

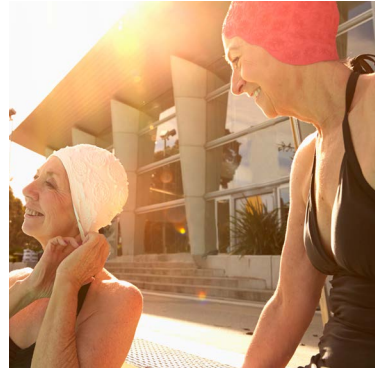
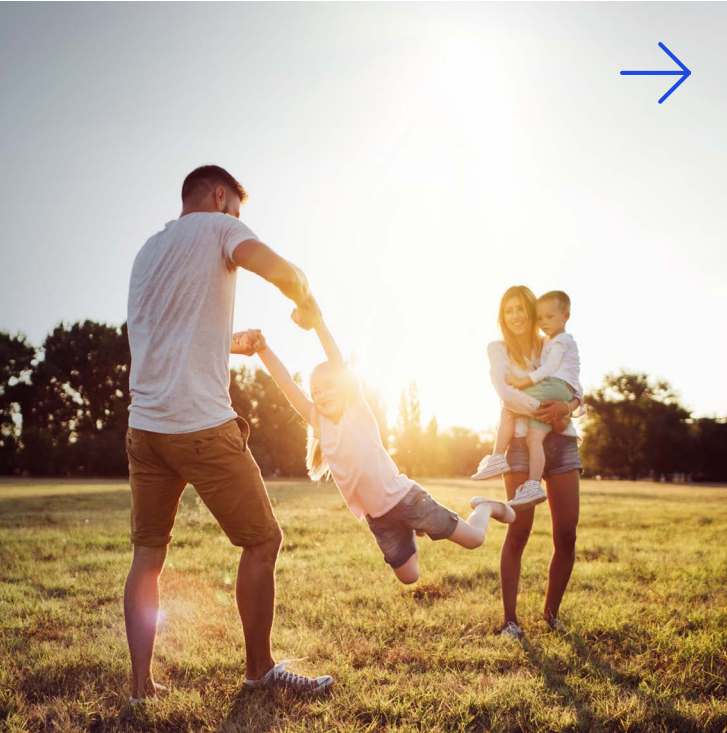


Embracing connection and resilience for a futureproof local government

Insights from the Public Sector Network
Local Government Roadshow

[KPMG.com.au](https://www.kpmg.com.au)





KPMG, in collaboration with the Public Sector Network, recently delivered the Local Government Transformation series, a program of in-person events delivered across the country, including in Adelaide, Brisbane, Perth, Melbourne and Sydney.

This series of events included key senior public sector professionals from various local government organisations. The series explored themes related to embracing connection and resilience to become a future-ready organisation.

SECTION 1

Big challenges keeping local government leaders up at night



There was much discussion during the roadshow events about the broader macro-economic context impacting the public sector. The cost-of-living crisis, driven by the after-effects of the pandemic, geopolitical factors and record levels of inflation, was a recurrent theme and one that is clearly driving an uptick in the expectations and needs of our communities for public services.

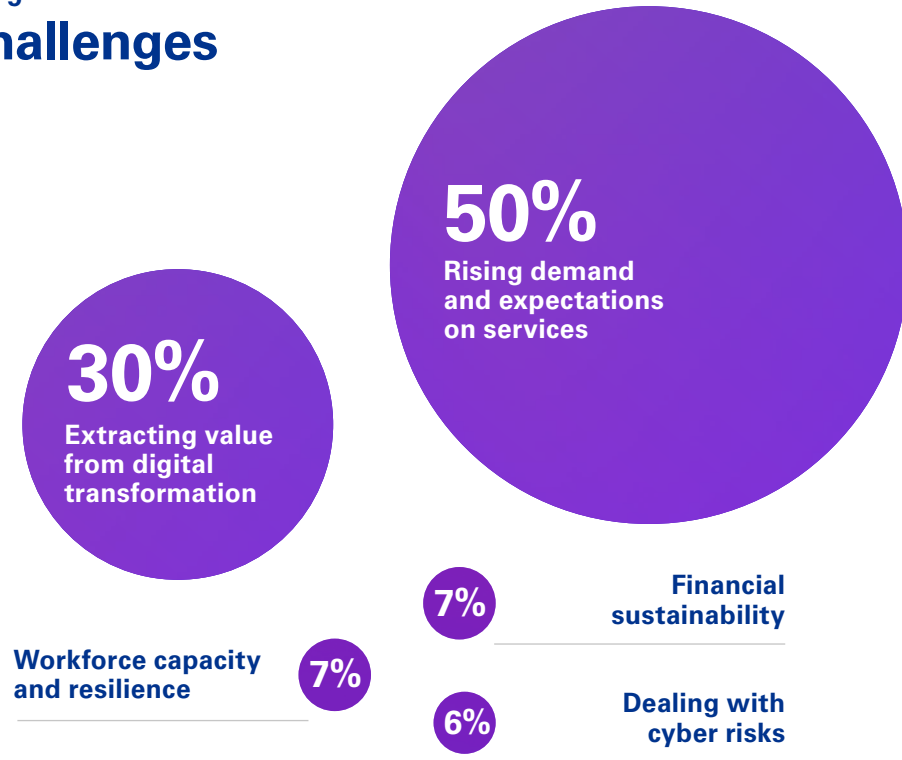
Polling questions directed at participants both prior to and during the events illuminated this context still further. Rising demands and expectations on services were top of mind for 50 percent of respondents when asked what challenges were keeping them awake at night.

The roadshow clearly highlighted that many councils are progressing in their digital transformation journeys, but that the challenge of realising value from these investments is still front and centre. Many participants reflected on how important a focus on people is in successfully implementing technology

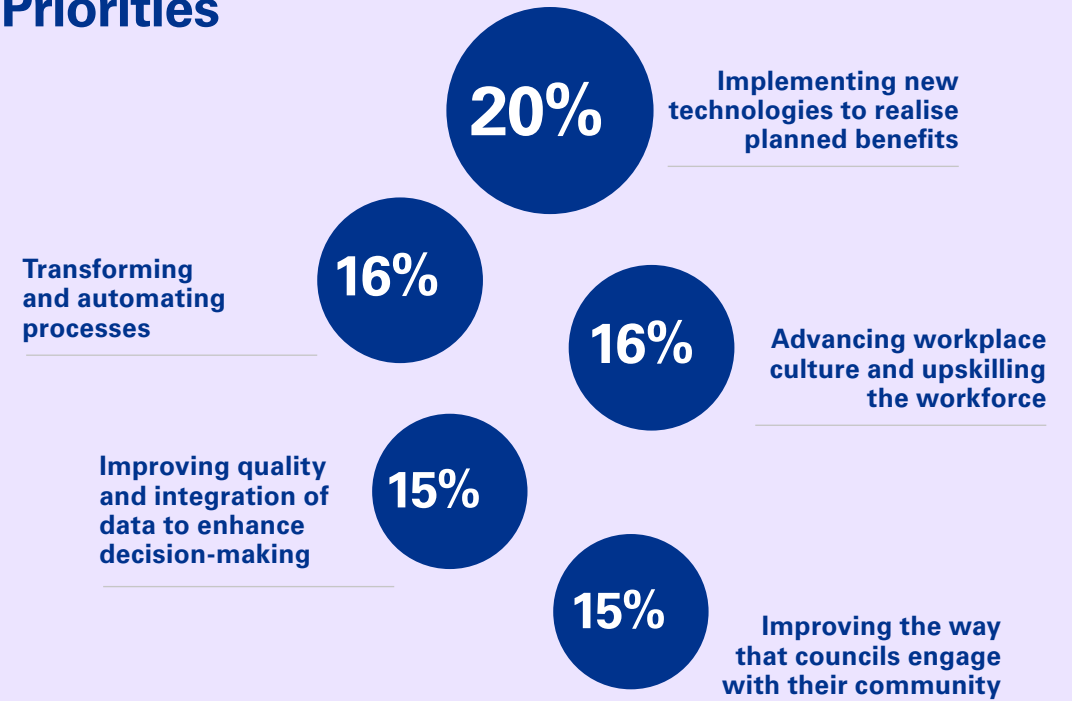
to support adoption while also thinking about how to uplift the digital literacy of the workforce into the future.

A focus on citizen experience is also at the forefront, with many of our participants reflecting on the priority of improving the experience of internal customers (your employees) to reduce frustration and maximise time spent serving the community, as well as how to uplift the experience of citizens who interact with councils' services.

TOP 5 Challenges



TOP 5 Priorities



SECTION 2

The blueprint for a future-fit local government



How should local government respond to these current challenges while leaning into the challenges of the future?

It was clear across the events that the sector will need to embrace a new agenda, one aimed at what comes next for businesses and society. To build resilience into both organisations and communities, and to drive connectedness inside and out, requires a laser focus on the four key elements of what KPMG defines as the blueprint for a future-fit local government.

SECTION 3

Workforce and culture – building the skills for the future, now

The speed and complexity of work continues to accelerate, and it's hard for government organisations and their workforces to keep pace.

More jobs than ever require employees to have digital capabilities or at least be digitally literate.

In order to better connect internally and externally, and to drive higher levels of organisational resilience, local government need to invest in employee skills, explore new ways of working, and build a culture that embraces and supports change, improvement and learning.

Through the roadshow, three key areas came into focus:

- ▶ **Workforce planning** ————— Councils are beginning to invest in more effective and robust workforce planning, putting the focus on identifying the skills needed in the future and investing in different ways to develop those skills and attract talent into the organisation.
- ▶ **Employee value proposition** ————— There is more focus on intentionally defining and providing a compelling employee value proposition. This includes articulating the offering around career development, upskilling, flexibility and mobility. It also means being explicit in the connection to community purpose and impact that working in local government can provide.
- ▶ **New ways to build capability** ————— Councils are considering different ways to engage key capabilities in their organisations. Hybrid and remote working options open more possibilities for attracting talent from outside of the LGA without the need for relocation. Additionally, councils can consider whether a permanent role is always the best option. For example, we are seeing increasing numbers of councils bringing in expertise as a service, such as a virtual CISO model, in order to leverage deep skills and experience in a cost-effective way. It also means being explicit in the connection to community purpose and impact that working in local government can provide.

VIC

Glen Eira improves connection and resilience

CEO Rebecca McKenzie shared how Glen Eira City Council has been focusing on organisational culture to improve connection and resilience within the workforce. In doing this, council is deeply focused on the relationship between a strong organisational culture and the impact on levels of resilience and trust within the community.

QLD

Building capacity and capability on the Gold Coast

Connie Longobardi, Change Manager for the OneCity Program at the City of Gold Coast, explained how the program is very intentionally focused on building both the capacity and capability of the workforce to change.

VIC

Customer experience is key in Hume

Fiona Shanks (Chief People Officer) talked about how Hume City Council has sought to uplift customer experience through positive workforce transformation. The critical anchor for this has been the development and embedding of council's new values – co-designed by staff to be more than just words but deeply held by the whole team. The new values statement, 'We're better, every day, we're in it together, we show up, All for Hume' is designed to help guide the work of council and ensure that the community and customers are front and centre.

"What I am most optimistic about for the future of local government is the people. The people we employ and who work for council, and the people that live in our local council area. They have a passion to get us to the future that we are looking for."

SCOTT MOORE
Newcastle City Council

"Transformation is about talent not technology."

JAYNE EMERSON
City of Salisbury



SECTION 4

Trust – a critical prerequisite for community outcomes

Trust between a local government and its community is foundational to ensuring social cohesion, participation and ultimately the effectiveness of local democracy. Many of our speakers at this event touched on the criticality of trust, particularly in relation to building culture.

Pre-Covid, trust looked a lot different and council ways of working were very much about place and supervision to make sure work happened. Covid has driven a shift to outcomes-based management, which has been challenging for many, but is very aligned with the purpose-led value set of the local government sector.

Cyber crime erodes trust

In our increasingly digitised world, public trust in the ability of institutions to protect and preserve their data has never been more important. However, trust is easy to lose. The string of high-profile cyber breaches in recent times has brought to the fore the impact on community trust of institutions

failing to secure their digital assets. We know that government is the third most impacted sector by cyber extortion, and local government is assessed as being even more likely to be targeted. In a world where people and data are no longer confined within the walls of a specific institution, traditional data security methods are rendered ineffective. As the sector increasingly adopts digital and embraces cloud technology, the need to rethink cyber security is amplified.

Focus on behaviour

In response to the increasing cyber threat, as well as the more esoteric necessity to foster and build trust with communities, the most effective approaches are those that blend a focus on behaviour and skills, as much as on technology, process and governance. Councils need to secure digital assets, build digital maturity in the workforce, and most importantly, help their people to understand and mitigate the cyber threat through sound information management practices.

QLD

Trust by design – Townsville Regional Council

We heard from Amrita Bhattacharyya (Chief Customer Officer) about the necessity for trust between local government and its communities, and the problems created by declining levels of trust in government overall. Trust is built by design, but also through transparency and engagement, with our communities but also within our organisations. It is a real opportunity for local government to take an inside-out perspective on an intentional focus to building trust with communities to improve outcomes.

VIC

Cyber breach as catalyst for change – Yarriambiack Shire Council

Tammy Smith (CEO) shared the fascinating story of how a complete breakdown of trust and governance, together with a cyber breach, provided the key catalyst for transformative change within this rural LGA. Through a focus on digital transformation, this council was able to embed automated controls and enable appropriate financial stewardship, as well as enabling more flexible and outcome-based work practices. In responding to the crisis and delivering on the transformation, the team pulled together and built a strong and resilient organisational culture. Now, internal council staff are advocates and instigators of change, and trust with the community has been restored.

“Resilience and trust are both critical components of culture, both internally and externally.”

REBECCA MCKENZIE

Glen Eira City Council



SECTION 5

Digital transformation is here and it's human

In the face of rising costs and constraints on revenue, it's increasingly apparent that councils need to identify ways to deliver more with less. Many of the presentations at this year's event examined how, if delivered effectively, digital solutions can be a valuable lever to improve productivity, boost compliance and streamline the experience of both external and internal customers. The burning platform for digital transformation is certainly heating up across the sector.

36 percent of poll respondents said that their key priority was to improve and automate processes, or to implement technology. It was noticeable though that this year's event continued the shift we saw in 2022 towards a much [greater focus on culture and capability](#), as the sector recognises that you need the right talent to drive innovation and a culture that's ready for change.

The human side of change

Not adequately addressing the human impact of change can jeopardise up to 60 percent of the intended benefits. Throughout discussions there was emphasis on viewing transformation as a change project rather than a technology project. This should include a strong focus on change leadership, at both the executive and

middle management tiers, enabling leaders to grow their change capability, demonstrate consistency and commitment to the change, and role model the behaviours that they expect the team to exhibit.

Digital with purpose

Reskilling the workforce to boost levels of digital literacy and embrace innovation and new ways of delivering services was a key theme of the presentations across these events. This is especially pertinent given the ageing local government workforce and the challenges of attracting the new generation of digital natives to work within the sector.

It's equally important to be 'digital with purpose' – how do we get really clear on the needs of users (both internal and external) and use digital technology to really deliver on these needs rather than be digital for digital's sake. Adopting the principles of human-centred design will help councils in ensuring that the needs of users remain at the centre of their digital agenda.

This lens also helps in supporting elected members to focus on the benefits and value of digital enablement for the community, rather than just the costs.

The challenges of AI adoption

The topic of AI was touched on through the roadshow, with a range of perspectives voiced. Certainly, emerging AI presents an opportunity for councils to 'leapfrog' in leveraging cognitive capabilities embedded in existing technology to improve user experience, enhance controls or generate analysis. However, there was also a sense of fear and [lack of trust around AI](#) in the community.

[Recent research by KPMG and AIIA](#) examines how as AI solutions rapidly develop and new applications become available for industry, a strong structure and framework for its application is needed to de-risk AI adoption. The AIIA and KPMG have identified what organisations need to do to ensure AI is developed, used and procured in a way that meets future regulatory and ethical expectations.



NSW

New digital business model for Northern Beaches

Naren Gangavarapu (CIO) talked about what it means to be a digital council – not just using modern technologies and approaches but seeking to optimise the way business is conducted more digitally and transforming to a new digital business model for service delivery. The challenge is for CIOs to think about not just scaling existing digital capability but embracing next generation technology like emergent AI and digital twins. So much is possible right now, with the right focus on customer experience, service optimisation and modern technology enablement, but the challenges of siloed delivery, technology debt and resistance to change need to be addressed.

VIC

Innovation means collaboration for Whitehorse

Siobhan Sullivan (Executive Manager Transformation) called out that digital transformation is an arena in which local government benefits from collaboration. ‘I don’t think we can ever be truly innovative, we need to be fast followers, look at what has been done successfully elsewhere and consider its application in our context.’

VIC

‘Best Fit, Better Together’ at Southern Grampians Shire Council

The Southern Grampians Shire Council shared its ‘Best Fit, Better Together’ approach with two other councils in approaching the market and procuring a suite of ‘best of breed’ SaaS solutions to meet its collective business requirements across corporate services (for example: – finance, property and ratings, payroll, HRM and infringements). Collaboration is a cornerstone to the future successes of this transformational program.

“Sorting chairs won’t get you there, you need to bridge fragmented experiences.”

NAREN GANGAVARAPU

Northern Beaches Council



SECTION 6

Experience – growing demand for positive digital experiences

Expectations and experience often shape how people evaluate relationships in our digitally enabled, customer-driven world. Residents and businesses expect reliable, seamless, always-available services.

Organisations that only focus on processes and technology in their digital journeys rarely achieve the outcomes they need. The people involved throughout the experience when citizens interact with local government are critical. These people include citizens, administrators who serve employees, and third parties who work closely with local governments.

Human-centred design, rooted in compassion, empathy and specific to various target audiences, helps leaders understand people's needs, behaviours and expectations. This knowledge allows local governments to create rich, efficient, human-centred experiences.

Building trust with positive digital experiences

[KPMG research in the UK local government sector](#) has shown that focusing on citizen needs and expectations can help councils to deliver the greatest value. The research shows that digital services designed around citizens' experience drives both satisfaction and the outcome of the service. However, this works both ways – when digital services are not designed to meet the needs of the citizen, they are seen as inferior and untrustworthy. For digital services to be as appealing as face-to-face, compassion and trust must be built in from the outset.

Digital applications that provide a positive user experience have the potential to benefit everyone. When a citizen experience is well designed, employees and third parties can work

more efficiently, often require less training, are typically happier, and can help deliver higher-quality, more consistent services.

They are also able to better service community. Self-service access allows community to get the help they need when they need it, which contributes to more successful outcomes for communities. For local government, self-service is more cost-effective. Employee and third parties also enjoy fewer basic enquiries in call centres and in-service locations, which frees them to focus on more pressing issues.

NSW

Uplifting the customer experience at Bayside

Maria Pavlides (Manager, Customer Experience) talked about the development of Bayside’s customer experience strategy, focused on consulting with customers in the community and the Bayside workforce (internal customers). This work identified that while staff are generally helpful at council there are inconsistencies in the standard of service provided. Council is now embarking on a customer experience program to uplift how the business engages with its customers at every point of their journey. This program looks at optimising technology, process and information across all council’s channels, with a particular focus on culture in order to uplift both customer experience and employee engagement. The intent is that all staff will feel ownership for improving customer service, working together to enhance the ease, consistency and transparency of interacting with council.

WA

Addressing ageing tech at Shire of Serpentine Jarrahdale

Frazer Sullivan (Director Corporate Services) shared how Serpentine is one of the fastest growing municipalities in Australia, with an exceptionally young demographic with strong digital literacy and little experience in dealing with government bureaucracy. The shire recognised the challenge of meeting the needs of the community across the vast range of services council provides and sought to address its ageing technology systems as a priority. Implementing its legacy technology with a OneCouncil ERP enabled council to consolidate customer data silos and enhance operational efficiencies for staff. This helped to bring the back office to the front and centre while enabling a more centralised and consistent customer experience. Key learnings: focus on people first; embrace the customer; adopt not adapt; and if you can beg, borrow or steal configuration from others, then do.

“Building a customer-centric culture is key. You’re only as good as your last interaction with a customer.”

STACEY O’TOOLE
City of Melbourne

SECTION 7

Key takeaways



Workforce

- Be clear on the skills you need now and into the future, consider different ways to develop and attract those skills.
- Focus on building the capacity and capability to change.
- Take the time to invest in culture – it's one of the most powerful ways to futureproof your organisation.




Trust

- Local government are seeing trust within their communities eroded.
- Know what your most important digital assets are and take steps to protect them.
- Foster a culture that breeds trust internally and with your community – through consistency, integrity and empathy.



Digital

- Start small and move fast. Be a 'fast follower' not an innovator.
- Focus on specific outcomes and chart a prioritised path to getting there.
- Digital is an enabler but requires purpose. Be clear on the problem you're trying to solve.
- Digital transformation is ultimately about people, not technology.



Experience

- Human-centred design ensures that the needs of the user are considered from start to end.
- Focus on experience – it's a key driver for realising improvements in productivity and freeing up time for more value-adding work.

SECTION 8

How KPMG can help you become more connected



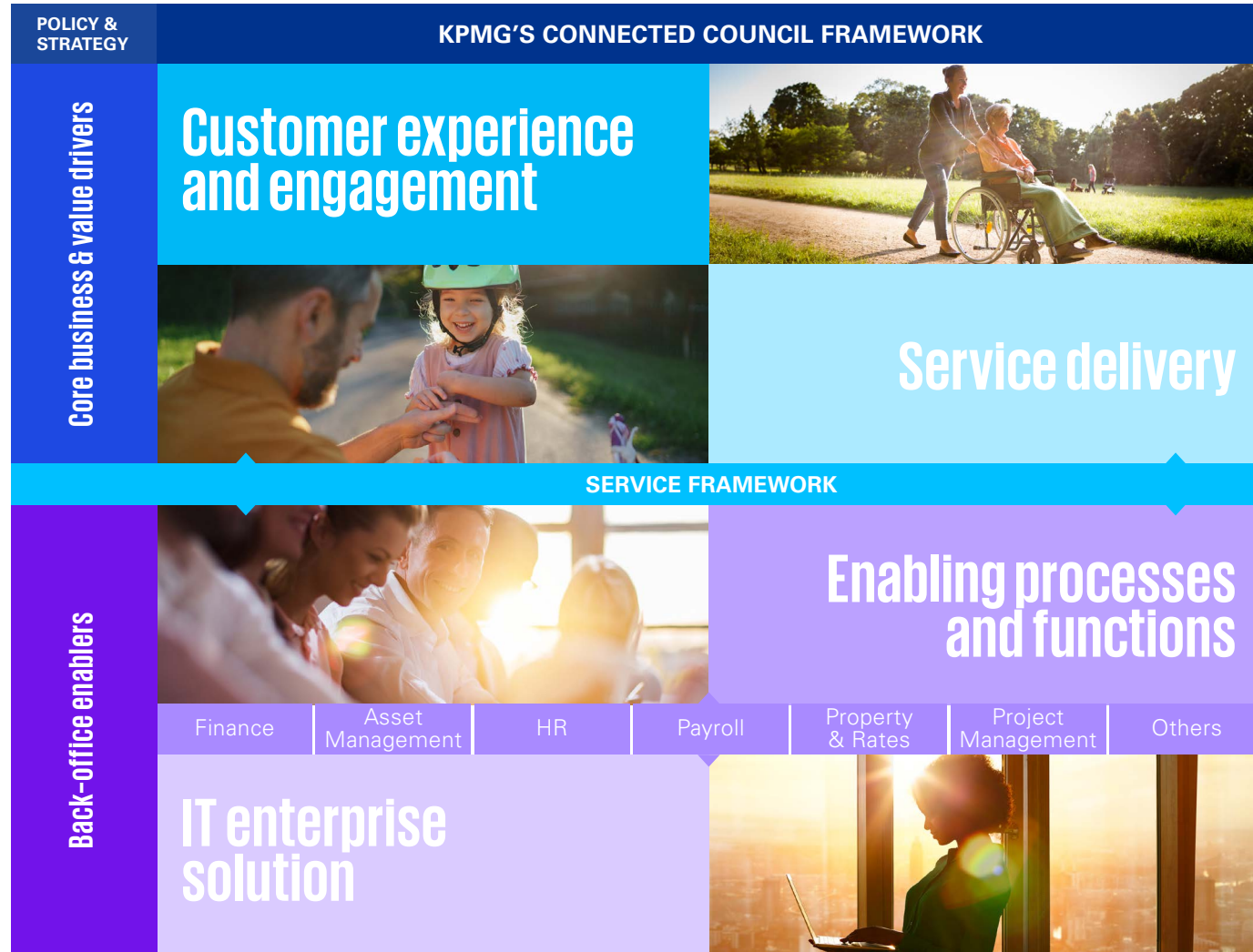
Research demonstrates that connected enterprises are twice as likely to meet customer expectations and achieve their objectives. To be connected means aligning front, middle and back office with customers, partners, teams and functions. Our Connected Council toolkit and range of accelerators helps you to effectively manage your transformation to become a customer-centric and connected organisation.

The approach is founded on three key attributes:

- **Think 'outside in'** – consider everything you do from the customer's perspective. Connect what is happening externally with changes that need to be driven internally.
- **Create engaging experiences** – use customer insights throughout the lifecycle to satisfy customer needs and wants. Align experiences across third parties and suppliers to create seamless customer interactions.

- **Align the front, middle and back** – deliver on your organisation's promise and customer expectations. Break down silos to become a customer-centric, digitally enabled enterprise, truly engineered for sustainable growth and success.

A focus on these three attributes distinguishes winning organisations. It makes them connected.



How connected is your council?

Try our [complimentary maturity diagnostic](#) to assess your current maturity against each of the eight capabilities which deliver on a connected organisation – the free report will summarise and highlight where you may need to focus or refocus your transformation efforts to build a seamless and digitally enabled organisation.

SECTION 9

What are local government leaders positive about?

Throughout the event series, public sector professionals shared authentic stories about the challenges and opportunities they face on the road to a more connected and resilient future. Their comments – across the three pillars of people, technology, customer experience and community engagement – paint an optimistic picture of connection and positive citizen outcomes.

People



“The thing I am most excited about in terms of the future of local government is working with more young people and seeing some changes in responses on how our community can evolve the services we develop based on a new generation of staff coming through. I am really happy that the local government industry can provide opportunity for younger employees.”

Maria Pavlides, Bayside City Council

“What I am most optimistic about the future of local government is the people. The people we employ and work for council and the people that live in our local council area, and they have a passion to get us to the future that we are looking for.”

Scott Moore, Newcastle City Council

Technology



“I am really optimistic about the advancement of technology and to be able to deliver on exceptional community experience for all of our community members. Also being a great place to work for our staff using technology and optimising our processes from way back in the 1990s and bringing it into the future.”

Jayne Emerson, City of Salisbury

“The 24 by 7 service delivery to our customers, not losing sight of the customers that have been with us for many years and still want to interact over the counter, but making sure that we can deliver the services when people need to consume them – be that at 2am in the morning, that’s when it is.”

Wayne Richards, City of Tree Gully

Customer experience and community engagement



“I really loved how that connectivity through Covid, you know, and the innovation that happened, created really good customer experiences when people weren’t even be able to physically be together. So those opportunities and the way that ... all the councils pivoted at that point in time have put us in a really good position, I believe, to lean in and offer services in a far more flexible and agile way, moving forward, which will capture the attention of our young people who are already sort of on that bandwagon.”

Connie Longobardi, City of Gold Coast

“I really love improving things both for our people and for our communities. So, I think in the future, whilst technology and digitisation are going to be really critical, we need to keep people at the heart of that. So how we use human-centred design as well as customer insights, employee experience, and tapping into the knowledge of our people while making a difference, while moving forward. Improvements that are really deliberate and get the right outcomes.”

Bess Bennett, Brisbane City Council

SECTION 10

Moving forward to a resilient and customer-centric future

As in previous years, these events were a wonderful representation of the collegiate, collaborative and community-focused reality of the local government sector. The energy in our event spaces was a wonder to behold.

It was clear that while the sector is diverse in size, capabilities and maturity, most councils are leaning into very similar challenges and constraints.

The main theme across our events was that when councils focus on the elements of workforce, trust, digital and experience in the right way, they are better able to foster connection, resilience and sustainability in their organisations and communities.

Prioritising initiatives and focus areas will set councils up to be more efficient in the face of scarce resources, while also delivering an improved experience and bolstering organisational resilience.

As we move forward into an uncertain future, we expect to see a heightened focus on service prioritisation and optimisation to allow councils to make those tough prioritisation calls about how to deliver against constrained budgets and uplift the experience of customers.

It will also be fascinating to see how emerging technologies, such as generative AI, add to or accelerate council's efforts to improve experience, build trust and foster connection.

We would love to continue this conversation and encourage you to get in touch.



Liz Watts
Partner,
National Lead,
Local Government
ewatts@kpmg.com.au
+61 416 081 608

Liz works with KPMG's Local Government Advisory teams across Australia. She supports councils to improve their effectiveness, impact and resilience with a particular focus on strategic planning, operational improvements and whole of council transformation projects.

Report authors

Keirstyn Spencer

Director and Queensland Local Government Lead

kspencer2@kpmg.com.au
+61 406 685 945

Matt Woods

WA Clients & Markets Lead Partner, WA Local Government Lead | Enterprise

mwoods1@kpmg.com.au
+61 411 754 247

Gergana Winzer

Partner, Cyber Security – Local Government Lead

gwinzer@kpmg.com.au
+61 432 653 503

Glen Winkler

Technology Advisory Partner & SA Local Government Lead

gwinkler@kpmg.com.au
+61 421 581 710

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