

WHO ARE YOU? AN EXPLORATORY STUDY OF THE LOCAL GOVERNMENT WORKFORCE IN VICTORIA, AUSTRALIA

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Abstract

For almost two decades, Australia's third tier of government, local government, has focused on becoming more effective, efficient and 'business like'. Public sector reforms, amalgamations and compulsory competitive tendering legislation necessitated the embracing of private sector type practices. As a result of legislative requirements, imposed performance targets and ongoing mandatory reporting requirements, councils have become more reliant on contracting out arrangements and sought more flexible workforce arrangements. This article draws on data gathered from 2003-04 annual reports of 10 councils and interviews with human resource managers in five councils in Victoria, Australia. The findings present today's local government workforce as being a dynamic mosaic of internal and externalised workers. It is argued that while these workforce arrangements may provide short-term organisational flexibility and efficiencies, a sustainable local government workforce requires workforce planning and human resource management policies and strategies for the entire workforce.

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INTRODUCTION

For almost two decades, all levels of the Australian government have been subjected to public sector reforms, including local government in Victoria. Dollery (2003) suggests that these reforms have transformed the traditional role of municipal management, particularly in Victoria where the policy centred on the structural reform of existing small councils into large administrative units. The shift from administrative to managerial values and emphasis on 'steering' rather than 'rowing' functions (Osborne and Gaebler, 1992), has created many challenges and debates. Victorian councils, in particular, were subjected to amalgamations, compulsory competitive tendering and best value principles, the primary forces for driving efficiency and improvements.

The purpose of this paper is to present the contemporary local government context in Australia and examine the complex workforce arrangements that have evolved to provide effective and efficient service delivery. Councils have constructed a flexible and segmented workforce comprising a core and peripheral internal and externalised workers. This paper argues that an efficient, effective and sustainable local government workforce requires careful workforce planning processes and creative human resource management policies and strategies that apply to the entire workforce.

This article has three main parts. The first section provides a brief outline of the contemporary local government context in Australia, with a focus on Victoria. The next section draws on data gathered from 2003-04 annual reports and council Human Resource (HR) managers to examine the segmented workforce and challenges that have emerged in response to managing different categories of workers. The article closes with some brief concluding remarks regarding the importance of workforce planning processes and human resource management policies and strategies to the sustainability of local government.

LOCAL GOVERNMENT IN AUSTRALIA

Australian government comprises two levels of government, the National or Federal level and six States and two Territories. Although local government is not an independent level of the Australian constitutional or governance framework (Vince, 1997), it is often referred to as the third tier of government. Constitutional responsibility for more than 600 local government organisations (herein councils) rests within each State. The Local Government Act 1989 (herein the "Act") provides a regulatory framework for councils and articulates their purposes, objectives, functions and powers. According to the Act (1989, p.1), "local government is a distinct and essential tier of government consisting of democratically elected councils having the functions and powers that the Parliament considers necessary to ensure the peace, order and good government of each municipal district". Councils have elected representatives (councillors) who are democratically elected by residents and ratepayers of the municipal district. Councillors are responsible for developing council policies and overseeing the management of matters affecting the local community through their planning activities and the decisions by resolution at formal council meetings. For reasons for administrative and operational efficiency, a range of powers, duties and functions are designated to the Chief Executive Officer (CEO), who is responsible for day-to-day operations.

Councils have the power to make and enforce local laws and to raise revenue to perform their functions. Councils plan for and provide facilities and a broad range of services for their local communities which include human services (maternal and child health and home care services); property-based services (roads and drainage); economic development support services and waste disposal. The role of local government has expanded substantially over the past three or four decades. "Its responsibilities have both grown and diversified, particularly by adding a range of

functions in planning, environmental management and community services to its traditional base in infrastructure and property services” (House of Representatives Standing Committee on Economics, Finance and Public Administration, 2003: p.9). These expanded functions have created additional challenges and pressures for councils, particularly as they also act as a service provider for the Federal and State governments. Pritchard (2002: p.10) argues these actions have “further expanded the range of services beyond that which might have been considered to be ‘traditional’ local government services”.

Having undergone significant reform during the last 10 to 15 years, “local government now seems to be considerably more professional, efficient and attuned to local community needs” (House of Representatives Standing Committee on Economics, Finance and Public Administration, 2003: p.5). Aulich (1999) suggests that as a consequence, local government has become more outwardly focused and has established service standards and developed greater customer focus and awareness of competitors. Councils have also become more focused on achieving performance outcomes, potential revenue sources and optimal use of resources.

Local government is responsible for around \$18 billion annually, or an average of six percent of total public sector expenditure (Warburton and Baker, 2005). Financially, local government is largely self-sufficient, raising about 80% of revenue principally from rates and service user fees and charges (House of Representatives Standing Committee on Economics, Finance and Public Administration, 2003). Aulich (1999) suggests that although local government plays only a modest role in terms of overall public sector expenditure, it has responsibility for more than a quarter of the public sector capital formation, including key utilities. In order to perform its roles responsibly, councils require an appropriately skilled and competent workforce.

In 2001, local government employed in excess of 125,000 people, with 40% aged 45 years and older. Of those employed, 40% or just over 50,000 were women and 26% were employed on a part-time basis (ABS, 2001). In comparison with the 1996 data, there has been an overall decrease in the number of local government employees, although the number of employees in individual States and Territories fluctuates differently (Paddon, 2005).

Having briefly outlined the local government context, challenges and employment patterns at the national level, this discussion now turns to the focus of this study, namely Victoria, where the trends are slightly different. Van Gramberg and Teicher (2000) point to the municipal reform programme implemented by the Kennett Liberal-National coalition government between 1992 and 1996 as a key driver of local government reform in Victoria. Vince (1997) comments that the restructuring from 210 to 78 councils in the early 1990s was dramatic and problematic. It challenged the perceptions about the secure and permanent nature of local government employment. Van Gramberg and Teicher (2000: p.476) note “Local government managers were to compelled to adopt a variety of private sector principles and practices; reorganise structures around programmes and strategy; and adopt the financial and human resources management approaches of the private sector.” Although the adoption of private sector type approaches may have assisted with the reinvention of local government, councils also faced stringent legislative, financial and competitive requirements. Indeed, it was mandatory under Section 208B of the Act for councils to embrace best value principles of quality and cost standards, responsiveness to the community and accessibility by the community, continuous improvement in the provision of services, regular consultation and regular reporting of achievements to the community. It could be argued that the prescriptive nature of the government’s reforms, imposition of performance targets and ongoing mandatory reporting requirements constrained local government’s ability to be entrepreneurial and strategic in its approach.

Satisfying the requirements of diverse and often conflicting stakeholders is a constant challenge to local government, particularly as topical issues often generate community interest and media attention. Document analysis of the 2003-04 annual reports provides an insight of the key challenges as reported by councils in Victoria which are presented in Table 1.

Table 1: Key challenges for local government (2003-04 annual reports)

Challenges for the Victorian Local Government Sector (stated in 2003-04 annual reports)	Number of annual reports indicating challenge (out of possible 10)
Protecting the environment and environmental sustainability (natural resources, water and reducing gas emissions)	8
Developing, maintaining and upgrading capital infrastructure and assets	6
Ensuring financial sustainability and managing debt-reduction	6
Pursuing greater community engagement and involvement	6
Lobbying the State and Federal governments to generally secure greater funding and support	5
Improving community satisfaction and survey results	4
Maintaining and continuously improving high levels of service	4
Monitoring and adapting to changing demographics and trends, and the needs of an ageing population	3

The eight key challenges presented in Table 1 were identified through the analysis of “Highlights”, “Message from the Mayor” and the “Report from the Chief Executive Officer” or similarly titled sections in the 2003-04 annual reports of 10 councils. A stratified sampling design was applied to ensure data was gathered from inner central councils, other metropolitan councils, regional councils and rural councils, to provide an accurate indication of the 79 councils in Victoria.

Common themes are evident for the sector, however, councils differ in their approaches to these challenges. As reported by the State government department, Local Government Victoria (2005: p.2), “there is also considerable variation in how councils provide services to their communities. Key influences behind this variation include the location and size of councils, and the decisions that councils themselves make.” There are distinct differences in population size and in the types of services provided by councils. For example, inner city councils provide services to a greater concentration of business ratepayers; other metropolitan councils have an emphasis on people services. Regional and rural councils have a greater emphasis on roads and associated infrastructure (Local Government Victoria, 2005). When deciding the best way of providing services to their communities, councils can and do make different decisions, which is reflected in their employment patterns and practices. Numbers of total council employees and equivalent full-time (EFT) positions differ according to the councils’ decisions regarding direct employment and the availability and use of contractors.

After examining 2001 from all 79 Victorian councils, Paddon (2005) reports there are 29,355 employees, 58% of which are women. Furthermore, of the total number of males, 18% are employed on a part-time basis, as are 57% of females. The data from the annual reports suggests that most of these employees have permanent full-time or part-time basis status. In addition, the data reflects the use of fixed-term contracts, short-term contracts and casual employment arrangements. Although little information is presented on the age profile of the councils’ workforces, the available data suggests that approximately one third of council employees may be aged 45 years and over. This indication concurs with a prediction made by the national peak body for local government, the Australian Local Government Association (2005) that half of the current local government workforce will retire by 2020. This employment data provided here refers to the internal workforce encompassing individuals who have a direct employment relationship with their council. The data from the also reports indicates a range of council services have been contracted out. However, there is limited data from which to explore the externalised workforce. This segment of the workforce comprises the contingent workers, those who have a contractual rather

than employment arrangement (e.g. agency temps and individual contractors) and volunteer-type workers. The absence of published data on this important segment of the workforce creates a void that this research attempts to reduce.

In summary, Victorian councils operate within an environment of complex legislative, financial, competitive and environmental requirements. Councils plan for and manage the demands of diverse and often conflicting stakeholders, provide an expanding range of services to an ageing community and review their services in accordance with best value principles. Consequently, councils require flexible, efficient and effective workforce arrangements to meet the challenges of the contemporary local government context. Limited data has been published that explores the internal workforce, and currently insufficient data is available to examine the externalised workforce. The next section draws on interview data gathered from HR managers from five councils to provide a more comprehensive analysis of the entire workforce. This workforce has been constructed in response to the challenges of the local government sector and as a result of councils' decisions regarding direct employment and the use of contractual arrangements.

THE EMPLOYED AND CONTRACTED LOCAL GOVERNMENT WORKFORCE

As indicated previously, the local government sector is a reasonably large employer in Victoria comprising 29,355 employees of which 58% are women (Paddon, 2005). Most of these people are employed full-time or part-time, on a permanent, on-going basis and work across a range of worksites. A small number have fixed-term contracts of up to five years duration. In addition, short-term contracts and casual employment arrangements are used and provide the ability to adjust labour to fluctuating requirements. As indicated previously, councils make differing decisions regarding the most efficient and effective means of delivering service provision. Drawing on the 'flexible firm model' developed by Atkinson (1988) and the HR architecture proposed by Lepak and Snell (1999, 2002), it appears councils altered their organizational structures and explored the use of different employment modes to satisfy legislative requirement and pursue an efficient and numerically flexible workforce. To differing degrees, they adopted distancing strategies which displaced employment relationships for commercial relationships. As a consequence, the workforce comprises a core and peripheral, internal and externalised workforce involving the extensive use of contingent workers. As demonstrated in Figure 1, it is posited that the Victorian local government workforce encompasses a core and peripheral internal workforce as well as an externalised workforce.

Figure 1 about here

The externalised workforce refers to those contingent workers not directly employed by councils and comprises temporary staffing agency workers (herein 'temps'), independent contractors as well as volunteer-type workers not reflected in the calculations presented by Paddon (2005). In order to uncover the entire local government workforce, it is necessary to examine both the internal and externalised elements, which is the focus of this section. This section again draws on data gathered from the annual reports as well as the face-to-face, semi-structured interviews conducted with a convenience sample of HR managers in five councils. The insights provided by this sample of HR managers complement and extend the data gathered from annual reports thus justifying the mixed-method research design applied in this exploratory study (Greene, Caracelli and Graham, 1989). A profile of the HR managers is presented in Table 2.

Table 2: Profile of sample of HR Managers interviewed

Descriptors	HR Manager 1	HR Manager 2	HR Manager 3	HR Manager 4	HR Manager 5
Position Title	Manager Organisational Development and Governance	Manager Human Resources	Manager Organisational Development	Manager Organisation Development	Manager People and Performance
Reports to	CEO	CEO	CEO	Through General Manager to CEO	CEO
Professional qualifications	MBA and DBA	BEco, Master of Business (HRM)	BEco	BPsych/Mgt	BBusAdm, Grad Dip in HR/IR, Grad Dip in Labour Law
Years in HR field	15	34	30	4	10
Years in local government	3	10	15	4	17
Employee costs as a % of total council revenue	34%	22%	29%	21%	27%
Type of council	Outer metro	Outer metro	Outer metro	Rural shire	Outer metro

Initially the HR managers were selected by the differing characteristics of their councils (e.g. number of employees, total annual revenue and geographical location) and due to their availability satisfying the constraints of the research project. As reflected in Table 2, the HR managers also differ according to title, reporting arrangements, gender, age, tertiary qualifications and years of experience (particularly, pre- and post-amalgamations and the introduction of compulsory competitive tendering). These HR managers are generally responsible for the development of council HR-related policies and procedures and for the provision of regular reports on HR matters to senior management. The HR managers are also responsible for, or oversees, HR functions such as the HR computerised information system, recruitment, selection and placement, staff induction, managing diversity, industrial relations, performance management system, learning and development program, compensation and the exit interview process. HR managers may also have some responsibility for council-wide governance functions, insurance, strategic planning and risk management.

The data gathered from HR managers and annual reports confirms the existence of a diverse internal and externalised workforce. As indicated in Figure 1, the council governance function oversees a mosaic of employment, contractual and unpaid arrangements which underpin the provision of council services.

AN EXAMINATION OF THE INTERNAL WORKFORCE

This section provides a detailed examination of the core and peripheral internal workforce, as indicated in Figure 1. Firstly, data from the annual reports is presented to broadly define the types of positions, work groups and classifications (linked to salary) of the workforce. Secondly, the interview data provides additional and specific insights to council practices and experiences.

The composition of councils' workforces differs greatly, as does the depth of employee information presented in the annual reports. Generally, data is presented on four key dimensions, gender, employment status (full-time, part-time or casual), position held and work group or department. Occasionally an age profile or classification profile (linked to salary) of employees is published. For this sample of 10 councils, the total number of employees is 6,778, although the pattern of employment numbers and configurations vary across councils. For example, the number of employees ranged from 286 to 1,219. The gender breakdown of total employees indicates 62% are female. In relation to employment status, 52% are full-time employees, 31% are employed on a part-time basis (predominantly females) and 17% are casual employees. There is also some evidence of redundancy payments to council employees. Diversity in council employee configuration is also evident in the types of positions, work groups and departments in place.

Examples of the positions held include management, middle management, professionals, para-professionals, clerical, clerks, plant operators, labourers, operative and trades. Work group and departmental data vary greatly within and between councils. This dimension reflects the variation in council organizational structures and the diversity in the range of service provision. Work group and department labels include the Office of the CEO; Corporate Services; Community and Economic Development; Community Support/Family Services; Assets and Operations; Finance; Customer and City Services; Organisational Development; Infrastructure and Environment; Public Safety/Law Enforcement; Parks and Gardens/Works; Waste and Environmental Management; and Strategic Initiatives.

In addition to reporting employee positions and work groups, two annual reports provide an age profile of their employees and another includes employee classifications. Interestingly, the two age profiles presented indicate that of all the age groups, the 45 or 50 years and over group have the greatest proportion of employees. Moving away from age to another dimension, position classification, provides another perspective of the council workforce. The majority of council employees are categorised by a band or classification-type system that links the individual and position requirements and responsibilities with salary. One annual report included the following examples, Class 1 and 2 reflect childcare workers; Class 3 refers to parking and traffic and office administration support; Class 4 comprises administration/support roles; Class 5 and 6 reflect first level professionals, technical staff and programmers; Class 7 relates to team leaders and professionals and Executive refers to managers and directors.

As this data suggests, the council workforce is diverse in employment numbers and configurations. Broadly speaking, council employees are likely to be female and employed part-time or full-time in a position that may require low level or specialist skills and is classified or paid accordingly. Council employees are also likely to be members of a small workgroup operating within a larger department and aged 45 years or over. Although summarising the workforce into one broad sweeping statement is appealing, the lack of homogeneity in this workforce limits its value. This point is reinforced in the interview data offered by HR managers.

HR managers report that most employees are appointed to a permanent full-time or permanent part-time position, subject to satisfactory performance during a three month probationary period. Employees may be based on-site within council offices or in one of a multitude of council buildings. They might work from a leased office space, co-habit with other service providers or be based primarily on the road or in clients' homes. Regarding the small number of employees with fixed-term or short-term contracts, HR managers state that senior officers under the Act receiving remuneration in excess of \$100,000 and officers reporting directly to the CEO are generally employed on a fixed-term contract (maximum of five years). Employees who are backfilling regular employees on extended leave and those appointed to positions that are funded for a specified time period or project-based are employed on a short-term contract.

Additionally, HR managers indicate that councils employ small numbers of trade apprentices for a specified time periods. Furthermore, the use of subsidized traineeships is more prevalent with new

and existing employees being offered the opportunity to pursue an employment-related qualification. Apprentices and trainees are provided some work time, or are 'released', to fulfill the training and assessment requirements associated with the qualification.

Interestingly, although perhaps not surprisingly, councils differ greatly in their arrangements regarding the use of casual and seasonal employees. Casual employees are directly hired through in-house arrangements (Gallagher, 2002). Seasonal employees are directly hired through in-house arrangements but work on a seasonal contract (Connelly and Gallagher, 2004). For examples, seasonal employees may be hired during peak tourist times or to provide child care during school holiday periods. Casual and seasonal employees (herein referred to as 'casuals') do not receive any of the paid leave entitlements or employment conditions often associated with permanent employment. However, they may be compensated by a higher hourly rate or 'casual loading' rate. For this sample of councils, the total number of casuals exceeded 1,000, although the numbers ranged from a low of six to a high of 374, with a number of councils reporting they have been 50 and 60 casuals 'on their books'. Although data on the gender of casual employees is incomplete, available data suggests that approximately two thirds of existing casual employees are female. HR manager 1 indicates that a third of her council's workforce is casual, typically students and most of whom prefer casual rather than permanent part-time employment.

In relation to council practices and experiences surrounding casual employees, HR managers indicate that a range of formal and informal strategies are used, including nepotism. HR manager 1 states that casual employees are co-ordinated at the department level, "casuals have to be incorporated into the salaries budget in every single department so that is the way it is managed and that is where the accountability sits" (HR manager 1). HR manager 4 advises that her council recruits 30 to 40 casual workers on a seasonal basis, many of which have been past casual employees. HR manager 5 indicates that his council has advertised and called for casuals for a specific position such as home care workers. HR manager 3 expresses some concern regarding the recruitment practices (or lack thereof) adopted by some council managers "in relation to casuals, we try and get people to go through a process and depending on the casualness of it, and the duration of it, will dictate to some degree, and the skills required, it is pretty unskilled sort of work like licking envelopes. There is no great sweetener; it is probably someone's kid to be honest" (HR manager 3).

Offering an alternate perspective, HR manager 2 strongly indicates that his council made the decision not to use casuals, other than having a few genuine casuals as relievers when regular employees are absent on sick leave. He indicates that there are three main reasons behind this decision. Firstly, casuals were "becoming permanent by osmosis, by just being here" and it was preferable to advertise a position if it was permanent. Secondly, casuals had a worse occupational health and safety record than permanent employees. Finally, council wanted to make give a commitment to staff by offering permanent part-time arrangements, in support of the 'employer of choice' model. HR manager 2 advises that his council generally uses workers from temporary staffing agencies as their casual workforce.

As illustrated by the previous examples, a range of formal and informal strategies surround the use of casual workers, but who are these casual workers and what roles do they perform? The HR managers indicate that the positions undertaken by casuals include library book shelvees, clerical/administrative officers, childcare workers, home care workers, vacation care or holiday program workers and seasonal workers. Many of these positions are attached to a budget for which a line manager within a type of community services department is responsible.

Moving away from casual employees, HR managers indicate that they occasionally or regularly employ Tertiary And Further Education (TAFE) and University practical placement students on a fixed-term, full-time or part-time basis. HR Manager 5 indicates that his council had accepted placements for individuals studying environmental health and town planning qualifications. Councils also support government subsidised employment programs, particularly the Jobs-for-Young-People program where young people are employed on a fixed-term, full-time basis.

In sum for the purposes of this research, the core internal workforce comprises permanent, ongoing employees working on a full-time or part-time basis as well as those with a fixed-term contract. The peripheral internal workforce comprises individuals with short-term contracts and casual or seasonal employment arrangements. The practices surrounding employees, particularly the use of casual employees, varies from council to council. Employees with short-term contracts and casual employees provide councils with workforce flexibility. These individuals are employed to backfill regular employees or on a seasonal or irregular basis. However, the use of short-term contracts and casual employment arrangements is not the only strategy councils use to achieve a flexible workforce. Workers from temporary staffing agencies, independent contractors, and volunteer-type workers form the paid and unpaid segments of the externalised council workforce, examined in the next section.

AN EXAMINATION OF THE EXTERNALISED WORKFORCE

The Paid Externalised Workforce

As reflected in Figure 1, this section focuses on the paid workers who have contractual rather than employment relationships with councils. For the purpose of clarification, temporary staffing agencies (also known as employment services organisations in Australia) provide a range of employment placement services including the provision of temps (temporary labour hire) to other businesses “using their own employees, on a fee or contract basis, and placement of permanent or temporary staff directly employed by the client organisation” (ABS, 2003: p.1). Independent contractors are workers who have a contractual rather than employment arrangement with the council. Independent contractors may also be defined as “self-employed individuals who sell their services to client organizations on a fixed-term or a project basis” (Connelly and Gallagher, 2004: p.961), and they have become particularly visible in information technology and knowledge-based occupations (Ang and Slaughter, 2001).

As indicated in Table 3, HR managers suggest a variety of reasons why their council uses temps and independent contractors. These reasons are generally associated with increasing capacity, accessing specialised skills, reducing labour costs and satisfying other business needs, as per themes in the existing literature (see Holmes, 1986; Brennan, Valos and Hindle, 2003; Hall, 2002).

All HR managers indicate that temps and independent contractors may be engaged when regular employees are taking leave entitlements or having a planned absence, and to provide access to specialist skills or advice otherwise unavailable in-house. HR managers were able to provide an indication of the types of skills required and positions undertaken by temps and independent contractors. To build an accurate picture of these workers, data would be required from council financial systems, numerous responsible line and project managers, temporary staffing agencies, business partners and the workers themselves, which is beyond the scope of this project.

Table 3: Reasons for Using Temps and Independent Contractors

<p>Capacity Reasons*:</p> <ul style="list-style-type: none">• To cover for leave entitlements and short term absences of regular employees (5)• To cope with periods of peak demand or short term overload (4)• Speed of availability (4) <p>Specialisation Reasons:</p> <ul style="list-style-type: none">• Access specialised skills or advice unavailable in-house (5)• To overcome skill shortage and difficult to fill positions (3)• Deal with one-off tasks (2) <p>Reduction of Labour Costs:</p> <ul style="list-style-type: none">• Straightforward reduction of labour costs (2)• Cheaper than in-house staff (2)• Reduce staffing costs by paying less (1) <p>Other Reasons:</p> <ul style="list-style-type: none">• Starts out as a temporary placement and may revert to a pseudo-probationary period, where genuine vacancy exists (4)• Convenience (4)• Overcome recruitment problems (3)• Workers prefer to be on contract (2)• Effectively the casual workforce (1)• Way around salary system/internal equity for difficult to fill positions (1)• Enable work outside normal hours (1)• Guarantee of performance (1)

** number in brackets indicates the number of HR managers identifying the reason (out of possible 5)*

In relation to temps, HR managers report using a number of city based and local temporary staffing agencies, selected according to the particular vacancy and skills requirements. Councils require temps with low level, generic skills through to tertiary qualified professionals. Positions that temps undertake include labourer positions based at the Depot, child carers, hands-on aged carers, customer service officers, administrative officers, technical officers, project engineers, sports centre staff and town planners. Temps often work with, and are physically located beside council employees, who may be similarly qualified and experienced. In some instances, temps may perform the same role as an employee for a limited or indefinite period, depending on the availability of the temp and the preference and budgetary constraints of the responsible line manager.

In relation to council practices and experiences surrounding temps, HR manager 1 states that there is the “very rare occasion that a departmental manager will ring up a recruitment agency and say I need someone for two weeks. That happens from time to time there might be a big mail-out on or an audit of mobile phones and it is only going to last two or three weeks and that will be it”. Alternatively, and as indicated previously, HR manager 2 uses temps effectively as the council’s casual workforce “we bring them in through an agency often if a job is not going to go on and if they work out, we can put them on permanently. I guess it is a form of recruitment to some extent, but not the usual form of recruitment. If we have a permanent vacancy then we recruit permanent people. However, if a vacancy arises while an agency worker is with us, then they have got a good chance of getting the job”.

HR manager 4 states “often for temporary positions we might go though an agency, generally fixed-term, but not necessarily, especially for hard to recruit positions we might sort of put the feelers out a little bit and sort of try before you buy type thing.” However, there may be a darker side to the use of temps, particularly when the arrangement becomes inappropriate, inefficient or confused, as suggested by HR manager 3. “I have this battle with everybody, particularly down at

the Depot, where some of our agency staff, they are decked out in all of the council gear and they invariably ... use it as a pseudo-probationary period or they just sit them there and when a vacancy comes along usually there is a pool. We have tested you and you seem all right, we will bring you on and then invariably most of them turn out to be rat bags” (HR manager 3). In addition, HR manager 5 reports an incident where a temp lodged an unfair dismissal claim and obviously did not understand the contractual relationship. The temp was “working with an agency and being paid through the agency and their view was ‘well I’ve been here for 12 months and therefore I am a permanent employee’” (HR manager 5). The commissioner found that there was no employment relationship.

As indicated by Table 3, HR managers identify many reasons for using temps and independent contractors, many of which are advantageous to the council. However, the actual practices and experiences surrounding the use of temps suggest that potential advantages or efficiencies may not be fully realised due to inconsistent practices and manager intentions. The discussion now turns to an examination of another segment of the paid externalised workforce, independent contractors.

The segment of the external workforce labelled independent contractors incorporates sub-contractors, consultants and self-employed workers who have a contractual rather than employment arrangement with council. Independent contractors are engaged to provide specific services and they are responsible for their own employment-related liabilities (e.g. insurances, superannuation, workcover and taxation). Traditionally the local government sector has relied on relationships with independent contractors to deliver or provide a limited range of services.

HR managers report that a number of strategies are used to identify and engage appropriate contractors. All HR managers provided examples where independent contractors were engaged for their expert advice, specialist skills or professional qualifications. Examples included architects, legal advisors as well as auditors for monitoring financial, environmental and occupational health and safety performance and corporate processes. Professionals with high level skills are also contracted to produce outcomes such as council feasibility studies, master plans, business plans, strategies, complex functional specifications as well as independent community consultation and staff surveying processes. In these instances, an advertisement is likely to be placed and written expressions of interest sought. Independent contractors are also used to provide corporate training programmes. While formal and informal training may occur at the workplace, councils are likely to engage independent contractors and registered training organisations to deliver aspects of their training program. HR manager 5 states that he has a list of preferred training contractors and indicates that he is likely to approach the contractor directly for a verbal or written quotation, depending on the total cost of the training package required (HR manager 5).

HR manager 1 points out concerns surrounding the use of long term independent contractors who, in an industrial sense, may be deemed as employees “Why would I want to be paying top rate through an invoice and be charged all of the overheads that way and then end up two and a half years later having the obligations as well. I’m not interested and I have been ferreting all of those scenarios out and making sure that they either fall on one side of the line or other and that it is managed as such” (HR manager 1). HR managers acknowledge that the short-term independent contractors are engaged by their councils such as painters and electricians, particularly for council festivals and events. Other independent contractors include family day carers (care for pre-school aged children in carers’ homes), town planners and project engineers, who may be engaged as contractors because the council has experienced difficulty directly recruiting employees.

Similar to the experience surrounding the use of temps, independent contractors may be located beside and work with council employees. A range of practices are used to source an appropriate contractor, who is likely to be qualified or have specialist skills. The contractual arrangement may be for a very short, limited or indefinite time-frame, depending on the availability of the contractor and the preference and budgetary constraints of the responsible line manager.

The final segment of the paid externalised workforce comprises the individuals employed or engaged by council business partners. As indicated previously, traditionally the local government sector has relied on partnering or contracting out arrangements to achieve particular service outcomes and for the provision of supplies. Where the value exceeds the limit set in Section 186 of the Act (currently \$100,000), councils must give public notice of the purpose of the contract and invite tenders or expressions of interest for all, or any part of the project. Since the introduction of compulsory competitive tendering in the 1990s, the delivery of a broad range of public goods and services consumed by local government or the community, have been won by in-house bids or contracted out to external public and private providers. "The tendering authority chooses the optimal bid or package and awards the right to deliver a service for a specified period of time, through a legally binding contract" (Rimmer, 1991: p.293). The data presented in Table 4 provides a conservative indication of the functions contracted out by this sample of councils.

Table 4: Council functions contracted out to business partners (2003-04 annual reports)

Council functions contracted out to business partners(stated in 2003-04 annual reports)	Number of annual reports indicating service (out of possible 10)
Non-cancellable operating leases	10
Construction, redevelopment or refurbishment of structural assets and facilities	10
Kerbside household garbage or green waste services collection	9
Designing and/or constructing or maintenance of road infrastructure	8
Building cleansing and/or maintenance	6
Supply and implementation of computerised systems, software, information hubs and/or support	5
Valuation/revaluation of land, building and assets	5
Management and operation of leisure, cultural or business centres	4
Election services	4
Aged and disability services	3
Meals on wheels (preparation and/or delivery of cooked meals)	3
Parks, gardens and reserves	3
Arts, leisure, culture and recreation services	2
Economic development services	2
Family and children's services	2
Library services	2
Street cleansing	2
Traffic, parking and local laws	2
Animal pound services; community planning and support; environment and fire prevention services; foreshore services; graffiti removal; harnessing landfill gases at previous or current landfill sites; home care services; litter collection; maintenance of plant and equipment; maintenance of roadside vegetation; maintenance of signs and street furniture; management of car parking facilities; open space management; records management; security services; syringe disposal services; tourism services; town planning; catering and technical services	1 each

It is possible to identify many of the services contracted out by councils (and in some instances the associated expenditure). However, the data is reported inconsistently and details are often incomplete or embedded within the annual reports and often combined with materials, contracts and suppliers in the financial statements. Although an indication of the services contracted out is presented, it is more difficult to quantify the workers employed or engaged by the business partners or, in some cases, the wholly owned subsidiary company of council. Many of these workers provide a face-to-face service delivery role to the community and may be regarded as a council employee or representative. It is still inconclusive whether the contracting out of services provides a more efficient delivery mode and effectively outsources the associated employee management functions. However, Councils may be drawn into the management of their business partner's workers, especially where service provision is affected. For example, HR manager 2 states "I've just come out of a meeting where we have discussed relations with the contractor in relation to their running of our leisure centre and changed employment conditions." Although councils contract out the actual provision of services, effective contractual control and managerial control are critical to manage the risks associated with business alliances (Das and Teng, 1999), and ensure community satisfaction levels and planned efficiencies are achieved.

In other instances, the reasons why services are contracted out appear to be more based on past precedent than a strategic approach. HR manager 2 states "We are not making that decision now about whether to have them outsourced or as employees. We made that decision at the time of CCT where we had to put them to tender and they were the two that were successful and it has worked okay so we've kept it going". Additionally, there is evidence of forfeited contract retention, the implementation of new flexibility strategies with existing employees (to avoid the use of external providers) and previously outsourced services being brought back in-house. Councils' decisions for bringing services back in-house include community dissatisfaction with service quality (home care services and parks and gardens services); the expectation that a different approach will not increase costs in the long term and will provide more opportunities (maternal and child health services); and the creation of a single unit is anticipated to better meet the needs of the community and provide a more coordinated and consolidated approach (event planning and management).

Taken together, the paid external workforce comprises temps, independent contractors and the individuals employed or engaged by councils' business partners. These workers are far from a homogenous group, and indeed possess low level, generic skills through to specialist expertise and professional qualifications. They may be engaged for a very short to indefinite time-frame and organizational practices surrounding the engaging of these workers varies within and between councils. There is one further important segment of the externalised workforce, namely the unpaid, volunteer-type workers, examined in the next section.

The Unpaid Externalised Workforce

The final segment of the workforce to be examined comprises two groups of unpaid workers, formal volunteers and individuals who may be participating in education-related or government sponsored work-experience placements. While there are many definitions relating to volunteering, the following definition provided by Volunteering Australia has been applied in this study:

Formal volunteering is an activity which takes place through not for profit organisations or projects and is undertaken:

- to be of benefit to the community and the volunteer;
- of the volunteer's own free will and without coercion;
- for no financial payment; and
- in designated volunteer positions only (Volunteering Australia, 2005).

While the relationship between volunteering and social capital is unclear, Onyx and Leonard (2000) argue that volunteering involves the essential elements of social capital, such as social connectedness, reciprocity and trust, and can be viewed as being at the heart of social capital.

Cuthill and Warburton (2005) agree and suggest that volunteering contributes to building healthy and sustainable communities and may be seen as an important component of citizen participation in local governance. Perhaps it is not surprising that the level of government closest to the people actively encourages, relies upon and greatly values its formal volunteers and other unpaid workers.

Data from the annual reports indicates that formal volunteers (herein referred to as 'volunteers') and other unpaid workers perform a diverse range of tasks that may be beneficial to other individuals and the broader community. However, data on volunteering activities is reported inconsistently and incompletely. Three annual reports include no clear reference to the contribution of council volunteers or volunteer groups operating within their boundaries. Of those councils that provide volunteering details, they indicate that council volunteers contribute by delivering meals as part of the meals-on-wheels program; participating in Clean Up Australia Day; participating in council advisory and 'friends' groups; reading to the visually impaired residents and delivering library books to those who cannot get to a library; providing lifestyle programs for aged care hostel residents; providing transport assistance for the aged, frail and people with disabilities; promoting and delivering arts and cultural events; assisting with arts centre operations; participating in the walking school bus program; undertaking fundraising activities; providing child care; providing social support to young people; assisting with youth events and services; providing gardening assistance and helping with the management of bushland and foreshore reserves. In addition to council volunteers, many more people work as volunteers in the general community. Volunteers assist special interest groups, charities, community service and religious organizations, hospitals, educational institutions and Volunteer Resource Centres, many of which receive funds through councils' community grants programmes.

Some volunteers stay with their local council for many years and their valuable contribution is publicly acknowledged. Special functions and events are held to celebrate the years of services of volunteers, who in some cases receive awards recognizing 10, 20, 30 or even 40 years of loyal service. HR managers indicate differing experiences when it comes to recruiting and retaining volunteers. For example, HR manager 1 states "We have never had any trouble getting volunteers and they typically stay with us for quite some time". Offering a rural perspective, HR manager 4 indicates that in relation to her council's volunteer base "it is a problem. It's not only ageing, it is declining, the base, there are just fewer and fewer people and especially as we are getting more and more ... the whole litigious thing, the whole insurance game and the works, their role has become more onerous and we are putting more and more on them from occupational health and safety and property management point of view and that sort of thing."

Councils also differ in their approaches to managing volunteers. Three of the five HR managers indicate that their council has a written volunteer management policy, guidelines or handbooks for volunteers and supervisors of volunteers. Four of the five HR managers state that they have Departmental Volunteers Coordinators or a position that coordinates volunteers and data on volunteers. The HR managers highlight the importance of a consistent approach in managing volunteers, although they recognise the limitations of the current arrangements. Less data is available on the other group of unpaid workers, individuals who may be participating in education-related or government sponsored work-experience placements.

HR managers indicate that government agencies or individuals approach council to support an education-related or government sponsored work-placement program. Participants in these programs are not paid by council, but may receive a payment from another source (usually from government agency with a mutual obligation policy). The number of hours worked per week may vary from program to program, as does the duration of the program. Participants on these programs have assisted with natural resource management, as well as management of bushland and foreshore reserves. The management of these program participants is generally devolved to the responsible line or project manager.

In summary, Victorian councils operate within an environment of complex legislative, financial, competitive and environmental requirements. Councils are expected to manage the demands of

diverse and often conflicting stakeholders, to provide an expanding range of services and to embrace innovative, 'best value' approaches. Consequently, councils require flexible, efficient and effective workforce arrangements to meet the challenges of the contemporary local government context. As demonstrated in Figure 1, the entire workforce comprises a mosaic of employment and increasingly contractual arrangements. Councils perform their critical service planning and delivery roles through a complex and segmented internal and externalised workforce model. Employees within the core internal workforce are ultimately accountable for their own performance, the performance of their temps, independent contractors and business partners and the coordination of the efforts of volunteers and other unpaid workers.

CONCLUDING REMARKS

After almost two decades of public sector reforms, today's Australian local government workforce comprises a dynamic mosaic of employment and, increasingly, contractual arrangements. This workforce has emerged in response to historical and present challenges to this sector and as a result of the decisions made by individual councils' to achieve anticipated efficiency and flexibility gains. There are at least three observations arising from this exploratory study worthy of further comment.

Firstly, the empirical evidence suggests that it may be beneficial for councils to debate management philosophy and the general principles of labour management that best fit with their organizational context (Boxall and Purcell, 2003) and stakeholder interests. Clearly workforce planning strategies, policies and resources must be aligned and reviewed in accordance with council business planning processes. The application of a HR model or architecture such as that proposed by Lepak and Snell (1999, 2002), may be useful to identify the value and uniqueness of positions and contextualized by individual councils. Alternatively, it is possible to draw on the extensive literature examining the experiences of public sector outsourcing and management of public-private partnerships. For example, Rimmer (1991) asks do the cost reductions come from lower wages paid by contractors, decreases in the quality of service provision or as a result of greater efficiency and productivity or changes in transaction costs? O'Looney (1998) identifies activities that are ideally should be kept in-house and those that may be optimally outsourced and Hodge (2004) highlights the risks in the governance domain, where government in Australia tends to neglect the traditional checks and balances.

Secondly, once the strategic framework and policies are in place, existing HR policies and procedures must be enhanced and extended to incorporate all of the segments of the workforce. Lepak and Snell (2002) note the value of organisations having HR policies that align with different employment modes and suggest workers should not be managed as a homogenous group. The development of clearly and precisely worded policies and procedures that are informed by line and project managers increases the likelihood of practices complying with legislative requirements and the desired gains and flexibility being achieved. Managing and retaining organizational knowledge is critical for ensuring HR policies and procedures are effective and build the organisation's core capability (Boxall and Purcell, 2003). Existing performance monitoring processes and information management systems could be modified or extended to capture valuable explicit and tacit knowledge from employees, temps, independent contractors, business partners, project managers and volunteers. The ability to access, use and retain broadly-based organisational knowledge could greatly assist councils with their strategic planning and decision-making.

Thirdly, clearly articulated and resourced HR strategies, policies and procedures provide a strong foundation for the effective planning and management for the entire workforce. However, as noted by Worthington and Dollery (2001), diversity and not uniformity is the central characteristic of Australian local government and a one-size-fits-all solution to the financial and organizational problems of Australian local government is simply not feasible. Accordingly, some procedures may need to be somewhat flexible and responsive to scenarios that are peculiar to specific positions and functions. However these cases should be treated as exceptions to the rule. Without a

strategic and informed intent, Boxall and Purcell (2003) suggest that organisations may find that their actions support short-run responsiveness but compromise their long-run agility. To achieve a flexible and sustainable workforce, councils must not fall into the trap of allowing their HR practices and decisions to be based purely or entirely on past practice, cost savings or responsiveness to community dissatisfaction.

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Figure 1: The Local Government Workforce in Victoria

