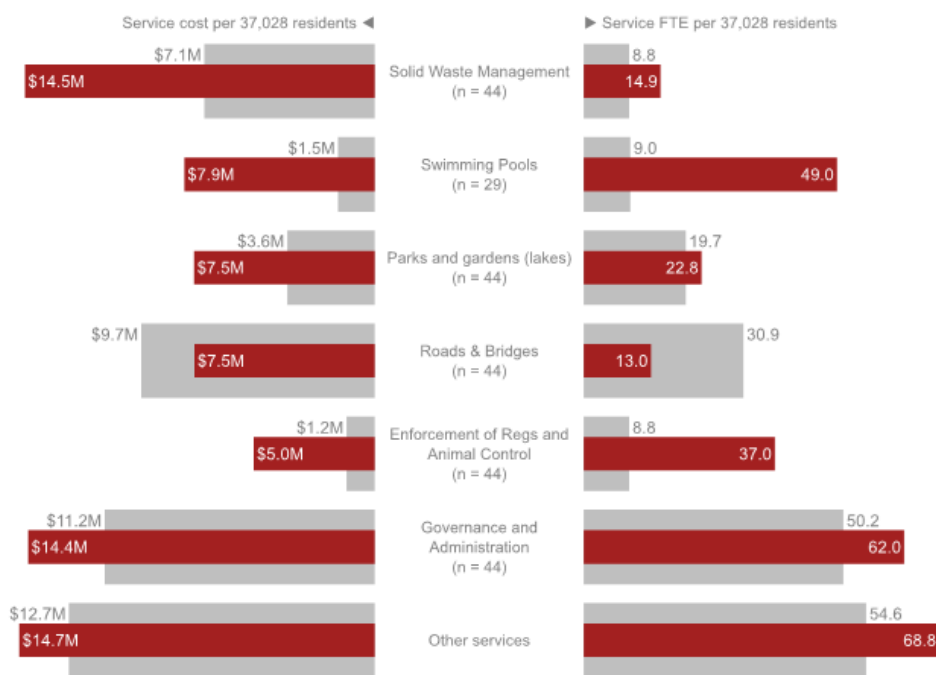
This means Council X is spending less than the relative survey population to deliver this service to its 50,000 residents. What are the levers that are contributing to a more efficient service delivery for this

council? Conversely, if a council is spending at a level that is higher than the survey population, what insights can we gain from the comparative data? We explore this further in the following pages.

Definition of 'FTE'

Total number of full time equivalent employees at 30 June 2022, including a casual employee component based on casual hours worked throughout the financial year.

Figure 4.1: FY22 operating expenses (A\$) and FTE by service area^



^ Your top 5 services ranked by operating expenses plus Governance & Administration and Other. The population top 5 services ranked by operating expense will be displayed if you have not provided us with any cost data.

Note: We have remodelled the survey population result to be the same size as your resident population.

■ Survey population
■ City of Vincent

How is your council delivering its services?

Insourcing and outsourcing

The cost split percentage between insourcing and outsourcing expenses for your council's top 5 service areas (ranked by service operating expense), as well as the Governance and Administration category are displayed below.

Solid waste management continues to be the most prevalent service area for outsourcing amongst participating councils, with 49% of total operating expenses being reported as outsourced in FY22 (down from 53% in FY21). Parks and Gardens was the next most commonly outsourced service (44 councils included this data in their submission), with just over a quarter of

operating expenses being outsourced during the year (26%, up from 17% in FY21). This appears to be driven primarily by large and medium-sized councils (28% and 26% respectively), as small-sized councils predominantly insourced their operations (97% insourced expense).

For the councils that reported having Other Community Amenities, 36% of their operating expenses were related to outsourcing costs, covering maintenance and operation of public cemeteries, public toilet cleaning, graffiti management and maintenance of street furniture.

Outsourcing expenses as a percentage of total operating expenses

Your outsourcing expense is **46%** of your total operating expense

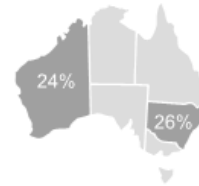


Figure 4.2: Council insourcing and outsourcing expense as a percentage of total operating expenses by service area^



^ Your top 5 services ranked by operating expenses plus Governance & Administration. The population top 5 services ranked by operating expense will be displayed if you have not provided us with any cost data.

- Survey population
- City of Vincent

Service Delivery

Organisational design by service area

Span of control

Earlier in the Workforce section of this report, we highlighted the importance of understanding the span of control. Management can use this metric to determine whether there is an appropriate mix of oversight and autonomy for employees within a particular service area.

The overall median span of control for all council functions and activities is 3.3 'other staff' per supervisor and above, which remains broadly consistent with prior years.

Also consistent with last year's results, Children's Services reported the broadest span of control with a median result of 7.9 other staff per supervisor and above (up from 6.2 in FY21), followed by Street Cleaning which reported a median span of control of 6.8 in FY22 (up from 5.0 in FY21).

Governance and Administration continues to maintain a relatively narrow median span of control (2.6 'other staff' per supervisor and above for the second year in a row), while Roads & Bridges and Parks & Gardens reported a wider median span of control at 3.8 and 4.7 respectively (compared to 3.6 and 4.0 in FY21 respectively).

Why is this important?

When combined with an analysis of overall staff mix, the span of control metric can provide insight into a team's operating rhythm and assist senior management with future-proofing or succession planning for the years ahead. Achieving the right balance will result in a more engaged workforce, which in turn contributes to productivity and a greater ability for councils to respond to the ever-changing needs of the community.

Definition of 'span of control'

Total number of employees (defined as other staff) per manager (defined as supervisors and above).

Councils with no span of control metric for a particular service area may find that this is due to an absence of staff at the supervisor level and above.

Figure 4.3: Span of control median by service area^

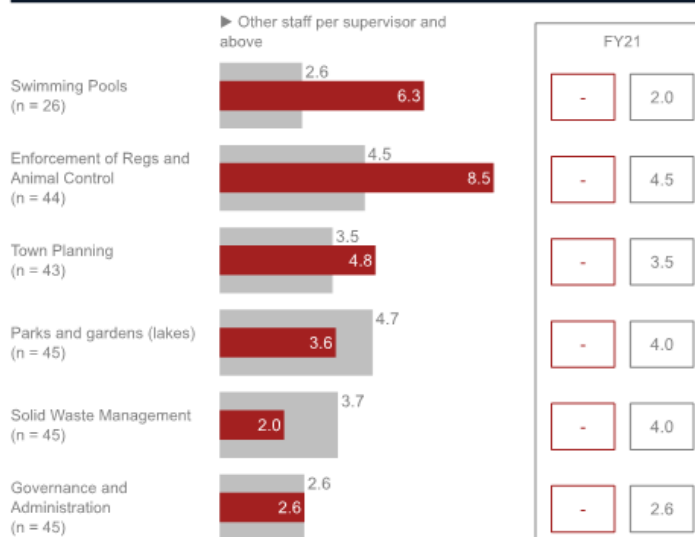
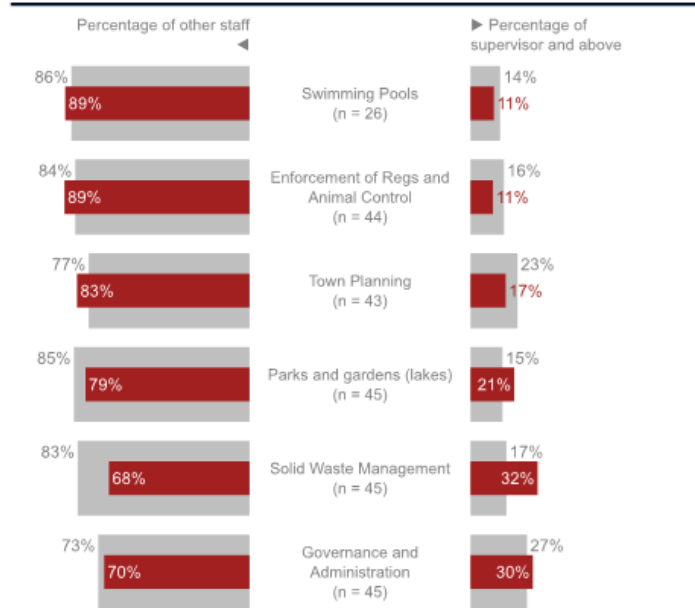


Figure 4.4: Closing full-time equivalents (FTEs) proportions by staff level^



^ Your top 5 services ranked by FTE plus Governance & Administration. The population top 5 services ranked by FTE will be displayed if you have not provided us with any FTE data.

■ Survey population
■ City of Vincent

Talent management

Gender diversity and staff turnover

Whilst an overall council's results may present a picture of a gender-balanced workforce, this may mask the reality of some service areas having a workforce that is heavily skewed towards one gender or another. It can be easy to dismiss these observations for certain service areas, using the argument that 'traditional' gender-based roles may have influenced people's career choices, however this also leads to missed opportunities and benefits that a diverse and inclusive workforce could provide. Therefore, in this section we explore the extent of gender balance within the various service areas of your council.

Figure 4.5 presents the gender split for the top five service areas for your council, along with Governance and Administration. Since the introduction of service delivery data collection in 2016, the top 3 woman-dominated service areas have remained the same, being Children's Services (97% in FY22), Public Libraries (86%) and Aged Persons and Disabled Services (81%). Meanwhile, Street Lighting and Beach Control were the service areas with the highest proportion of men (97% respectively) for participating councils in FY22, followed by Street Cleaning (94%).

When averaged across all councils that provided a service area breakdown in their data, the service areas that presented the most balanced gender ratio in FY22 were Town Planning (57% of the workforce is women), Health Services (55% women) and Enforcement of Regulations and Animal Control (49% women).

Refer to the Workforce chapter for further guidance on promoting gender equality in your council's workforce.

Whilst detailed commentary on the overall median staff turnover rate across the survey population has been discussed in the Workforce section of this report, in this section we profile the staff turnover for the top five service areas for your council, along with Governance and Administration (Figure 4.6).

When we look at the overall top three service areas that make up 44% of the total workforce, Roads and Bridges had the highest median staff turnover rate of all service areas at 15.4% (up from 9.1% in FY21), followed by Parks and Gardens (12.5%, up from 9.3%) and then Governance and Administration (13%, up from 9.5%). Also, for the second year in a row, Children's Services reported the highest turnover rate for any service area in the history of the survey, with 21.4% (up from 18.7% in FY21). We note that individual council results can vary widely when compared against the overall survey results, depending on the size of the workforce for a given service area, and this should be taken into account as part of your analysis.

Figure 4.5: Gender split by service area[^]

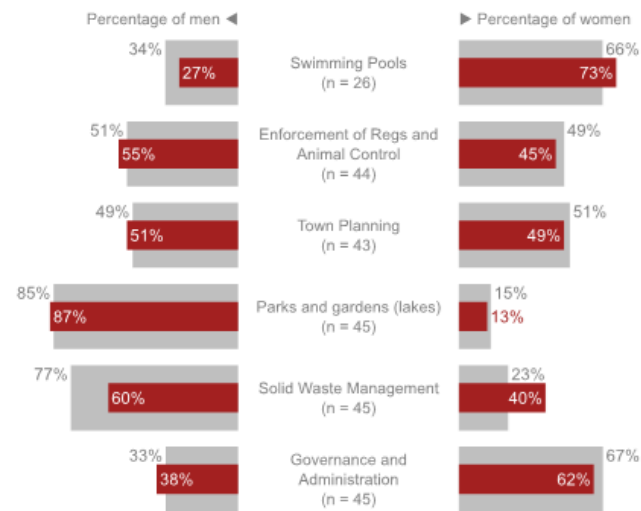
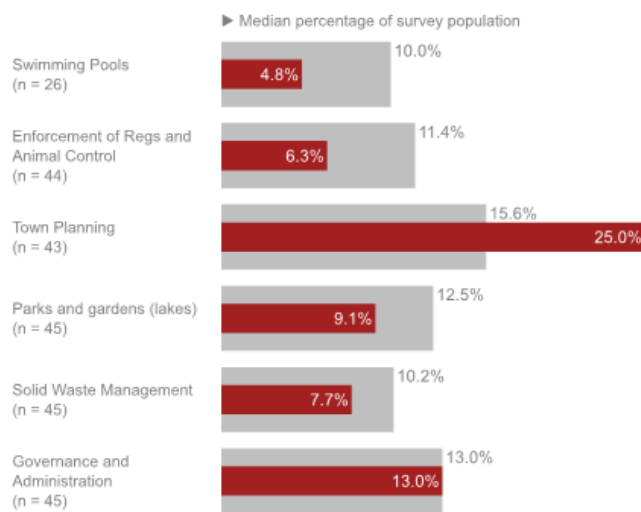


Figure 4.6: Staff turnover rate median by service area[^]



[^] Your top 5 services ranked by FTE plus Governance & Administration. The population top 5 services ranked by FTE will be displayed if you have not provided us with any FTE data.

■ Survey population
■ City of Vincent

Definition of 'staff turnover rate'

Total number of all leavers in the year divided by the headcount at the start of the year (excluding casual employees).

Service Delivery

Talent management

Generational diversity

To explore the generational mix at a service level, we have presented your council's top five service areas based on the proportion of overall FTE ranking.

Service areas with a higher proportion of overall council FTE that also have a high proportion of baby boomer staff are Library Services (34% baby boomers), Roads and Bridges (34%) and Parks and Gardens (31%). Additionally, baby

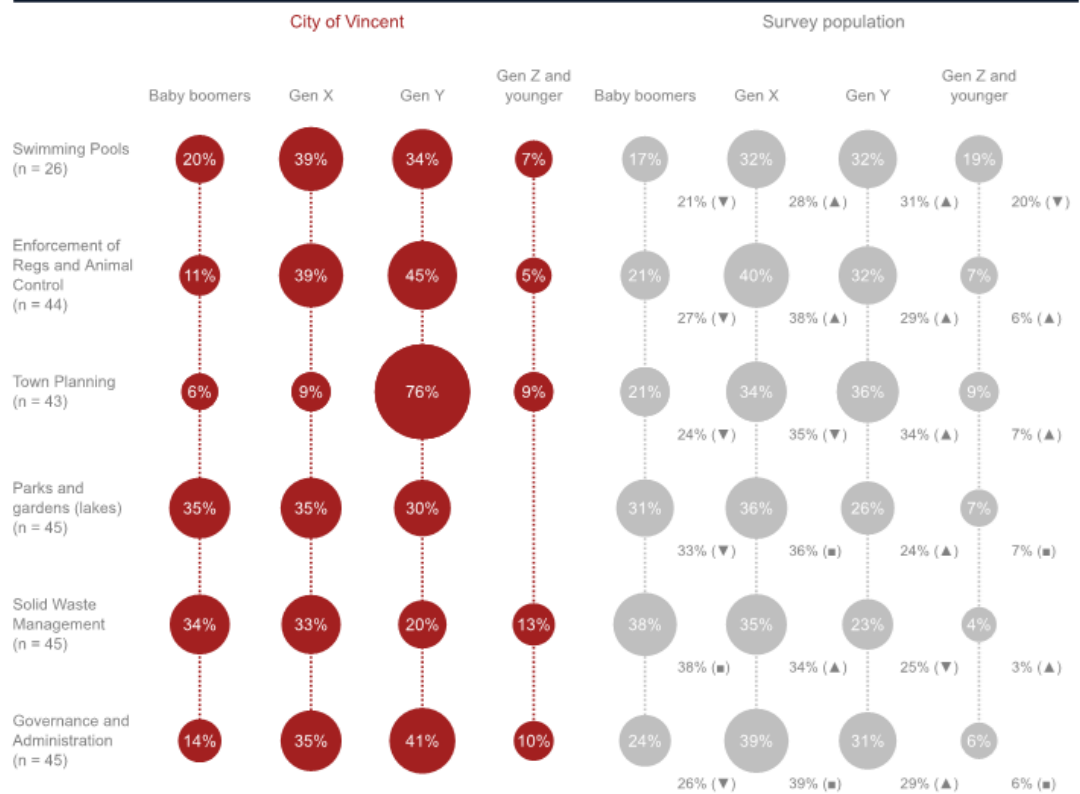
boomers represent nearly a quarter (24%) of Governance and Administration, as well as 21% of the Town Planning workforce.

We encourage councils to focus on recognising the service areas with a high baby boomer workforce to ensure that appropriate succession planning is being considered, not only for the benefit of the service area but also to allow for a smooth career transition for baby boomer staff.

Refer to the Workforce chapter for further guidance on a successful transition to retirement for staff in your council's workforce.

Why is succession planning important?
 A well-designed succession plan fosters a culture of mentorship and facilitates a transfer of knowledge and skills from one cohort to the next. It can also help minimise the risk of losing key talent, and the leakage of local government expertise and leadership skills from the council workforce. Furthermore, when developing a succession plan, management should seek to collaborate with experienced staff members to incorporate their key service area knowledge and source any innovative ideas they may have in relation to achieving a smooth transition process.

Figure 4.7: Generational mix by service area^



^ Your top 5 services ranked by FTE plus Governance & Administration. The population top 5 services ranked by FTE will be displayed if you have not provided us with any FTE data.

● Survey population
 ● City of Vincent

Explore: Solid waste management

Workforce analysis

We encourage councils to use this section of the report to further analyse and compare key **workforce** metrics across the solid waste management (SWM) service area. We have classified councils as either 'outsourcing' or 'insourcing' to assist with comparisons. If the council's SWM outsourced contract value was more than 25% of the total SWM cost, then it has been classified as an 'outsourcing' council. All other councils are classified as 'insourcing'.

Figure 4.8: Span of control ('other staff' per supervisor and above) - Solid waste management

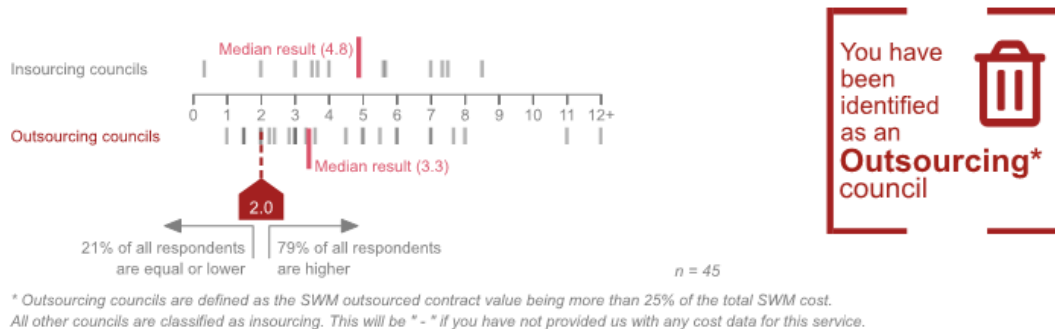


Figure 4.9: Staff turnover rate - Solid waste management

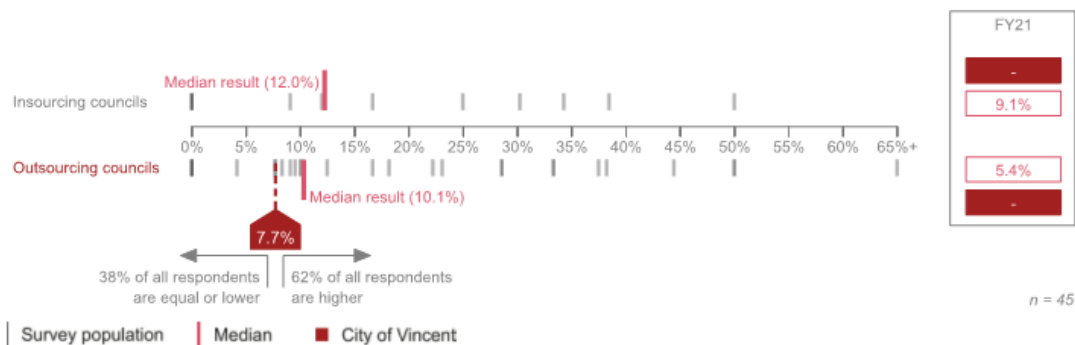


Figure 4.10: Staff level FTE breakdown and gender split - Solid waste management



Service Delivery

Explore: Solid waste management

Waste levy, collected volumes, and cost analysis

The cost associated with providing a council's solid waste service is influenced by a number of factors. These may be environmental factors, such as the unique nature and density of dwellings being serviced across the community, or the nature and scope of the service that is provided. Government landfill waste levies also have an impact on overall cost and can vary considerably by jurisdiction.

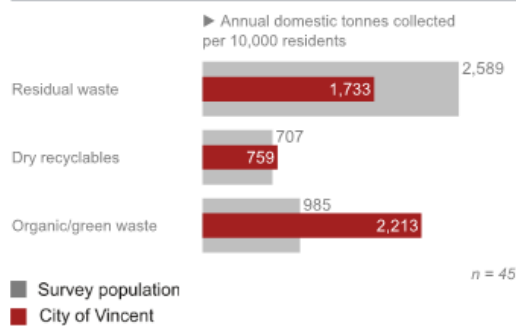
We encourage councils to use this section of the report to further analyse and compare key **cost** metrics across the solid waste management (SWM) service area.



Your council owns but does not operate its own landfill site

16%
of councils owns but do not operate their own landfill site

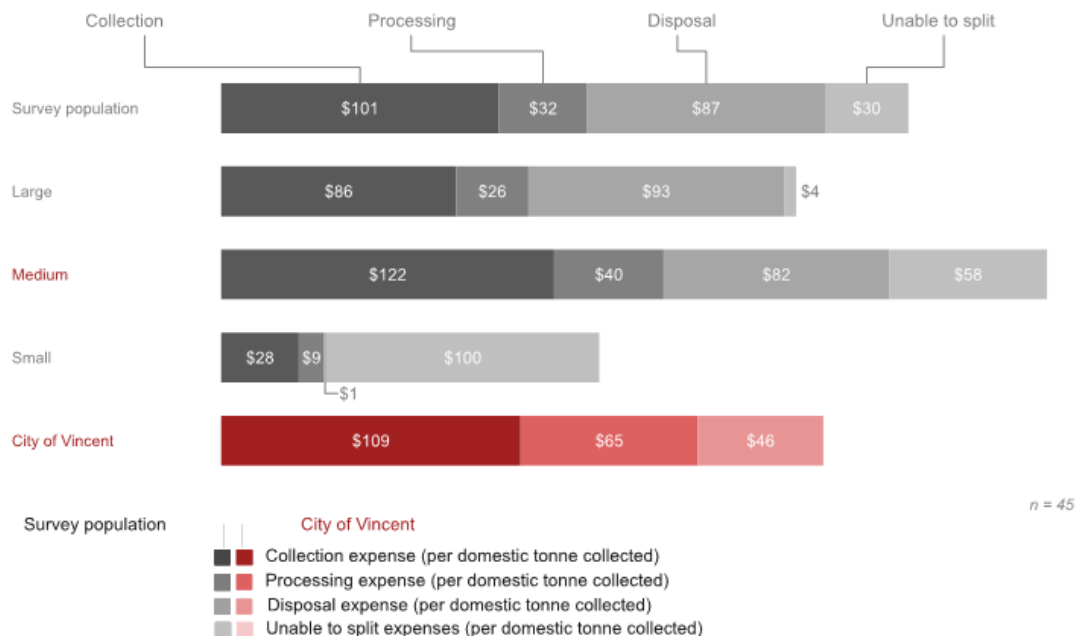
Figure 4.11: Annual domestic waste collected (tonnes per 10,000 residents)



Waste disposal or landfill levy per tonne taken to landfill (\$)



Figure 4.12: Breakdown of domestic waste annual operating cost (A\$) per tonne collected



Explore: Solid waste management

Waste levy, collected volumes, and cost analysis (continued)

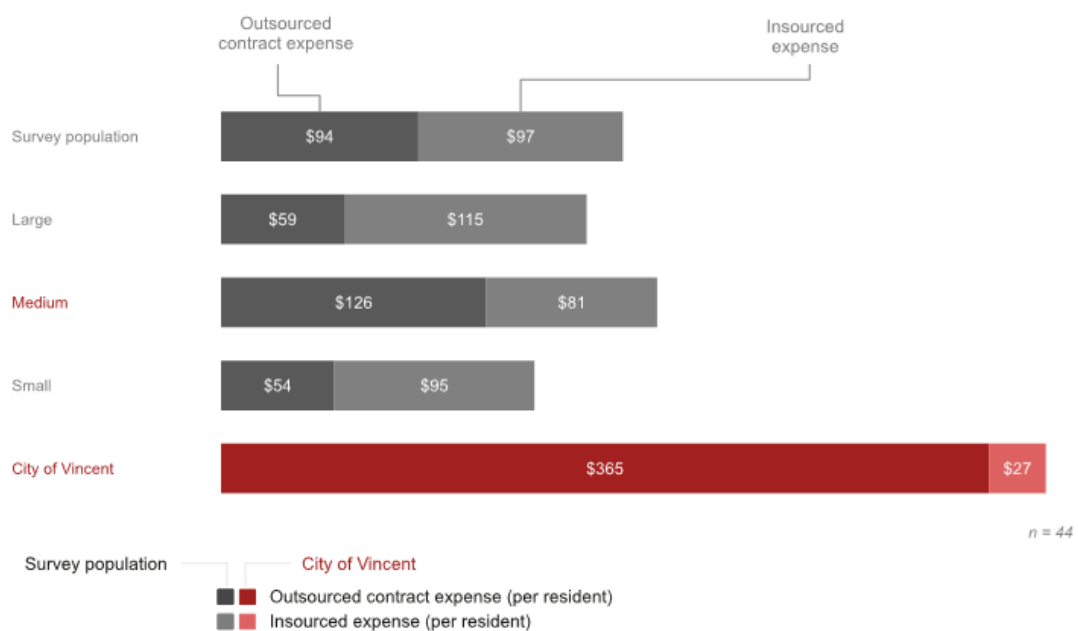
We have provided the annual solid waste management cost per resident for your council, compared to the median for each jurisdiction in Figure 4.13. Additionally, councils can use Figure 4.14 to better understand the cost breakdown, taking into account outsourcing costs as well as insourcing costs per resident.



Figure 4.13: Solid waste management annual operating expense (A\$) per resident



Figure 4.14: Breakdown of solid waste management annual operating expense (A\$) per resident



Service Delivery

Explore: Roads and bridges

Workforce analysis

We encourage councils to use this section of the report to further analyse and compare key **workforce** metrics across the Roads and Bridges (ROAD) service area. We have classified councils as either 'outsourcing' or 'insourcing' to assist with comparisons. If the council's ROAD outsourced contract value was more than 25% of the total ROAD cost, then it has been classified as an 'outsourcing' council. All other councils are classified as 'insourcing'.

Figure 4.15: Span of control ('other staff' per supervisor and above) - Roads and bridges

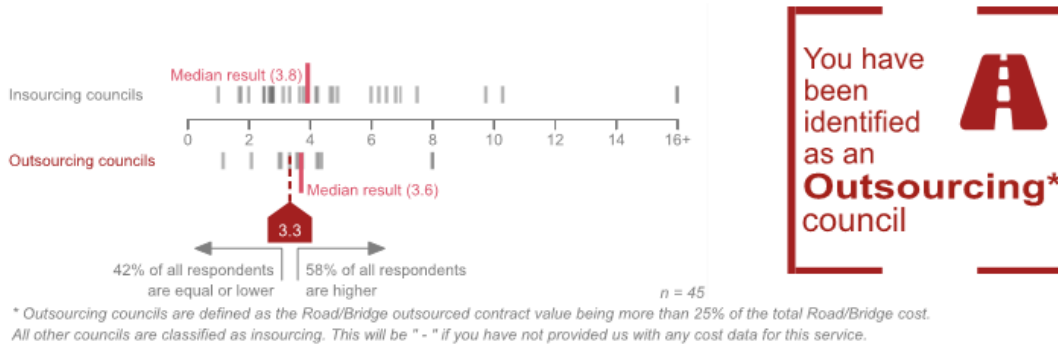


Figure 4.16: Staff turnover rate - Roads and bridges

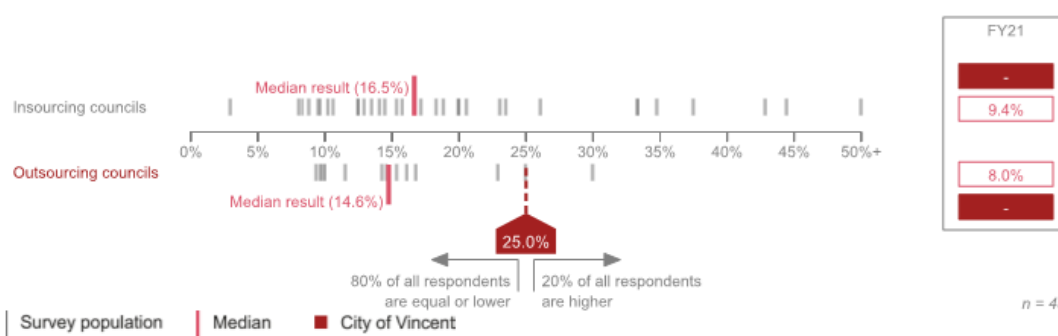
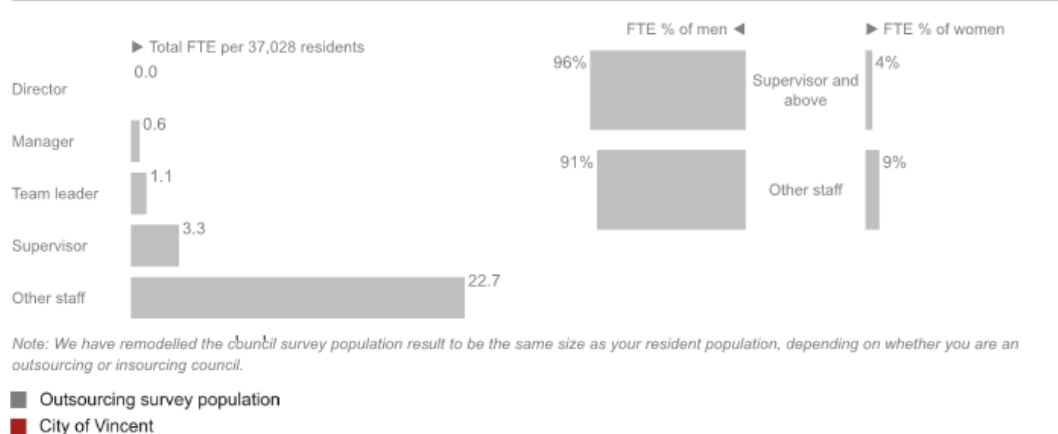


Figure 4.17: Staff level FTE breakdown and gender split - Roads and bridges



Explore: Roads and bridges

Cost analysis

We encourage councils to use this section of the report to further analyse and compare the **cost per kilometre (km)** across roads and bridges in this service area.

Figure 4.18 shows that metro councils continue to maintain a higher median cost per km due to the higher proportion of sealed roads with higher traffic volumes.

Figure 4.19 displays the relationship between the extent of unsealed to sealed roads in a council's road network, and the associated operating cost. Sealed roads are typically associated with higher volumes of traffic, therefore the operating expense comprises not only the cost of construction, but the cost of maintaining appropriate road quality. Given the mix of sealed and unsealed roads in the network, councils below the curved line have a higher than expected cost per km.



Figure 4.18: Roads and bridges annual operating expense (A\$) per kilometre (council type)

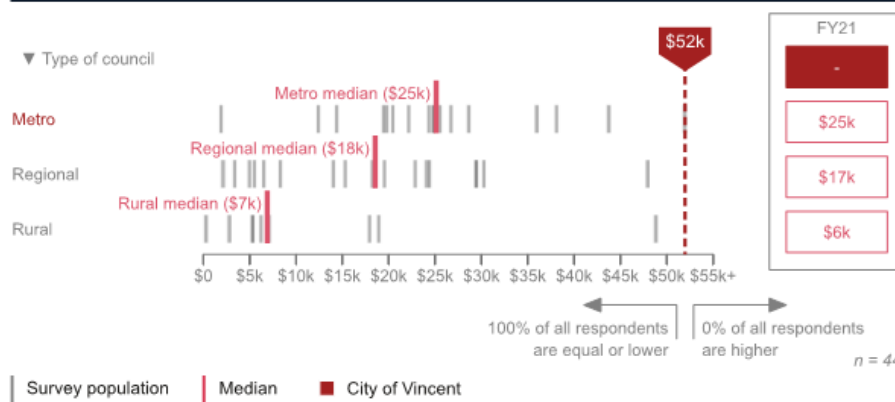
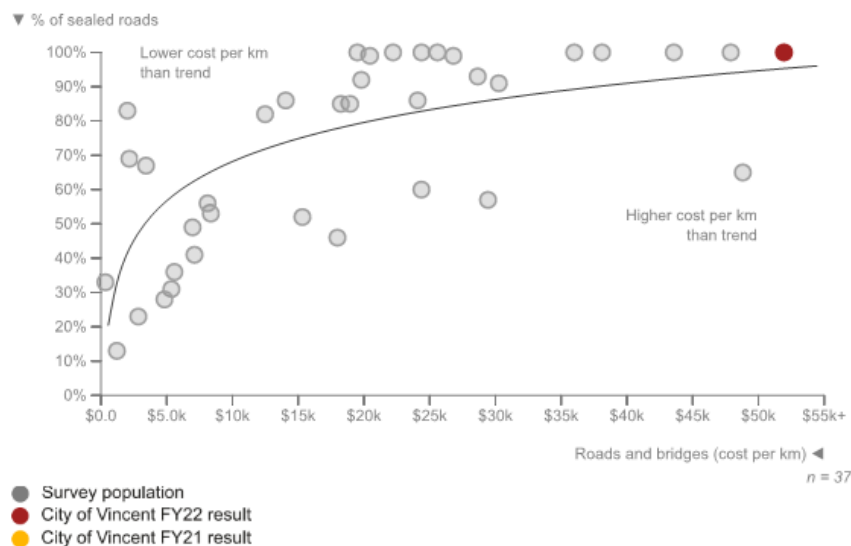


Figure 4.19: Relationship between percentage of sealed roads (in km) and Roads and bridges annual operating expense (A\$) per kilometre



Service Delivery

Explore: Parks, gardens and sporting grounds

Workforce analysis

In this section we have combined the Parks and Gardens data with the Sporting Grounds data to present a holistic view of a predominantly outdoor-based workforce. Figure 4.20 highlights a narrowing span of control across metro and regional councils, while rural councils have broadened their span of control compared to last year. Figure 4.21 indicates that the median staff turnover rate across rural councils has increased dramatically this year to 25% (up from 15.9% in FY21).

Figure 4.20: Span of control ('other staff' per supervisor and above) - Parks, gardens and sporting grounds

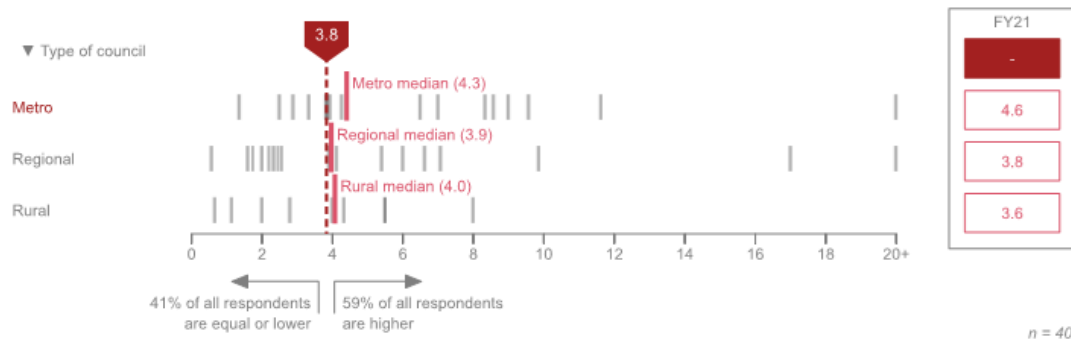


Figure 4.21: Staff turnover rate - Parks, gardens and sporting grounds

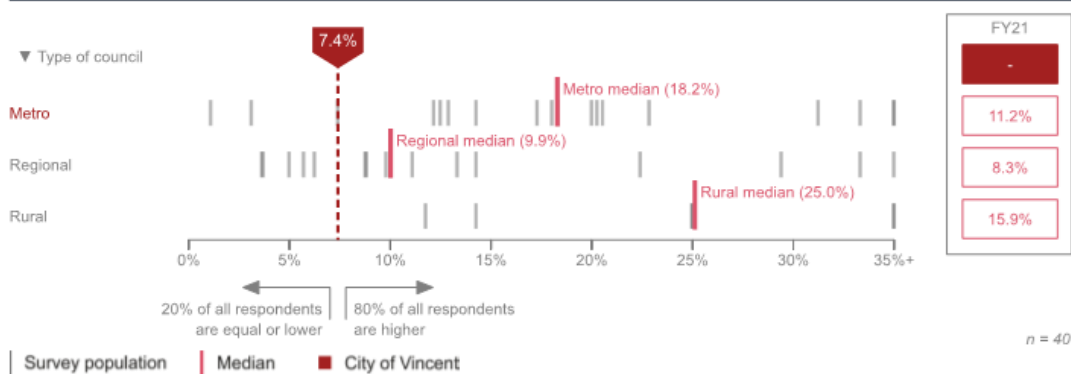
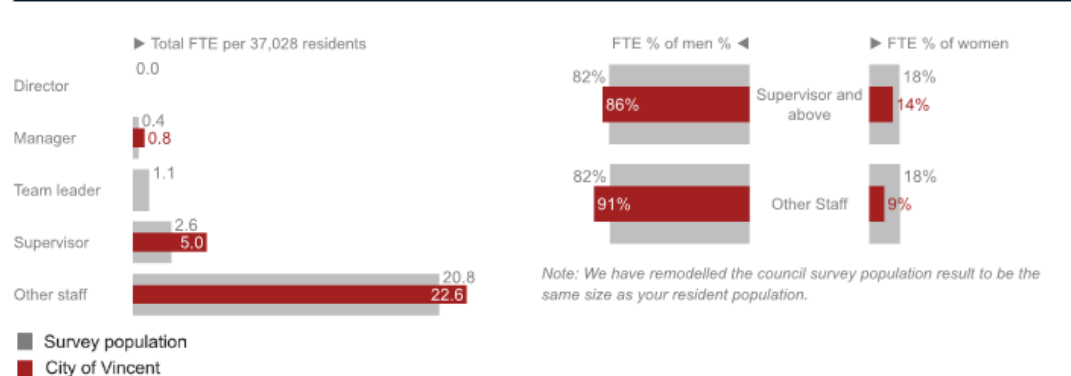


Figure 4.22: Staff level FTE breakdown and gender split - Parks, gardens and sporting grounds



Explore: Parks, gardens and sporting grounds

Analysis of segmentation, land area and relative cost per hectare

Our report highlights the variety of segmentation of outdoor recreational areas across types of councils.

Figure 4.23 illustrates that rural councils have a greater proportion of active space (17%) compared to the remaining survey population, whilst regional councils report a larger segment of land dedicated to conservation and utility (52%).

Not surprisingly, in Figure 4.24 we see that rural councils also have the largest per-resident area of parks, gardens and sporting grounds (362.4ha per 10,000 residents) and appear to benefit from economies of scale when it comes to maintenance, reporting a significantly lower cost per hectare when compared to their metro and regional counterparts.

Figure 4.23: Parks, gardens and sporting grounds breakdown by category (hectares)

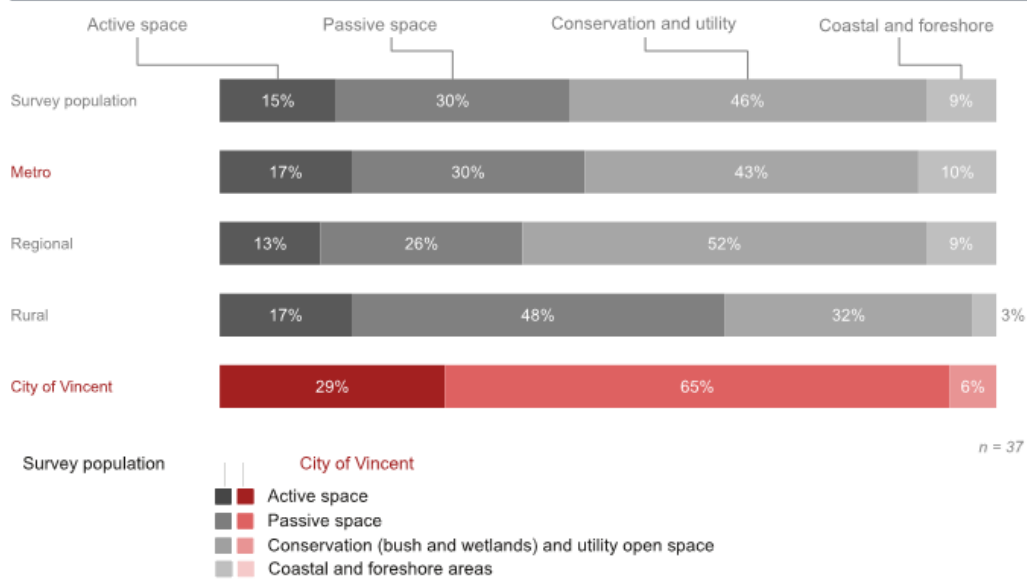
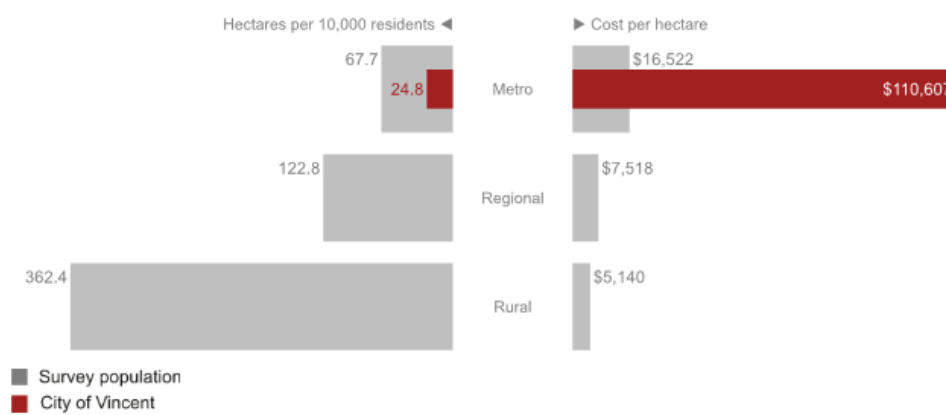


Figure 4.24: Parks, gardens and sporting grounds area and cost breakdown (council type)



Service Delivery

Explore: Parks, gardens and sporting grounds

Analysis of operating expense

We encourage councils to use this section of the report to further analyse and compare the key cost metrics across parks, gardens and sporting grounds.

Figure 4.25 presents the median operating expense for your council on a per resident basis, compared to the corresponding median for your jurisdiction and against the backdrop of council type.

Figure 4.26 displays the cost components involved in operating outdoor recreational areas, split between insourced and outsourced expenses.



Your parks and sporting grounds expense per resident is **\$274**



WA median parks and sporting grounds expense per resident is **\$199**

Figure 4.25: Parks, Gardens and Sporting Grounds annual operating expense (A\$) per resident (council type)

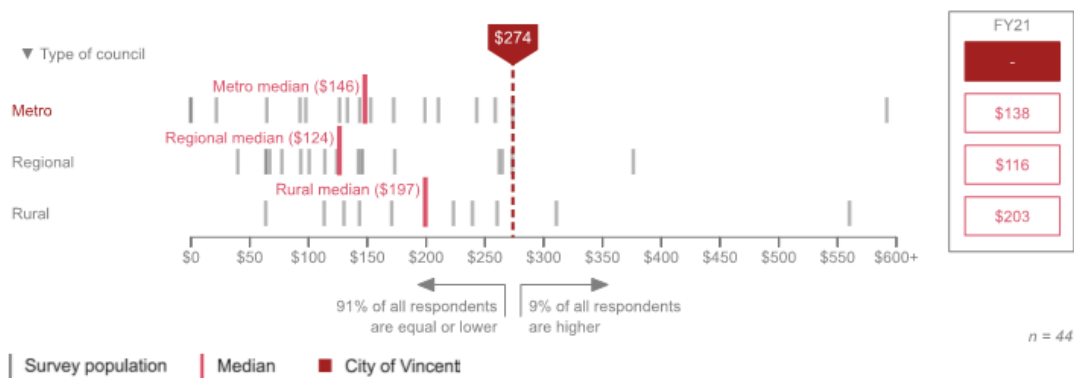
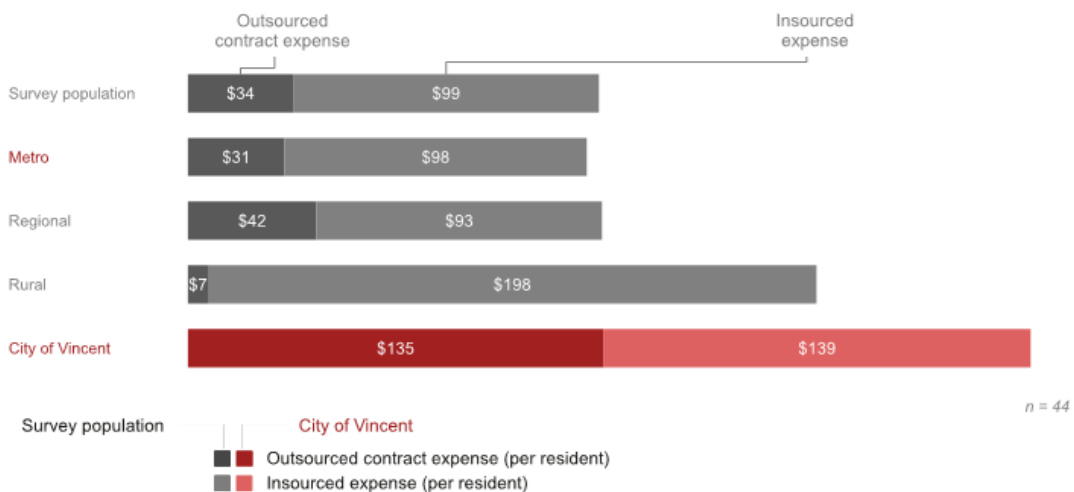


Figure 4.26: Breakdown of Parks, Gardens and Sporting Grounds annual operating expense (A\$) per resident



Explore: Swimming pool leisure centres

Analysis of operations

Results from our survey continue to indicate that swimming pool leisure centre facilities represent a substantial investment of council financial resources, with the median average operating cost per visit being nearly double the median average revenue earned per visit (Fig 4.29).

However we also note that swimming pool leisure centres are a vital community resource. They generate a variety of tangible benefits including an increased sense of community and social network, encouragement of a healthier/more active lifestyle, and reduced criminal/anti-social behaviour.

Your council reported
1 facility



Your council reported
0% single-use facilities
100% multi-use facilities

Figure 4.27: Relationship between average revenue (A\$) per visit and annual visits per resident

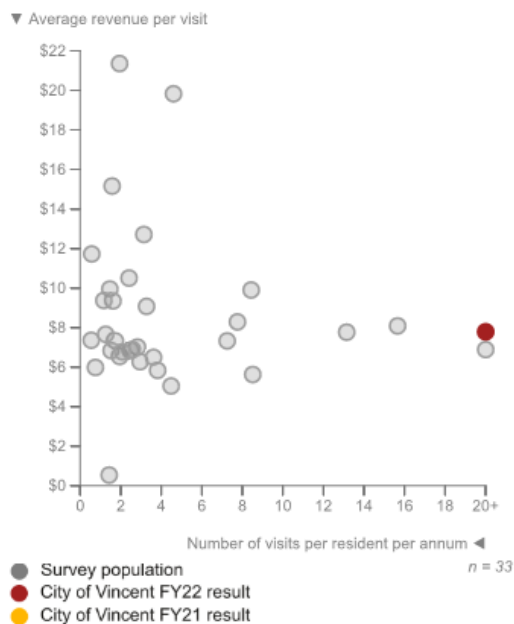


Figure 4.28: Relationship between average operating cost (A\$) per visit and annual visits per resident

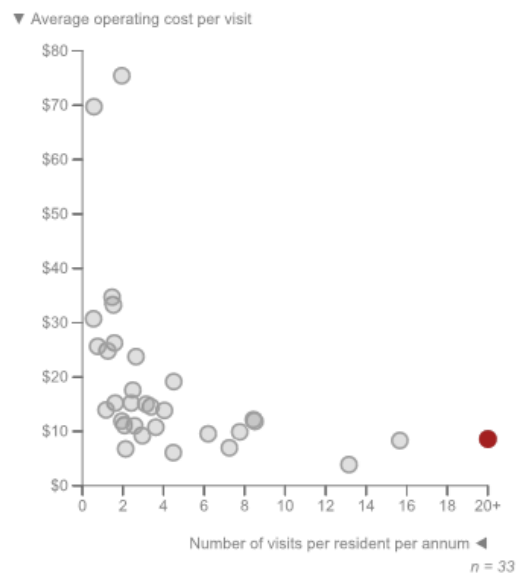


Figure 4.29: Swimming pool leisure centres - annual average revenue and operating cost (A\$) per visit

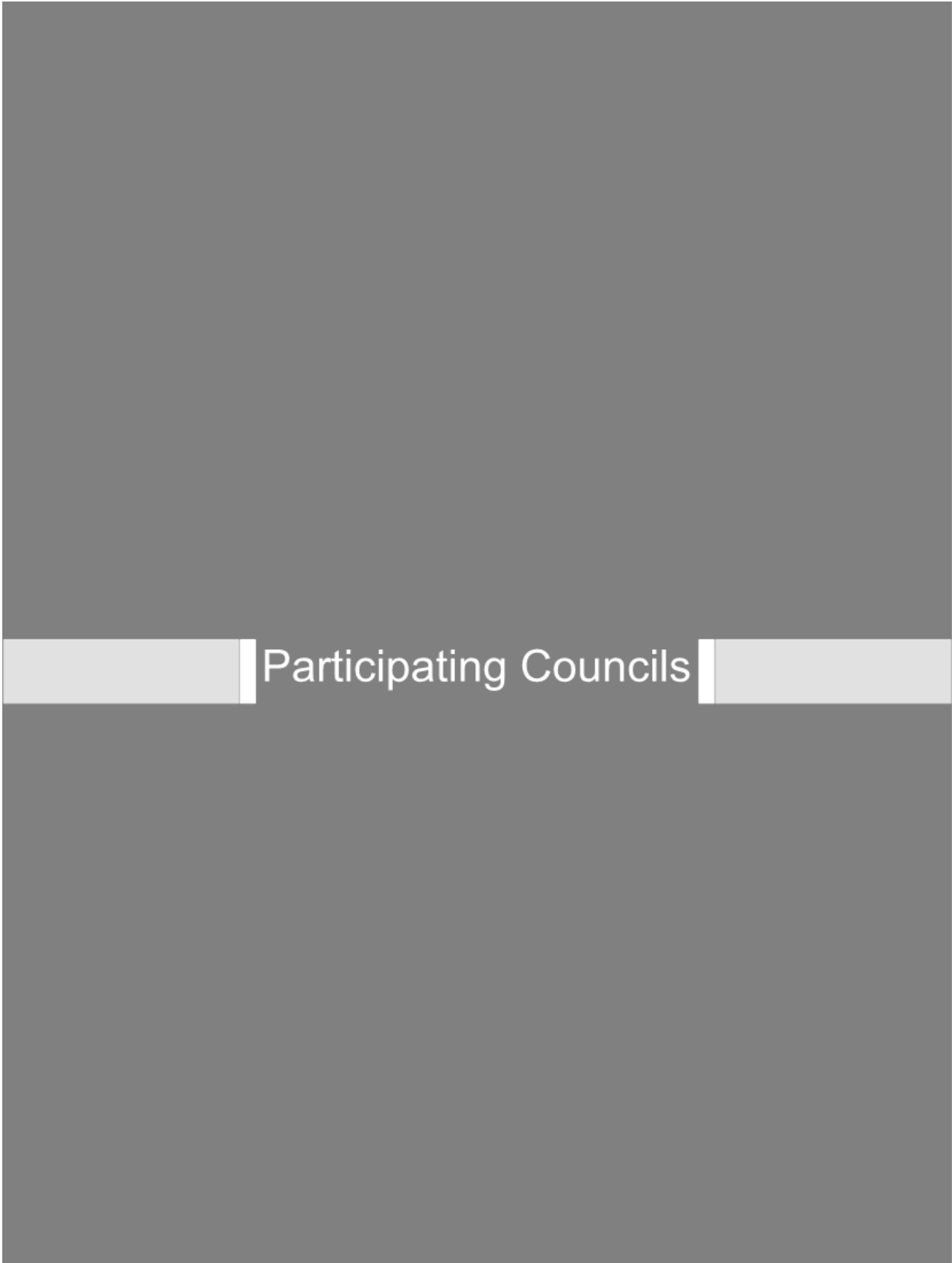


Service Delivery

Breakdown of participating councils by service area

The table below shows the number of councils that provided cost and FTE data for each individual service area.

Service Area	Councils providing cost data	Councils providing FTE data
	n count	n count
Aerodromes	17	13
Aged Persons and Disabled	24	22
Agriculture	2	2
Beach Control and Maritime Activities	8	6
Camping Area and Caravan Parks	14	10
Children's Services	22	21
Cultural and Community Service Centres	38	37
Drainage and Stormwater Management	28	23
Emergency Services, Fire levy and Protection	20	14
Enforcement of Regs and Animal Control	44	44
Footpaths	24	17
Fuel & Energy	3	2
Governance and Administration	44	45
Health	19	15
Mining, Manufacturing & Construction	23	23
Other Community Amenities	31	29
Other Community Services and Education	35	34
Other Economic Affairs	40	41
Other Environment	39	39
Other Public Order and Safety	15	15
Other Transport Infrastructure	34	38
Parks and Gardens	44	45
Public Libraries	41	40
Roads & Bridges	44	45
Sewerage Services	26	24
Solid Waste Management	44	45
Sporting Grounds and Venues	37	36
Street Cleaning	21	19
Street Lighting	17	5
Swimming Pools	29	26
Town Planning	41	43
Water Supplies	19	19



Participating Councils

List of participating councils by jurisdiction

The table below shows the list of participating councils in the FY22 LG Performance Excellence Survey Program:



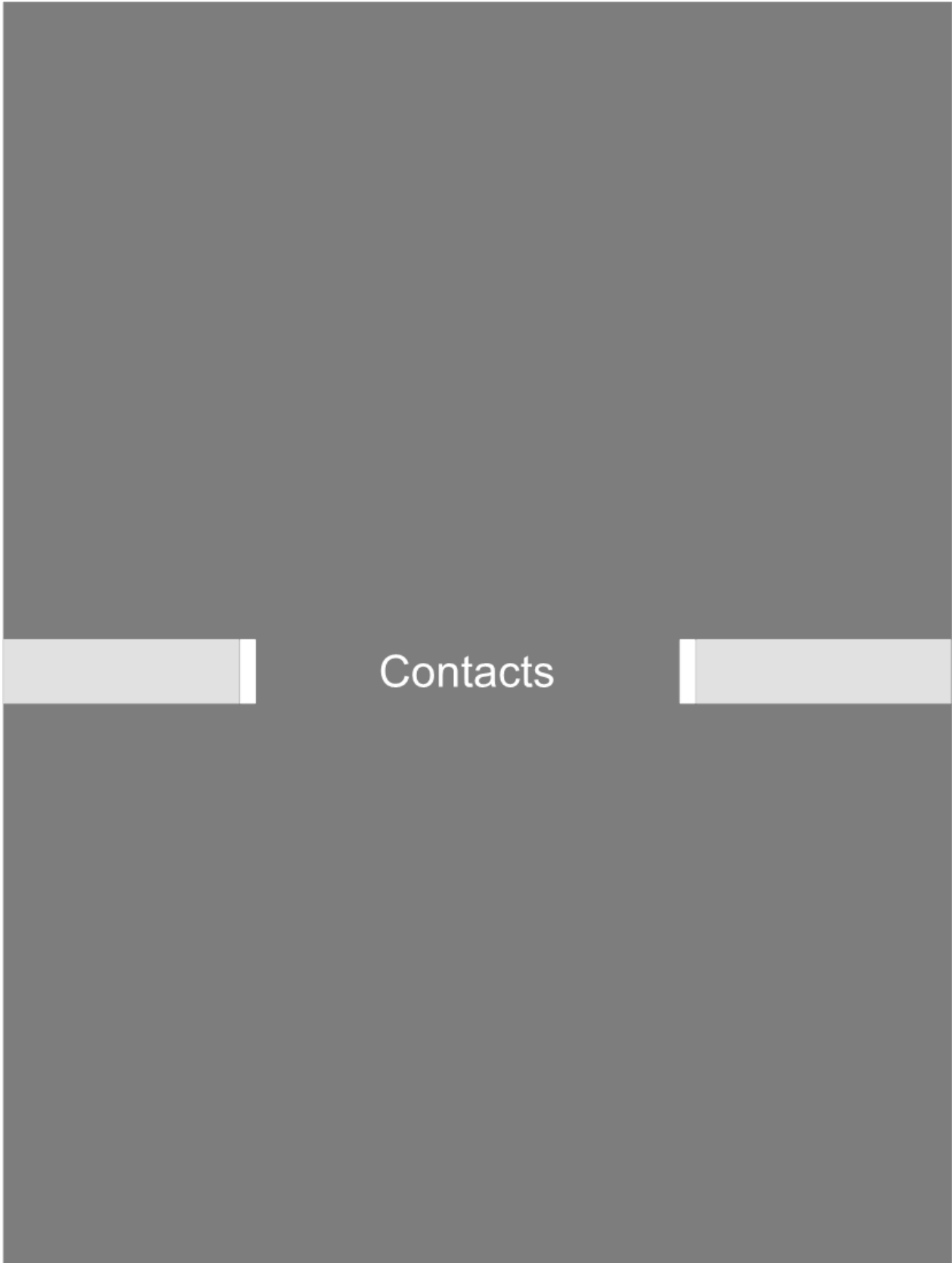
New South Wales

- | | |
|--------------------------------|--|
| 1. Albury City Council | 17. Leeton Shire Council |
| 2. Ballina Shire Council | 18. MidCoast Council |
| 3. Bega Valley Shire Council | 19. Muswellbrook Shire Council |
| 4. Bellingen Shire Council | 20. Narrandera Shire Council |
| 5. Bland Shire Council | 21. Narromine Shire Council |
| 6. Byron Shire Council | 22. Oberon Council |
| 7. Campbelltown City Council | 23. Parkes Shire Council |
| 8. Central Coast Council | 24. Port Macquarie-Hastings Council |
| 9. Cessnock City Council | 25. Port Stephens Council |
| 10. City of Newcastle | 26. Queanbeyan-Palerang Regional Council |
| 11. Coffs Harbour City Council | 27. Singleton Council |
| 12. Eurobodalla Shire Council | 28. Snowy Monaro Regional Council |
| 13. Georges River Council | 29. Temora Shire Council |
| 14. Gwydir Shire Council | 30. Tweed Shire Council |
| 15. Kempsey Shire Council | 31. Willoughby City Council |
| 16. Lane Cove Council | 32. Wollondilly Shire Council |



Western Australia

- | | |
|-------------------------------|------------------------------------|
| 1. City of Armadale | 8. City of Rockingham |
| 2. City of Canning | 9. City of South Perth |
| 3. City of Gosnells | 10. City of Subiaco |
| 4. City of Joondalup | 11. City of Vincent |
| 5. City of Kalgoorlie-Boulder | 12. City of Wanneroo |
| 6. City of Kwinana | 13. Shire of Serpentine Jarrahdale |
| 7. City of Nedlands | |



Contacts

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The Local Government Performance Excellence Program FY22 is produced in conjunction with Local Government Professionals Australia, NSW and the results are analysed by PwC.



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Definitions
&
Report References

Definitions

Headcount

Headcount includes permanent and fixed term contract employees based on your submitted HR extract. Casual employees are excluded. We calculate headcount at two points in the financial year, 1 July for opening headcount and 30 June for closing headcount.

When we refer to your 'workforce', 'employees' or 'staff' it relates to headcount thereby including only permanent and fixed term contract employees. If we use full-time equivalents, we will always refer to this group as FTE employees or refer to it in the metric name, for example, Actual training spend per FTE.

Full time equivalents (FTE)

FTE includes permanent, fixed term contract employees and casuals based on your submitted HR extract. We calculate FTE at two points in the financial year, 1 July for opening FTE and 30 June for closing FTE.

Calculating headcount of FTE at 1 July 2021

Headcount of FTE employees with the following criteria are included:

- Start date on or before 1 July 2021
- An FTE status greater than zero at 1 July 2021 (FTEs of zero or blank are NOT included)

Headcount of FTE employees with the following are excluded:

- A termination date before 1 July 2021

Calculating headcount of FTE at 30 June 2022

Headcount of FTE employees with the following criteria are included:

- Start date on or before 30 June 2022
- An FTE status greater than zero at 30 June 2022 (FTEs of zero or blank are NOT included)

Headcount of FTE employees with the following are excluded:

- A termination date before 30 June 2022

Calculating service area FTE

The calculation for FTE by service area is made up of two components:

1. The sum of all closing FTE at 30 June for permanent and fixed term contract staff where no casual hours were worked during the year.
2. If casual hours were worked during the year, we ignore the closing FTE value for those staff. Instead, we sum those casual hours worked in a particular service area throughout the financial year and convert into an FTE value by using a 38 hour week. This reflects the seasonal nature of some service areas, such as pools or beach control.

Definitions

Staff levels

General Manager or CEO – This is the one person responsible for managing the council. In NSW, they are referred to as the General Manager, in WA the CEO. For the purposes of this survey, this position is called GM/CEO throughout the report.

Director – Senior executives responsible for individual directorates/areas. This level could also be a high level specialist role with few direct reports or they could manage a unit - this may vary from council to council.

Manager – Typically a manager of a unit which reports to a Director. Responsibilities include strategic planning, budget, team building and development, dealing with complex staff situations and other issues. This person is considered the technical expert in the field of work.

Team Leader – Responsible for a large team of operational staff and would be involved in some difficult conversations with staff. Accountable for budget and operational targets and would rely on existing procedures or precedents to resolve problems. Able to deal with a level of complexity regarding customer interactions and contact.

Supervisor – Generally reports to a team leader. Responsible for supervising a small team of staff, overseeing the day to day operational tasks and ensuring these are met. Responsible for planning activities and resources up to a week in advance. When making decisions, Team Leader consultation would be required. Limited responsibility for budget.

Other Staff – This category relates to all other staff that are not a GM, CEO, Director, Manager, Team Leader or Supervisor.

Service Areas

For further information on service area definitions, please refer to section Appendix A in the FY22 Participant Guide available on Data Kit.

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