

VALUE AUDIT OF LGNSW

- ▶ LGNSW commissioned an audit in November 2017 to quantify the value it delivers to members. The audit showed that LGNSW delivers significant value, in particular as an advocate, adviser and aggregator. It also made suggestions to improve the value proposition. This document summarises the audit findings and actions LGNSW is undertaking to respond.

Key Findings

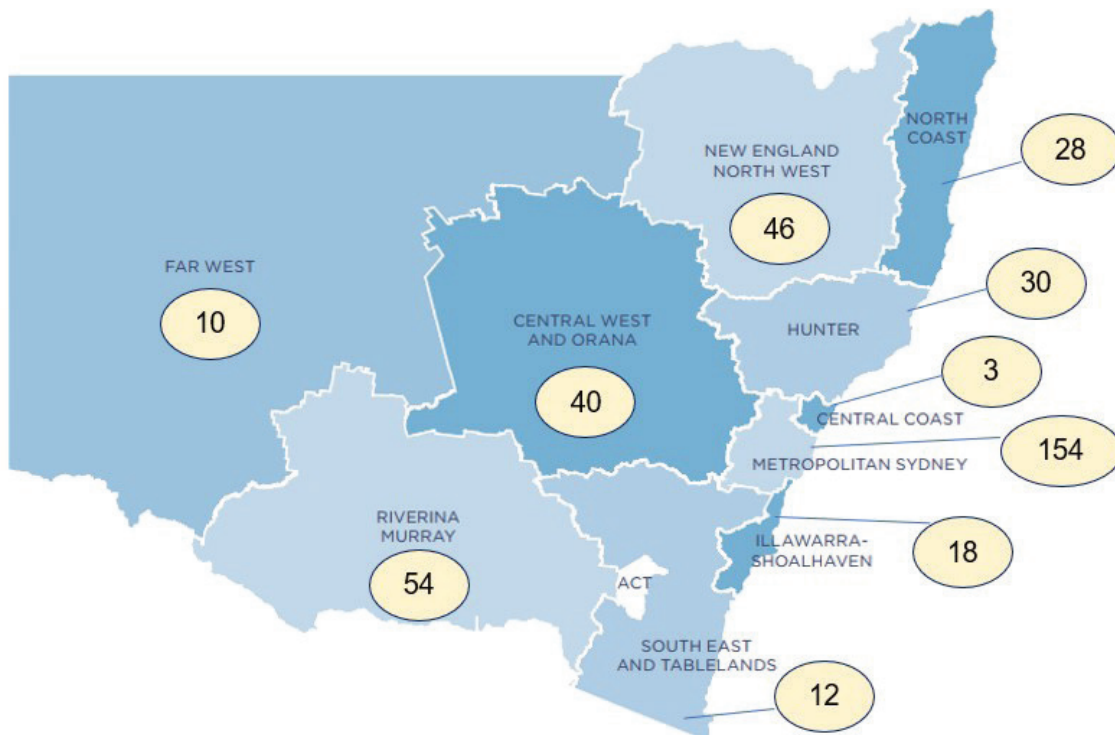
- The current state of local government in NSW represents the sum effort of over **135 YEARS** of activity. Since its establishment in 1883, LGNSW has enjoyed countless policy wins, secured billions of dollars in concessions, savings and direct funding, and delivered hundreds of products and services to members. Not all achievements benefit every member but, collectively, they provide a net benefit to the sector.
- LGNSW delivers a significant **RETURN ON INVESTMENT**; every \$1 provided by members is converted into nearly \$10 of benefits.
- LGNSW collects just over \$5 million in member subscriptions to deliver \$12.1 million worth of advocacy and member services.
- Membership fees for the past few years have **TRENDED DOWNWARDS**, relative to the size (i.e. net revenue) of the sector.
- LGNSW **SUBSIDISES MEMBERSHIP FEES**. Fees fund only 40% of LGNSW's annual operating expenditure. The rest is funded by investments, paid services and sponsorships.
- **COUNCILS NEEDS DIFFER**. Each serves a unique community, undertakes different activities and operates within unique financial, operational and societal circumstances. Perceptions of value, and engagement, with LGNSW differ from one council to another, and at different points in time.
- LGNSW's work as an **ADVOCATE, ADVISER AND AGGREGATOR** has resulted in many tangible benefits for the sector
- As an **ADVOCATE**, LGNSW identifies and intervenes on serious matters before they happen and before they enter the public domain. Often what LGNSW stops through its advocacy is of greater significance and more value to members than what they see delivered.
- As an **ADVISER**, LGNSW helps members – including council staff – by removing uncertainty, reducing risk, providing comfort and enabling progress on issues and projects.
- As an **AGGREGATOR**, LGNSW promotes partnership arrangements and reduces duplication across the sector, assisting members to reduce costs, improve efficiency and add value.
- LGNSW offers an **INSURANCE-LIKE FUNCTION** through its industrial support, crisis support and legal advice that only a subset of councils must call upon in any given year, but which provides critical support in times of need.
- **MEMBER SATISFACTION** has improved significantly in recent years. Perceptions of value change, but member research shows a direct correlation between frequency of contact with the association and satisfaction with its services. Councillors who have infrequent contact with LGNSW are less likely to be aware of its activities, services and value.
- **THE AUDIT CONCLUDED** that LGNSW does not have an underlying issue with value, per se, but that it could boost activity to engage members, improve transparency, demonstrate that value is real and evidence-based, communicate advocacy wins and sector leadership, ensure ongoing service quality and timeliness, and measure and report on performance. Some initiatives in response to this audit are already under way and others are planned.



Role as Advocate

- The actions or inactions of state and federal governments can help or hinder councils. Some decisions can result in severe consequences (cost and otherwise) for the sector.
- Strong member support is necessary to progress advocacy outcomes – the stronger the support, the greater the potential for influence.
- State associations such as LGNSW are necessary to preserve and present matters of importance to members even though it is not always possible to win every argument or reflect every member’s individual nuance or perspective.
- LGNSW has a long list of noteworthy advocacy wins. Recent examples include: helping secure \$110 million for the Regional Water and Wastewater Backlog Program; developing a capability framework to help councils assess and communicate “what good looks like”; and full reimbursement of costs plus a funded education campaign as part of the Fire and Emergency Services Levy.
- The advocacy work undertaken by LGNSW, and its position on issues, is decided by vote at the annual conference. Members decide and prioritise matters for LGNSW to pursue.

Number of annual conference motions considered by region over the past three years.





Role as Adviser

- The local government sector has diverse and frequently changing responsibilities. It must respond to government decisions, community expectations, work practice changes and approaches, as well as changing environmental, social and economic forces.
- State associations such as LGNSW help members by removing uncertainty, reducing risk, providing comfort and enabling progress on issues and projects.

LGNSW delivers value by providing:





Role as Aggregator

- Through partnership arrangements, LGNSW delivers financial, operational, reputational and other tangible benefits to members. Duplication is expensive, so LGNSW identifies opportunities for sector collaboration that facilitate shared solutions.

LGNSW aggregates in areas such as:





Actions

LGNSW is implementing a range of initiatives, as part of ongoing improvements and more recently, to address issues raised in the audit. We aim to ensure members are at the centre of everything we do and deliver value wherever possible. The actions listed below have been completed or are in progress.

	In Progress	Done / Ongoing
 <p>Capability review to assess the internal capability of LGNSW.</p>		✓
 <p>Strategic Plan the capability review will feed into the development of LGNSW's 2018-22 strategic plan.</p>	✓	
 <p>Increased focus on advocacy e.g. an advocacy plan for the 2019 State election.</p>	✓	
 <p>Joint Organisations we're listening to what they want, how they want to engage, and how we can best support them.</p>	✓	
 <p>Systems improvement we are developing a Customer Relationship Management (CRM) system and a new website.</p>		✓
 <p>Council summits involves the President, board members and staff visiting and consulting with members across the state.</p>		✓
 <p>External committee representation all positions will be open to all councillors and expressions of interest assessed independently</p>		✓
 <p>Board accessibility new measures ensure members have a stronger sense of issues being considered.</p>		✓

The audit was carried out by Glen Beckett from the Local Government Association of Queensland (LGAQ) using methodologies like those used for similar associations in Queensland and South Australia. These included interviews with members and staff (all LGNSW members were invited to participate) and review of written materials including member research and submissions.

For further information about the value audit or LGNSW please email lgnsw@lgnsw.org.au or call 9242 4000.