

BUSINESS AS (UN)USUAL

Local government must change the way it operates to cope with myriad future challenges. **Angela Dorizas** reports.

Stable or lower government grants, increased service demands from an ageing population, infrastructure backlogs, the implementation of government climate change initiatives: these are just some of the future challenges councils can expect.

In his address to the Local Government Investment Conference, Local Government Managers Australia (LGMA) chief executive officer, John Ravlic, warned that coming years would be far from 'business as usual' as councils adjust their operations to cope.

At the same time, local government will be severely hit by a decline in the availability of skilled workers.

"The property and construction boom resulted in engineering, planning, building and health personnel leaving our sector in droves," Ravlic said.

"This was followed by mining and minerals boom, which resulted in engineering, trades and other skilled [employees] leaving our sector, particularly in regional Australia."

He said local government did not have the means to compete with the mining and construction sectors on salary and conditions.

"Local government is at the bottom of the food chain in terms of salary and conditions offered in a rampant economy that is driving demand for skills."

In 2011, the number of employees exiting the workforce would exceed the number entering the workforce, he said.

"So what we are actually calling a 'skills shortage' is probably better known as a 'people shortage'."

SUPPLY AND DEMAND

Local government must change its recruitment strategies in order to survive these shortages.

"With skill shortages we need to concentrate on what we can control and influence to achieve maximum bang for our buck," Ravlic said.

"We must look at addressing the demand side rather than spending too much time on the supply side, which is very difficult to influence in the short to medium term."

He said local government needed to challenge its traditional ways of thinking.

"The only way we're going to overcome our skills shortage problem is if we concentrate on decreasing the demand on available skills and that will best be achieved through changing the way we do business," he said.

"We need to look at new ways of thinking and new ways of doing business, where we can break jobs up into tasks and projects and distribute them to where workers are, no matter where they are."

Local government professionals were currently "buried in organisational systems" where they were spending less than half of their time working on what they were actually hired to do, Ravlic said.

"Unpacking the specialist roles and providing appropriate staff in less cumbersome systems is critical to freeing up our specialist skills to do more."

The dual challenge of an ageing workforce and an ageing population will continue to pressure councils, effectively requiring them to do more with less.

"Local government needs to respond radically and reform how it does business," Ravlic said.

"Doing more of the same will result in not keeping pace with the evolving world around us."

He said local government would need to secure new pools of talent and develop new retention strategies.

"The cost of recruitment can be as much as 70 to 80 per cent of salary for position.

"The most cost-effective strategies for dealing with skills shortages in local government are retention strategies, where the sector takes steps to retain the existing workforce and provide them with the necessary skills and experience to do more with their roles."

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John Ravlic, chief executive officer, Local Government Managers Australia (LGMA)



Councils should explore the intentions of their workforce, with a view to understanding how long their employees intend to work within the sector and what roles they want to play, Ravlic advised.

"This would give councils greater certainty with their mature workforce, with a view to prolonging their employment with the council."

DECADE OF RESTRAINT

Ravlic said about 30 per cent of Australian councils were already facing economic challenges, with many just "one major event away" from severe financial stress.

He said the sector could no longer rely on government funding to keep pace with service demands.

"Local governments will need to raise funds from the private sector, including capital markets, to meet the growing infrastructure needs of our communities."

Ravlic warned that over the coming decade the sector would experience a decrease in Commonwealth funding, as the Federal Government would be working to return the budget to surplus.

"Moving into the decade of restraint is bad news for local government," he said.

"The capacity of our sector to meet the expected needs of our communities is about to be seriously challenged.

"Business as unusual will be the theme for what will be a decade of restraint."