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PART 1
Introduction
1.1 PURPOSE AND STRUCTURE OF THIS DOCUMENT

The NSW Government has been working with councils since 2011 to help strengthen local communities.

On 6 January 2016, the Minister for Local Government made 35 proposals for council mergers. The Minister has referred these proposals to the Chief Executive of the Office of Local Government for examination and report under the Local Government Act 1993. The Chief Executive has delegated this function to a number of people (Delegates). It is expected that the outcomes of the proposal examination and reporting processes will be known by around mid-2016.

Delegates are required to examine and report upon each merger proposal rigorously and fairly. Decisions on any merger proposals will only be made following the completion of this process.

This document provides guidance only to councils wanting to prepare for a potential merger while the proposal examination process is occurring and councils will need to obtain their own independent legal and other expert advice. The document may be used at the discretion of the council and is aimed primarily at council staff who are leading or contributing to preparations for a potential merger.

In some cases, councils may individually begin preparing for a potential merger. Ideally, councils will work together with other councils subject to the merger proposal. This document provides guidance for both councils who decide to work individually and councils working together.

Preparatory work undertaken during the proposal examination process can provide a positive foundation for the future without pre-empting the outcome of the examination process. Through Integrated Planning and Reporting, councils have experience with the benefits of planning for more than one potential future.

There is already extensive knowledge, experience and capability for innovation within councils and amongst other stakeholders including industry unions. This document respects this existing local capacity and seeks to complement it with guidance and advice.

Local Government NSW is leading the development of more detailed resources to assist merging councils, and it is likely that other industry and professional bodies will also provide a range of guidance, support and training.

The Office of Local Government has also issued a circular and guidelines to support council decision making during the proposal examination process.

The NSW Government will provide further direction for merging councils during 2016.
For ease of reference, this document is divided into three parts. Throughout the document, connections between sections and links to supporting resources are hyperlinked to aid navigation.

**PART 1 INTRODUCTION**
Provides high level guidance and contextual information which will be useful for all key staff to read.

**PART 2 GUIDANCE**
Provides targeted guidance for key areas:
- communications
- human resources
- finance
- legal matters
- services and systems.
It has been designed so that staff can focus on the sections that are most relevant to them.

**PART 3 RESOURCES**
A library of resources is provided at the end of the document. It contains tools such as checklists and sample tables of content for key documents. These resources are provided as a starting point to be adapted to suit local needs and circumstances.

**Reference to legislation**
Throughout this document the Local Government Act 1993 is referred to as ‘the Act’ and the Local Government (General) Regulation 2005 is referred to the ‘the Regulation’.
Where other legislation is mentioned, the specific statute is made clear in the text.
1.2 PROCESS AND TIMING

This document focuses on the period during which merger proposals are being examined and reported upon. It refers to this as the preparation phase. It is expected that this phase may continue until mid-2016.

To help councils consider and plan for a potential merger, this document also makes reference to a potential implementation phase. This would be the period from which new councils are announced or proclaimed.

Should implementation progress, further guidance about the process will be released later in 2016.
## 1.3 PRINCIPLES

The following principles provide guidance to councillors, council staff and communities about the way the NSW Government expects both the preparation and implementation phases of potential mergers to be conducted.

Councils may wish to use these principles to help guide their preparation process and tailor them to suit local contexts.

<table>
<thead>
<tr>
<th>Principle</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service</td>
<td>Maintain seamless service delivery to communities</td>
</tr>
<tr>
<td>Opportunity</td>
<td>Embrace opportunities to improve services and infrastructure for communities</td>
</tr>
<tr>
<td>Cohesion</td>
<td>Bring together and build on the strengths of strategies, structures, staff and systems</td>
</tr>
<tr>
<td>Engagement</td>
<td>Inform and involve communities, staff and other partners, including industry unions, in planning and implementing change</td>
</tr>
<tr>
<td>Integrity</td>
<td>Ensure ethical, open and accountable governance and administration</td>
</tr>
<tr>
<td>Respect</td>
<td>Value the knowledge and contributions of staff, communities and other partners</td>
</tr>
</tbody>
</table>
1.4 LEADERSHIP AND COLLABORATION

Contemporary organisational research emphasises the importance of leadership, culture and teamwork in creating and maintaining high-performing organisations. Having strong leadership teams that work effectively together and with staff during times of change is particularly important.

For leadership teams this will mean working closely across the executive team and with key managers and staff. Ideally, it will also mean working with the leadership teams of other councils subject to the merger proposal.

For all councils, the process of preparing for a potential merger may be supported by:

• developing a shared vision of success for change, with a clear plan to get there
• regular face-to-face meetings to help maintain important relationships and partnerships
• drawing on the strengths and skills of staff throughout the organisation/s
• constantly monitoring and communicating progress and outcomes
• celebrating major milestones and other successes
• respecting the history and achievements of the council/s and the contribution of staff, communities and other partners.
1.5 KEY GOALS

Councils will use local knowledge and experience to determine the best way to prepare for change.

To support these planning processes, eight key goals have been identified to help councils consider and focus on the areas likely to be most critical in preparing for a successful potential merger.

1. Establish collaborative working arrangements within, and preferably between, councils

It will be particularly beneficial for councils working together to form a working group or committee to lead preparation for a potential merger. This could include councillors and/or senior cross-organisational representation from all councils working together. A transition working group could be chaired by one of the General Managers or Mayors for the entirety of the preparation phase—or by each of the General Managers or Mayors on a rotating basis.

It would also be beneficial for councils working individually to establish a cross-organisational working group or committee which may also include employee representatives and their unions to help lead preparations for a potential merger.

A transition working group or committee could have a range of functions, including overseeing:

- preparation of an Interim Transition Plan
- preparation and initial delivery of communication and engagement plans for the community and staff
- preparation of an Information and Communications Technology Plan
- a wide range of due diligence activities.

Councils may also want to form sub committees focused on preparing for key areas like human resources or finance.
2 Develop an Initial Transition Plan

It is suggested that councils preparing for a potential merger develop an Initial Transition Plan early in the preparation phase. It would be particularly beneficial for councils to work together on this preparation task.

An Initial Transition Plan developed together would assist councils to be well prepared and have a solid and agreed foundation in the event that an implementation process proceeds.

The Initial Transition Plan should be prepared:

- in accordance with the suggested principles guiding change
- in close consultation with key staff and ideally with councils working together
- with a focus on the key goals
- with a clear understanding of the costs and benefits of activities
- with risks and associated strategies identified
- with a clear framework for monitoring and communicating progress, closely linked to the identified risks.

A suggested table of contents for the Initial Transition Plan is included in Resource A. It is provided as a starting point to be adapted to suit local needs and circumstances.

While local circumstances will determine the areas that are most important to plan for in an Initial Transition Plan, priorities are likely to include service continuity and service improvements; communication with staff, communities and other partners; and matters related to service continuity such as information and communications technology (ICT), staff delegations and financial management.

3 Ensure service continuity and plan for potential service improvements

Councils should provide confidence to communities and customers that existing services will continue during the preparation and implementation phases. It is suggested that councils use a wide range of communication methods to inform communities and customers that services will continue as usual.

While many of the benefits of merging councils will be maximised over the medium to longer term, there may be opportunities for councils to identify and deliver smart service improvements in the early stages of the implementation process. These opportunities will vary from council to council.

Opportunities for service improvements could be identified and included in the Initial Transition Plan. Potential improvements may include:

- wider access to services and facilities, including customer service centres
- improved websites, with the possibility of additional functionality for some councils.

Guidance on service continuity is provided in Section 2.5.
4 Inform and engage community and other partners

Continuing strong relationships with the community and other partners will be critical to a successful preparation and implementation process. This includes:

• communicating comprehensively and frequently
• maintaining usual engagement processes including public meetings and sourced media, civic activities, committees and advisory groups.

It may also include engaging the community and other partners in planning for the new council, particularly around its vision, priorities and identity.

It is expected that Community Communication and Engagement Plans will be prepared by early 2016, with some initial communication activities delivered at that time. It is expected this plan would be closely monitored and updated frequently during the preparation phase. This plan will provide a story basis for community engagement undertaken to develop the first Community Strategic Plan of any new council.

Guidance on communicating and engaging with the community and other partners is provided in Section 2.1.

5 Support staff to understand the potential change process

The success of a new council will increase with a positive and service-focused organisational culture. This will include staff feeling secure in their employment, understanding their roles in the new council and being excited by the potential for development and other opportunities. In this respect, developing ongoing transparent and productive relations with the industry unions will be important.

Staff Communication and Engagement Plans will help ensure communication with staff begins early and remains frequent.

Key milestones may include staff being clear about what the Act says about employment security and how vacancies may be managed during the preparation and potential implementation phases. Communication about the likely process, in accordance with legal obligations, for developing a new salary system and understanding how it is proposed they would transition into roles in the new organisational structure, should a merger occur, would also be beneficial.

Guidance on engaging and communicating with staff and managing cultural change is provided in Section 2.2.
6 Begin to analyse integrated planning and reporting documents

The Integrated Planning and Reporting (IP&R) documents of existing councils will be key inputs to the development of the IP&R framework for the new council.

Councils working together during the preparation phase may want to conduct an initial analysis of the IP&R documents of the councils subject to the merger proposal. The focus at this early stage should be particularly on the Community Strategic Plan and, potentially, the Delivery Program.

Early analysis of IP&R documents will help councils to:
- document and express common values
- begin to develop a cohesive vision and direction for a new council.

Councils may also want to begin thinking early on about a Community Engagement Strategy to support the development of a new Community Strategic Plan. This will be a critical process for developing community ownership of a new council.

7 Start considering a new council identity and website

Councils may want to begin work on developing a new council identity and website. This is another preparation task on which it would be particularly beneficial for councils to work together. It is likely that the name of a new council area would be included in the proclamation.

The visual identity includes elements such as the logo, colour palette, fonts and other visual identifiers.

A new website will be an essential component of any new council and will also be an important contributor to maintaining service continuity, including the ability to do business online. The new website would feature the name and identity of the new council. It will be a key component of the launch of the new council.

Guidance on the development of the council identity and website is contained in Section 2.1.
Plan for streamlined access to do business with council in person and online

A wide range of people and organisations do business with councils. This business includes:

- paying bills, such as rates or childcare fees
- applying for permits and licences, such as parking and outdoor dining
- booking parks, sportgrounds, halls and other facilities
- lodging development applications
- booking household services, such as a replacement bin or clean-up collection
- reporting issues, such as dumped rubbish and broken footpaths
- responding to tenders and other procurement processes.

Where mergers occur, residents, ratepayers, businesses, suppliers and other customers should be able to do business with councils without interruption. This includes the ability to access customer services centres in person and to do business online.

In many cases, customers may have an improved ability to do business with councils. They may be able to access Customer Services Centres in a wider range of locations and may also have access to an expanded range of online services.

Guidance on services and systems is provided in Section 2.5.
### 1.6 ROLES AND RESPONSIBILITIES

Table 1 below summarises possible areas of responsibility and input for key council staff when preparing for potential change.

<table>
<thead>
<tr>
<th>Role</th>
<th>Areas of responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Manager</td>
<td>• Ensuring business and service continuity.</td>
</tr>
<tr>
<td></td>
<td>• Coordinating development of key plans to help guide potential change.</td>
</tr>
<tr>
<td></td>
<td>• Leading communication to staff, communities and other partners.</td>
</tr>
<tr>
<td></td>
<td>• Maintaining a positive work culture during a time of potential change.</td>
</tr>
<tr>
<td>Executive Team</td>
<td>• Supporting the General Manager.</td>
</tr>
<tr>
<td></td>
<td>• Supporting development of key plans to help guide potential change.</td>
</tr>
<tr>
<td></td>
<td>• Ensuring business and service continuity.</td>
</tr>
<tr>
<td></td>
<td>• Supporting communication to staff, communities and other partners.</td>
</tr>
<tr>
<td></td>
<td>• Helping to maintain a positive work culture during a time of potential change.</td>
</tr>
<tr>
<td>Communication and engagement staff</td>
<td>• Supporting the General Manager, Executive Team and HR staff in preparing engagement and communication plans for community and staff.</td>
</tr>
<tr>
<td></td>
<td>• Beginning preparing for a new visual identity and website.</td>
</tr>
<tr>
<td></td>
<td>• Supporting effective communication to staff, communities and other partners.</td>
</tr>
<tr>
<td>Human resources staff</td>
<td>• Documenting existing employment arrangements.</td>
</tr>
<tr>
<td></td>
<td>• Investigating possible approaches to developing a new salary system.</td>
</tr>
<tr>
<td></td>
<td>• Supporting communication to staff.</td>
</tr>
<tr>
<td></td>
<td>• Helping to maintain a positive work culture during a time of potential change.</td>
</tr>
<tr>
<td>Finance staff</td>
<td>• Supporting the General Manager and Executive Team in reviewing and preparing financial resources and systems, for both the potential creation of a new council and the wind up of the existing entity.</td>
</tr>
<tr>
<td></td>
<td>• Contributing to preparation of information and communications technology reviews and plans.</td>
</tr>
<tr>
<td>Legal staff</td>
<td>• Coordinating assessment of current assets, rights and legal liabilities.</td>
</tr>
<tr>
<td></td>
<td>• Reviewing key legal documents.</td>
</tr>
<tr>
<td>ICT staff</td>
<td>• Contributing to reviews of technology opportunities, services and systems, and other technology requirements.</td>
</tr>
<tr>
<td></td>
<td>• Helping to review and maintain systems to support business and service continuity.</td>
</tr>
<tr>
<td></td>
<td>• Supporting the Executive Team and communications and engagement staff in investigating requirements for council websites and other public interfaces.</td>
</tr>
<tr>
<td></td>
<td>• Supporting preparation of information and communications technology plans.</td>
</tr>
</tbody>
</table>
2.1 COMMUNICATION AND ENGAGEMENT

This part focuses on likely key activities for communication staff during the preparation phase:

- preparing communication and engagement plans
- maintaining and reviewing existing communication activities
- considering a new council identity
- considering a new website
- thinking about future engagement.
PREPARING COMMUNICATION AND ENGAGEMENT PLANS

An important early priority for councils preparing for a potential merger will be to develop a planned approach to communication and engagement. During this time of uncertainty and potential change, it will be important to:

- maintain clear, factual and consistent communication with the community and staff about the potential change
- maintain usual communication about council services, projects and events

In the event that a merger proceeds councils will need to ensure appropriate mechanisms are put in place involving staff and industry unions to ensure that staff have effective input during the process.

In some cases, it may be appropriate to begin engaging the community and other partners about potential opportunities arising from a merger.

Separate communication and engagement plans for the community and staff will allow councils to communicate about potential change in a way that resonates with and is easy to understand by each audience.

For councils working together during the preparation phase, it may be appropriate to develop overarching communication and engagement plans for the community and staff, with actions and responsibilities for individual councils.

Alternatively, individual councils may prepare their own communication and engagement plans. It would be preferable for councils working together to have consistency in key messages and major milestones. It may also be useful to coordinate use of some communications tools, such as media releases and key social media channels.

Communication and engagement plans, whether developed together or separately, should be monitored closely and updated frequently during the preparation phase.

Should a merger proceed, plans and processes from the preparation phase will provide a positive foundation for communication and engagement during the implementation phase.

A sample table of contents for a communication and engagement plan is provided in Resource B. It provides a useful starting point for adapting to local circumstances.

It is likely that many councils will have their own communication and engagement plan templates, for example those prepared previously to support development of Community Strategic Plans or applications for special rate variations.
MAINTAINING AND REVIEWING EXISTING COMMUNICATION ACTIVITIES

It will be important that communities and staff are reassured that existing services, projects and events will continue while merger proposals are being examined.

Councils already use a range of methods to communicate with communities and other partners. Table 2 looks at how these methods can be used to communicate about service continuity and the merger proposal examination process.

<table>
<thead>
<tr>
<th>TABLE 2 CONSIDERATIONS FOR KEY COMMUNICATION METHODS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Communication method</strong></td>
</tr>
</tbody>
</table>
| Media | Councils working together during the preparation phase may want to review existing media policies and procedures, particularly for matters relating to the potential merger. This may include:  
  - confirming designated council spokespeople  
  - agreeing protocols for preparing and approving joint media releases  
  - establishing approaches to managing media enquiries about the potential merger. |
| Newsletters and print media | It is anticipated that councils will continue their regular schedule of community newsletters, ‘council columns’ and other regular advertisements in local print media.  

  Existing requirements for advertising tenders and employment opportunities will also remain.  

  Councils working together may want to consider ways to streamline and align the communication of information about the preparation process via newsletters. |
| Social media | Councils working together may want to review social media policies and procedures during the preparation phase to ensure consistency of key messages and major milestones. |
| Website | It is anticipated that websites of existing councils may be maintained for some time. Guidance on early work to prepare a new website is contained in Section 2.1. |
| Events | It is expected that councils will continue their regular schedule of community events during the preparation phase. |
CONSIDERING A NEW VISUAL IDENTITY

It may be appropriate for communications staff to begin thinking about the visual identity for the potential new council during the preparation phase, particularly where councils are working together. This may include elements such as the logo, colour palette, fonts and other visual identifiers.

The process for considering a new visual identity may include documenting and reviewing the visual identifiers of the existing councils and identifying common elements. It could also include some early engagement with staff and potentially the community, which could be built on with more comprehensive engagement should a merger proceed. It is likely that the name of a new council would be included in the proclamation.

CONSIDERING A NEW WEBSITE

If a merger proceeds, the new council will need to develop new internet and intranet sites. A new website will be an essential component of any new council and will also be an important contributor to maintaining service continuity, including the ability to do business with council online. The new website would feature the name and identity of the new council.

Preparing a new website will be one of the biggest tasks for communication staff in a new council.

Steps to developing new internet and intranet sites which could be undertaken during the preparation phase include:

• preparing website architecture
• designing a landing page
• prioritising information to transfer to the new structure
• ensuring functionality is maintained for payments, bookings, reporting forms, HR forms, online forums and other interactive elements.

Steps which should be prioritised during the implementation phase include registering a new domain name and finalising a landing page.

When decommissioning websites and existing online material, councils should ensure they meet the requirements of the State Records Act 1998.
THINKING ABOUT FUTURE ENGAGEMENT

The Integrated Planning and Reporting (IP&R) documents of existing councils should inform the transition process, including development of a new Community Strategic Plan in consultation with the community.

Staged engagement with stakeholders and communities is often undertaken by councils over an extended period in the lead up to the preparation of a new Community Strategic Plan.

Councils working together may begin to analyse any engagement undertaken as part of recent processes including Fit for the Future and special rate variations as a foundation for the development of a future Community Strategic Plan, should a merger proceed.

Following analysis of recent engagement, councils working together may choose to begin preparing a Community Engagement Strategy to support the development of a Community Strategic Plan for a merged council.
2.2 HUMAN RESOURCES

This part provides information about employment arrangements during and after a merger proposal period. The information provides context for human resources staff during the preparation phase and when thinking about the potential implementation phase.

The remainder of this part focuses on likely key activities for human resources staff during the preparation phase, including:

- communicating with staff
- filling vacancies
- documenting current employment arrangements
- preparing for a potential merger.

This part concludes with some guidance for implementing successful change management. Where a merger proceeds it is important that councils work with staff and their unions during the change process.
INFORMATION ABOUT HUMAN RESOURCES

This section provides context for the preparation phase and when thinking about the potential implementation phase. It distinguishes between two types of council employees: senior staff and staff.

**Senior staff** of a council include the General Manager and holders of all other positions that have been identified in a council’s organisational structure as senior staff positions.

Senior staff are employed under contracts that are performance-based and have a maximum term. Before and after any merger, senior staff can have their employment terminated or their positions changed in accordance with their contract.

Throughout the remainder of this part, the term ‘staff’ refers to non-senior staff.

For **staff**, 354C of the Act provides protection from forced redundancy during a proposal period. A proposal period is the period starting on the day an amalgamation proposal is made and ending:

- on the day the Minister decides to decline to recommend to the Governor that the proposal be implemented; or
- on the day specified in the proclamation implementing the proposal.

During this time, staff cannot be terminated on the grounds of redundancy unless they agree to the termination.

The Act also provides that if the employment of a staff member is transferred from an existing council to a new merged council, that staff member may not be involuntarily terminated on the grounds of redundancy within three years following the date the staff member’s employment is transferred. In addition, the Act provides some further protection for staff based on location and employment conditions.

In the event of a merger, all staff employed by merging councils would be transferred to the new council entity, continuing on the same terms and conditions of employment.

Under s354E of the Act, any determination of the terms and conditions of employment of staff members while the proposal is being examined and prior to a new council being formed are not binding on the new council unless approved by the Minister. Under Regulation 406, an exception is made where the changed conditions:

- arise from an Award or Enterprise Agreement made before the proposal period began
- are part of an Award or Enterprise Agreement approved by the Industrial Relations Commission
- are the renewal of an employment contract entered into before the commencement of the proposal period.

Under these circumstances, Ministerial consent to change employment conditions is not required.

If a merger proceeds, there will be continuity of employment for all transferred staff. The Act provides that their length of service with the pre-merger council will be applied to the new council.
Under section 354I, staff cannot be required to transfer to a work base outside the boundaries of their former council area for three years if they would suffer unreasonable hardship. Factors to consider when determining whether a transfer would constitute ‘unreasonable hardship’ may include the:

- mode of transport used by the staff member to get to work
- available modes of transport to the staff member’s home from the new location
- extent of the change in travel time and cost.

The fact it may take longer or cost more to travel to work does not necessarily make it ‘unreasonable’.

There are some additional protections for staff in rural centres under section 218CA of the Act. A rural centre for this purpose is a centre of population that has a population of 5,000 people or less.

In such areas, any new council entity must ensure that the number of regular staff (permanent and casuals engaged on a regular and systematic basis) is maintained at the same level as before a merger occurs, as far as is reasonably practicable.

COMMUNICATING WITH STAFF

One of the most important roles for HR staff during the preparation phase is to support the General Manager and Executive Team to communicate with staff.

It will be important for all councils subject to a merger proposal to maintain clear and open communications with staff. This may include positive communication about opportunities created by the potential change.

Uncertainty and misinformation can occur in the absence of regular communication. Communicating quickly and frequently with staff so they have accurate information about the proposal examination process and potential merger will help to address fears and engender a more positive culture.

For all staff, regular communication and clear and fair processes will be important. For some staff, more will be required. This may include access to support through Employee Assistance Programs.

Job security is often the first concern for staff in a potential change process. It is important that staff are aware that, with the exception of senior staff, in most circumstances, the Act enshrines three years protection from forced redundancy for transferred staff. This is an essential piece of information to communicate to staff.
In addition to job security, staff should feel confident that their existing knowledge and contributions are recognised and valued. This in turn will help support a positive work environment for staff. Should a merger proceed, there will also be opportunities for development and promotion.

Important considerations for human resources staff as they communicate with staff include:
• supporting early communication, particularly to clarify employment arrangements
• supporting a positive workplace culture with strong staff engagement
• developing an early approach to managing potential staff vacancies
• documenting employment arrangements and conditions
• considering training needs for a range of staff, including customer services and finance staff
• considering how key HR and workforce management plans may be consolidated and potentially integrated
• considering how an interim joint Consultative Committee may be established.

**FILLING VACANCIES**

During the **preparation phase**, there may be staff turnover through retirements and other resignations. Councils will need to balance a number of factors when considering whether and how to fill vacancies:
• Can filling a vacancy be held over until the outcome of the merger proposal is known and, potentially, an organisational structure for the new council is resolved?
• Will this impact on service delivery?
• Can acting arrangements adequately fill the gap?

During an **implementation phase**, it will be important for staff from merging councils to have equal opportunity to apply for any temporary roles that may arise. Merit-based appointments—whether acting, temporary or otherwise—will be important to the success of the establishment of any new council.

If a new council is established, section 354H of the Act says that for three years following the transfer of staff to the new council, the new council must not externally advertise permanent non-senior staff positions if the General Manager is satisfied that one or more of the transferred non-senior staff are suitably qualified to fill the position. Existing staff must be notified and given reasonable opportunity to apply.

If, in the three years following the transfer of staff to the new council, council proposes to make an appointment to a non-senior staff position in circumstances where a transferred non-senior staff member was, immediately before being transferred to the new council, performing substantially the same duties for their former council:
• Council must not externally advertise the position;
• existing staff must be notified and given reasonable opportunity to apply; and
• preference must be given to any non-senior staff member who performed substantially the same duties for their former council.

In instances where there is more than one non-senior staff member who performed substantially the same duties, merit-based selection would apply.
**DOCUMENTING CURRENT EMPLOYMENT ARRANGEMENTS**

As part of their due diligence, councils preparing for a potential merger should consider collecting and reviewing the type of human resources documentation referred to in Table 3. This will help obtain a complete picture of existing employment arrangements.

<table>
<thead>
<tr>
<th>Area</th>
<th>Documentation suggested</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Existing organisational structure</strong></td>
<td>Councils should document the structure and lines of accountability, staff numbers, names, roles and positions.</td>
</tr>
<tr>
<td><strong>Employment arrangements</strong></td>
<td>Councils should document:</td>
</tr>
<tr>
<td></td>
<td>• existing salary systems and their associated costs</td>
</tr>
<tr>
<td></td>
<td>• positions and position descriptions</td>
</tr>
<tr>
<td></td>
<td>• local agreements, local policies, any individual arrangements and the basis of the arrangement, as well as the costs.</td>
</tr>
<tr>
<td><strong>Consultation arrangements</strong></td>
<td>Councils should document the way in which:</td>
</tr>
<tr>
<td></td>
<td>• staff have and their unions have typically been consulted on human resources, workplace safety and industrial matters</td>
</tr>
<tr>
<td></td>
<td>• Consultative Committee representation has operated.</td>
</tr>
<tr>
<td><strong>Workplace health and safety and workers compensation arrangements</strong></td>
<td>Councils should document existing:</td>
</tr>
<tr>
<td></td>
<td>• systems and processes</td>
</tr>
<tr>
<td></td>
<td>• insurance arrangements</td>
</tr>
<tr>
<td></td>
<td>• claims and unresolved matters.</td>
</tr>
<tr>
<td><strong>Payroll arrangements</strong></td>
<td>Councils should document existing:</td>
</tr>
<tr>
<td></td>
<td>• ICT systems</td>
</tr>
<tr>
<td></td>
<td>• frequency and cost of payroll</td>
</tr>
<tr>
<td></td>
<td>• any specific or unusual arrangements</td>
</tr>
<tr>
<td></td>
<td>• payment and banking arrangements.</td>
</tr>
<tr>
<td><strong>Industrial issues</strong></td>
<td>Councils should document any active and unresolved matters.</td>
</tr>
<tr>
<td></td>
<td>Councils should also prepare a brief summary of matters from the previous one to two years.</td>
</tr>
</tbody>
</table>
ANALYSING EMPLOYMENT ARRANGEMENTS

Table 4 provides an overview of potential tasks to consider when analysing employment arrangements. In many cases, preparatory tasks can be progressed further when councils are working together.

<table>
<thead>
<tr>
<th>Area</th>
<th>Potential tasks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Staff communication and engagement</strong></td>
<td>As discussed in Section 2.1, councils should prepare a staff communication plan and engagement plan. This may include: • reviewing existing communication and engagement tools • establishing a staff consultative mechanism, with a broad remit to consider staff-related issues, excluding industrial relations matters. Councils working together may consider bringing together key representatives from their joint Consultative Committees for initial briefings and/or discussion.</td>
</tr>
<tr>
<td><strong>Payroll</strong></td>
<td>Councils working together may begin to: • evaluate payroll and information and communications technology systems • consider how a new payroll system could operate • consider how and when existing systems could be consolidated • consider how new systems should be tested prior to operation to retain integrity of employment records.</td>
</tr>
<tr>
<td><strong>Staff training</strong></td>
<td>It is anticipated that ‘business as usual’ training will generally continue. Councils could also consider training which may need to be undertaken to enable the smooth establishment of a new council. This may include specific training for customer service, ICT and finance staff. Training is likely to encompass technical and professional training, as well as change management training.</td>
</tr>
<tr>
<td><strong>Organisational structure</strong></td>
<td>Councils working together may begin considering a potential organisational structure by: • reviewing position numbers and descriptions • identifying opportunities for efficiencies and service improvements • planning ahead to ensure Award requirements are met • considering opportunities for potential staff transfers and redeployments. The development of any new organisational structure must occur in consultation with staff and their unions.</td>
</tr>
<tr>
<td>Area</td>
<td>Potential tasks</td>
</tr>
<tr>
<td>---------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Salary system</td>
<td>Councils working together may begin considering an approach to developing a new salary system. This process may take as long as 18 months. The development of any new salary system must occur in consultation with staff and their unions. They may also wish to consider how to develop an interim approach to salary and conditions for staff appointed should a new council entity be established.</td>
</tr>
<tr>
<td>Human resources plans</td>
<td>Councils working together may begin analysing:</td>
</tr>
<tr>
<td></td>
<td>• Equal Employment Opportunity Plans</td>
</tr>
<tr>
<td></td>
<td>• Workplace Health and Safety Plans</td>
</tr>
<tr>
<td></td>
<td>• Training Plans</td>
</tr>
<tr>
<td></td>
<td>• Workforce Plans.</td>
</tr>
</tbody>
</table>
Implementing successful change management

Councils will have local approaches to change management based on the amount and type of change they have experienced. Councils may wish to build on previously successful methods or seek fresh ideas and additional support.

The following approach outlines eight key contributors to successful organisational transformation based on the work of change management and leadership expert John P Kotter.

Some points are relevant to the preparation phase while others would only be relevant should a merger proceed.

(1) **ESTABLISH A SENSE OF URGENCY**
   Establish urgency while allowing time for key tasks to be undertaken to support each phase.

(2) **FORM A POWERFUL GUIDING COALITION**
   Senior management teams will provide important local guidance and leadership.

(3) **CREATE A VISION**
   Councils may wish to consider revising or supplementing the organisational vision or mission statement to help support positive change and provide a shared sense of purpose.

(4) **COMMUNICATE THE VISION**
   Effective communication to staff about an organisational vision is fundamental to success and helps staff to understand how their roles contribute to the achievement of both organisational and community visions.

(5) **EMPOWER OTHERS TO ACT ON THE VISION**
   Empower staff so they not only understand the organisational vision but can also realise the opportunities offered by a new council.

(6) **PLAN FOR AND CREATE SHORT-TERM WINS**
   Improving services is an example of a ‘quick win’ that will help give confidence to staff and communities. It is vital these opportunities are identified early and valued: many benefits will be long-term but fresh ideas should be welcomed and short-term gains planned.

(7) **CONSOLIDATE IMPROVEMENTS AND PRODUCE STILL MORE CHANGE**
   Build on the individual and collective strengths of merged councils and recognise this is just the start of a longer-term change process that will promote a strong and sustainable local government sector.

(8) **INSTITUTIONALISE NEW APPROACHES**
   Commence and consolidate the process of exploring new approaches to provide a strong foundation for ongoing, continuous improvement.
This part focuses on likely key activities for finance staff during the preparation phase:

- maintaining sound financial management
- preparing the budget
- documenting current finance arrangements
- preparing to integrate financial arrangements.

**MAINTAINING SOUND FINANCIAL MANAGEMENT**

Most financial planning, management and reporting processes will continue as usual during the preparation phase.

Councils will continue to undertake quarterly budgetary reporting throughout the preparation phase. Many councils choose to also report regularly on their Operational Plans. Councils are expected to continue their existing reporting commitments on Operational Plans during the preparation phase.

Auditing arrangements should also continue during the preparation phase, with Audit Committees continuing to meet as scheduled.
PREPARING THE BUDGET

Councils subject to a merger proposal should prepare an Operational Plan and budget for 2016-17. All requirements under s405 of the Act and Regulation 201 will continue to apply. This includes the requirement to exhibit the draft Operational Plan and statement of revenue policy and consider submissions before adopting the final Operational Plan.

The Operational Plan 2016-17 and associated budget, revenue policy and fees and charges should be based primarily on the direction provided in the existing Delivery Program and Long Term Financial Plan.

Councils may want to provide commentary in the Operational Plan 2016-17 about the potential merger. This may include details of major budgetary assumptions that might change if a merger were to proceed. It may also include indicative costings for a potential merger.

Table 5 sets out assumptions that could be considered for key budget areas in 2016-17 for councils subject to a merger proposal.

<table>
<thead>
<tr>
<th>TABLE 5</th>
<th>ASSUMPTIONS FOR KEY BUDGET AREAS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Budget area</strong></td>
<td><strong>Suggested assumptions</strong></td>
</tr>
<tr>
<td>Services</td>
<td>The budget should generally maintain the services and service levels in the Operational Plan 2015-16.</td>
</tr>
<tr>
<td>Staff establishment</td>
<td>The budget should maintain the staff establishment in the Operational Plan 2015-16.</td>
</tr>
<tr>
<td>Capital works program</td>
<td>The budget should include capital works commitments identified in the Delivery Program and four year budget, particularly: • grant funded projects • long term, staged projects. Councils working together may consider collectively identifying any capital projects which could be deferred until a potential new council is in place.</td>
</tr>
<tr>
<td>Rates</td>
<td>The NSW Government’s policy position is that existing rating structures will be maintained for a period of four years after a new council is formed. In the meantime, it is expected that the 2016-17 budget: • rates may be increased by the rate peg • approved Special Rate Variations would continue • no new Special Rate Variation applications would be approved for councils subject to a merger proposal • applications to increase minimum rate levels above the statutory limit will not be approved for councils subject to a merger proposal • land revaluations due to take effect in 2016-17 will still apply.</td>
</tr>
<tr>
<td>Annual charges and user fees and charges</td>
<td>The budget should generally maintain the existing approach to annual charges and pricing methodologies for user fees and charges.</td>
</tr>
</tbody>
</table>
| Financial Assistance Grants | The budget should assume that Financial Assistance Grants will be maintained at existing levels for 2016-17. The national principle in relation to merged councils states, ‘Where two or more local governing bodies are amalgamated into a single body, the general purpose grant provided to the new body for each of the four years following amalgamation should be the total of the amounts that would have been provided to the former bodies in each of those years if they had remained separate entities’.

Department of Premier and Cabinet
DOCUMENTING CURRENT FINANCE ARRANGEMENTS

It will be helpful during the preparation phase for councils to conduct an appraisal of their current financial assets and liabilities and evaluate all existing entities, operations and arrangements. This due diligence process will help identify and mitigate potential financial risks associated with a potential merger.

A typical due diligence process may include collection and analysis of documents such as:

- NSW TCorp’s Financial Sustainability Assessment and Outlook
- past annual financial statements
- monthly investment reports
- current Operational Plans, Delivery Programs, Asset Management Strategies and Plans

The due diligence process may also include financial information contained within the Fit for the Future proposals of individual councils and the Assessment of council Fit for the Future proposals prepared by IPART.

It is recommended that councils consider the:

- level and type of capital expenditure
- value and condition of infrastructure, property and plant and equipment
- amount of cash held
- reserves and trust funds held
- level and type of liabilities and commitments, including borrowings, bonds and deposits, and employee leave entitlements
- status of accounts payable and receivable and any debt recovery actions that are underway or proposed
- any industrial agreements and awards that apply
- contracts and lease agreements already in place.
CONSIDERING POTENTIAL INTEGRATION OF FINANCIAL ARRANGEMENTS

Table 6 provides an overview of potential tasks to consider when preparing to integrate financial arrangements. In many cases, preparatory tasks can be progressed further when councils are working together.

<table>
<thead>
<tr>
<th>Area</th>
<th>Potential tasks</th>
</tr>
</thead>
</table>
| Registrations and taxation    | To plan for a seamless changeover to a new council entity, councils should begin considering establishment requirements in advance. This may include planning for:  
  • new Australian Business Number/s and Tax File Number/s  
  • registrations for tax requirements, such as GST, FBT and PAYG withholding  
  • identification as an employer for superannuation benefits  
  • advice from superannuation funds about transfer of staff to a new council. |
| Insurances                   | Councils should conduct a thorough review of existing insurance arrangements to ensure there is continuity of coverage should a merger proceed. This may include:  
  • preparing a schedule of current insurance cover  
  • reviewing all current insurance coverage  
  • identifying any outstanding insurance claims or related issues  
  • reviewing any existing industry insurance pool arrangements  
  • evaluating existing workers compensation coverage and insurance arrangements  
  • preparing to notify insurers. |
| Bank accounts and payment systems | Councils should consider any changes that will need to be made to existing banking arrangements, including investments, loans and payroll issues. |
| Responsible Accounting Officer (RAO) | RAOs are responsible for reporting and advising on a council’s financial position and ensuring appropriate accounting records, systems and controls are in place.  
COUNCILS should consider identifying the potential RAO for a merged council.  
If no designation is made upon the commencement of a new council, in accordance with Regulation 196 the General Manager of the new council would be the RAO. |
<table>
<thead>
<tr>
<th>Area</th>
<th>Potential tasks</th>
</tr>
</thead>
</table>
| **Financial policies, procedures and forms** | Councils should consider existing financial policies, procedures and forms which may be consolidated. This may include identifying relevant policies, procedures and forms.  
Councils working together may want to:  
• prioritise areas and consider a potential timeframe for reviewing policies, procedures and forms  
• consider potential interim arrangements for a new council.  
Potential policy areas to focus on may include:  
• those relating to tendering and procurement of goods and services  
• Investment Policy (Investment Order under s625 of the Act)  
• Borrowing Policy (Borrowing Order under s624 of the Act)  
• Statement of Revenue Policy (s405 of the Act)  
• asset accounting policies including capitalisations thresholds, depreciation methods and disposal policies  
• payment of fees and expenses and provision of facilities to councillors (under s252 of the Act). |
| **Financial systems**            | It will be important for both good governance and ensuring ‘business as usual’ that councils prepare a consolidated view of their financial information in advance of any potential merger.  
Councils working together may begin considering the:  
• way in which key financial information, such as budgets, purchasing commitments and transactions, can be consolidated  
• least disruptive, most cost-effective interim arrangements for a new core financial system  
• systems which may need to be in place to issue financial documents, tax invoices, cheques, payment remittance advice, purchase orders, payslips, rates and charges notices and receipts. |
<table>
<thead>
<tr>
<th>Area</th>
<th>Potential tasks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communications</td>
<td>Councils may develop a plan or checklist for communicating the name, contact details and ABN of the potential new council entity to relevant organisations such as banks, utility providers, superannuation funds, Australian Taxation Officers and customers.</td>
</tr>
<tr>
<td>Auditing</td>
<td>Should mergers proceed, the Auditor General of NSW would become the external auditor for merging councils. New councils may need to terminate existing external auditor contracts once the final financial statements for the pre-existing councils have been issued. Councils working together may want to hold a joint meeting of the Audit Committees during the preparation phase. This could provide relevant input to preparing or assessing the progress of the Initial Transition Plan, including the monitoring of risk.</td>
</tr>
</tbody>
</table>
2.4 LEGAL MATTERS

This part provides information about legal issues to consider during the preparation phase and when thinking about the potential implementation phase.

The remainder of this part focuses on key activities for staff during the preparation phase:

- reviewing legal oversight and management
- documenting current legal arrangements
- preparing to integrate legal arrangements
- considering local regulation.

INFORMATION ABOUT LEGAL MATTERS

This part considers a range of initial work relating to legal matters which councils may want to consider in preparation for a potential merger. This includes work relating to the transfer of assets.

Section 218C of the Act provides that a merger proclamation may include such provisions as are necessary or convenient for giving effect to the proclamation merging local government areas, including amongst others, provisions relating to the transfer or apportionment of assets, rights and liabilities and the continuation or termination of anything existing before the proclamation takes effect. Usually, this would include provisions that transfer assets, contracts, liabilities and rights of existing councils to the new council.

Information in this section is of a general nature. Councils subject to a merger proposal should consider the need to obtain independent legal and financial advice on appropriate steps they should take to prepare for a potential merger.
REVIEWING LEGAL OVERSIGHT AND MANAGEMENT

During the preparation phase, councils may need to enter into or renew contracts that would bind a new council.

It is important to ensure that council business can continue efficiently and effectively. However, councils should consider the potential of a merger and minimise the likelihood that they might impose unreasonable burdens or limits on any new council during the preparation phase.

To ensure legal oversight is appropriate for a time of change, councils may need to consider, and where needed, review management processes.

One way of achieving this is to review and potentially adjust existing delegations that will operate during the preparation phase. An analysis of delegations could include:

• establishing a register of all current delegations
• identifying delegations that may give rise to a significant new liability, right or acquisition
• adjusting some delegation triggers to a more conservative setting.

Councils working together may also consider the oversight and management of processes which may eventually be required if councils are merged, particularly those that may give rise to new liabilities, rights and obligations.

This may include identifying any differences in approach to delegations across potentially merging councils and consider what delegations might be made by any potential new council.
DOCUMENTING CURRENT LEGAL ARRANGEMENTS

It is suggested that a stocktake process be undertaken to identify existing assets, liabilities and rights of councils and enable relevant documentation to be collected in a systematic way.

Typically, this process would include collection and review of the type of documents listed in Table 7.

<table>
<thead>
<tr>
<th>TABLE 7</th>
<th>LEGAL DOCUMENTATION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AREA</strong></td>
<td><strong>DOCUMENTATION SUGGESTED</strong></td>
</tr>
<tr>
<td><strong>Contracts</strong></td>
<td>Identify relevant contracts, for example:</td>
</tr>
<tr>
<td></td>
<td>• government contracts and funding agreements</td>
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<tr>
<td></td>
<td>• construction contracts</td>
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<tr>
<td></td>
<td>• supplier contracts</td>
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<tr>
<td></td>
<td>• sales contracts</td>
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<tr>
<td></td>
<td>• agency contracts</td>
</tr>
<tr>
<td></td>
<td>• insurance contracts</td>
</tr>
<tr>
<td></td>
<td>• consultant and contractor contracts</td>
</tr>
<tr>
<td></td>
<td>• employment contracts.</td>
</tr>
<tr>
<td></td>
<td>For each contract it may be useful to summarise:</td>
</tr>
<tr>
<td></td>
<td>• date, parties and capacities</td>
</tr>
<tr>
<td></td>
<td>• consideration</td>
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<td></td>
<td>• term</td>
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<tr>
<td></td>
<td>• renewal provisions</td>
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<tr>
<td></td>
<td>• change of control provisions</td>
</tr>
<tr>
<td></td>
<td>• rights of assignment</td>
</tr>
<tr>
<td></td>
<td>• confidentiality</td>
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<tr>
<td></td>
<td>• protection of intellectual property</td>
</tr>
<tr>
<td></td>
<td>• termination provisions.</td>
</tr>
<tr>
<td><strong>Loan and security arrangements</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Real estate</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Plant and equipment</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>AREA</td>
<td>DOCUMENTATION SUGGESTED</td>
</tr>
<tr>
<td>------</td>
<td>--------------------------</td>
</tr>
</tbody>
</table>
| **Computer systems and technology** | Document the details of all:  
  • computer hardware and software owned, leased or licensed by the council, including any related software licence agreements  
  • telecommunications services or facilities and related access and use agreements. |
| **Maintenance and service agreements** | • Collate copies of any agreements. |
| **Intellectual property** | Document all:  
  • registered and unregistered trademarks and certificates  
  • patents and registered designs and certificates  
  • copyrights and certificates  
  • business and domain names and certificates  
  • proprietary computer software  
  • intellectual property rights granted  
  • employment or confidentiality agreements that protect the confidentiality of intellectual property. |
| **Legal and administrative proceedings** | List all:  
  • current and pending legal proceedings and tribunal actions, including the venue, jurisdiction and status  
  • potential litigation and legal disputes  
  • debt recovery actions underway or proposed.  
  Streamline access to all legal or other professional advice relating to any current or potential proceedings. |
| **Interests in other entities, agreements and affiliations** | List details of interests held in other entities as identified Note 19 of the Financial Statements, including:  
  • subsidiaries  
  • joint arrangements  
  • associates  
  • unconsolidated structured entities.  
  Collate memoranda of understanding and interagency agreements with other parties.  
  List any other organisational affiliations, such as:  
  • sister cities  
  • resource sharing arrangements with regional bodies  
  • memberships. |
PREPARING LEGAL ARRANGEMENTS FOR A MERGER

Once a stocktake process has been completed, documents can be assessed in relation to:

- What would be the practical effect of any proclamation transferring an asset, right of liability?
- What would be the exact nature of the asset, right or liability being transferred?
- Would any current arrangements terminate or need to be terminated?
- What further actions would be required to ensure effective management of the asset, right or liability?

The review of this documentation and determination of the practical effect of any proclamation may require legal advice. Some documents may require legal interpretation and others may potentially impose unforeseen obligations on a new council entity.

The issues and questions to be addressed will vary across the range of assets, liabilities and rights.

Councils may also be reviewing and assessing any statutory requirements that may be necessary for a new council entity.

Table 8 provides a general overview of potential tasks when preparing legal arrangements, including considering statutory requirements and the effects of any merger proclamation. It is not exhaustive. For ease of reference, the table is presented by area in alphabetical order.
### TABLE 8
**POTENTIAL TASKS WHEN PREPARING LEGAL ARRANGEMENTS FOR A MERGER (CONT.)**

<table>
<thead>
<tr>
<th>Area</th>
<th>Potential tasks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common seal</td>
<td>Councils may consider how official documents will be properly executed. Should a merger proceed, existing common seals will need to be replaced.</td>
</tr>
<tr>
<td><strong>Contracts</strong></td>
<td>Councils should consider:</td>
</tr>
<tr>
<td>• warranties, indemnities and liabilities which may apply to existing contracts</td>
<td></td>
</tr>
<tr>
<td>• whether there are any contracts that should not be carried forward to a new council and identify any action required.</td>
<td></td>
</tr>
<tr>
<td>Councils should also identify issues relating to contracts that may be transferred to a new entity, such as:</td>
<td></td>
</tr>
<tr>
<td>• Is it clear that rights carry forward relating to contractual liabilities that arise after a new council is established?</td>
<td></td>
</tr>
<tr>
<td>• Are there any material contingent liabilities arising from any contract?</td>
<td></td>
</tr>
<tr>
<td>• Are there unusual provisions that place a burden or deliver a benefit to council?</td>
<td></td>
</tr>
<tr>
<td>• What significant capital commitments arise from binding contracts?</td>
<td></td>
</tr>
<tr>
<td>• Are any actions required in relation to any affected employment contracts?</td>
<td></td>
</tr>
<tr>
<td><strong>Intellectual property</strong></td>
<td>Councils should confirm that all trademarks, patents, copyrights, designs, and required business names would be transferred to the new council entity as a result of the proclamation.</td>
</tr>
<tr>
<td>Questions to consider include:</td>
<td></td>
</tr>
<tr>
<td>• Is existing intellectual property sufficiently protected?</td>
<td></td>
</tr>
<tr>
<td>• Do any new arrangements need to be entered into?</td>
<td></td>
</tr>
<tr>
<td>• Do confidentiality agreements need to be varied or extended?</td>
<td></td>
</tr>
<tr>
<td><strong>Interests in other entities, agreements and affiliations</strong></td>
<td>Councils should confirm details of interests in other entities that would be carried forward to the merged council under the proclamation.</td>
</tr>
<tr>
<td>Councils should also:</td>
<td></td>
</tr>
<tr>
<td>• determine whether a merger would affect continuation of the interest and identify any actions required</td>
<td></td>
</tr>
<tr>
<td>• determine whether a merger would affect any commitments under the terms of any existing MOUs or interagency agreements and identify any action required</td>
<td></td>
</tr>
<tr>
<td>• document any requirements to notify others of a merger.</td>
<td></td>
</tr>
</tbody>
</table>
### TABLE 8
**POTENTIAL TASKS WHEN PREPARING LEGAL ARRANGEMENTS FOR A MERGER (CONT.)**

<table>
<thead>
<tr>
<th>Area</th>
<th>Potential tasks</th>
</tr>
</thead>
</table>
| **Legal and administrative proceedings**  | Councils should consider the prospects of success and potential costs of current and proposed legal proceedings. Questions to consider should a merger occur include:  
  • Will existing litigation be determined by the anticipated merger date or transferred?  
  • Will there need to be an application or notification to the court for proceedings to be continued by a new council entity?  
  • What is the status and likely outcome of existing debt recovery actions?  
  Councils should also consider the assignment of rights to potential litigation. |
| **Loan and security arrangements**         | Councils should:  
  • confirm the loan and security arrangements which would will be transferred to a new entity  
  • review the borrowings register, including the:  
    › purpose of each loan source  
    › amount borrowed  
    › outstanding interest rates and repayment schedule  
    › prepayment provisions and penalties  
    › intended source of funds for repayment (e.g. special variation)  
  • review internal loans, including their intended purpose, conditions and term interest payments  
  • review loan agreements made by existing councils with other organisations, including their purpose, conditions and status  
  • consider whether there are any agreements and arrangements that should not be carried forward to a new council and identify any action required. |
| **Permits**                                | Ensure that information is available on how to have all necessary permits, registrations, licences, authorities and consents in place. Important elements will include:  
  • Australian Business Number/s and Tax File Number/s  
  • environmental and planning approvals  
  • identification as an employer for superannuation benefits.  
  Further information about integration of financial arrangements is contained in **Section 2.3**. |
<table>
<thead>
<tr>
<th>Area</th>
<th>Potential tasks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Privacy</td>
<td>Councils working together may want to begin reviewing and preparing to consolidate privacy management plans and policies so they comply with:</td>
</tr>
<tr>
<td></td>
<td>• the public’s right to access council information, as regulated under the <em>Government Information (Public Access) Act 2009</em> (GIPA Act)</td>
</tr>
<tr>
<td></td>
<td>• <em>Privacy and Personal Information and Protection Act 1998</em> (PPIP Act) and the <em>Health Records and Information Privacy Act 2002</em> (HRIP Act) in collecting, using and disclosing personal and health information.</td>
</tr>
<tr>
<td>Registers</td>
<td>Councils may want to consider how they will comply with requirements to establish and maintain relevant registers including:</td>
</tr>
<tr>
<td></td>
<td>• Pecuniary Interest Register</td>
</tr>
<tr>
<td></td>
<td>• Political Donation Disclosures</td>
</tr>
<tr>
<td></td>
<td>• Land Register.</td>
</tr>
<tr>
<td></td>
<td>This may include considering how they might consolidate registers. The land registers of existing councils would need to be validated as part of the assets stocktake process before they are consolidated.</td>
</tr>
</tbody>
</table>
CONSIDERING LOCAL REGULATION

Issues that can be considered in advance include:

• continuity and consistency of processes for undertaking responsibilities that are delegated to local councils under environment, health and safety-related legislation in NSW

• different approaches to local approvals and orders across councils which are part of a merger proposal.

Some key areas of delegated regulatory responsibility to consider include:

• Planning – including development controls, development consents, complying developments, and change of use approvals.

• Building and construction – including certification and compliance with building standards and fire safety.

• Environment protection – noxious weeds, native vegetation, noise control, waste management, coastal protection, underground petroleum storage, stormwater drainage, sewage systems, contaminated land and solid fuel heaters.

• Public health and safety – including food safety, mobile food vendors, cooling towers, and swimming pools.

• Parking and transport – including road openings and closures, traffic management and public car parks.

• Companion animal management – registration of dogs and cats, dangerous dogs and surrendered animals.

The principle of service continuity should ensure that a new council deals seamlessly with, for example, previously-submitted development applications, issuing of certificates for construction work underway and other regulatory activities that may have commenced prior to a merger occurring.
This section focuses on likely key activities relating to services and systems during the preparation phase:

- maintaining service continuity
- planning for potential change
- documenting current services and preparing to integrate.

The information contained in this section may be particularly relevant for service managers and ICT staff.
MAINTAINING SERVICE CONTINUITY

The primary focus of managing services and systems during the preparation phase should be on service continuity. The first of the suggested principles for the preparation and implementation phases states that seamless service should be maintained to communities.

Many staff will be very busy preparing for a potential merger, while also ensuring existing services are maintained. Consideration should be given to the availability of key staff during the preparation phase, including possible arrangements for seconding staff to undertake particular roles.

Details of consultants and contractors providing services to councils could be documented. Consultant and Contractor commitments and availability could also be clarified.

PLANNING FOR POTENTIAL CHANGE

Section 1 discusses the preparation of an Initial Transition Plan. This should include key tasks and milestones relating to services and systems.

In addition, councils which are working together should consider preparing a consolidated ICT Plan. The purpose of the plan will be to enable a newly formed council to continue efficiently to provide its core functions and services.

An ICT Plan could include direction on:
- email systems
- financial systems
- intranet
- network integration
- voice systems
- website
- wide area network (WAN) connectivity.

A suggested table of contents for an ICT Plan can be found at Resource C.
DOCUMENTING CURRENT SERVICES AND SYSTEMS AND PREPARING TO INTEGRATE

During the preparation phase, councils preparing for a potential merger should document a wide range of existing services and systems.

Councils working together may also start reviewing some services and systems in preparation for integration. This will enable councils which proceed to merger to:

• support service continuity
• increase stability for customers and staff
• realise merger benefits as soon as possible.

Guidance for services and systems during the preparation phase is provided in Table 9. It includes information relevant to all councils, plus additional direction for councils working together. For ease of reference, the table is presented by area in A-Z order.
<table>
<thead>
<tr>
<th>Area</th>
<th>Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Applications</strong></td>
<td>Councils should start compiling a list of all current applications before them, including:</td>
</tr>
<tr>
<td></td>
<td>• development applications</td>
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<tr>
<td></td>
<td>• Section 96 modification applications</td>
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<tr>
<td></td>
<td>• Part 4A certificate applications</td>
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<td></td>
<td>• s82A review applications</td>
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<tr>
<td></td>
<td>• any other applications made under the <em>Local Government Act 1993</em> and the <em>Environmental Planning and Assessment Act 1979</em>.</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td>Councils should document existing assets and their current condition.</td>
</tr>
<tr>
<td></td>
<td>Councils working together may want to conduct a review of plant, equipment and vehicles and start to identify opportunities to rationalise.</td>
</tr>
<tr>
<td><strong>Authorised officers</strong></td>
<td>Councils should document the details of existing authorised officers.</td>
</tr>
<tr>
<td><strong>Business relationships</strong></td>
<td>Councils should document existing business relationships, including:</td>
</tr>
<tr>
<td></td>
<td>• relationships with regional organisations of councils, county councils and/or joint organisations</td>
</tr>
<tr>
<td></td>
<td>• shared service arrangements with other councils</td>
</tr>
<tr>
<td></td>
<td>• insurance pools</td>
</tr>
<tr>
<td></td>
<td>• existing financial arrangements with local businesses and tourism organisations.</td>
</tr>
<tr>
<td><strong>Business systems</strong></td>
<td>Councils should document details of all procedural manuals and systems relating to the conduct of existing council operations, including:</td>
</tr>
<tr>
<td></td>
<td>• standard operating procedures</td>
</tr>
<tr>
<td></td>
<td>• quality control programs and manuals</td>
</tr>
<tr>
<td></td>
<td>• compliance manuals</td>
</tr>
<tr>
<td></td>
<td>• organisational codes and policies.</td>
</tr>
<tr>
<td><strong>Customer requests and complaints</strong></td>
<td>Councils working together may consider future arrangements for managing customer requests and complaints, with a view to ensuring continuity and stability for customers and staff.</td>
</tr>
<tr>
<td><strong>Delegated authorities</strong></td>
<td>Councils should document existing delegated authorities.</td>
</tr>
<tr>
<td></td>
<td>Councils working individually and together may want to begin reviewing delegated authorities.</td>
</tr>
</tbody>
</table>
|                               | It may be useful to consider whether decisions made about delegated authorities may unreasonably bind a new council. Potentially binding decisions should be made at a senior level.
TABLE 9  DOCUMENTING AND REVIEWING SERVICES AND SYSTEMS (CONT.)

<table>
<thead>
<tr>
<th>Area</th>
<th>Guidance</th>
</tr>
</thead>
</table>
| Environmental planning instruments| Councils should document:  
  • any environmental planning instruments and Development Control Plans for which the council is the consent authority  
  • any powers or responsibilities of existing planning panels, such as Independent Hearing and Assessment Panels  
  • any planning instruments, proposals and plans which are being progressed or are before the council.  
  This includes:  
  • planning proposals, proposed instruments and draft Development Control Plans, including those proposed by third parties  
  • proposed voluntary planning agreements and Section 94 plans, including the material terms that may be impacted  
  • other relevant draft plans, policies and codes. |
| Hardware and software              | Councils should document details of all hardware and software they currently own, lease or license. This may include software licence agreements, and existing computer controls for disaster recovery, back-up and security. It may also include arrangements for access to and use of telecommunications services or facilities, including the internet. |
| Local regulations                  | Councils should document local regulations. Councils working individually and together may begin reviewing any changes to local regulations already underway or being considered.  
  Further guidance on local regulations can found in Section 2.4. |
| Material contracts                 | Councils should document existing contracts, including the names of the other parties, contact details, period of the contract, goods or services provided, and approximate annual value. |
| Notices, orders and demands        | Councils should document any outstanding notices, orders or demands issued to by any regulatory authority concerning compliance with environmental, pollution or health and safety requirements. |
| Policies and procedures            | Councils should document existing policies and procedures. Councils working together may begin early consideration of consolidated policies and procedures that may be required to support a new council.  
  Section 2.3 provides more information about financial policies and procedures. |
| Procurement of goods and services  | Councils working together may begin early consideration of existing systems for procurement of goods and services to determine what changes may be required. |
| Records                            | It is likely that existing council records systems would remain in place for some time, unless early opportunities for integration are identified. |
| Service standards and performance indicators | Councils should document service standards and performance indicators in a single location and easily accessible format.  
  Councils working together may begin analysing the respective service standards of existing councils in preparation for bringing services together in a potential new council. |
PART 3
Resources
RESOURCES

A  INITIAL TRANSITION PLAN – SAMPLE TABLE OF CONTENTS
B  COMMUNICATION AND ENGAGEMENT PLAN – SAMPLE TABLE OF CONTENTS
C  ICT PLAN – SAMPLE TABLE OF CONTENTS
A INITIAL TRANSITION PLAN
Sample table of contents

A sample table of contents for an Initial Transition Plan is provided below as a starting point. It should be amended to suit local needs and requirements.

1. Executive summary
2. Introduction
   This section can set out the context for change and may include:
   • purpose and objectives
   • background and context
   • timeline and major milestones
   • roles and responsibilities
   • resources and budget.

3. Principles
   This can be a short section that sets out the principles guiding the preparation phase and the way they will be applied. These may be based on the suggested principles contained in Section 1.3.

4. Key goals
   This section could set out the approach councils plan to take to the eight key goals contained in Section 1.5. It could also reference other key goals of the council or councils during the preparation phase.

5. Other important activities
   This could be a brief section detailing actions for council areas, such as human resources, finance, administration, and services and systems.

6. Risk management
   This section could outline strategic risks during the preparation phase as well as critical operational risks. It may include or append more detailed risk logs.

7. Monitoring and communicating progress
   This final section could summarise the communication framework and responsibilities for monitoring progress. It should preferably align with and refer to key actions within engagement and communication plans for the community and staff.
The following table of contents is provided as a starting point for councils and can be amended to suit local contexts and existing communication channels.

1. Introduction
   • Background and context
   • Principles guiding the preparation phase
   • Overall timelines and milestones for the preparation phase
   • Risks and opportunities
   • Roles and responsibilities
   • Resources and budget

2. Communication approach
   • Purpose
   • Communication and engagement objectives
   • Communication and engagement milestones

3. Communication program
   • Key stakeholder identification and analysis
   • Existing communication and engagement methods
   • Additional methods for consideration
   • Resources and timeframes
   • Mapping the program

4. Monitoring and communicating progress
   This section can include a brief framework with responsibilities for monitoring progress aligned to key milestones or priorities. It will be useful for the communication program to be monitored frequently and reshaped if required to ensure it continues to achieve its objectives.
1. Executive summary

2. Introduction
   • Background and context
   • Principles guiding the preparation phase
   • Objectives for the integration of ITC systems
   • Overall timelines and milestones for the preparation phase
   • Risks and opportunities
   • Roles and responsibilities
   • Resources and budget

3. Overview of existing arrangements and implications for change
   • Matrix with comparison of systems
   • Risks and opportunities
   • Approach to implementation requirements

4. ICT infrastructure and preparing for change
   • Wide Area Network communication links
   • Data centres
   • Active directory
   • Physical security
   • Desktop

5. Communication systems
   • Voice communications
   • Email systems
   • External website
   • Intranet and other internal communication and collaboration systems

6. Business systems
   • Asset management systems
   • Customer request and complaint systems
   • Financial management systems
   • Geographic Information Systems (GIS)
   • Human resources management, payroll and time keeping systems
   • Property and rating systems
   • Record management systems

7. Business unit systems
   • Library management systems
   • Other business/service unit systems

8. Integration of business systems
   • Developing a detailed approach
   • Budget, process and timing
   • Detailed action plan for integration