

# Options for Regional Collaboration

Presentation to the  
SGS and UTS:CLG Roundtable:  
**Service Delivery in a Changing Context**  
UTS, 9 August 2013

# Introduction

- This presentation is based on:
  - Gooding Davies Consultancy for ACELG and NSROC (2012), *Comparative Analysis of ROCs in NSW and Western Australia*\*
  - Gooding Davies Consultancy for the Independent Review of Local Government Panel (2012), *Options to Enhance Regional Collaboration Amongst Councils in NSW: the Role of ROCs*\*
  - Independent Review of Local Government Panel (2013), *Future Directions for NSW Local Government: Twenty Essential Steps*
  - NSW Division of Local Government (2011), *Collaborative Arrangements between Councils Survey Report*
  - Somerville, D. and Gibbs, M. (2012), *Legal and Governance Models for Shared Services in Local Government*

\* The presenter, Alex Gooding, prepared these two documents

# Collaboration: why do it?

- Economies of scale
- Economies of scope
  - More complex projects
  - Greater specialisation
- Improved service quality and greater access to technical expertise
- Organisational development
- Increased strategic capacity:
  - Organisational
  - Regional
  - Inter-governmental

# Collaboration: what is required?

- Financial and staff resources to initiate and maintain projects
- Timely, consistent and continued commitment by councils
- Strong leadership and supportive organisational culture
- Clear strategic direction and business case
- Management and accountability framework
- Legal structures and agreements
- Flexibility with purchaser/producer roles
- Ideally, an existing relationship as a basis for collaboration

# Collaboration: what are the challenges?

- Lack of appropriate legislation
- Lack of institutional support
- Parochialism and the fear of losing autonomy
- The variety of purchasing practices and technical standards which have to be harmonised
- Potential threats to council job security
- The challenge of change management
- Establishing management structures

# Collaboration: what sorts of services are shared?

- **Internal council services (examples):**

- Information exchange and professional development;
- Staff training and responding to skills shortages;
- Aspects of HR, OHS and risk management;
- Records management;
- Benchmarking of council service delivery;
- Internal audit

- **External public services (examples):**

- Public campaigns;
- Weeds and stormwater management;
- Waste collection and disposal;
- Community services;
- Street lighting improvement

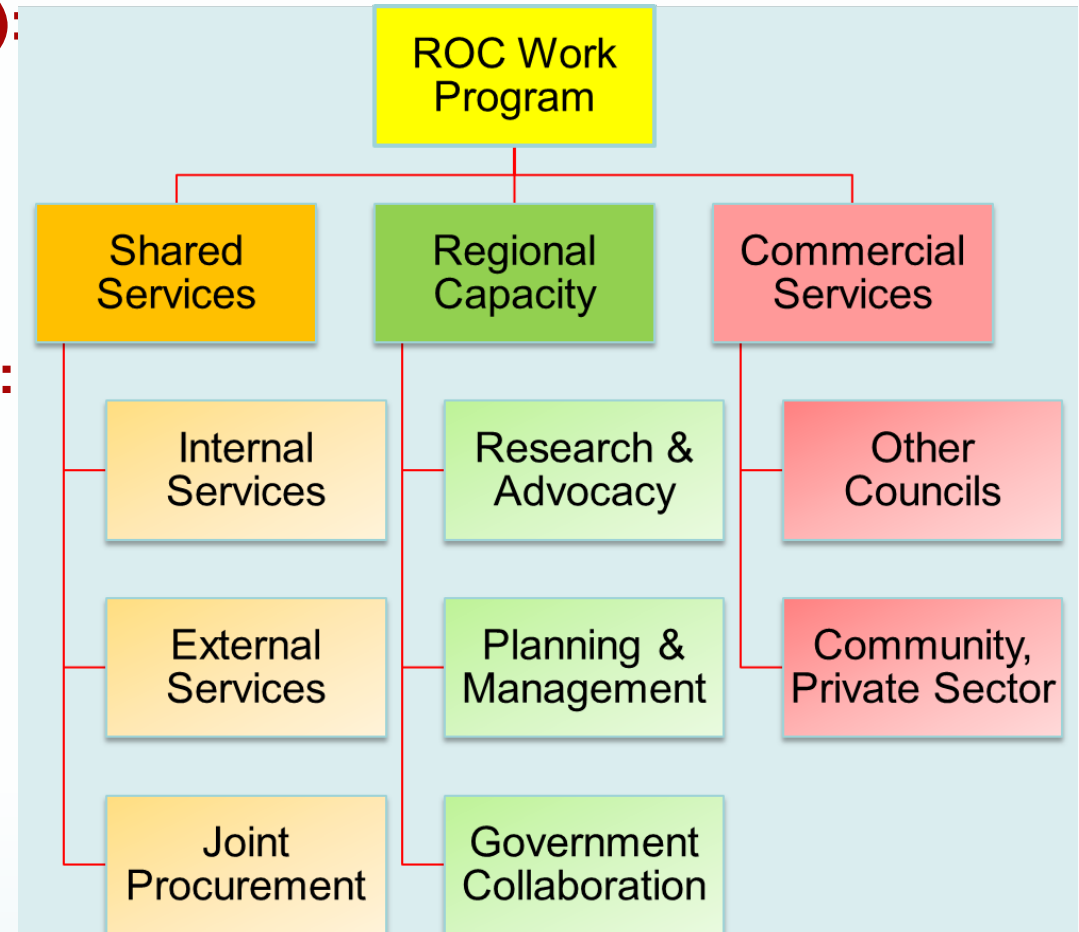
- **Joint procurement (examples):**

- Line marking and road signage;
- General signage;
- Hardware hardware;
- Asphalt, bitumen and other road laying materials;
- Electricity and street lighting

- **Regional capacity building (examples):**

- Research and advocacy
- Planning and management
- Government collaboration

- **Commercial services**



# Current Models of collaboration

- Shared services agreements (formal or informal)
- Regional Organisations of Councils (ROCs)
- Council Controlled Organisations (NZ)
- Regional Subsidiaries (SA)
- County Councils (NSW) and Regional Local Governments (WA)
- Council of Mayors (Qld)

# Current legal structures

- **Section 355 Committee**
  - Organisation does not have any separate legal entity
- **Incorporated Association**
  - Limits on income, assets and expenditure; cannot distribute profits or dividends
- **Non profit company**
  - Onerous reporting requirements; council reps must become directors. Requires Ministerial approval
- **County Council**
  - Has all the reporting requirements of a council. Little used in NSW and mainly established as single-purpose bodies



# Rationale for change: limitations of the current models

- Wide variations in resourcing:
  - Size, number, relative wealth and the commitment of member councils appear to be critical success factors
- Inappropriate legal frameworks
- Structural issues
- Inconsistent performance, partly due to range of activities undertaken
- Desire to be (and to be seen to be) membership driven
- Fear of the “fourth tier” or being seen as a pretext for amalgamation

# ***Independent Local Government Review Panel Directions Paper proposals***

- **Regional/rural NSW:**
  - 20 ‘new look’, multi-purpose County Councils, focused on major regional centres
- **Sydney Metropolitan Area:**
  - A Metropolitan Sydney Council of Mayors – if amalgamations occur
  - Alternatively, the establishment of subregional County Councils

*ROCs have played a valuable role in regional advocacy and shared service delivery, but they are rarely strong in both. Moreover, not all councils are members of ROCs, their performance is patchy and they tend to wax and wane.*

*The Panel has therefore concluded that a more robust, statutory framework is required at the regional level... (ILRGRP 2013)*

# “New look” County Councils

- Would replace existing ROCs (& most existing County Councils)
- Councils would “own” and resource the County Councils, as happens with existing bodies
- Would undertake a broad range of strategic functions to support member councils – other regional functions could also be referred to them
- Could establish subsidiaries for some areas of service delivery
- Would comprise mayors and chairs of Local Boards
- Would be auspiced by the regional centre council, whose Mayor would also chair the County Council
- With a few minor amendments, the current provisions of the *Local Government Act* relating to County Councils could be used

# County Council core functions

- Strategic regional and sub-regional planning
- Regional advocacy, inter-government relations and promoting collaboration with State and federal agencies
- Management of, or technical support for, water utilities
- Road network planning and major projects
- Waste and environmental management
- Regional economic development
- Library services
- “High level” corporate services

# Other Options (incremental)

## 1. Amend S355 of the Act to allow councils:

- To be able delegate responsibility for tendering and contracting to a regional body

## 2. Reform the structure and operation of existing ROCs:

- Provide a simpler legal structure (eg SA regional subsidiary model)
- Require mayoral participation
- Retain ROC board's overall responsibility but encourage delegation of development of shared services to a GMs group
- Encourage delegation of the management of these services to separate bodies (subsidiaries or companies)

# Other Options (more radical)

## 3. Establish one or more Council of Mayors:

- Only appropriate if there is major restructuring and amalgamations of councils
- Would be involved in high-level regional advocacy and strategic planning
- Likely to engage only in major, region-wide shared services projects (amalgamations would “capture” most scale economies)

## 4. Shared service centre model (Urban Taskforce):

- Establish service centres separate to ROCs and transfer up to 90% of council functions and staff to these centres
- Councils would be able to buy services from any service provider after five years; this means the future of council-controlled service centres would themselves also become contestable

# And an alternative regional entity...?\*

- Matches with NSW Government regional boundaries
- Has mandated membership
- Is fully owned by member councils and comprises elected members from member councils
- Has its governance, powers, responsibilities and liabilities properly set out in the revised Act
- Has input to and engagement with regional and sub-regional strategic planning
- Has the options of:
  - providing regional and sub-regional scale facilities, services and programs, or
  - procuring regional and sub-regional scale services.
- Develops high-level strategic direction for the region
- Is supported by a technical body of council and external experts
- Is able to evolve over time, possibly taking over some council functions

*\* Summary of key points from the Local Government NSW Submission to the Independent Local Government Review Panel's Future Directions paper (2013: pp. 10-12)*

# Alex Gooding

Director, Gooding Davies Consultancy Pty Ltd

02 4759 2231

0418 164 759

[alex@goodingdavies.com.au](mailto:alex@goodingdavies.com.au)

[www.goodingdavies.com.au](http://www.goodingdavies.com.au)