Grassroots Connections Australia

OUTCOMES REPORT

FOR

MORETON BAY REGIONAL COUNCIL

"Scoping Study for Council's Organisational Review"

16th September 2019

"Scoping Study for Council's Organisational Review"
Outcomes Report prepared by:
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DISCLAIMER AS TO LEGAL ADVICE

The observations and advice contained in this report do not purport nor claim to represent formal legal advice. The content of the report is formulated from the experience of the Review Team as practising local government CEOs over many years and from more recent experience in consulting to the local government industry in Queensland.

Commentary and advice on the interpretation of the legislation referenced in the report is presented in this context and from the perspective of professional administrators applying good governance principles to the implementation of systems, processes and procedures to secure effective, transparent and accountable responses to that legislation.

Although developed in good faith and with due diligence the recommendations for action arising from the report should be considered in the context of Council's own formal legal advice.

Contents

EXECUTIVE SUMMARY

Background:

Grassroots Connections Australia Pty Ltd (the Review Team) was engaged by Moreton Bay Regional Council (MBRC) to undertake a review of the Council's organisation in response to concerns expressed to the Mayor by Councillors, staff and members of the public about certain aspects of the Council's management including land use planning and human resources management.

The review is being conducted in two parts:

1) An initial scoping exercise to identify the key issues reflecting the concerns of the Council with a view to formulating appropriate Terms of Reference for a more detailed "Phase 2" examination of those issues, and

2) A comprehensive review (Phase 2) of the issues identified in the scoping exercise with the objective of developing specific policy, administrative and other responses to address identified problem areas.

This Outcomes Report is the key deliverable of the scoping exercise outlining the findings of this phase and providing detailed terms of reference for the comprehensive review.

Methodology:

The approach to the scoping exercise included:

1. An examination of an extensive range of documents including Council policies, procedures, plans, organisational structures and statistical reports.

2. Interviews with:
   - The Mayor and each Councillor,
   - The Executive Management Team,
   - Other staff identified as having information relevant to the review, and
   - Parties external to Council including government agencies, representative bodies and union officials identified as having information relevant to the review.

   The interviews involving some 35 individuals in total were undertaken on a confidential basis enabling full and frank exchanges with the Review Team.

3. An organisation-wide culture and leadership survey of all current staff and a similar survey of former staff who registered to undertake the survey to gauge opinions about the work environment at MBRC. Out of nearly 1,600 current staff, 1077 returned the confidential online survey providing 6,923 free-text comments. One hundred and ten former staff returned their surveys providing 1,250 free-text comments.

Findings:

As a backdrop to the findings set out below, the following information is relevant:

1. Council is in a strong financial position and on a number of financial indicators is a stand-out amongst SEQ counterparts.

2. Council's history since amalgamation in 2008 of cost containment and employee rationalisation has produced a lean organisation particularly in comparison with SEQ counterparts.

3. Major initiatives such as the Moreton Bay Rail Extension and the University site at Petrie are region-making projects achieved off the back of Council's solid financial position and strategic leadership.

These achievements, however, have come at a price and in the context of ongoing growth management pressures and organisational instability highlighted by exceptionally high staff turnover rates, the scoping exercise has identified a number of concerning issues. These include certain aspects of working relationships, governance practice, organisational structures, leadership and staffing arrangements, human resource management practices, and corporate engagement and communications that need to be further investigated and opportunities for improvement identified.

The findings are summarised as follows:

- *Councillor and Senior Management Relationships*

All parties have honestly acknowledged a decline in relationships between Council and senior management over recent years. Action is proposed to rebuild these relationships through the development of agreed "rules of engagement" built on a recommitment to and active monitoring of adherence to the organisation's Values, better understanding of respective roles and responsibilities including individual legislative obligations, and enhanced organisational support for open information exchange to aid Council decision making.

- *Governance Framework*

The maturity of Council's governance framework has not kept pace with current standards and legislative change. Recommendations are made for a comprehensive review of the Governance Framework and development of an improved model for identifying and integrating governance functions. This would include:

o reviewing procedures to ensure Councillor and organisation-wide compliance with integrity system requirements particularly arising from recent legislative amendments
o enhancing strategic planning processes and related Council decision making
o strengthening community engagement mechanisms for corporate planning processes, supporting the anticipated introduction of budget development consultation and introducing community satisfaction surveys regarding infrastructure and service provision
o streamlining and focusing information flows to Council to support policy development and decision making
o ensuring integration of risk management controls as an organisation-wide responsibility.

- *Executive Leadership*

The reduction over time in the ratio of senior executive officers to the wide range of functions and responsibilities demanded of the organisation has led to serious constraints on organisational leadership and needs to be addressed. Action is proposed for a detailed review of the distribution of responsibilities and reporting relationships across and within Divisions to determine how to best redistribute some of these responsibilities especially those that have been the direct responsibility of the CEO.

Action is also proposed to increase the focus of the Executive Management Team on the key executive responsibilities of governance, strategy development, risk management, organisational capability development, accountability and performance, collegial leadership and communication.

- *Organisational and Human Resource Management*

Council's Human Resource Management policies have fallen behind contemporary practice and industry standards. Inadequate organisational resourcing, Performance Management processes and Council's Grievance and Dispute Resolution procedures, as well as high dissatisfaction with the use of Maximum Term Contracts were consistently raised as common themes through interview and other feedback mechanisms. As a consequence, it is recommended that a wide-ranging review of human resource policy, procedures and practice be undertaken.

- *Stakeholder Relations*

The quality of communication and engagement with external parties and government agencies has declined over time and is impeding effective collaboration. Action is proposed to review Council's corporate and community engagement and communication strategy to seek improved relationships with government agencies, regional organisations, industry bodies and professional associations focusing on cooperation and mutual respect.

- *Planning Scheme Amendments & Operations*

One of the key issues raised by Council leading to the initiation of the organisational review arose from a breakdown in rapport between Council and the Minister for State Development, Manufacturing Infrastructure and Planning and Department over the handling of a recent proposal to amend Council's Planning Scheme.

Action is required to ensure the amendment proceeds and infrastructure charging arrangements are negotiated and agreed. This will enable Council to maintain the integrity of its Planning Scheme and financial sustainability by securing its ability to manage development in an orderly fashion across the region. In addition to achieving these outcomes rebuilding the working relationship with the State Government is also seen as a priority.

1. BACKGROUND TO UNDERSTANDING CURRENT COUNCIL POSITION

1.1. Achievements since amalgamation

Since amalgamation in 2008 Moreton Bay Regional Council has achieved significant progress in combining and rationalising a wide range of systems, procedures and service platforms to secure both financial and service provision benefits for its communities. In particular: -

i.   **Integration/rationalisation of services** – The three previous organisations have been integrated to create a new leaner organisation focused on doing more with less and strengthening Council's overall financial position by driving down operational costs. The staff establishment of the organisation has been reduced from around 2,600 to about 1,600. The number of senior executive positions has been reduced from 7 to 3.

i.   **Financial sustainability** - An overview assessment of Council's financial sustainability has been conducted by financial and economic consultants AEC Group Ltd who have provided the following overall commentary:

"Council is in a very strong financial position, with a persistent and large operating surplus and a net financial liabilities ratio well below the upper threshold. Capital spend on infrastructure renewals is relatively low and assets are being consumed at a faster pace than they are being replaced – however, this is simply a result of the relatively new age of installed infrastructure with the asset consumption ratio (proportion of asset life remaining) being relatively high. There do not appear to be any signs of an infrastructure backlog.
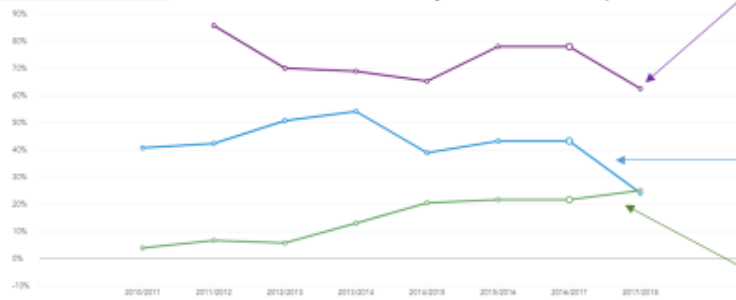
Council has a relatively low reliance on its own rates and charges and has a diversified income stream, albeit with a dependence on income from interest revenue and Unitywater dividends – however, the extent of Council's operating surplus means that it has the capacity to deal with a high degree of volatility in these revenue sources. Council's rating level is considered appropriate relative to the size of its regional economy.

Council appears to be very efficient in terms of the number of ratepayers served per employee and its operational spend per capita. The most significant risk for Council is its ability to continually meet the infrastructure needs associated with ongoing strong growth and development across the region without excessively relying on debt funding and exceeding the upper threshold for the net financial liabilities ratio – however, with a high operating surplus, appropriate contributions from developers and appropriate controls placed on development this risk can be effectively mitigated"

A selection of graphics from their assessment is shown below for illustrative purposes only. The detail of the images needs to be read from the full report which is attached to this report as Appendix A.

SUSTAINABILITY RATIOS

Council is in a financially sustainable position

Infrastructure renewal below the preferred 90%-100% target, but is representative of relatively new infrastructure rather than an infrastructure backlog

A significant improvement in the net financial liabilities ratio in recent years means that Council has available borrowing capacity
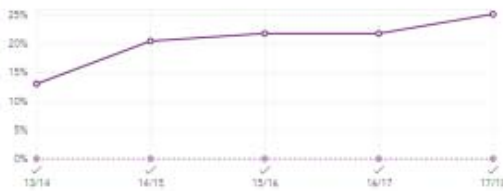
A growing surplus, albeit consistently above the 10% preferred upper threshold in recent years

	Operating Surplus Ratio	Net Financial Liabs	Asset Sustainability
2010/2011	3.79%	40.6%	No Result
2011/2012	6.55%	42.3%	85.6%
2012/2013	5.6%	50.6%	70%
2013/2014	13%	54%	68.8%
2014/2015	20.4%	38.8%	65.2%
2015/2016	21.7%	43.2%	77.9%
2016/2017	21.7%	43.2%	77.9%
2017/2018	25.1%	24%	62.5%

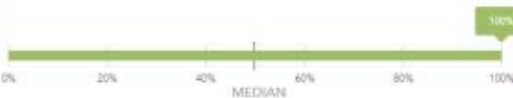aecgroupltd.com 4

OPERATING SURPLUS RATIO

✓ Operating Surplus Ratio

This statutory ratio demonstrates the ability to cover operating costs from operating revenues. Information sourced from QAO & Annual Reports. Target between 0 & 10%. A negative ratio indicates insufficient revenues to meet costs, greater than 10% suggests a community may be paying too much.

2017/2018
25.1%

TARGET ---
0%

CHANGE FROM PRIOR YEAR
▲ 3.4%

CHANGE FROM 2016/2017
▲ 3.4%

ROLLING AVG (3 YEARS)
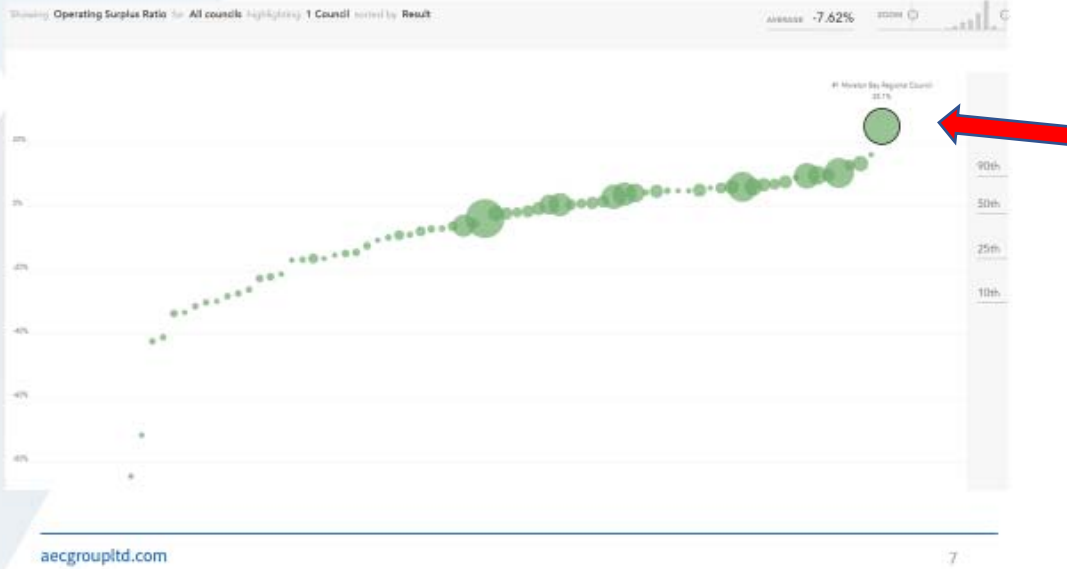22.83%

KPI IMPORTANCE
CRITICAL

MEDIAN
-2.18%

RANK
1/71

PERCENTILE
100%

The Operating Surplus Ratio has been improving over time

All councils

For this result, the business is positioned in the top 10% of peers

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OPERATING SURPLUS RATIO

Council recorded the highest ratio in 2017/18


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REVENUE STREAMS

Council has a relatively low level of reliance on its own rates and charges revenue given it does not levy water and sewerage charges and significant operating funds are provided from dividends from Unitywater, interest revenue on cash reserves, fees and charges and other revenue streams
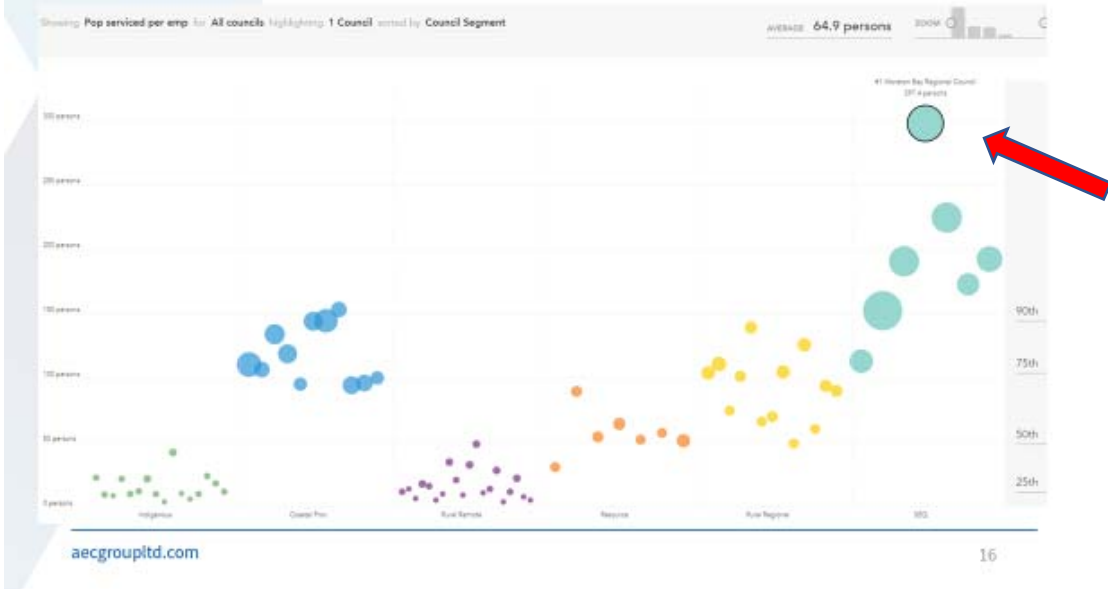

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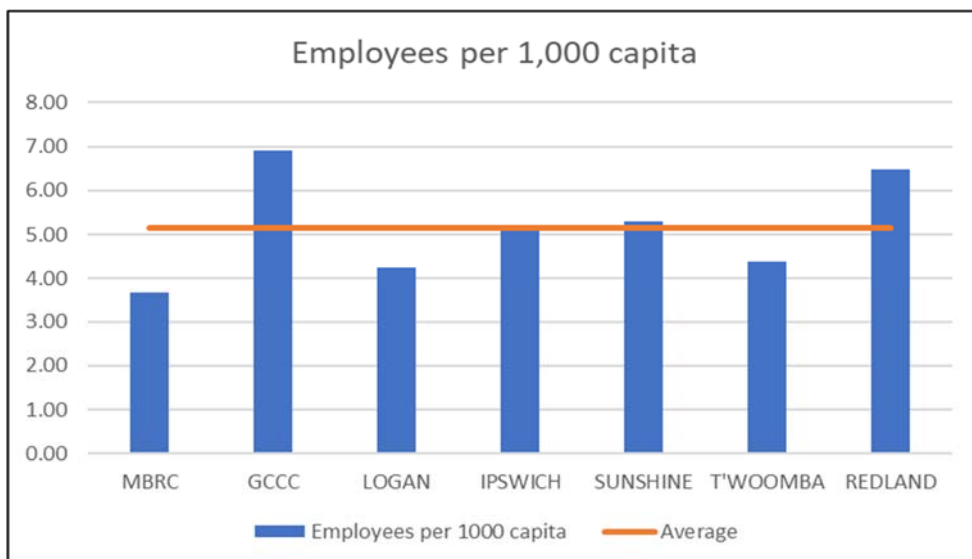In addition to the AEC data the following comparison of Operating Costs amongst SEQ Councils is informative.
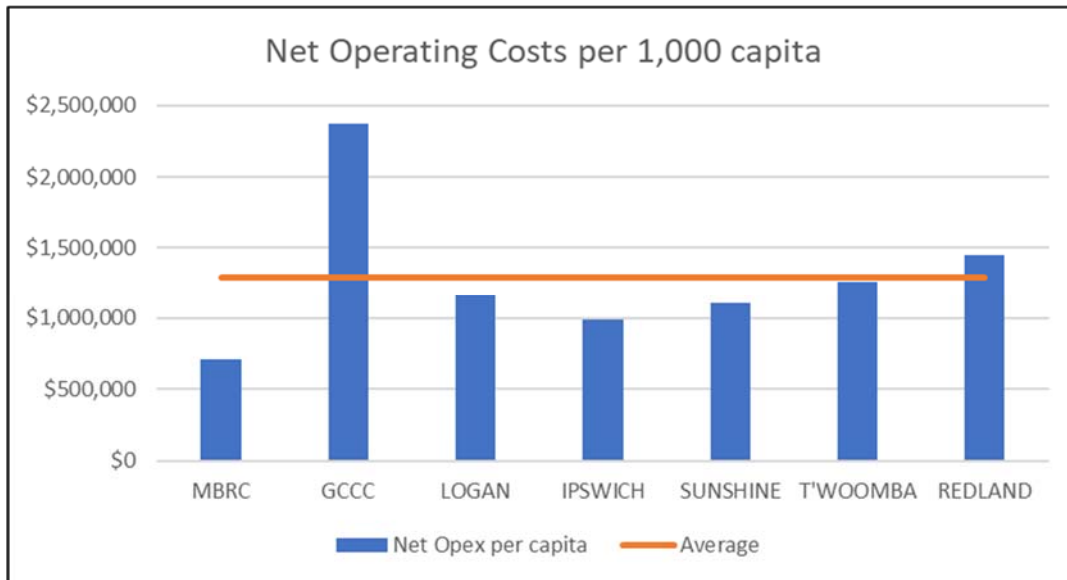
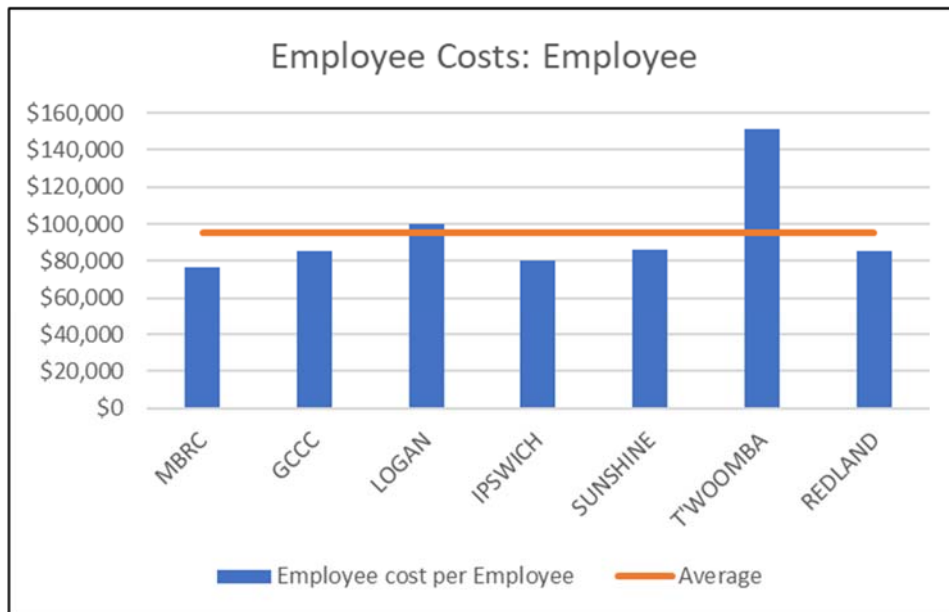(Data taken from the Annual Reports of the respective Councils for 2017/18)

In addition to the AEC data the following comparison of Employee data amongst SEQ Councils is informative.

(Data taken from the Annual Reports of the respective Councils for 2017/18)

ii. **Operational efficiencies/cost savings** - Significant operational cost savings have been achieved over time by reduction in organisational staffing levels together with service reviews and rationalisation of certain physical assets. The Council's financial statements indicate the following levels of reduction in employment costs, materials and services and depreciation.

Operational Costs 2008/09 to 2017/18 $'million
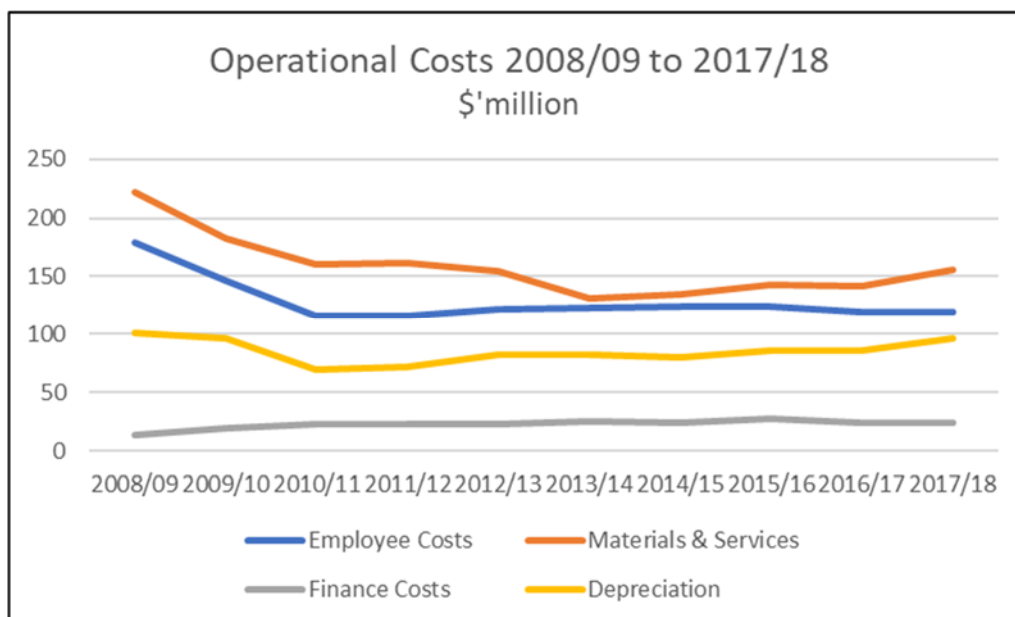
(Source = MBRC Annual Financial Statements)

iii. **Major initiatives** - Rail extension & University - The strategies described above have enabled the Council to accumulate considerable financial capacity to underwrite major infrastructure and economic development initiatives. This has included making significant financial contributions toward the extension of the south-east Queensland rail network to six new stations in the region and establishing a new university precinct at Petrie.

iv. **Service Improvement** – Anecdotally, the range and quality of services available to the community have improved with Libraries and Sporting/Recreational Facilities being prized by their users and Customer and Call Centres commended for their efficiency and service. However, it is not possible to substantiate this claim as the Council discontinued the practice of conducting community satisfaction surveys some years ago. Some departments such as Development Assessment conduct annual customer satisfaction surveys that have recently indicated favourable results in terms of their customer service quality.

1.2. Current challenges facing the Council

Located in a strategically important transport corridor stretching north from the Brisbane Metropolitan core, the Moreton Bay region is faced with both challenges and opportunities arising from its historic and geographic contexts.

i. **Growth management** - It is clear that the continued population growth in south-east Queensland is creating a significant wave of urban development in the Council's jurisdictional area. The task of integrating the previous council planning schemes and creating a new growth management strategy for the region has been challenging. Recent events involving the Queensland Government's rejection of the Council's proposed amendments to the scheme demonstrate the ongoing need for Council to concentrate its strategic planning effort on growth management policy.

Legacy issues relating to the robustness of the planning scheme in the face of competition amongst emerging growth localities within the region and the current unresolved planning appeals present significant risks for the Council in both strategic and financial respects.

i. **Organisational stability** – The post amalgamation period now into its 11th year has been one of considerable organisational instability. Restructuring, down-sizing and implementation of short-term employment tenure arrangements, together with recent high turnover particularly in executive positions has caused increased anxiety amongst staff generally. The ongoing challenge now is to seek to achieve significantly more stability in terms of staff turnover, organisational culture and executive leadership.

Loss of numerous planning staff, unsatisfactory outcomes in using labour hire arrangements to address technical/specialised skill set needs in regulatory services and high turnover resulting from forced terminations, combined with high levels of vacancies has created significant concern amongst staff in relation to job security. Under-resourcing and consequential stressful workloads are impacting on the effectiveness of management, particularly at senior levels.

2. WHAT STAKEHOLDERS THINK

In order to understand the specific touchpoints causing the general expression of concern amongst Councillors, the Review Team embarked of an extensive information gathering exercise through engaging with key stakeholders. Interviews were held with a wide range of individuals (35 in total) seeking their opinions about the good and not-so-good aspects of the current organisational environment. That is, the Review Team were keen to identify those aspects of organisational performance that were deserving of complement as well as those deserving criticism.

2.1. Councillor interviews

There was a strong commonality in the issues presented by councillors during the interviews. Notwithstanding different political views on the direction Council might take on various matters, Councillors expressed consistent opinions about the Council's relationship with its organisation, summarised as follows:

Issues identified as positive –

- Councillors are complementary of the CEO's management of the amalgamation process and integration of the three local government organisations.
- Councillors have a strong empathy with the staff generally across the organisation and see them as committed and hard working.
- Councillors wish for the organisation to be seen as an employer of choice.
- Roads, bridges and infrastructure across the region have improved since amalgamation.
- Councillors believe the decision-making framework of workshops and informal briefing sessions are helpful to their deliberations and generally think they are well enough informed to make good decisions about most things coming before them.

Issues identified as negative –

- Councillors have concerns about the high turnover of staff and reports they hear about why and how staff are terminated or leave the organisation.
- Councillors believe senior management withhold or have withheld critical information at times from Council thus impacting on their decision-making.
- Councillors are concerned that senior management are reluctant to provide information at their request on certain matters relevant to their role in overseeing the performance of the organisation and implementation of their policies. A common example provided was a request for details about legal fees paid in respect of planning appeals. It is understood this information has now been provided.
- Councillors believe they were misled by senior management over the progress of the planning scheme amendments and the attitude of the Queensland Government in that respect.
- Councillors believe the relationship between them and the Executive Management Team has deteriorated over the past couple of years to a point where it is now impeding Council's legitimate role in setting corporate direction and monitoring the organisation's overall performance.
- Some Councillors are experiencing a reluctance to trust in the advice they are given as a result of recent experiences.
- Some Councillors are concerned at what they see as senior management delaying or obstructing initiatives that the officers personally don't agree with.
- Councillors believe that communication generally from the Executive Management Team about what is happening in the organisation is inadequate. For example, Councillors are concerned that employees with whom they regularly interact, leave the organisation and they are not informed until they discover this when next they seek to contact those officers.
- Councillors are concerned at the fragility of the Executive Management Team given the few Directors currently in office and the possible impact of higher workloads on remaining members.
- Councillors are concerned at reports received from current and former employees about alleged heavy handed implementation of human resource management policies and lack of a humanistic empathy with employees by senior management.
- Councillors are aware from their interaction with departments that some areas are suffering from under-resourcing which impacts on both service and the wellbeing of the staff.
- Councillors are concerned that management's advice and decision making is too much framed around financial consequences at the expense of humanistic and community service outcomes.
- The new Councillors elected in 2016 were critical of their induction program and felt that it was inadequate in preparing them for their role and its interface with the organisation.

Councillors had different views about whether they received sufficient and complete information in officers' reports to underpin their decision making but generally found the business papers sufficient to enable them to ask questions about additional information they needed. However, the lead time between delivery of the papers and the Council meeting caused concern to some Councillors about being able to digest all the information before having to make a decision. It was noted that the Mayor and Councillors were inclined to defer matters to a subsequent meeting if there was a common concern that more information was required.

2.2. Senior staff interviews

Interviews of senior staff included:

CEO
Director of Engineering, Construction and Maintenance
Director of Community and Environmental Services
Manager Development Services
Manager Finance and Project Services
Manager Human Resources
Manager Regulatory Services
Internal Auditor

Issues generally agreed by the interviewees as positive –

- Council is financially strong.
- Amalgamation has been very successful.
- The lean organisation has provided high efficiency gains since amalgamation.
- Their people work hard and achieve high levels of productivity & customer satisfaction
- Major initiatives have been realised or substantially progressed – e.g. the Moreton Bay Rail Link & the University.
- The workshops and briefing sessions with Councillors combined with the Coordination Committee process are useful in identifying information needs and providing background to assist Council decision making.

Various issues were identified as negative influences. The following represents a sample of comments made but not necessarily agreed by all these interviewees –

- The relentless pace of growth in the region is a challenge.
- Council's history of employing "doers" not "managers" may have been counter-productive.
- There are too few senior executive staff to carry the increasing workload at that level.
- Previous Councils had closer rapport with Management – the new council hasn't developed that yet.
- Some Councillors are promoting development in emerging areas out of sequence which causes uncertainty of direction for planning staff.
- Senior staff are uncertain as to where they stand with Council in recent months.
- There is a heightened political environment since the 2016 elections and a loss of unity around the Council table.
- Fear of confidential information being released has caused reluctance on the part of some senior staff to provide full disclosure to Councillors in relation to certain sensitive matters.
- Behaviour of some Councillors in workshops is inappropriate.
- The post amalgamation financial achievements have come at a significant cost to organisational culture.

There were mixed views as to whether the Council focused enough on strategic planning. Some thought that the direction was well understood. Others felt that some decisions were "knee-jerk" and not guided by a considered long-term strategy. Some see the increased political environment as getting in the way of effective strategic planning.

There were also mixed views as to the impact of the current style of applying human resource management policies on various parts of the organisation. To some it was a matter of holding the line to prevent erosion of the "lean organisation" model. To others it was failing to meet reasonable humanistic standards consistent with contemporary management principles. In either case there was a majority view that the current level of turnover and vacancies is impacting on both employee morale in some quarters and on the confidence Council has in this type of management approach.

2.3. External parties and Government agencies[1]

The role of local government is not just inwardly looking but also includes the necessity to engage with a wide range of external stakeholders, including governmental agencies that variously act as both program partners and regulators. Other entities have business and service relationships with the Council that depend on constructive collaboration in order to secure benefits for both parties and their respective customers and interest groups.

The following represents a summary of the key issues raised by that cross-section of external stakeholders.

i. **The Queensland Treasury Corporation (QTC)** with its focus on whole-of-State outcomes, provides a range of financial services to the State and its public sector entities, including local governments. These services include debt funding and management, cash management facilities, financial risk management advisory services and independent credit reviews. QTC mentioned that council has achieved sound financial performance reflective of regular operating surpluses over time.

ii. **Department of State Development, Manufacturing, Infrastructure and Planning (DSDMIP)** commented on the circumstances that had given rise to the recent conflict of views between the Council and the Government in relation to the proposed planning scheme amendments. There was an opinion within the Department that the Planning staff of Moreton Bay Regional Council had invested considerable effort over an extended period of time into the planning scheme amendments. As a result of this extensive effort Council staff were therefore possibly not open to considering alternate options. This made the ability to work collaboratively, at officer level to find feasible alternative solutions, difficult. The Department was concerned that the full detail and implications of discussions and correspondence from the Department, identifying matters requiring remedial action and making suggestions to progress those remedies, may not have been fully explained to Councillors, thus increasing the level of tension between the State Government and Council.

iii. **Unity Water** plays a critical part in managing the development of essential infrastructure in the region. Their strategic planning and programming of water infrastructure construction depends heavily on close collaboration and coordination with the Council's strategic land use planning. The Authority advises that over the

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[1] All external stakeholders were contacted prior to the release of this report and are comfortable for their comments to be made public.

past couple of years it has encountered some confusion in approach about what Council will approve in terms of development. This causes planning challenges for Unity Water in seeking to provide water to emerging development communities in a rational manner. In particular, problems arise where the trunk supply infrastructure required to supply a new development must traverse yet to be developed locations that are already within the priority infrastructure areas. Inconsistent advice given by Council staff to developers results in requests from the latter to Unity Water to provide infrastructure solutions that are not aligned to current planning. As a result, by August 2018 the relationship between Unity Water and one particular senior officer became strained to the point of the latter threatening legal action against the authority. Unity Water remains concerned that the Council's approach to advising developers as to its development sequencing policy remains unclear.

iv.   **Consultant Paul Low (KPMG)** was engaged by Council in October 2018 in response to the issues raised by DSDMIP about the proposed Planning Scheme amendment and consequently to advise on the various "packages" of work recommended by the Department. Mr Low has observed relationship challenges between Council and State officers and between Council staff and Councillors at times given the scale and complexity of the planning matters under consideration. Progress has occurred on some of the remedial actions in the Department's letter of January 2019 however a number of matters require further focus. Progressing the review of Development Assessment activities is one of the State's remedial areas where the Council and the State have yet to agree scope. Mr Low continues to work with Council's leadership to restore productive working relationships between Planning staff, DSDMIP officers and the development industry.

v.   **Urban Development Institute of Australia (UDIA)** has had concerns over the past couple of years at Moreton Bay Regional Council's disengagement from the development industry as a whole. Council resigned it corporate membership of the Institute in 2018 and as a result the Council and its Planning staff no longer have access to the Institute's information networks and training and development opportunities. This includes lack of access for Planning staff to the Institute's electronic newsletter which contains updates on contemporary industry issues. Previous periodic dialogue between Council and the UDIA has been terminated. The Institute advised that members were reluctant to raise industry issues with Council for fear of adverse reactions involving their ongoing business relationship with Council. The UDIA believes that this is not a beneficial situation for either the Council, its Planning staff, the developers of the regions or the present and future communities in the region. The Institute would be keen to see a return to a more collaborative relationship given the still enormous development potential within the region and consequently the need for Council and the industry to work together to ensure orderly and quality development.

vi.   **The Services Union representatives** reflected on their view that they had not had a good relationship with the Council for a long time. Morale has not traditionally been high in the amalgamated organisation. They see Council's approach to the Enterprise Bargaining negotiations as being adversarial and based on a misconception of Award structures. Some of Council's HR staff are seen by the Unions as "combative" rather than willing to negotiate. The Union representatives advised that staff generally are reluctant to have the Union raise workplace issues on their behalf for fear of retribution. There is no opportunity for Union delegates to speak directly with Managers or Senior Management as all matters must be taken up directly with the Human Resources department. The Grievance procedure is also centralised around the HR Department so, according to the Union representatives, staff are reluctant to

raise genuine issues for fear of repercussion in other aspects of their employment such as performance management and chances for promotion.

vii. **Former Employees** - Two recently separated employees were interviewed to obtain some feedback concerning the reasons for and/or practice adopted in their separation. Their views confirmed similar observation reflected in the Staff Survey and some of the other interviews and will help inform the approach to engaging with other former employees (currently 105) who have sought the opportunity to provide input to the review.

3. STAFF SURVEYS

3.1. Current employees

The survey of current staff was administered through the Survey Monkey online system to provide complete confidentiality to participants. A secure hyperlink was sent by email to the Council's "All Staff" distribution list comprising the current 1,581 employees.

At the close of the survey at 5pm on Tuesday 26th March a total of 1,077 respondents had accessed the survey. The "turnout" for the survey represented 68% of total employees invited to participate.

The greatest proportion of participation from a single Division was from the Planning & Economic Development Division (83.62%).

Not all respondents answered every one of the 28 questions that comprised the survey and some declined to answer parts of questions.

The percentages quoted in the following analysis relate to the number of respondents addressing the particular question or part thereof, which may vary between questions.

Just over 30% of the respondents held Professional/Technical roles in the organisation with 21% performing Administrative roles. Nearly 16% of the respondents performed Coordinator, Supervisor or Team Leader roles.

The gender balance of respondents generally reflected the overall 60%/40% proportions in the Council's workforce.

The Length of Service distribution also closely approximated the general proportions within the overall workforce.

Overall, it can be reasonably concluded that the survey results present a balanced and representative assessment of the views and opinions of the Council's workforce.
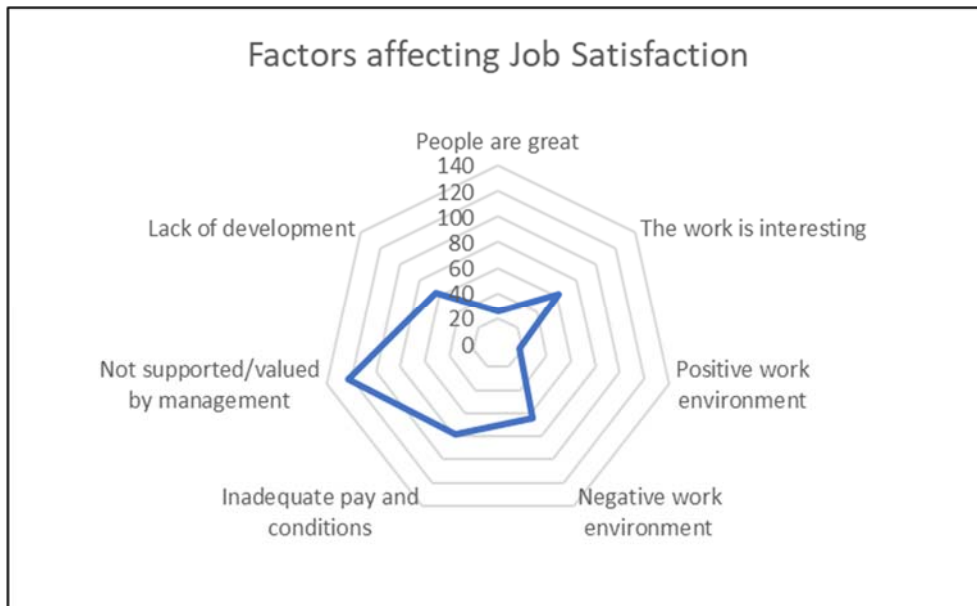
3.1.1   General satisfaction

About 40% of the respondents expressed high to very high job satisfaction.

About 20% had low or very low job satisfaction.

About 60% felt insecure or were uncertain about their job security

The opinions of the 347 respondents who provided comments about their job satisfaction generally converged into the following categories:


The opinions of the 308 respondents who provided comments about their job security generally converged into the following categories:
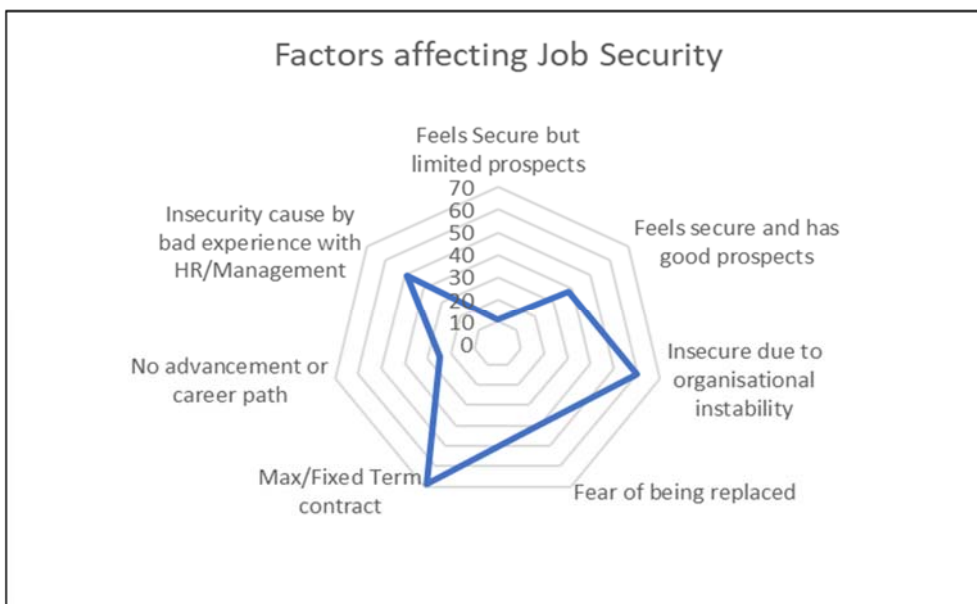
About 75% of respondents believed they had sufficient autonomy of decision making in their role.

About 46% of respondents said they withheld or were discouraged from giving honest opinions.
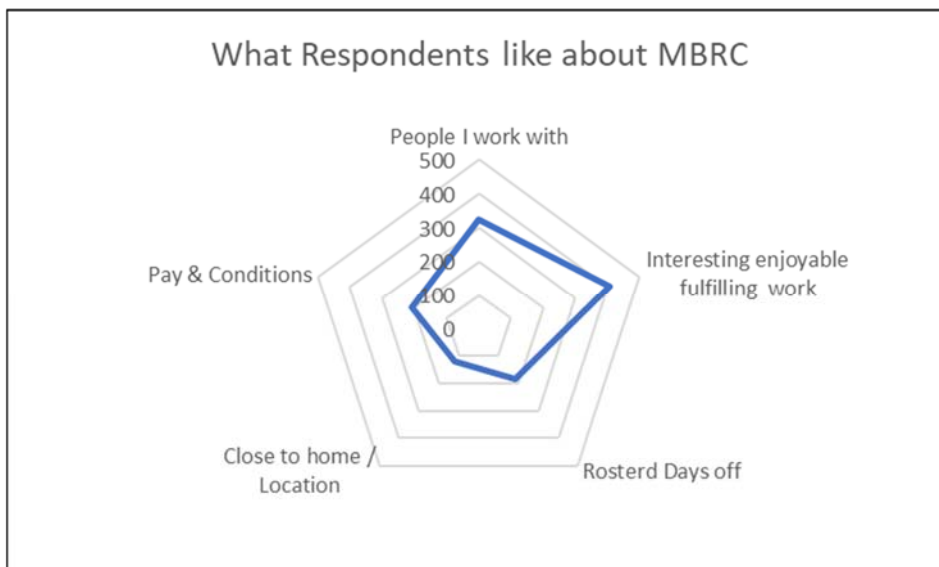
The views of the 280 respondents who provided comments about their freedom to express opinions, generally converged into the following categories:
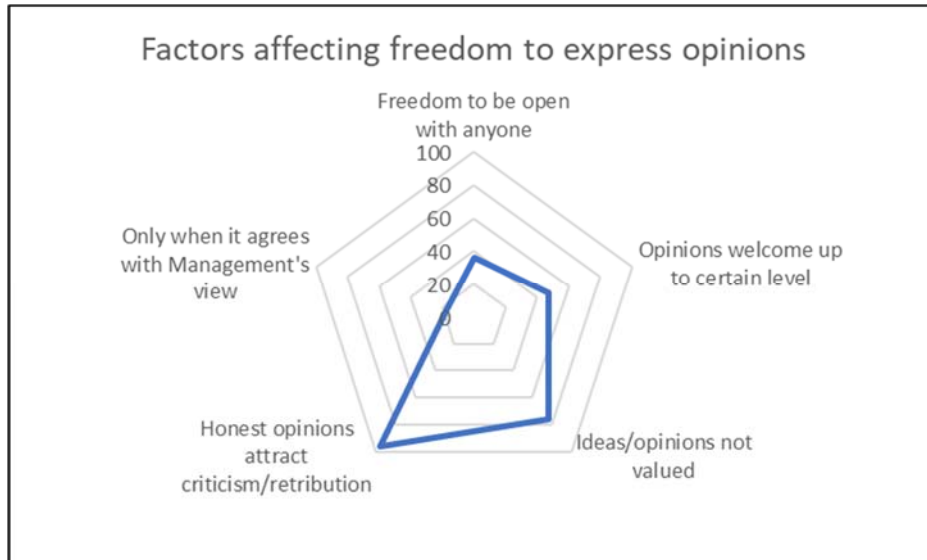
3.1.2 What employees like

Respondents tended to see the positive side of their employment with Council revolving round enjoying the company of their work colleagues, helping customers and the community, the nature of their work, the 9-day fortnight and proximity to home.

A reasonable proportion are satisfied with their pay and conditions

3.1.3 What employees don't like

Senior Management is perceived by many employees to be remote and uncaring.

Lack of job security and opportunities for advancement is of concern to many.

Implementation of HR policy is seen by many as harsh and inconsistent.

The opinions of the 890 respondents who provided comments about their dislikes generally converged into the following categories:
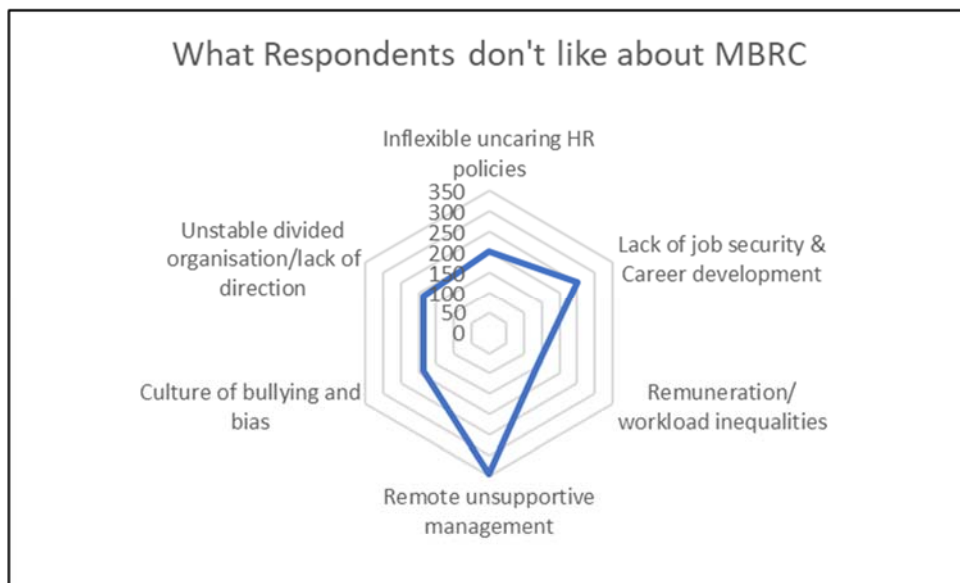
Drilling down on the topic of remote and unsupportive management the comments of the 345 respondents reflected the following views.
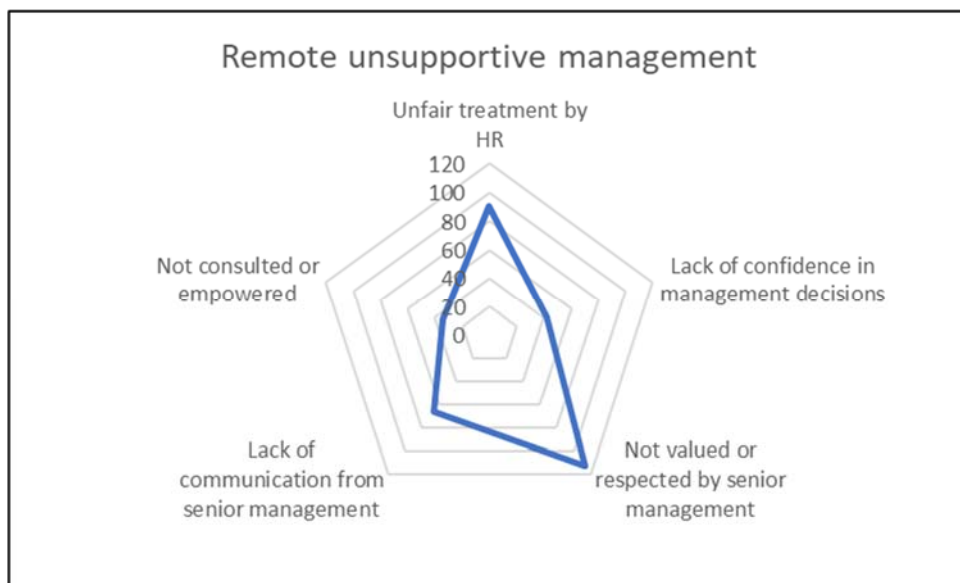
3.1.4 Leadership of the organisation

About 40% of respondents felt that the organisation's leadership generally provided poor to very poor Vision & Direction and focus on Values (refer to Appendix B for a copy of Council's values). About 24% rated it good to very good in these areas.

Just under 50% believed the leadership on customer service was good to very good.
In these aspects about a third of respondents rated leadership as average.

Respondents were evenly divided (between Good, Average and Poor) in rating the organisational leadership on setting performance expectations and encouraging teamwork.

More than half the participants rated organisational leadership poor to very poor in communicating with staff. About 16% rated it as good to very good.

When asked to offer opinions about how leadership of the organisation could be improved the opinions of the 484 respondents generally converged into the following categories:


3.1.5 Walking the "talk"

Participants generally rated their immediate Supervisors and Managers better at "Walking the Talk" than senior management and Council.

Average ratings = Council: 28%, Executive Team: 26%, Director: 40%, Manager: 54%, Supervisor: 69%. These outcomes might be expected based on the proximity of employees to each of these levels of management. i.e. the more visibility staff have of a particular level of management, the more they are able to relate to that level's management style.

In particular, a large proportion of those respondents who added comments expressed concern at the general lack of visibility of the Executive Management Team out and about amongst, and communicating face to face, with employees.
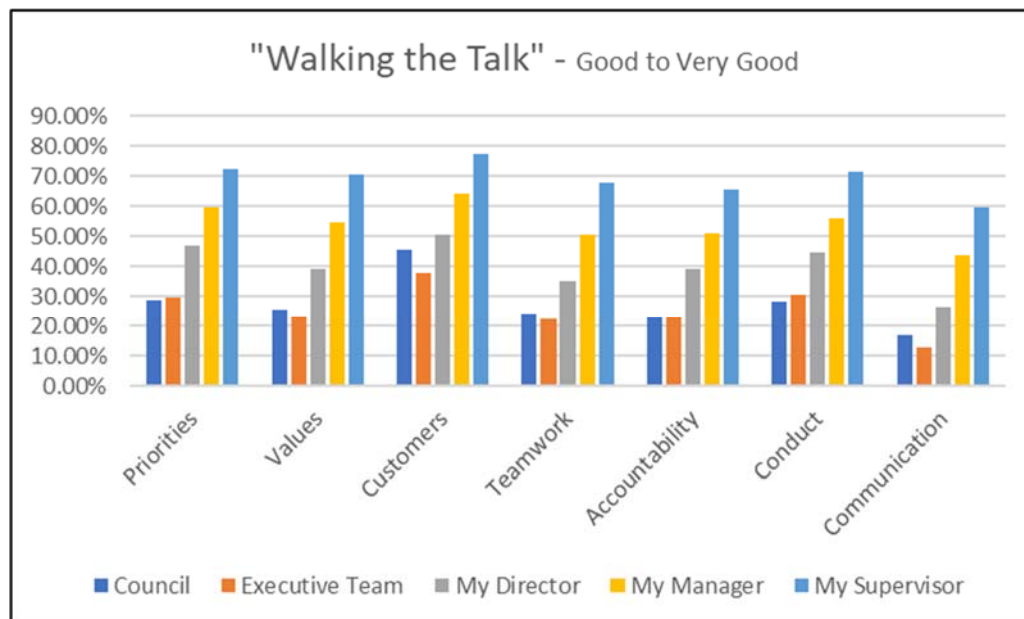
3.1.6 Workplace environment

About 50% of respondents have a positive view about creativity and innovation being encouraged.

Slightly over 50% feel Management is unreceptive to staff Ideas, Opinions and Concerns. About 60% feel their immediate Supervisor communicates with them adequately on their performance.

Of those who rated Management as unreceptive to staff Ideas, Opinions and Concerns, the majority felt that their issues were ignored by senior management and those who sought to raise issues were criticised and discouraged from raising any further matters.

Supervisors were generally commended for their communication but were seen as constrained in providing useful feedback on performance by virtue of their own workload and the absence of a credible performance appraisal system.

Just under 50% of respondents believe working conditions were inflexible, especially around hours of duty.

Opinions about adequacy of remuneration were evenly distributed between good-average-poor.

Opinions were also evenly distributed in relation to adequacy of resources (staff, money and equipment) to assist with workload.

Just under 25% of respondents believe Health, Safety & Well-being was not adequately addressed, whilst 42% felt it was good to very good.

Opinions about protection from Bullying & Harassment were evenly distributed between good-average-poor.

The "good vs poor" balance of opinions varied between the topics.

Workplace Environment - Good vs Poor
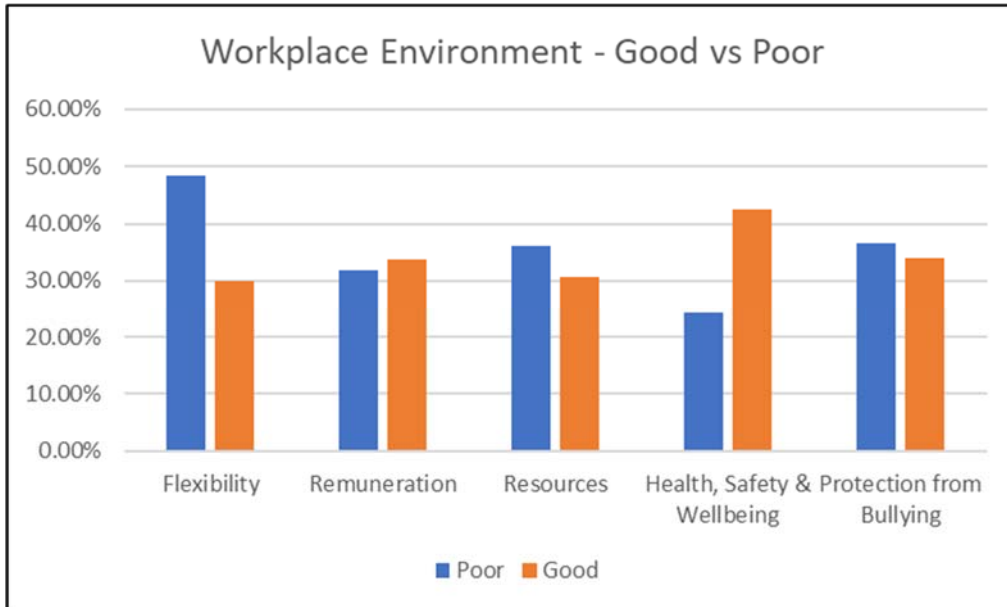
### 3.1.7 Communication and "finding out things"

The responses indicated that the desirable sources of information about what is happening in the workplace are not as effective as they should be. Desirably employees should find out about things that impact on them from their immediate supervisor/manager and not from newspapers and the grapevine. Whilst the survey results reflect a reasonable balance, the number of "sometimes" ratings for Supervisor, Manager, Team Meetings and Bulletins indicates more attention is warranted to internal communication.

Finding out things
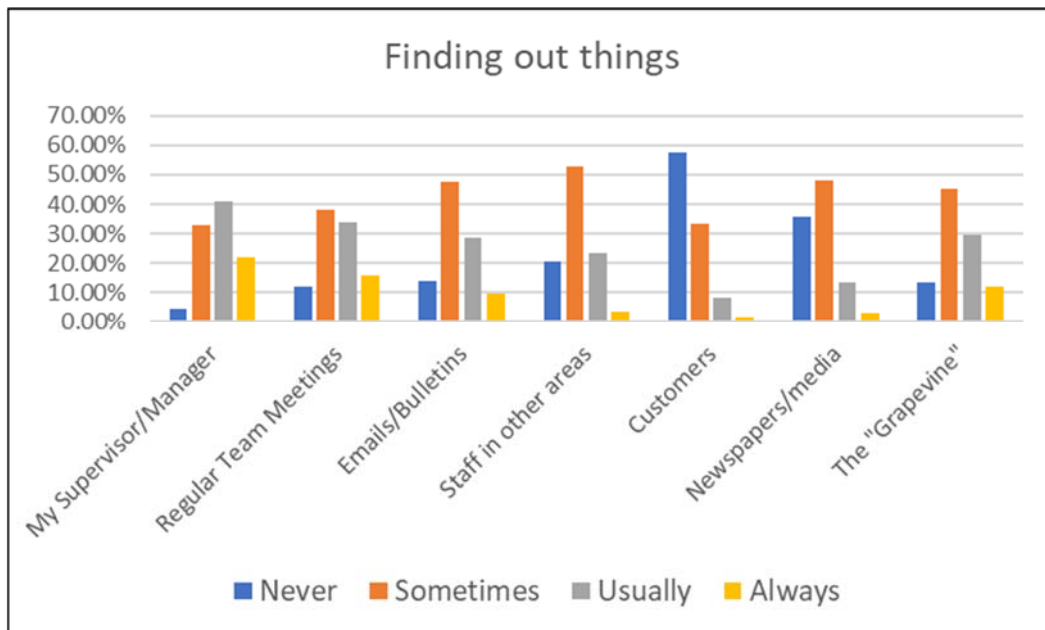
3.1.8 Human Resource Management

Of the respondents to the survey, 928 completed the question about the quality of Human Resource Management services in the organisation. HR Services generally scored low on all measures although Safety and Wellbeing and General Advisory drew relatively even opinions.

Some of the more critical areas will need closer examination in Phase 2 of the review.
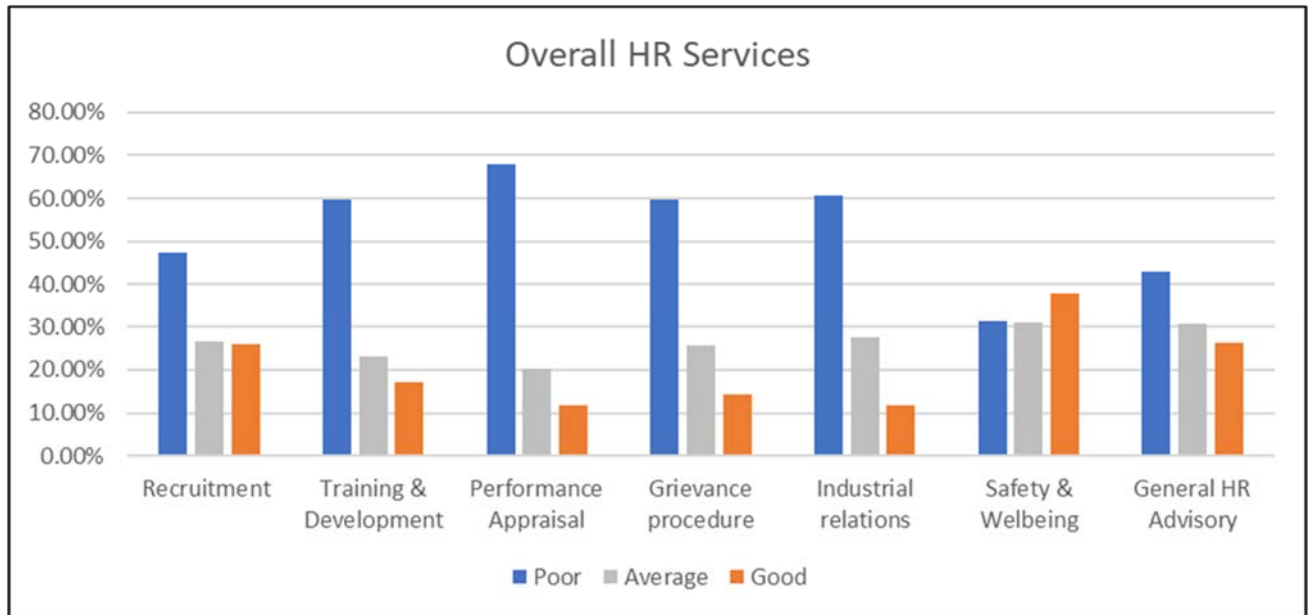
About 46% of respondents rated the recruitment services as poor to very poor.

Nearly 70% of respondents rated Training & Development as poor to very poor.

About 68% rated Performance Management as poor to very poor while only 12% rated it as good to very good.

Of those who experienced the Grievance procedure nearly 60% rated it as poor to very poor while 15% rated is as good to very good.

Nearly 60% of respondents rated Industrial Relations as poor to very poor while 12% rated it as good to very good.

Safety & Wellbeing was rated good to very good by about 38% of respondents while 31% rated it poor to very poor.

About one-third of respondents to this question (331) offered comments to clarify their scoring of HR Services.
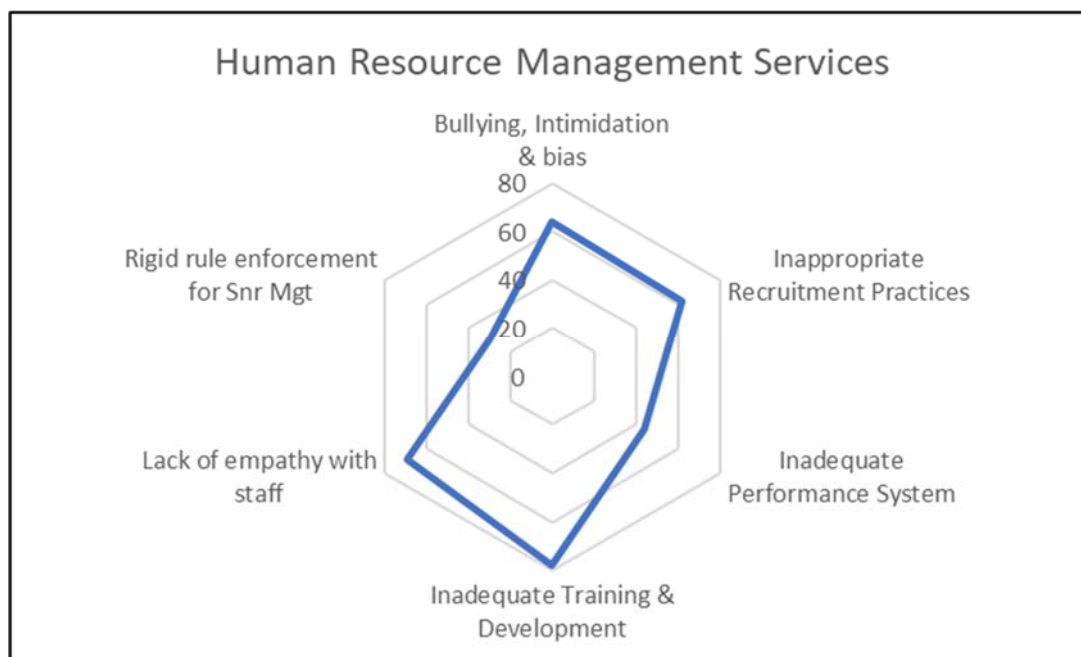
3.2. Former employees

When the survey of current employees was released enquiries were received from former employees seeking to have input into the review. An email was sent to Council's "All Staff" distribution list asking that they pass on an invitation to former employees they knew to register with the Review Team if they wished to receive a similar survey.

Subsequently, a secure hyperlink was emailed to the 117 former employees who registered to access the survey on the Survey Monkey online system.

When the survey closed at 5.00pm on 19 July 2019, 110 responses had been received including 1,250 free text comments.

Key observations from this survey with comparisons to the current employees' survey are as follows:

General Statistics:

- The "turnout" for this survey represented 94% of total of former employees registered to participate. The largest number of participants came from the Departments of:
- Customer and Cultural Services (15);
- Regulatory Services (12);
- Engineering Construction and Maintenance (12).

The other Departments were variously represented.

Council Departments represented
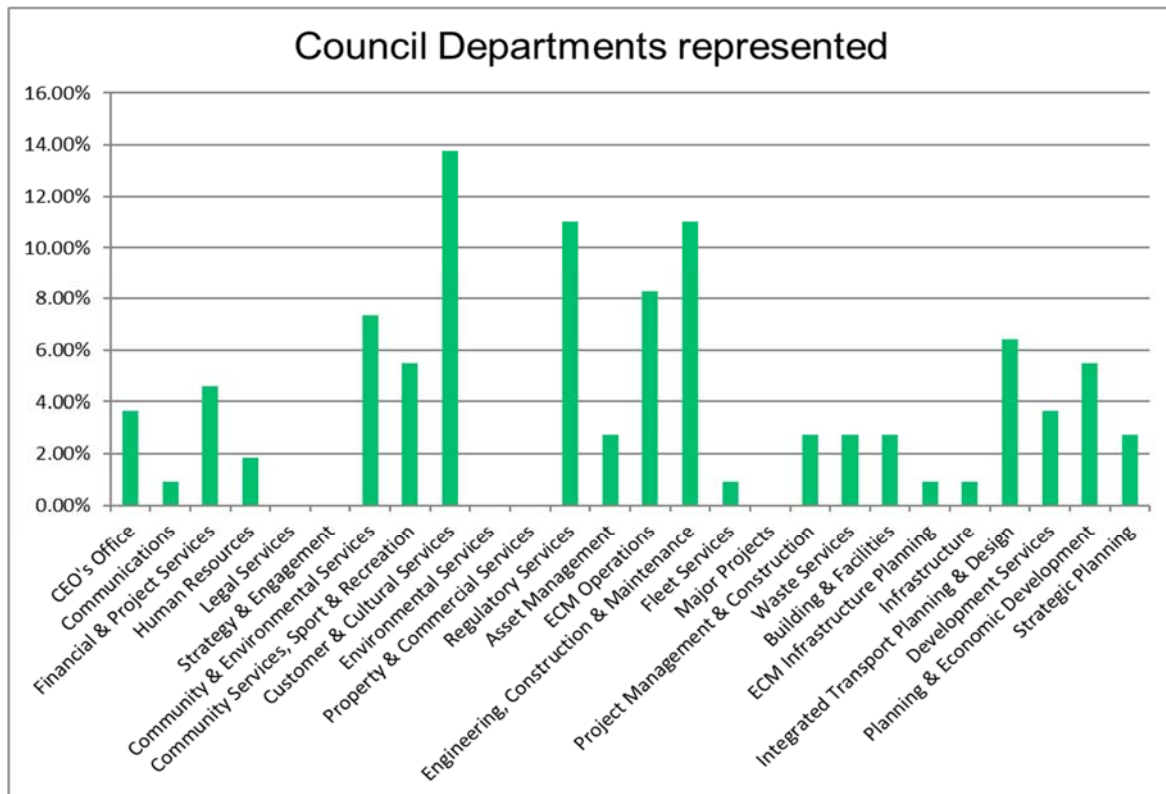
The largest contingent of participants represented the Coordinator/Team Leader/ Supervisor roles.

The gender balance of participants generally reflected a 50/50 split against the generally 60 male/40 female proportions in the Council's workforce.

The Length of Service distribution also closely approximated the general proportions within the overall workforce.


Organisational Role
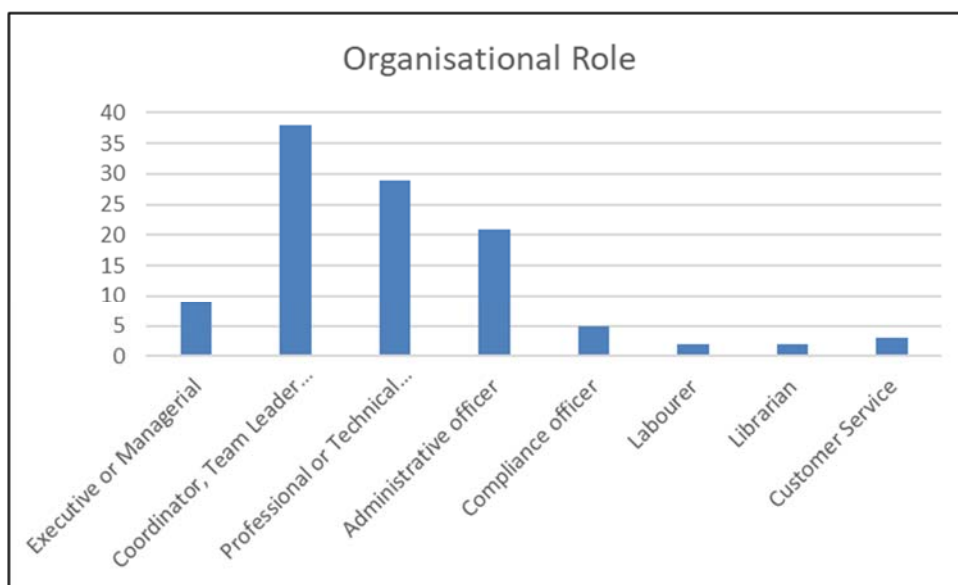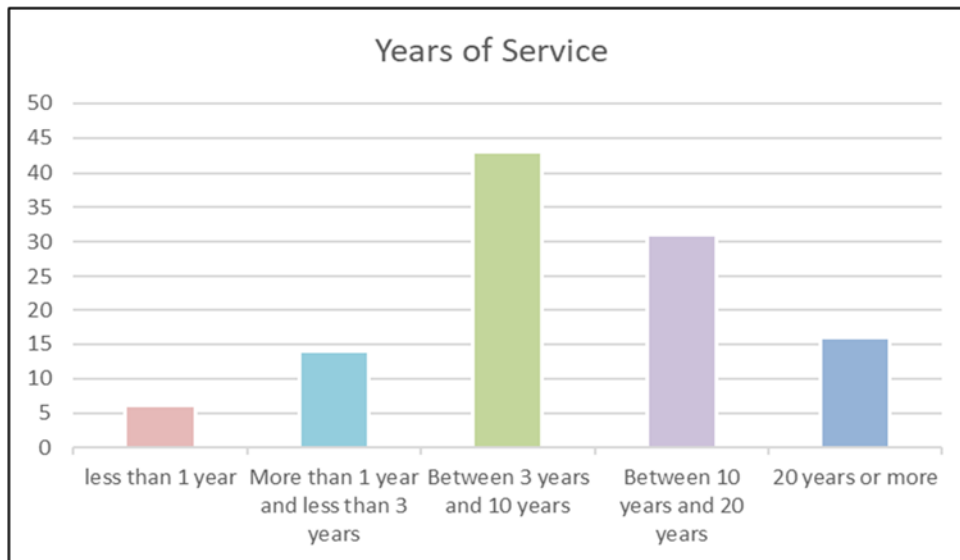
3.2.1 Reasons for leaving

Seventy-two percent of respondents resigned (voluntarily, under pressure or dissatisfied) and more than half of these had no job to go to. None were terminated for performance reasons, although one claimed to have been forcibly terminated with no reason given.

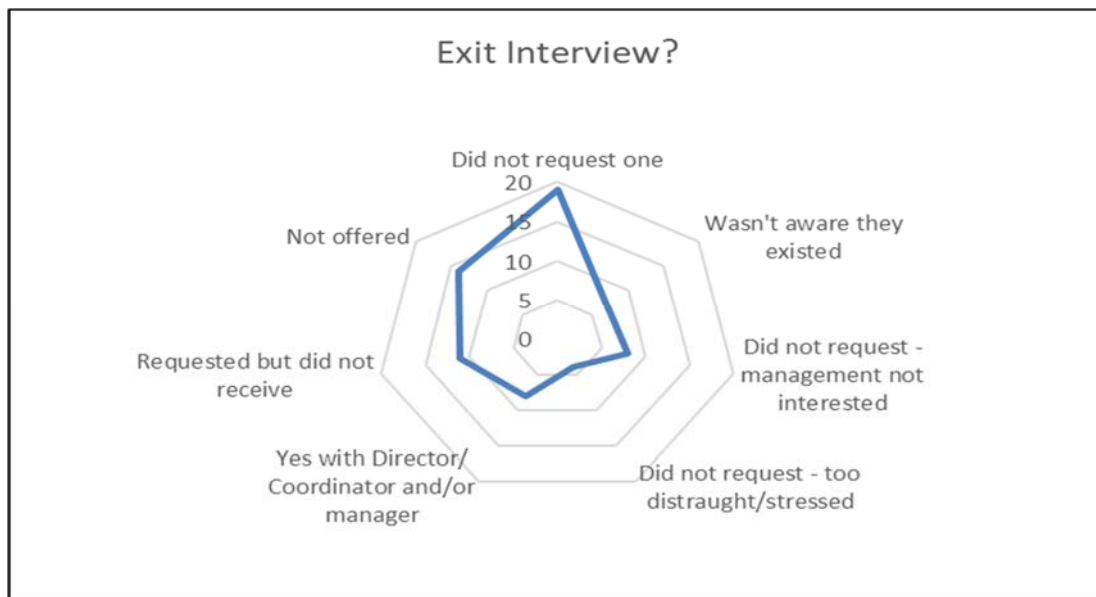Eighteen did not have their contracts renewed or were made redundant.
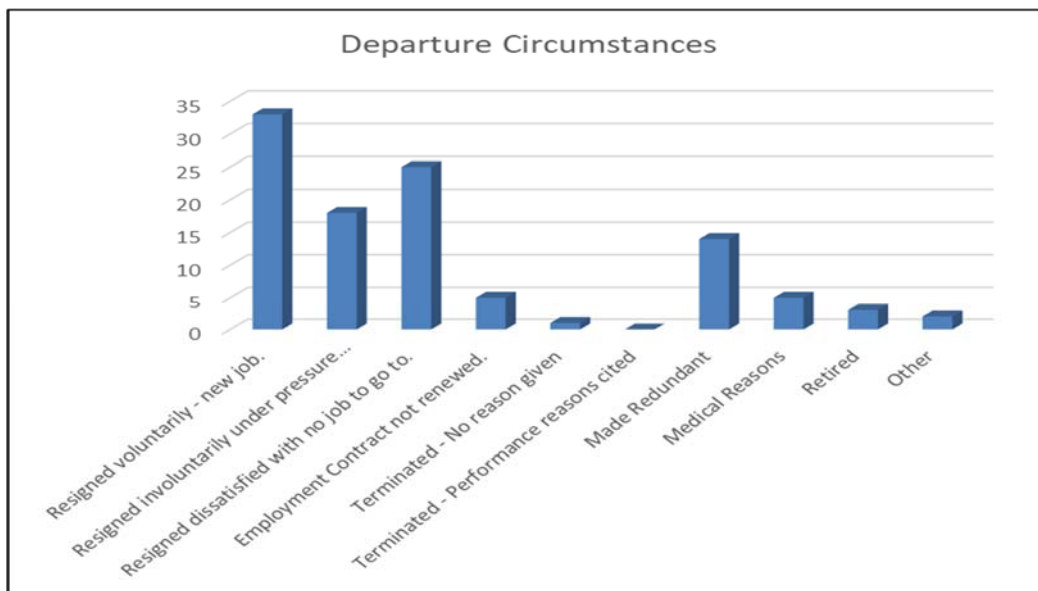
3.2.2 Exit interviews

Over 86% said they did not receive or were invited to receive an exit interview whilst the majority did not request an interview because they did not believe management cared.

Many who requested an interview were refused or ignored.

The following comments were received:


3.2.3 General satisfaction

About 44% of the respondents expressed high to very high job satisfaction. Similar to current employees (40%).

About 63% had low or very low job satisfaction compared to the 22% amongst current employees.

About 47.5% felt insecure or were uncertain about their job security compared to 60% of current employees.

About 62% believed they had sufficient autonomy of decision making in their role compared with 75% of current employees.

About 62% withheld or were discouraged from giving honest opinions compared with 46% of current employees.

Job Satisfaction

Freedom to make decisions

Freedom to express opinions
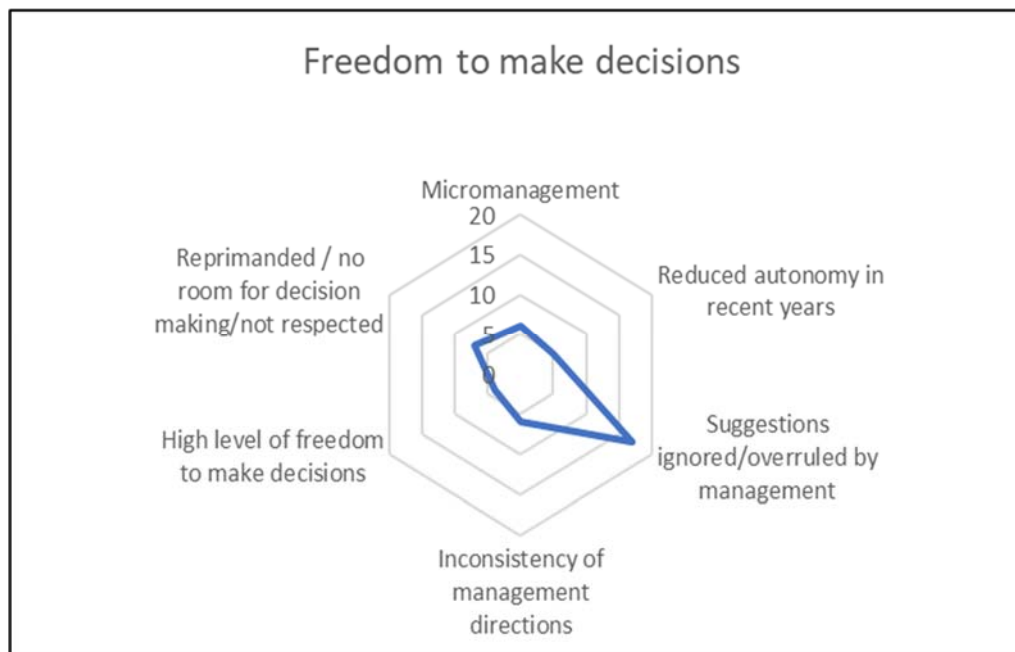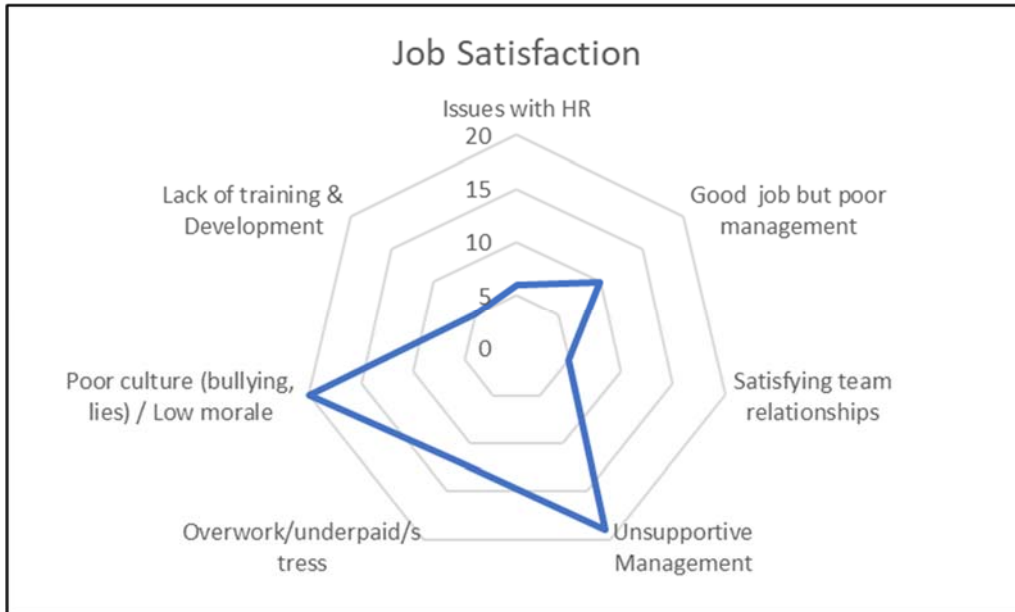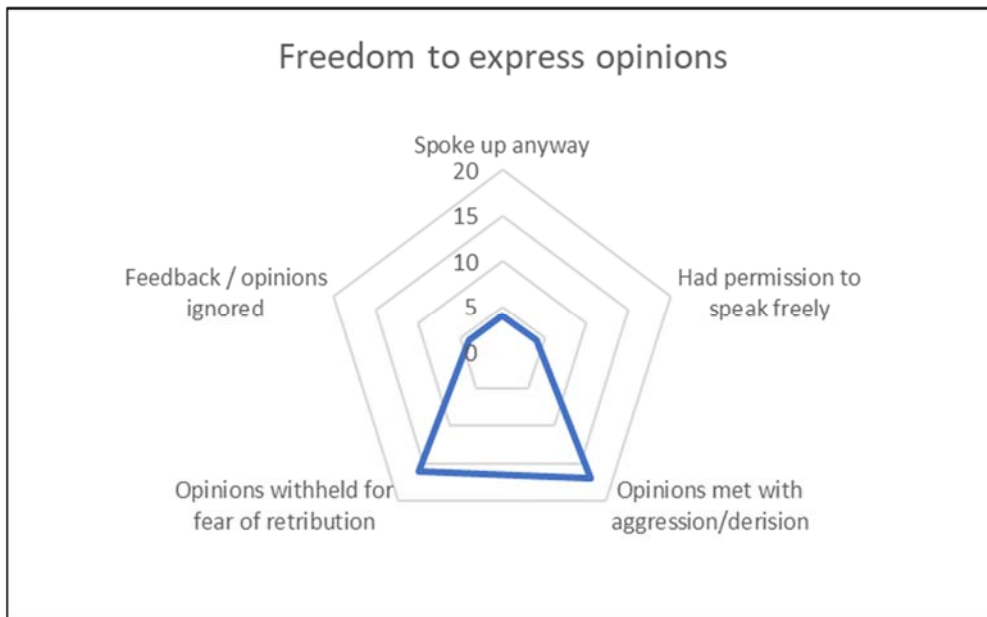
3.2.4 About working at Moreton Bay Regional Council

What former employees like:

- The people they work with, the nature of their work, the 9-day fortnight and proximity to home.
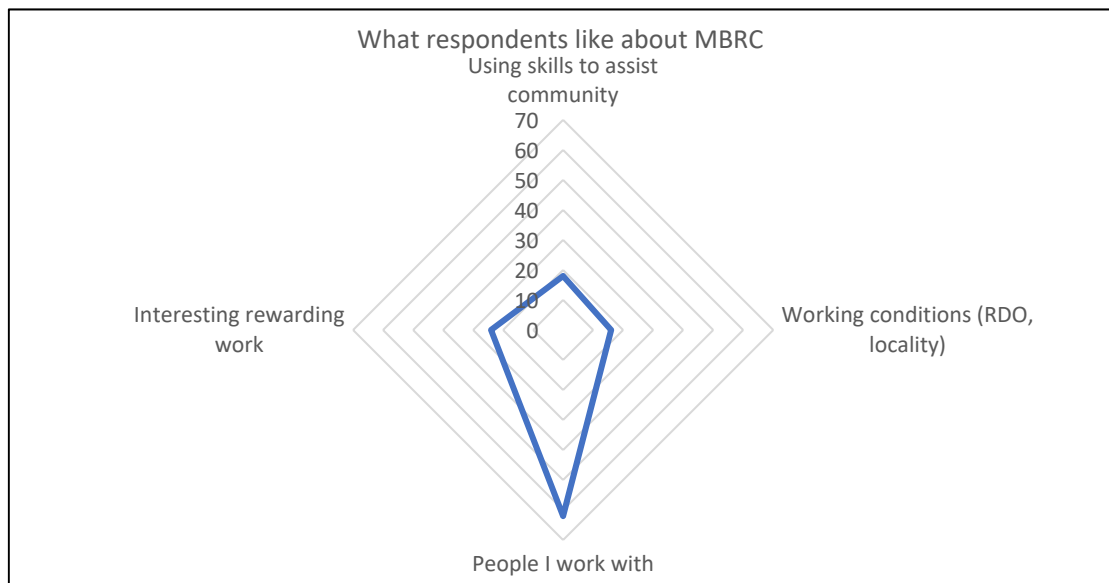- A reasonable proportion are satisfied with their pay and conditions
- These responses are similar to current employees.

What respondents like about MBRC

What former employees don't like:

- Senior Management is perceived to be disrespectful and uncaring
- Overall negative culture of bullying and discrimination
- Implementation of HR policy is seen by many as harsh and inconsistent.

Again, these responses are consistent with the feedback from current employees.
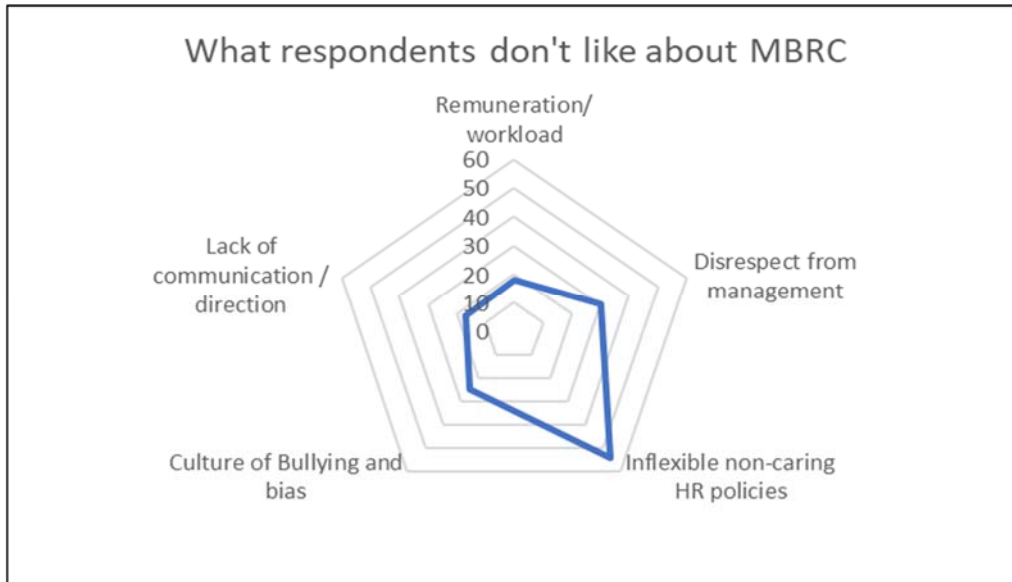
3.2.5 Workplace environment

About 38% of respondents had a positive view about creativity and innovation being encouraged compared with 50% of current employees.

Slightly over 77% felt Management was unreceptive to staff Ideas, Opinions & Concerns compared with just over 50% of current employees.

About 58% felt their immediate Supervisor communicated with them adequately on their performance compared with 60% of current employees.
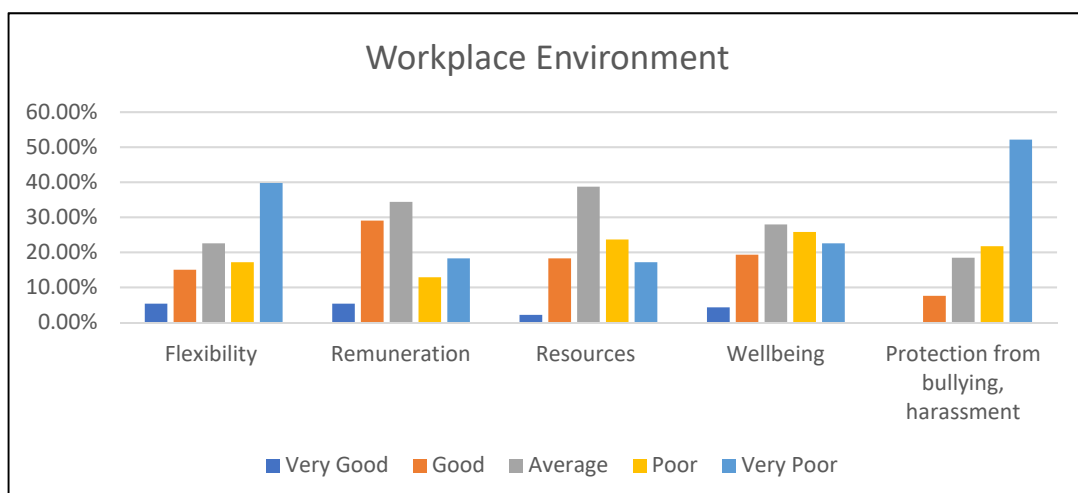
3.2.6 Human Resource Management services

HR Services generally scored low on all measures (although Safety and Wellbeing and General Advisory drew relatively even opinions amongst current employees).

On average former employees were far more critical than current employees.
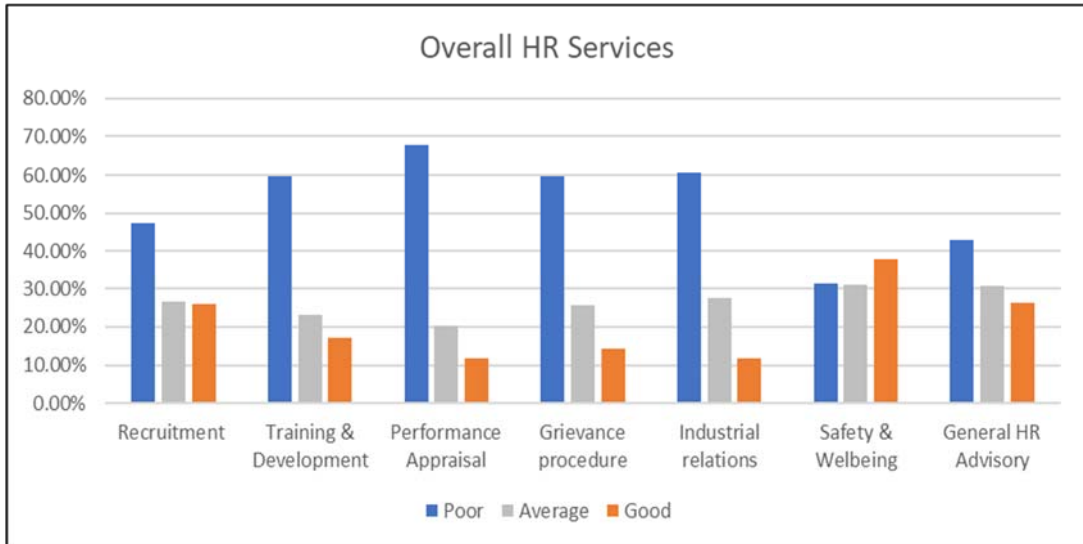
<u>Current Employees</u>
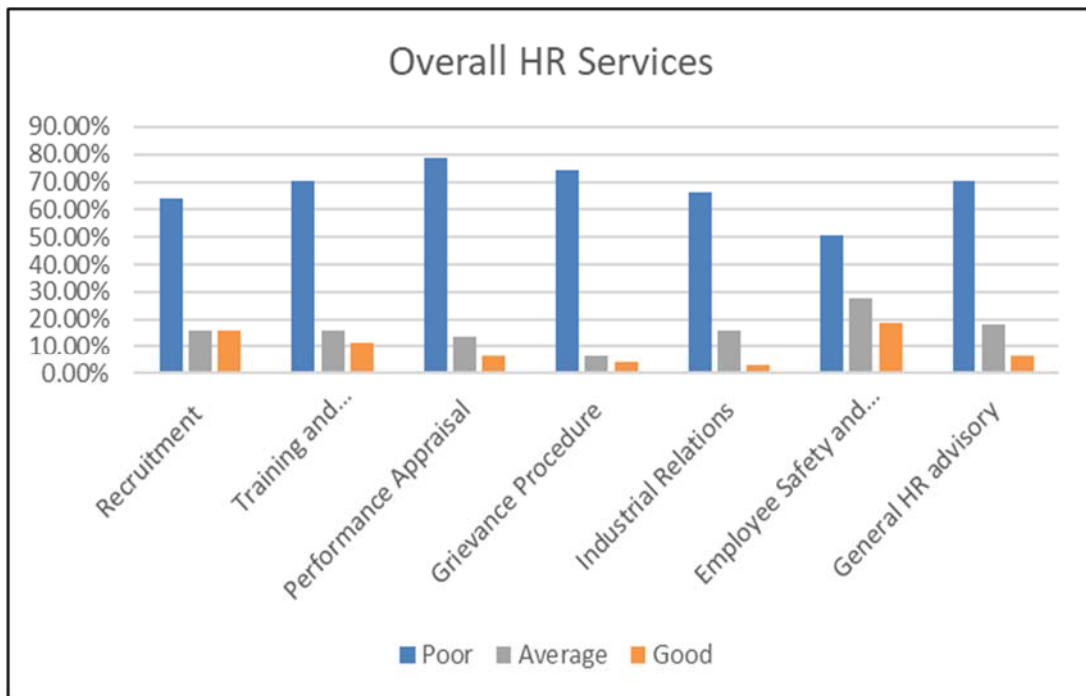
<u>Former Employees</u>
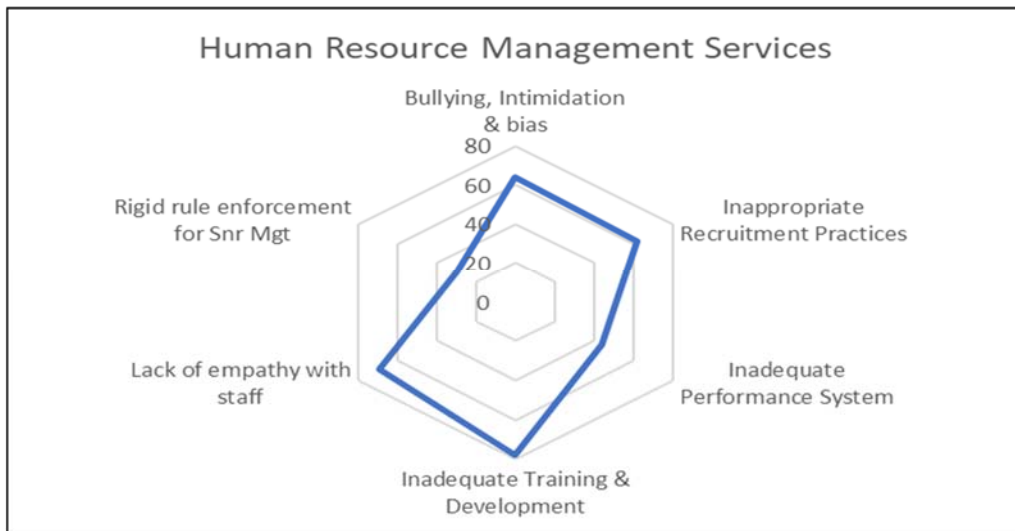
Current employees
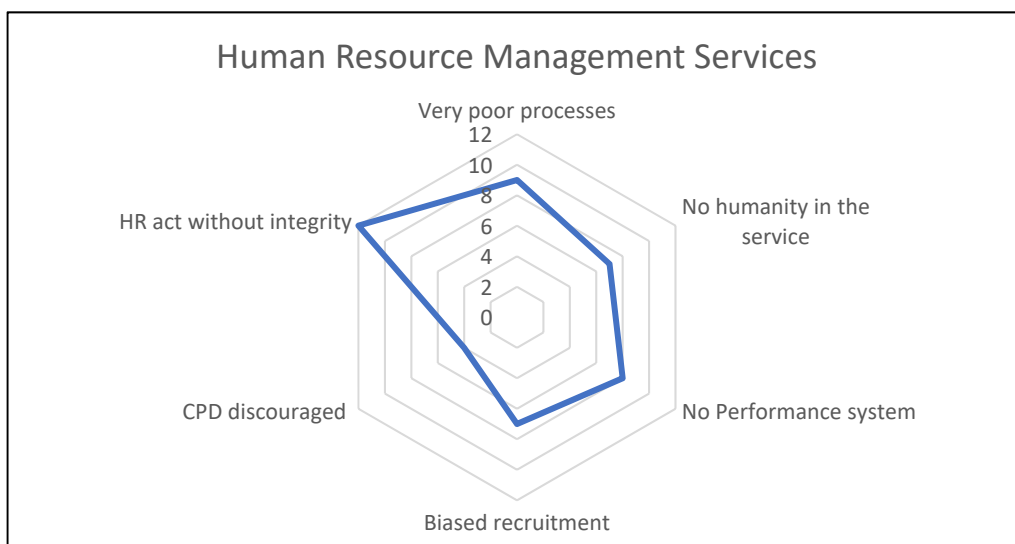
Former employees

3.2.7 Performance Management

Council's performance management system scored very low across all measures.

Former Employees were much more critical than current employees
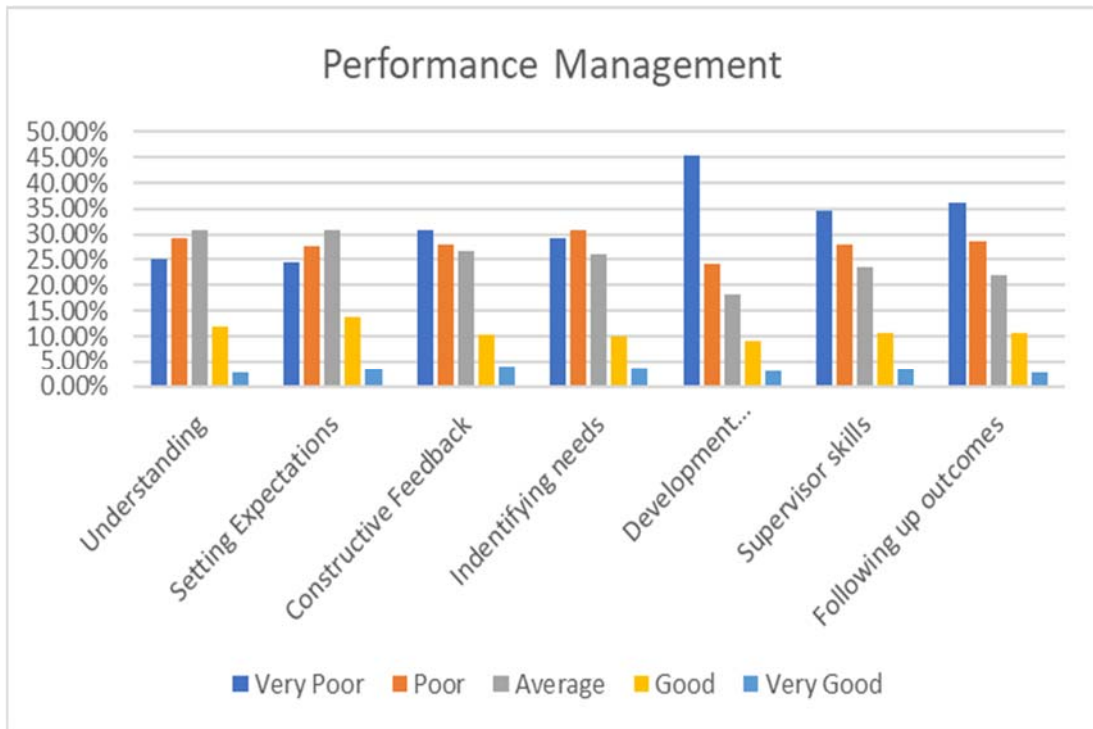
Current employees

Former employees
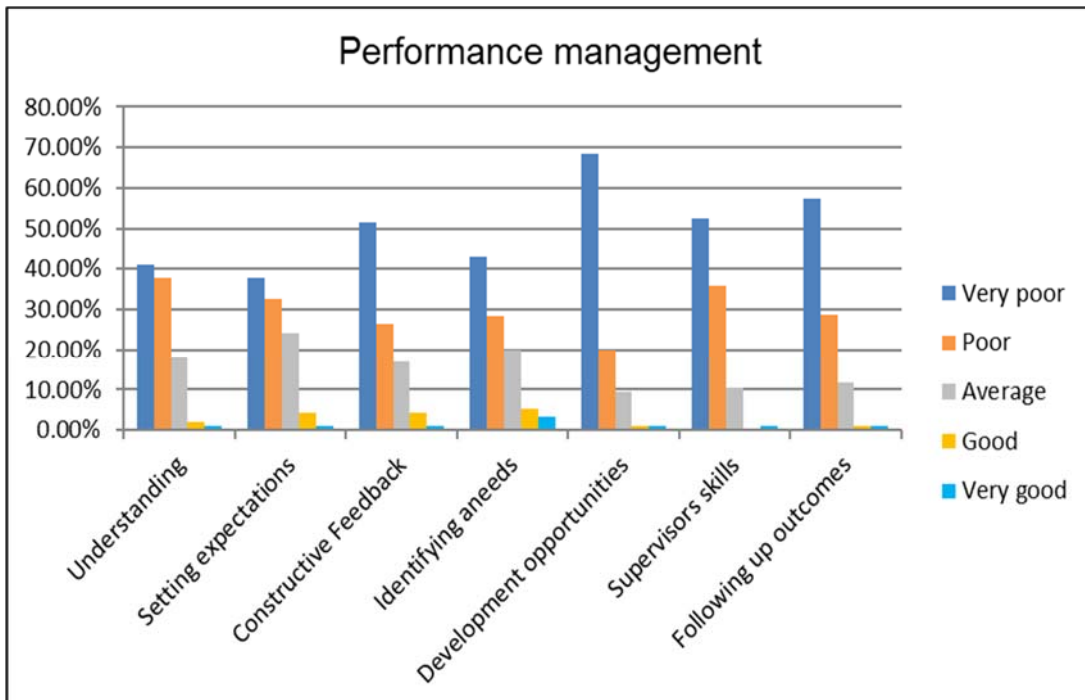
3.2.8 Grievances

About 56% of respondents said they were NOT aware of the procedure they should follow if they had a workplace grievance, compared with 62% on current employees.

Only 2% had experience with the procedure.
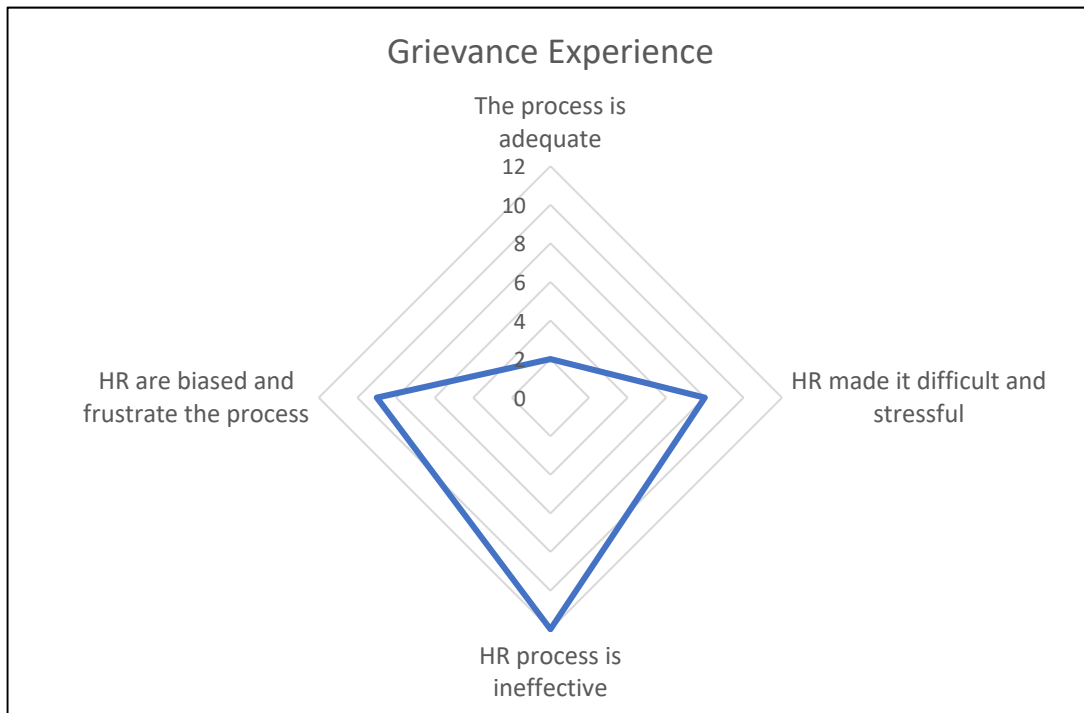
3.2.9 Would you work at Moreton Bay Regional Council again?

The factors having most bearing on the 'definitely not" and "maybe" responses relate to human resources management, policy and practices in place at Moreton Bay Regional Council.
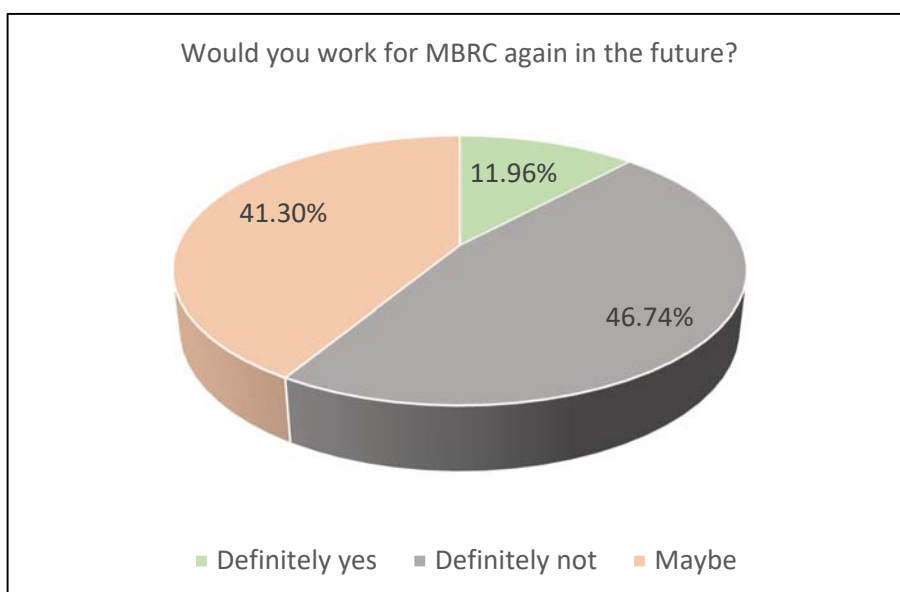
3.3. Observations on the surveys

The very strong response by employees, current and former, to the surveys with the nearly 8,200 free text comments submitted reflects the desire of staff, past and present, to identify elements of Council's operations directly impacting on them and the depth of feeling in relation to their views. Concerningly, many enquiries were received seeking assurance that their responses would remain confidential and their opinions not shared with Management, for fear of repercussions. There was a common view in these enquiries that honest feedback on matters of concern to employees was not welcome by Management.

4. RECOMMENDATIONS

The issues raised through the extensive program of interview with key stakeholders and the online survey of current and former staff have given rise to recommendations in the following areas:

Councillor and Senior Management Relationships

Effective working relationships between a Council and its organisation are founded on mutual trust and confidence and these require constant validation through quality communication. Trust and confidence can never be taken for granted and must be earned through honest and open discussion of issues – even those that may give rise to disagreements of opinion.

Interviews with Councillors and senior officers reveal a declining level of trust and confidence by each party in the other. This is primarily centred on the belief of information being misused, withheld, misrepresented or incorrect particularly on sensitive and high-risk matters.

Action is proposed to rebuild these relationships through the development of agreed "rules of engagement" built on a recommitment to and active monitoring of adherence to the organisation's Values, better understanding of respective roles and responsibilities including individual legislative obligations, and enhanced organisational support for open information exchange to aid Council decision making.

> ➢ Recommendation 1:
>
>> ▪ Develop agreed "rules of engagement" to return to an environment of mutual trust and respect between Councillors and the senior executive officers and the organisation generally. To this end a facilitated forum be convened as soon as possible.

Governance Framework

The overall effectiveness of a local government's role is often gauged by how its governance framework delivers the necessary assurance of compliance with the Local Government Principles, namely, *transparency, decision making in the public interest, sustainable development, effective management of assets, democratic representation, meaningful community engagement and ethical and legal behaviour.*

From the interviews and the staff survey undertaken there has not been clear visibility of a formal Framework to guide Council's governance responsibilities.

Recommendations are made for a comprehensive review of the Governance Framework and development of an improved model for identifying and integrating governance functions.

This would include:

- reviewing procedures to ensure Councillor and organisation-wide compliance with integrity system requirements particularly arising from recent legislative amendments,
- enhancing strategic planning processes and related Council decision making,
- strengthening community engagement mechanisms for corporate planning processes, supporting the anticipated introduction of budget development consultation and introducing community satisfaction surveys regarding infrastructure and service provision,
- streamlining and focusing information flows to Council to support policy development and decision making, and
- ensuring integration of risk management controls as an organisation-wide responsibility.

- ➢ Recommendation 2:

    - ▪ Undertake a comprehensive governance review to strengthen Council's integrity systems, strategic planning focus, community engagement, decision making and policy formulation practices, audit and risk management systems.

Executive Leadership

The structure of Moreton Bay Regional Council's organisation has been the subject of continuous change since amalgamation. The integration and organisational rationalisation of the three previous local governments was necessary and within the first five years after amalgamation had delivered a more efficient and leaner organisation. Progressively the top tier of the organisation – the senior executive structure – has been reduced in number from CEO plus seven (7) senior executive officers in 2009 to CEO plus three (3) senior executive officers in 2018. This has resulted in the span of control of the remaining senior executive officers increasing significantly. During the interviews with Councillors several expressed concern for the wellbeing of the CEO and Senior Executive Officers because of the increased workload. Senior Officers also expressed similar concerns.

Although this arrangement has been in place for some time it is not typical of large local government organisations and under normal circumstances would tend to place an inordinate load of operational detail on the CEO to the detriment of the position's more highly valued role in assisting Council in developing strategic direction, assuring good governance practice and also providing overarching leadership to the whole of the organisation.

This overload of operational responsibilities would also appear to have contributed to the infrequent meeting of the Executive Management Team to address both strategic and operational issues, service provision, compliance assurance and risk management.

Action is proposed for a detailed review of the distribution of responsibilities and reporting relationships across and within Divisions to determine how to best redistribute some of these responsibilities especially those that have been the direct responsibility of the CEO. Recently

the position of Director of Finance and Corporate Services was advertised. Filling this position should take into consideration the prospect of a wider redistribution of responsibilities across the Executive Management Team.

Action is also proposed to increase the focus of the Executive Management Team on the key executive responsibilities of governance, strategy development, risk management, organisational capability development, accountability and performance, collegial leadership and communication.

> Recommendation 3:

  - Develop a formal executive performance management system for the CEO and the senior executive team, for adoption by the Council.

> Recommendation 4:

  - Functional Review - Undertake a detailed review of the Council's organisational structure to confirm the appropriateness of functional allocation across Divisions and submit an appropriate structure for adoption by Council in accordance with Section 196 of the Local Government Act.

  - Executive Leadership - The CEO undertake a review of the operation of the executive management team to ensure regular and effective collegial leadership of the organisation, using feedback from the Staff Surveys to address areas of concern to the wider organisation – such as, visibility of the executive team to employees and demonstration of the adopted organisational values in their leadership.

Organisational and Human Resource Management

One of the central concerns raised by Council in its brief for the organisational review was the impact on Council employees of the current approach adopted to human resource management. The interviews conducted as part of this scoping phase together with feedback from the Staff Survey confirm widespread discontent amongst staff at many of the policies and practices being applied to human resource management across the organisation. The issues identified also raise some significant risk considerations for Council as a wider question.

The range of concerns are summarised as follows:

- The range and influence of the HR function across the organisation in excess of the normally accepted boundaries of the function,
- A recruitment function facing a large number (347) and increasing percentage (18.36%) of unfilled vacancies; an increasing turnover rate currently at 18.5% , three times above the SEQ councils average of 6%; and a falling number of applications for advertised positions down from 50.3 per position in 2012/13 to currently 26.4 per position.
- Performance management policy which appears to be inconsistently and infrequently applied across the organisation.

- Training and development opportunities which are limited and inequitably accessed and not focused on identifying needs and matching training to those needs.
- Professional development policy perceived as lacking support and based on staff being expected to meet the costs of their own professional development contrary to contemporary attraction and retention strategies.
- Staff relations and working conditions which appear to be inconsistently applied with some staff suggesting that flexibility is not equitably accessed.
- Workforce Planning and Management Policy which states "*Council does not have a published Workforce Plan or a People and Culture Plan*" but goes on to emphasis a philosophy built on six drivers reflecting a reactive approach to workforce and individual employee needs. This is an approach unusual in modern organisations and inconsistent with good practice in an environment of rapidly changing jobs and technology. The absence of a People and Culture Plan means the organisation has very limited ability to understand the satisfaction levels and motivations of staff. Indeed, some staff expressed appreciation at the opportunity to undertake the survey as it was the first occasion available to them to provide feedback on organisational culture during their employment.
- Organisational resourcing in various parts of the organisation is seen as inadequate further exacerbating the attitude of many employees that they are not valued, and their wellbeing not considered important by Council or senior management.
- Job security is a major concern amongst staff across the organisation based on the use of Maximum Term Contracts and the fear of being replaced by contractors or staff on short term contracts.
- Grievance and Dispute Resolution procedures which are not well understood or used because of mistrust of management and the HR Department's handling of grievance matters.

Given the serious issues identified in relation to Human Resources Management a wide-ranging review of human resource policy, procedures and practice is proposed.

- ➢ Recommendation 5:

    - ▪ Undertake a comprehensive review of the Council's Human Resource Management function to address the issues raised in the scoping phase of the review.

Stakeholder Relations

A key attribute of successful local governments is having high levels of effective engagement with not only their communities but also with other levels of government, industry and professional associations with whom the formation and maintenance of constructive and collaborative working relationships are essential to attaining Council's corporate objectives.

There is an impression that Moreton Bay Regional Council has for some time tended to adopt an insular approach to these types of engagement. In some respects that approach is seen by certain stakeholder partners as adversarial, which reduces the ability of Council to amicably resolve differences of opinion before they escalate into formal disputes.

The recent experience with the Queensland Government over the Planning Scheme Amendment highlights in part the risks associated with this approach.

Organisationally there appears to be a reluctance to engage with external forums and networks that might offer opportunities for collaboration, learning or exchange of ideas. The Staff Surveys reveals strong opinions that professional staff are often discouraged or prevented from participating in otherwise normal professional development activities of conferences, seminars and networking with their peers in their chosen discipline or in other local governments.

Action is proposed to review Council's corporate engagement and communication strategy to seek improved relationships with government agencies, regional organisations, industry bodies and professional associations focusing on cooperation and mutual respect.

➢ Recommendation 6:

- Conduct a review of Council's corporate engagement and communication strategy.

Planning Scheme Amendments & Operations

One of the key issues raised by Council leading to the initiation of the organisational review arose from the letter received from Minister Cameron Dick MP – the Minister for State Development, Manufacturing, Infrastructure and Planning in October 2018. The letter advised that the State Government was unable to approve Amendment No1 to the Moreton Bay Regional Council Planning Scheme submitted in December 2017 and highlighted a number of significant concerns about the proposed amendment and the manner in which Council officers had undertaken negotiations with the State Government seeking to have the amendment approved.

Interviews with Councillors and senior officers indicate that Council believed it had not been fully appraised by senior planning officers that the State had major concerns with aspects of the proposed amendment. In particular, this relates to the Co-ordinating Infrastructure Agreement (CIA) and that these concerns had been known to senior executive officers for several months before the Minister's letter was received.

Whilst only a high-level scan has been undertaken to identify issues that may require further detailed research, a number of issues or questions have arisen that warrant further consideration. Some of the issues need to be examined to better understand the processes that did occur leading up to the concerns expressed by the Minister and to identify what remedial action is now required, if any, and what improved processes need to be implemented to prevent a similar problem occurring in the future.

➢ Recommendation 7:

- The CEO and Director of Planning and Economic Development proceed to address the issues associated with the status of development areas, planning appeals, approval processes, development codes, and planning resources generally as well as addressing the need for a Growth Management Strategy.

5. CONCLUSIONS:

The Scoping Exercise has identified the financial strength of the Council giving it the capacity to embark upon region shaping initiatives to support its future growth and development. This strength has been achieved through rigorous financial management including staff rationalisation and cost containment over the decade since amalgamation in 2008.

Whilst commendably focused on financial sustainability this approach has now given rise to a concerning level of organisational instability across all levels of management and significant parts of the organisation. Interviews with all Councillors and senior management and key stakeholders together with a confidential survey of all employees have identified a range of major concerns that need to be addressed as Council moves into its second decade and beyond.

Moreton Bay Regional Council is at a point of transition. From the initial organisational development phase of "storming, forming and norming" structures and relationships Council is now at a point where it needs to stabilise these structures and mature its employment and staffing arrangements in line with contemporary practices.

In addition, the ongoing pressures of growth in Australia's third largest local government present significant day to day challenges for the elected council. The review has highlighted the need for increased levels of support for the Mayor and Councillors in keeping abreast of the volume and complexity of the information involved in the ongoing cycle of briefings, workshops and council meetings.

5.1. Phase 2 of the Review - Terms of Reference

In accordance with the above findings it is recommended that Phase 2 of the review proceed under the following Terms of Reference:

1) **Relationship Management**
   Develop agreed "rules of engagement" to return to an environment of mutual trust and respect between Councillors and the senior executive officers and the organisation generally. To this end a facilitated forum be convened as soon as possible.

2) **Governance Review**
   Undertake a comprehensive governance review to strengthen Council's integrity systems, strategic planning focus, community engagement, decision making and policy formulation practices, audit and risk management systems.

3) **Executive Performance**
   Develop a formal executive performance management system for the CEO and the senior executive team, for adoption by the Council.

4) **Functional Review**
   Undertake a detailed review of the Council's organisational structure to confirm the appropriateness of functional allocations to Divisions and Departments and submit an appropriate organisational structure for adoption by Council in accordance with Section 196 of the Local Government Act.

5) **Executive Leadership**

   The CEO undertake a review of the operation of the executive management team to ensure regular and effective collegial leadership of the organisation, using feedback from the Staff Survey to address areas of concern to the wider organisation – such as, visibility of the executive team to employees and demonstration of the adopted organisational values in their leadership.

6) **Human Resource Management**

   Undertake a comprehensive review of the Council's Human Resource Management function to address the issues raised in the scoping phase of the review.

7) **Engagement and Communication**

   Conduct a review of Council's corporate engagement and communication strategy.

8) **Planning Matters**

   The CEO and Director of Planning and Economic Development proceed to implement the recommendations associated with the status of development areas, planning appeals, approval processes, development codes, and planning resources generally as well as addressing the need for a Growth Management Strategy.

5.2. Project Scheduling

Subject to the Council's receipt of this report and formal endorsement of the above terms of reference a project team would be established to manage the implementation of the recommendations. The project team should comprise the Review Team and appropriate Council officers representing the organisational areas to be reviewed. At that point a detailed project plan and schedule can be devised to nominate short, medium and long term workplans to achieve the required outcomes and manage the resources necessary.

It is expected that a number of the recommendations could be fulfilled within the current calendar year. Where complex issues require a longer-term horizon to resolve, it would be anticipated that detailed plans would be in place by the end of the calendar year to deliver the outcomes desired.

Recommendation # 8:

That a Project Management Group be established to oversee the implementation of the recommendations from Phase 1 of the review and to report back to Council on a regular basis as to progress on Phase 2 of the review.

6. ACKNOWLEDGEMENTS

As always in such reviews, the gathering of information and its analysis and discernment for meaningful conclusions can only be achieved with the effective cooperation of Councillors, Management and staff.

The willingness of the Mayor, Councillors, CEO, Senior Executive Officers and Managers to provide access to relevant material and to offer candid insights into current practice is gratefully acknowledged and appreciated, as is the confidence shown in the Review Team by employees generally who participated in the staff survey and provided otherwise unattainable insight into the present environment of the workplaces of the Moreton Bay Regional Council.

The cooperation of external parties representing government agencies and industry bodies is also recognised and appreciated.

7. APPENDIX A – AEC REPORT

READY.SET.GO. ANALYSIS

MORETON BAY REGIONAL COUNCIL

aecgroupltd.com

AEC
OUTCOME DRIVEN

SUMMARY OUTCOMES

Council is in a very strong financial position, with a persistent and large operating surplus and a net financial liabilities ratio well below the upper threshold.

Capital spend on infrastructure renewals is relatively low and assets are being consumed at a faster pace than they are being replaced – however, this is simply a result of the relatively new age of installed infrastructure with the asset consumption ratio (proportion of asset life remaining) being relatively high. There do not appear to be any signs of an infrastructure backlog.

Council has a relatively low reliance on its own rates and charges and has a diversifiedincome stream, albeit with a dependence on income from interestrevenue and Unitywater dividends – however, the extent of Council's operating surplus means that it has the capacity to deal with a high degree of volatility in these revenue sources.

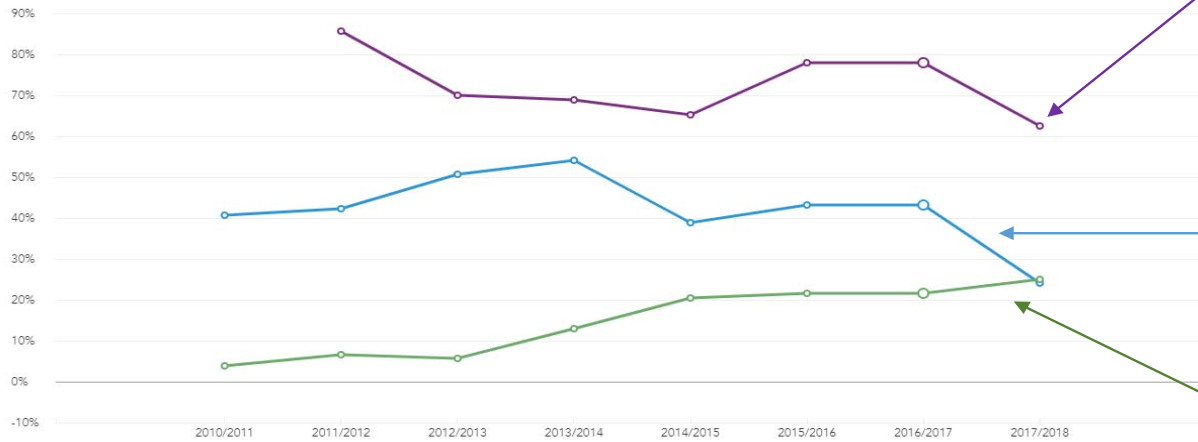Council's rating level is considered appropriate relative to the size of its regional economy.

Council appears to be very efficient in terms of the number of ratepayers served per employee and its operational spend per capita.

The most significant risk for Council is its ability to continually meet the infrastructure needs associated with ongoing strong growth and development across the region without excessively relying on debt funding and exceeding the upper threshold for the net financial liabilities ratio – however, with a high operating surplus, appropriate contributions from developers and appropriate controls placed on development this risk can be effectivelymitigated.

FINANCIAL SUSTAINABILITY

SUSTAINABILITY RATIOS

Council is in a financially sustainable position

Infrastructure renewal below the preferred 90%-100% target, but is representative of relatively new infrastructure rather than an infrastructure backlog

A significant improvement in the net financial liabilities ratio in recent years means that Council has available borrowing capacity

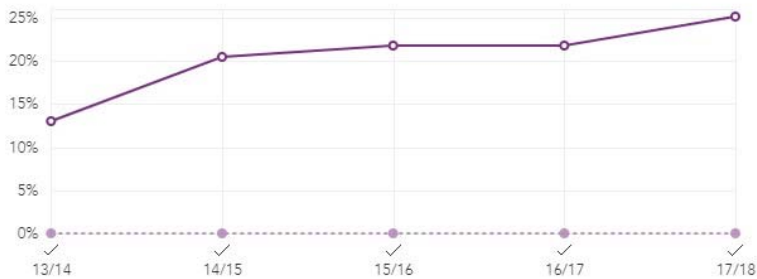A growing surplus, albeit consistently above the 10% preferred upper threshold in recent years

	Operating Surplus Ratio	Net Financial Liabs	Asset Sustainability
2010/2011	3.79%	40.6%	No Result
2011/2012	6.55%	42.3%	85.6%
2012/2013	5.6%	50.6%	70%
2013/2014	13%	54%	68.8%
2014/2015	20.4%	38.8%	65.2%
2015/2016	21.7%	43.2%	77.9%
2016/2017	21.7%	43.2%	77.9%
2017/2018	25.1%	24%	62.5%

OPERATING SURPLUS RATIO

OPERATING SURPLUS RATIO

Operating Surplus Ratio

This statutory ratio demonstrates the ability to cover operating costs from operating revenues. Information sourced from QAO & Annual Reports. Target between 0 & 10%. A negative ratio indicates insufficient revenues to meet costs, greater than 10% suggests a community may be paying too much.

All councils

For this result, the business is positioned in the top 10% of peers

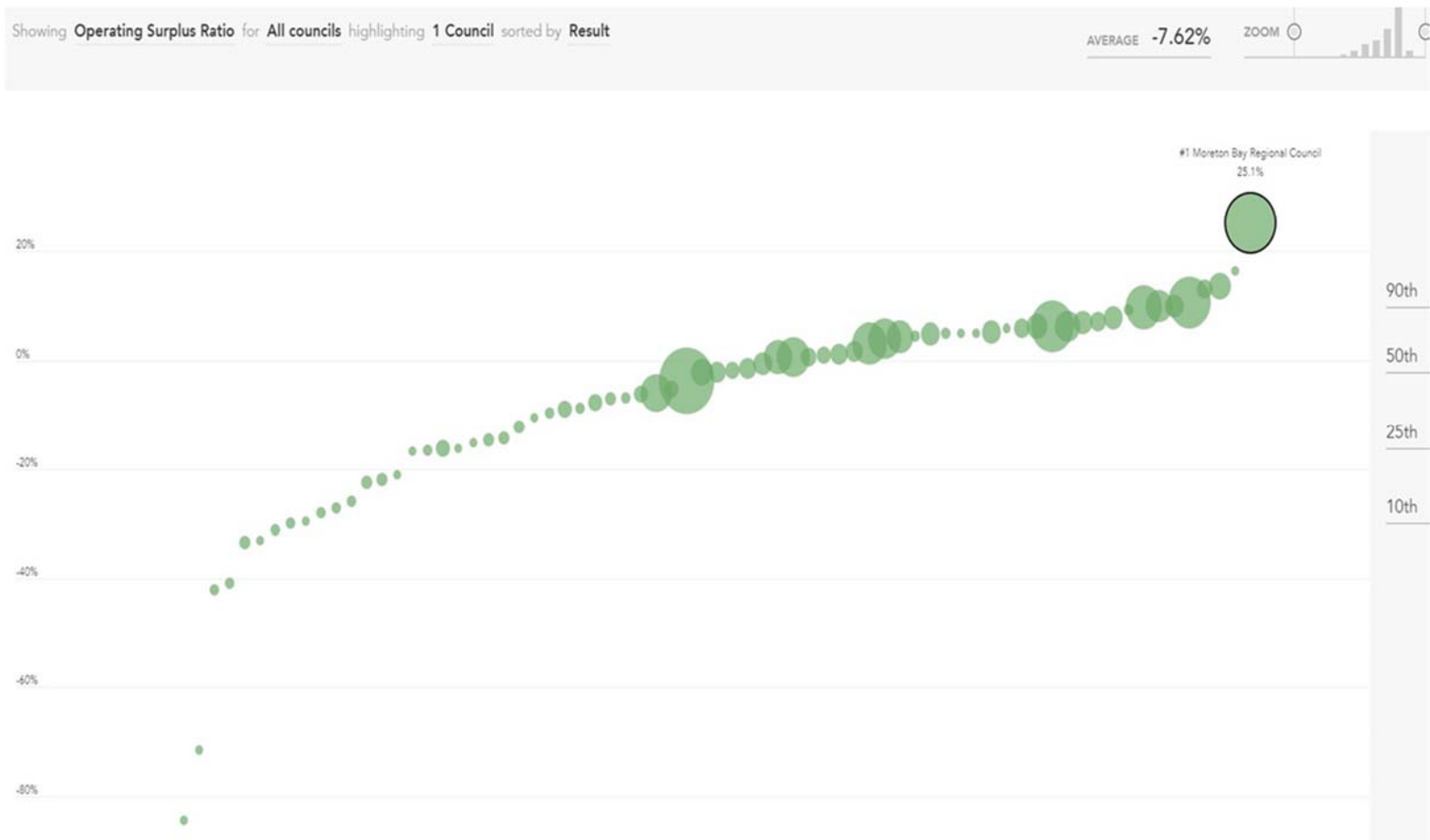|	
2017/2018	25.1%
TARGET --	0%
CHANGE FROM PRIOR YEAR	▲ 3.4%
CHANGE FROM 2016/2017	▲ 3.4%
ROLLING AVG (3 YEARS)	22.83%
KPI IMPORTANCE	CRITICAL
MEDIAN	-2.18%
RANK	1/71
PERCENTILE	100%

The Operating Surplus Ratio has been improving over time

Showing **Operating Surplus Ratio** for **All councils** highlighting **1 Council** sorted by **Result**

AVERAGE -7.62%   ZOOM

#1 Moreton Bay Regional Council
25.1%

Showing **Operating Surplus Ratio** for **All councils** highlighting **1 Council** sorted by **Result**

AVERAGE **-7.62%**   ZOOM

#1 Moreton Bay Regional Council
25.1%

90th
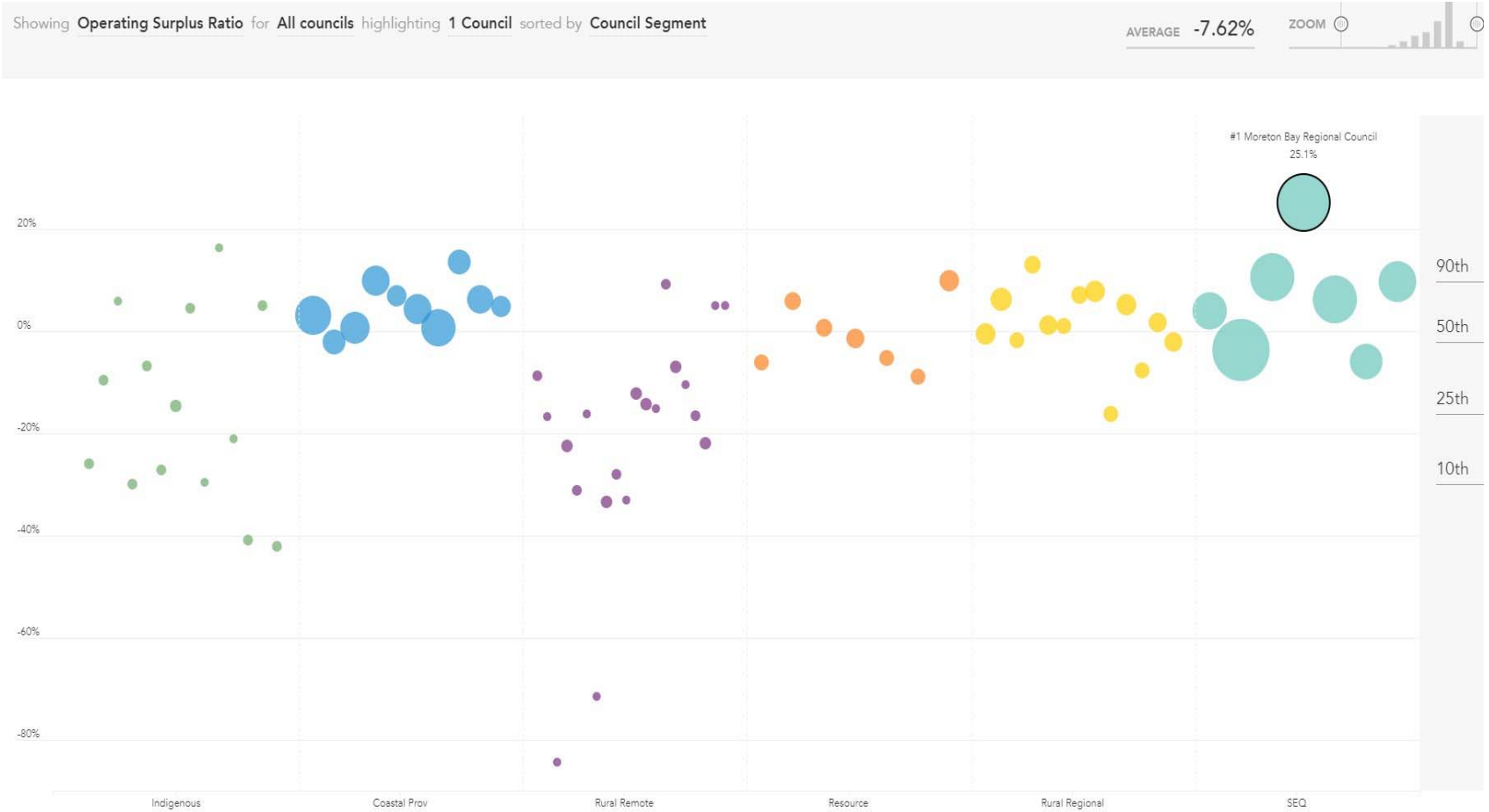
50th

25th

10th

20%

0%

-20%

-40%

-60%

-80%

*Council recorded the highest ratio in 2017/18*

in addition to recording a ratio well above any other SEQ Council

REVENUE

REVENUE STREAMS

Council has a relatively low level of reliance on its own rates and charges revenue given it does not levy water and sewerage charges and significant operating funds are provided from dividends from Unitywater, interest revenue on cash reserves, fees and charges and other revenue streams
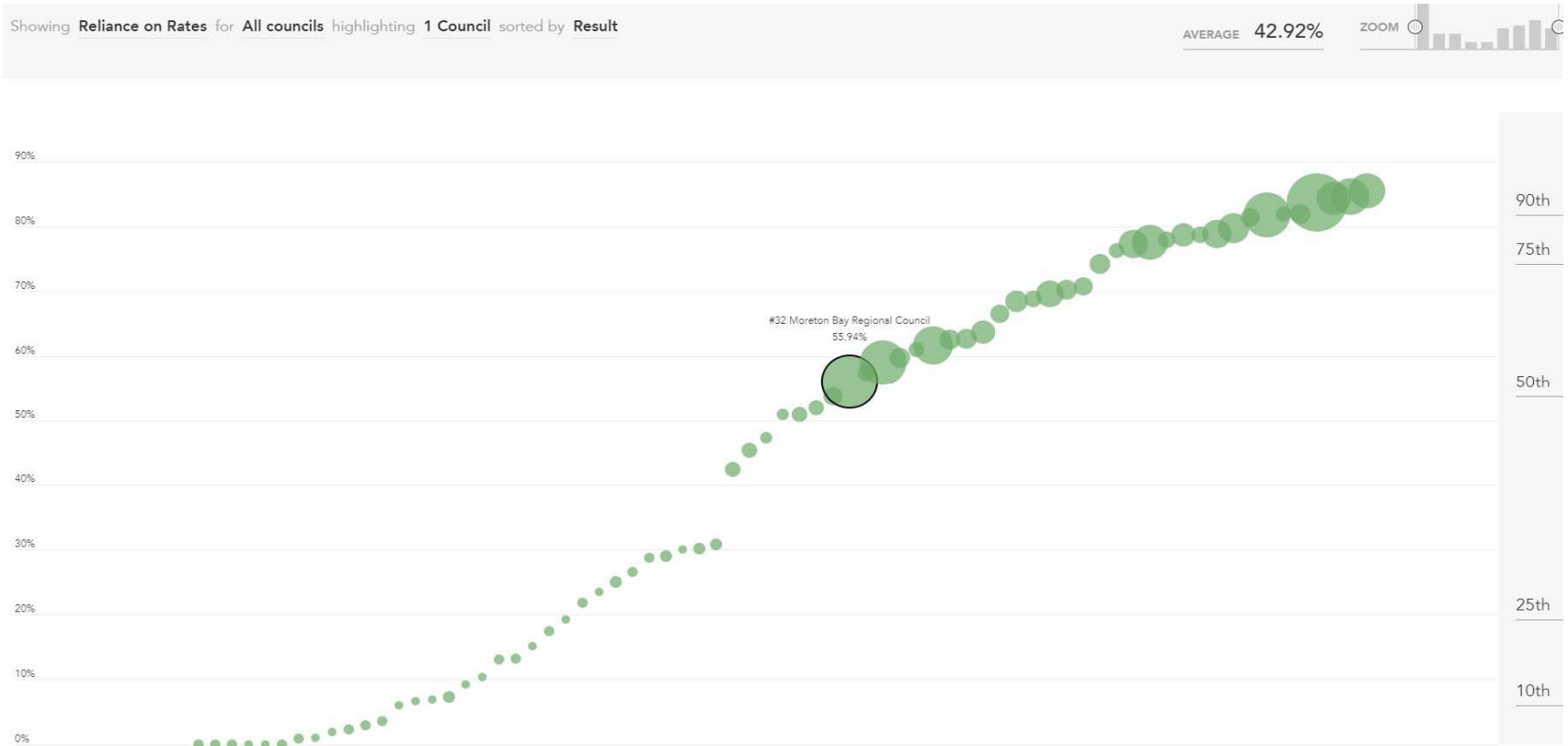
The reliance on rate revenue has been reasonably constant at an average of around 55%, with the reliance on contract works and external grants consistently low
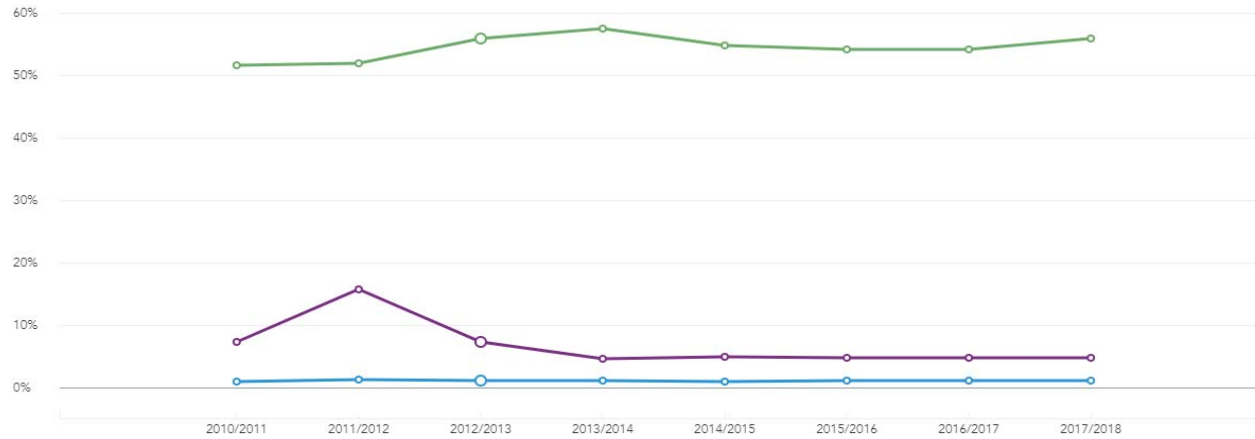
	Reliance on Rates	Reliance on contract	Reliance on grants
2010/2011	51.64%	0.95%	7.3%
2011/2012	51.9%	1.13%	15.69%
2012/2013	55.94%	1.03%	7.26%
2013/2014	57.46%	0.98%	4.52%
2014/2015	54.89%	0.89%	4.86%
2015/2016	54.12%	0.98%	4.76%
2016/2017	54.12%	0.98%	4.76%
2017/2018	55.94%	0.98%	4.76%

RATING EFFORT

Council's rating effort ratio (general rates as a % of Gross Regional Product) is comparable with the industry benchmark (1.56% vs 1.5%-1.6%), indicating that the rate take from the economy is appropriate and definitely not excessive.
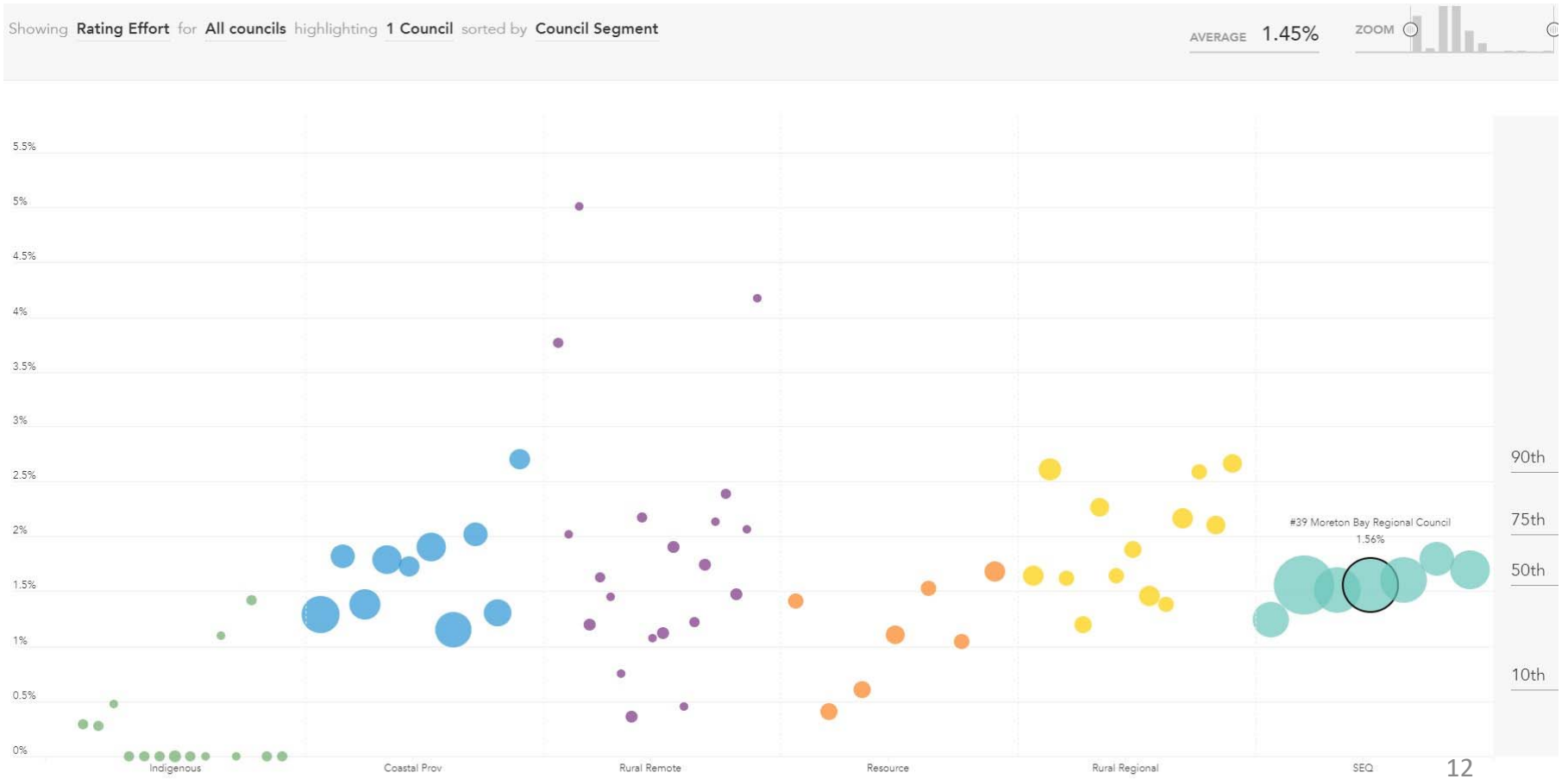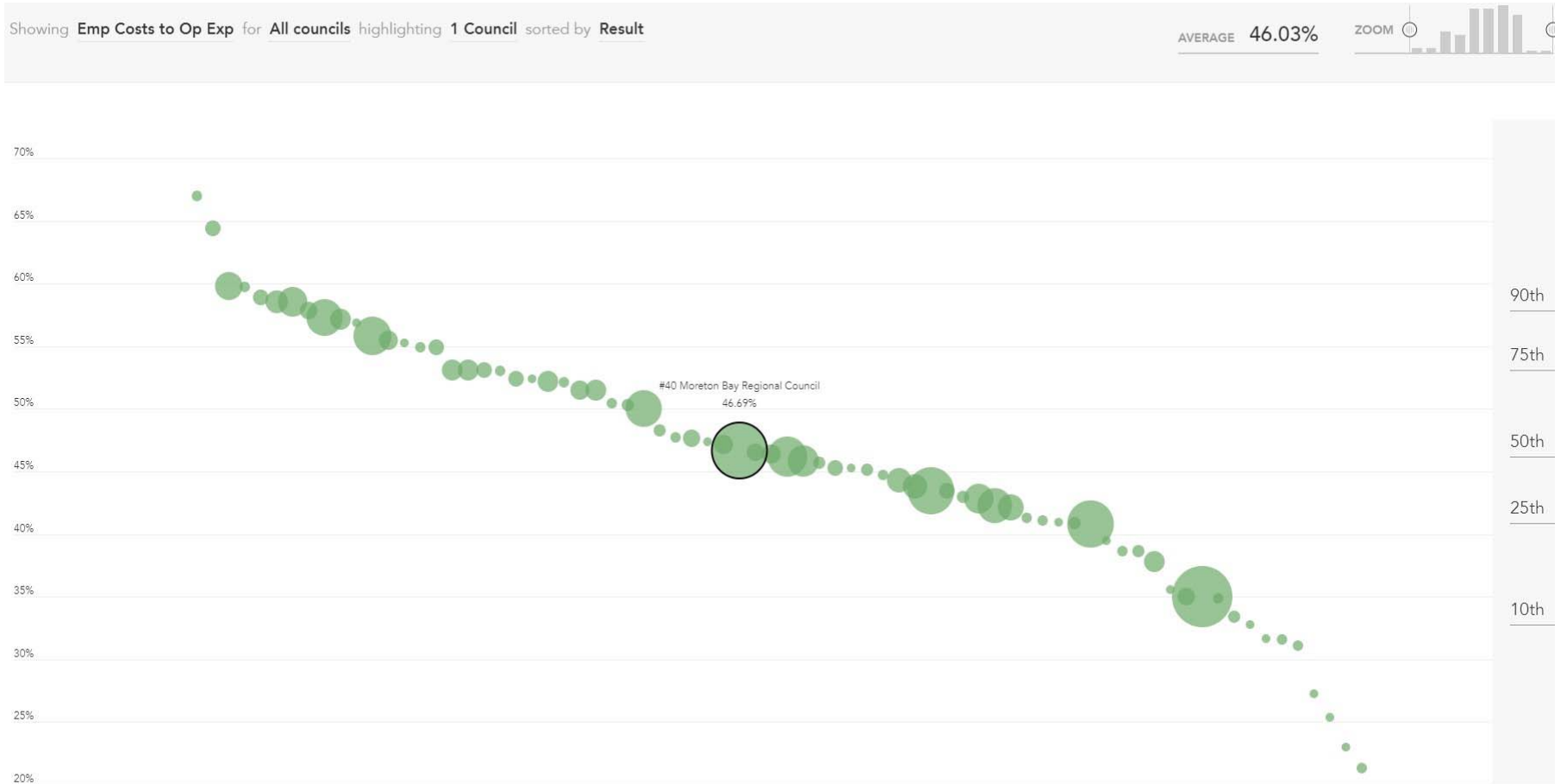
OPERATING COSTS

OPERATING COSTS

Council has a very low level of operating costs per capita excluding depreciation and interest (noting that it does not directly provide water and sewerage services)

Showing **Op. Expend per Cap** for **All councils** highlighting **1 Council** sorted by **Result**

AVERAGE **$9,493** TOTAL **$673,986** ZOOM

#1 Moreton Bay Regional Council
$601

EMPLOYEE COSTS

Council's spend on employee costs as a percentage of total operating costs excluding depreciation and interest is comparable with the industry benchmark

Showing **Emp Costs to Op Exp** for **All councils** highlighting **1 Council** sorted by **Result**   AVERAGE **46.03%**   ZOOM

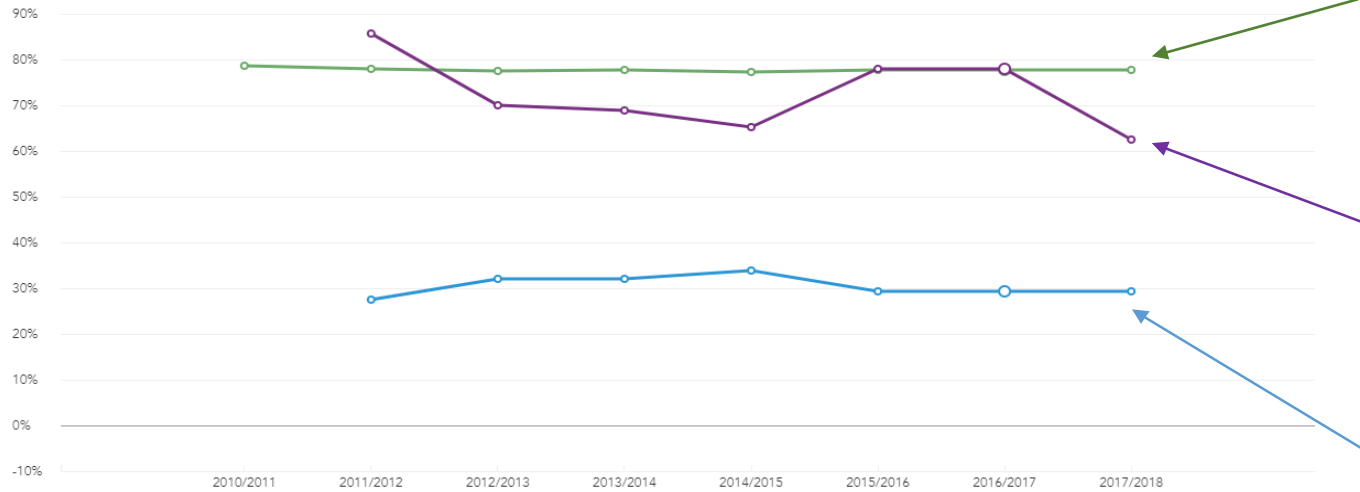#40 Moreton Bay Regional Council
46.69%

POPULATION SERVED/EMPLOYEE

Council is the best performer in terms of the number of persons served per Council employee (noting that it does not directly provide water and sewerage services)
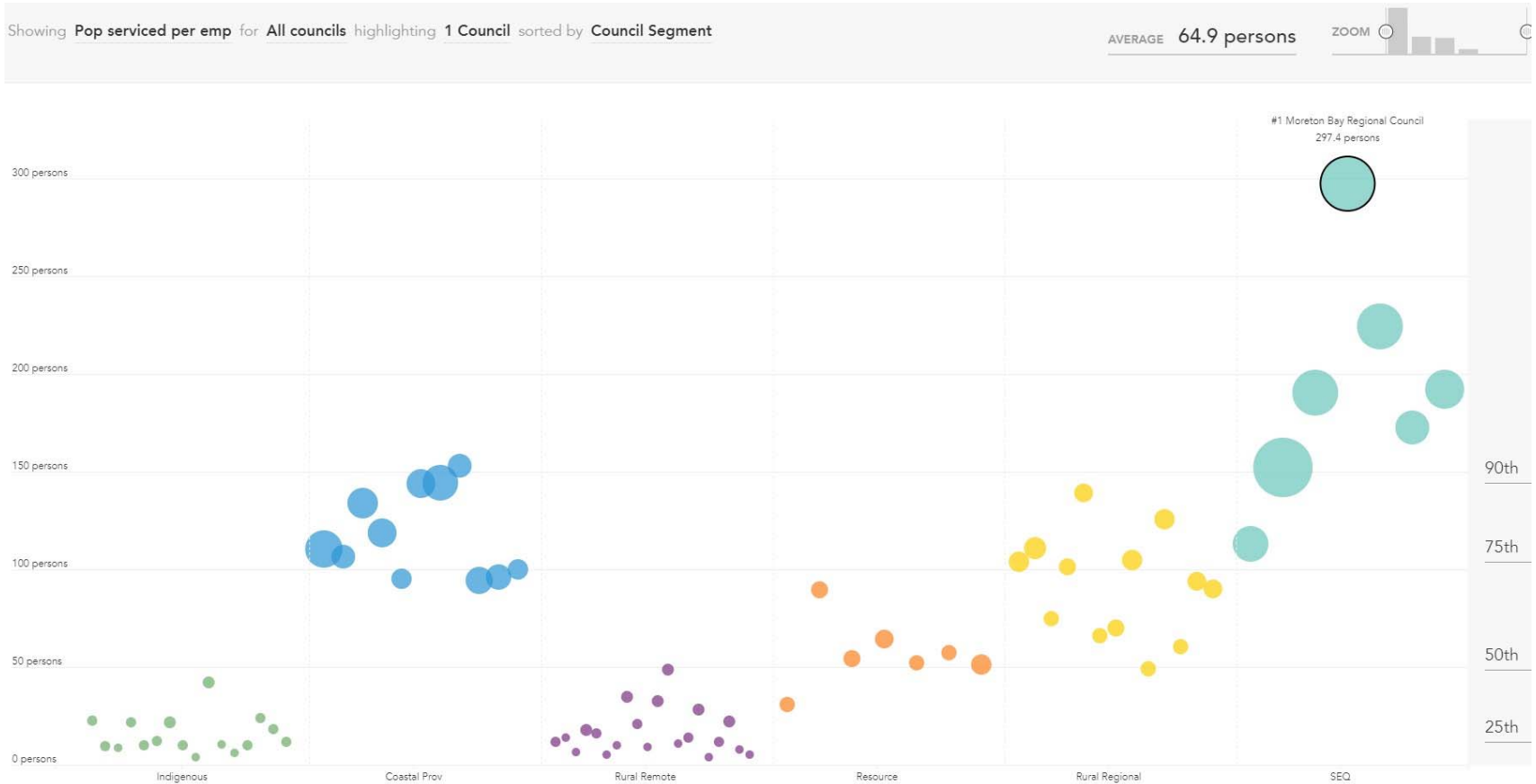
ASSET MANAGEMENT

ASSET MANAGEMENT FOCUS

Asset consumption ratio is relatively high, reflective of new, growth-driven infrastructure

Assets are not being renewed at the rate they are being consumed, but this is reflective of the age of the infrastructure

Around 70% of infrastructure spending is on new, growth-driven infrastructure highlighting ongoing funding pressures that need to be met to facilitate growth outcomes and maintain service levels

	Asset Consumption Ratio	Renewals to Capex	Asset Sustainability
2010/2011	78.55%	No Result	No Result
2011/2012	78.05%	27.54%	85.6%
2012/2013	77.47%	32.03%	70%
2013/2014	77.77%	31.94%	68.8%
2014/2015	77.31%	33.95%	65.2%
2015/2016	77.72%	29.28%	77.9%
2016/2017	77.72%	29.28%	77.9%
2017/2018	77.72%	29.28%	62.5%

READY.SET.GO. ANALYSIS

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8. APPENDIX B – MORETON BAY REGIONAL COUNCIL CORPORATE VALUES

MBRC VALUES

Council proudly upholds the following values in its daily operations with customers, external partners and staff.

Respect	Service	Integrity	Teamwork	Sustainability
• We listen to people	• We seek to understand the needs of those we serve	• We are ethical and honest	• We promote a friendly, supportive work environment	• We focus on the future
• We treat people fairly and consistently	• We strive to exceed expectations	• We take responsibility for our actions	• We inspire and encourage innovation	• We respect the environment
• We embrace diversity and opinions	• We communicate clearly	• We act within statute and law	• We develop and maintain relationships	• We demonstrate leadership by example
• We treat others as we wish to be treated	• We take a positive approach	• We take pride in the manner in which we perform our duties	• We work collectively to achieve common goals	
	• We are proud to serve our community		• We work collaboratively with our community and external partners	

Source: Moreton Bay Regional Council Annual Report 2017/18

END OF REPORT