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LOGAN WORKS— TRANSFORMING ROADS & DRAINAGE SERVICE DELIVERY

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LOGAN WORKS

– TRANSFORMING ROADS & DRAINAGE SERVICE DELIVERY

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Abstract

The change process undertaken at Logan City Council has four key aspects – starting position, decision process, implementation and outcomes. Logan Works was facing decreasing potential workloads due to reducing capital works programs, increasing resource costs and the Council's desire to use a balance of day labour and contracts. The review process examined current operations, options for change and recommended a course of action. The option chosen was to retain the Unit and enhance performance. The outcomes are a stronger focus on Branch functions, defined service agreements, improved costing and reporting systems, productivity enhancements, cost savings and a revitalised, multi-skilled workforce.

Key Words: review, workload outputs, communication, transition, measurement, training.

Introduction

Logan City, Queensland's third largest City, is strategically located in the high growth corridor between Brisbane and the Gold Coast. Logan has grown dramatically since its inception in 1979 to a current population of some 180,000 people. During the eighties, it was among the ten top growth centres around Australia.

redress drainage concerns from earlier development. New construction works of around \$25M per annum were common and maintenance was of secondary concern given that so much of the infrastructure was relatively new. As the City matured, all of this changed. Increasing allocations were required to manage existing infrastructure assets and there was less need for new construction.

Logan City was established as very much a dormitory area to neighbouring Brisbane as evidenced by its demographics with some 50% of the population under the age of 30. It is now however coming of age with a focus on strengthening its community as a place for families, lifestyle and business.

Suddenly the mix of workforce was out of kilter. The workforce was generally too large and not suited to the new works programs required. There was an imbalance between day labour and contract delivery modes. An ageing workforce was another dimension.

The Catalyst for Change

Until the late nineties, Logan's Works Branch had focused on new capital construction to meet the demands of traffic growth and to

Perceptions at the political level were that the workforce was not competitive with the private sector and the National Competition Policy (NCP) directions were also coming into play. Cost overruns on some major projects

were the final straw that led to the need to seriously review current practice.

The Challenges to be faced

Commitment to the need to change was strongly led by management. The process was initiated through a Confidential Report to Council that highlighted the current position, the likely future and explored briefly a number of possible alternative scenarios. Perhaps unsurprisingly, there was mixed political reaction with some strongly recognising the need to change but others not wanting to "rock the boat". This and the usual challenges of union acceptance and inherent staff resistance to any change, were all factors that needed to be addressed as we moved forward.

Initiating the Process

Following on from the initial report to Council, the NCP review process was invoked as a means of gaining political acceptance to the in-depth study now required, recognising that there would be potential bonus payments flowing and that these would offset costs associated with the review process. The decision to engage an appropriate Consultant to assist was taken and following Council's adoption of a detailed Brief for the project, expressions of interest were called. The upshot was the appointment of Morrison Low Consultants who were seen as possessing the necessary skills and experience to best advise Council on the issues facing us. Their work on the project which commenced in 2001 was as follows:

The Review Process

A three phase approach was chosen for the review. Phase I was to conduct a preliminary overview of the current operations and possible operations for the future. Phase II was a more detailed analysis into how potential options could work in the Logan environment and to recommend the most appropriate option. Phase III was to deal with the implementation of any changes that may be required as a result of the review.

Not only was documentation reviewed, extensive meetings and interviews were conducted with all key stakeholders, including Council, Committee, Managers, Supervisors, Staff and Unions throughout the first two phases of the review. A study tour was also completed by representatives of Council, Management, Staff and Unions to see first hand some of the potential options for Logan Works. In addition three Consultative Groups were established representing Management, Staff and Unions to assist with communication and test recommendations as they were developed. Newsletters were distributed to all staff at key milestones throughout the review.

Phase I – Preliminary Overview

Objectives

The overall objective of the review was to "determine which method of service delivery provides best value for the Logan Community." It was essential to develop a set of objectives against which each of the options for the Logan Works' future could be measured.

After some debate with the Council the following objectives were set to form the foundation of the review:

- Maximise effective and efficient use of all related Council resources
- Provide Council with 'value for money' maintenance and construction services in the roads and drainage areas
- Maximise employment opportunities of existing staff in the Logan city area
- Ensure delivery of quality services to meet prescribed service standards
- Ensure a robust decision making process is followed throughout the consultancy

The management, staff and unions welcomed the setting of these objectives as it gave them some confidence that an independent and measurable review process was to follow.

Current Operations

To get a broad understanding of the Logan Works business the following areas were examined in Phase I:

- Functional Relationships
- Organisation Structure
- Maintenance Systems
- Construction Processes
- Support Systems
- Comparisons to Contractors
- Work Volumes
- Staffing Levels

It was from this foundation that possible options for the future of Logan Works were examined.

Possible Options

Some 13 different options were initially identified by Management and the Consultants, for possible review. From these,

The following three options were selected for further analysis:

- Improved Status Quo
- Retain Maintenance with Sale of Construction Operation
- Sale of Construction and Maintenance Operations

The Status Quo option of changing nothing also needed to be included to provide a

benchmark for measurement of potential improvements.

Phase II – Detailed Analysis

For each of the four options the following aspects were examined in detail: features, functions, work flow, structure, value for money, financials, legal considerations, changes from status quo and implementation steps.

After substantial analysis and modelling the recommendation to Logan City was that the Status Quo was not a viable option, that each of the other options ranked closely against the review objectives and that a balance needed to be sought between risk, consequences of risk and potential benefits as outlined below:

After due consideration the Council decided to proceed with the lowest risk option, in legal terms, that being the Improved Status Quo.

Phase III – Implementation

The key aspects of the implementation plan were to:

- Consult with the Staff and Unions in relation to the decision to implement the Improved Status Quo option
- Establish a set of KPIs to measure and monitor performance in terms of implementation, performance and value for money
- Review the management structure of the City Works Department, including defining branch responsibilities, adjusting the organisation structures as required and developing individual performance indicators for key staff
- Appoint the Transition Consultant within a defined period

- Finalise the allocation of maintenance and capital works programs to Logan Works and contracts
- Introduce an improved structure for Logan Works to align with work volumes and mix, including supervisory review, skills assessment, work team make-up, multi-skilling and training
- Agree upon intervention levels and response times for maintenance activities by Logan Works, Infrastructure Management and the Council
- Develop Service Level Agreements between the branches of City Works and other Council support departments
- Improve the support systems for Logan Works, particularly in relation to the enhancement of costing and reporting systems

The key to success of the implementation was the appointment of a Transition Consultant to be with Logan Works all day every day for a six-month period to manage the change process. As well as this resource the review consultants also assisted with specific areas of the implementation. Progress was reported on a quarterly basis using the key performance indicators developed at the outset of the implementation phase.

The Transition Process

The new Logan Works needed a structure which combined flexibility with sustainability. The roles undertaken had to be coupled with optimum efficiency for service provision to demonstrate that the changes were effective.

That outcome was achieved by placing an emphasis on workload outputs based on the forecast needs for the community, and by determining the skills mix required to deliver the services effectively.

The skills matrix was provided by the analysis of the Council's Capital Works Program, for construction, and the development of detailed service specifications for maintenance.

Funding was confirmed and secured for a ten year period to provide the certainty necessary for longer term resource planning. The Annual Capital Works Program included indicative allocations for drainage works of \$1.75M, roadworks of approximately \$4M, and minor construction and rehabilitation works to a combined total of \$7.5M.

Maintenance funding was locked at current levels subject to CPI adjustments until such time as the needs analysis and program development had been concluded to confirm funding aligned with need.

The consultation process with staff helped to understand some of the traditional constraints that impacted on performance.

The transition therefore had to recognise that change, whilst maintaining

- Staff morale;
- Productivity; and
- The motivation to accept and apply the reforms.

Initially there was a higher level of staff management, and considerable time was allocated to deal with the priorities determined by the staff. Needs were acknowledged by recruitment of contributions from all involved in the reforms.

It was important to build confidence in the process, and that was big task in a scenario of concern about job security. The phrase 'If you are doing your work well, then you will have nothing to worry about', became well known.

It was important too to understand corporate processes and a lot of time was invested in working with Human Resources and Finance to ensure that Logan Works was not disadvantaged and received a level of service appropriate for the roles undertaken. For instance, previous recruitment processes

involved primarily HR staff, and there were occasions when new staff were totally unsuited to the tasks proposed. Logan Works staff became directly involved and that problem went away.

Greater input was dedicated to these processes, a revised chart of accounts was designed so that reactive and proactive works could be assessed, and the outcomes were monitored.

The supply of plant and fleet resources by Plant Fleet Services and the engagement by Logan Works was a major factor in the transition process. Changes to the manner of plant hire, (from short term to long term as appropriate), and closer monitoring of the utilisation backed by increased accountability resulted in an immediate rationalisation of the fleet coupled with improved productivity and substantial cost reductions.

Corporate overheads applied to Logan Works as part of the NCP reforms were a key factor in determining our competitiveness. Reviews during the transition process resulted in cost reductions of in excess of 30% in payments for corporate services, thereby offering increased scope for Logan Works to demonstrate its competitiveness.

This was a process of change from the old to the revised. The transition was not so different except that it focussed on the outcomes in a fashion that could not have otherwise been achieved in the same timeframe.

Position descriptions were amended to reflect the revisions, and the essential components of current PD's that were not being well utilised were updated and the skills provided to ensure compliance.

The transition process derived the initial direction from the earlier review, but grew its own momentum with time. A combination of factors saw a lengthier involvement by the Transition Consultant and the pace of reform was sustained accordingly.

Sustainability meant a structure that required and provided multi-skilling for all staff.

Training and experience gathering techniques meant that most contingencies were catered for.

The opportunities that arose with retirements, resignations and promotions were used to continually review the structure and roles, and the changes were adopted in a more robust fashion.

During this period we were conscious of the impact of the changes on staff, and sought mechanisms to monitor attitude and acceptance. The tools that were in place to monitor absenteeism and sick leave provided an ideal mechanism because there was a reasonable history to compare with.

It is pleasing to note that we were able to demonstrate downward trends for all of those indicators, confirming a reasonable level of acceptance by staff and an appreciation that we tried to create an environment of trust to ensure sustainable outcomes.

The flexibility in the structure allowed us to respond to changes in emphasis by the Council. The need to substantially increase the amount of infrastructure rehabilitation work played right into our hands, because Logan Works was established on the basis that we would concentrate on what we did well, and services that were not attractive to contractors. Those endeavours provided opportunity to demonstrate high levels of customer service on behalf of the community.

The new structure for Logan Works will formally recognise rehabilitation as well as construction and maintenance. Within the maintenance field, maintenance and operational activities will be separately identified for their individual contribution to asset management and service delivery.

Different roles, different skills and different measures are required to adapt to these changes, but we have a framework that can be readily managed to ensure a seamless transition.

The most significant outcome was the response capability built into the structure, to attend to staff attitudes and forward planning.

If we tended to be too generic in our approach, it was for the right reasons, but now with comprehensive information and processes available, we can tailor a system and process to cater for all occurrences, and with a rapid response.

If we tended to focus on staff, then that too was for the right reasons, because they are the future of Logan Works.

Outcomes to Date

So, what have we achieved out of this lengthy process of review and reform? The cynics no doubt would say that adopting an "Improved" Status quo solution was a bit of a cop out. However there have been significant gains for Council both in tangible and intangible ways.

- Firstly, the review which spread across the whole City Works Department and into other Departments of Council did enable some important changes to our organisation structure. This provided for greater clarity in roles and responsibilities being undertaken and hence greater accountability through formalising reporting against agreed indicators.
- The ubiquitous service level agreements allowed for the spelling out of standards of service to be delivered indicators to be measured and reporting structures to gauge performance improvement.
- Council have formally adopted long term (10 year rolling) programs of capital works and rehabilitation works which gives certainty for future planning in relation to workforce size and the nature of work to be undertaken.
- A leaner management structure within the Branch with greater responsibility devolved down the line to supervisors and team leaders.

- Commensurately, greater involvement of staff in management of projects and day to day running of the jobs.
- Significant boost in staff training and development with a greater focus on multi-skilling.
- Improved systems for cost control on projects and monitoring of performance generally with staff involvement in outcomes being achieved.
- Significant cost reductions for overall program delivery resulting in direct dollar savings for Council. (In excess of \$1M per annum.)
- Improved staff morale and commitment to the organisation. New uniforms issued to all staff were part of this process.

Good acceptance of the outcomes by staff and unions as evidenced by no industrial disputation throughout and only one redundancy payout. Most reduction in numbers was achieved through natural attrition, re-allocation of duties and a number of mutually agreed resignations.

Significant Lessons Learned

Any major review and reorganisation such as occurred for Logan Works comes with lessons to be learned from the experience. For Logan, these can be summarised as:-

- Good Consultants are worth their weight in gold in these exercises. Difficult messages generally come perhaps more convincingly from a third party. In our case, the use of a "Transition Consultant" to manage the day to day change process was essential to the success of the project.
- Understandably, human resources issues are paramount in such exercises. Whilst systems and

processes are critical also, at the end of the day, it is changes in people's attitudes that make or break the project.

- Communication is critical to success - regular involvement of key stakeholders at all levels - from the Mayor and Councillors through to the labourer level is crucial. Regular face to face meetings, newsletters and various reference groups were all used.
- Strong management commitment to the goals of the project is also essential to keep driving the change process. Direct management at the Branch level is crucial to have full ownership and commitment to the reforms being promoted. Logan is still struggling on this aspect.
- Staff training and development of the requisite skills is essential and needs to be ongoing. For Logan, we have invested heavily in our supervisory level initially but have an ongoing ambitious program for staff development. This of course needs to be tempered by costs and productivity impacts.

The use of performance measurement through the setting of relevant key performance indicators, the acceptance by staff of the importance of these, and the regular measuring and reporting against them are strong tools to deliver the required outcomes.

Where to from Here

Reform processes such as that embarked on by Logan Works are something of a never ending journey. Continuous improvement should be the goal at all times. Having said that, there are a number of short term goals we are striving to meet currently:-

- We need to consolidate the new structure of the organisation and ensure that all of the roles and responsibilities established are clearly

understood and are working as planned.

- Management within the Branch needs to be consolidated due to vacancies over recent months needing to be filled with the requisite skills and experience.
- Performance measurement and review of the key performance indicators needs to be consolidated so that ongoing gains can be demonstrated both in terms of value for \$ and quality issues.
- Staff development and training needs to be progressed and monitored to ensure it is delivering the planned benefits in terms of staff motivation and performance enhancement.
- Staff communication channels need to be continually strengthened again to build on commitment and motivation.
- Future competitive opportunities need to be explored as performance standards improve particularly considering opportunity to operate as a Type 3 Business Unit under NCP.

Possible scope for developing alliance partnerships with suitable civil contracting organisations needs to be further investigated.

Conclusion

Organisational change is generally perceived as being threatening and something to be avoided if possible. Often the signs of need for change are evident but tend to be ignored until the pressure builds up to force it to happen. From Logan's experience, it is always preferable to maintain the initiative and lead the change process rather than being in the position of having change forced upon the organisation by external pressures. For Logan Works, the results have all been positive and addressing the challenges for the future will lead to a more committed and vibrant works organisation.

Author Biography



Peter Way PSM is Director of City Works at Logan City Council where he has worked since Logan's inception in 1979. Peter has degrees in civil engineering, urban and regional planning and an MBA from University of Queensland. He is a past National President of the Institute of Public Works Engineering and was proud to receive the Keith Wood Medal in 2001. Peter was also awarded the Public Service Medal in 1998 for outstanding service to local government engineering.

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Dennis Kirby commenced his career in Local Government in 1973, advancing to the position of Shire Engineer in two municipalities from 1982 to 1995. Dennis was then appointed the first CEO of a newly formed municipality following the Victorian Local Government amalgamations.

From 1999 to 2001, Dennis was responsible for all of the service provision roles at Redland Shire, including in excess of 680 staff and an \$82M plus budget.

A strong interest in asset management saw Dennis as Director of a company specialising in road maintenance management in Victoria, New South Wales and South Australia.

In 2001, Dennis established his own consultancy to support Local Government in organisational development. Key clients include Logan City Council, Cairns City Council, Ipswich City Council and Beaudesert Shire Council. These roles include operational reviews, and formulating and implementing new service delivery arrangements through a managed transition process.

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