Regional Collaboration and Shared Services –
Background Paper


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This paper consists largely of a series of extracts from a number of recent reports and research articles that have explored various aspects of regional collaboration and shared services: what they are intended to achieve; what they involve; how widely they are practiced; the extent to which they have proved durable and delivered desired results; the challenges they create.

1. Introduction

Voluntary regional cooperation in local government was first encouraged by the Whitlam federal government in the mid-1970s, and again by the Hawke-Keating governments in the 1980s and early 1990s. Regional Organisations of Councils (ROCs) took root across considerable parts of NSW and an extension of their role has been widely promoted as an alternative to council amalgamations.

Advocates of regional cooperation argue that a well-established regional organisation undertaking a range of shared services, joint planning and special projects can achieve significant cost savings and service improvements, develop additional ‘strategic capacity’, and at the same time retain the benefits of smaller councils – in particular a high level of local political representation and responsiveness to community needs.

During the ‘noughties, and especially following the forced council amalgamations of 2004, the NSW government gave strong ‘in principle’ support for regional cooperation, resource sharing and shared service delivery amongst councils (NSW Department of Local Government 2007). Advisory material was produced and various forums held.

Often quoted examples of ‘good practice’ include the Riverina East Regional Organisation of Councils (REROCC), the Hunter Councils group, the Lower Macquarie Water Utilities Alliance, and the Wellington-Blayney-Cabonne (WBC) ‘strategic alliance’. ‘Binding alliances’ of local water utilities were advocated in the ‘Armstrong-Gellatly’ report of 2009 as an alternative to regional water corporations: their key feature was that infrastructure assets and local workforces would be retained by individual councils. Similarly, the WBC alliance was established specifically as an alternative to amalgamations, and is strongly focused on resource sharing.

A number of regional alliances work across state borders, notably the South East ROC which includes the ACT as an active member; Tweed Council’s participation in South East Queensland regional arrangements; and a number of council groupings that cross the Murray River.
2. Regional Organisations of Councils

According to the NSW Division of Local Government survey (DLG 2011), ROCs are the most common form of collaborative multi-purpose arrangement among NSW Councils. Over 90% of NSW councils are members of a ROC and there are 17 ROCs in the state.

An audit of ROCs in NSW and Western Australia prepared for the Australian Centre of Excellence for Local Government (ACELG) by Gooding Davies (2012b) observed that they share the following features:

- **Voluntary membership** wholly or largely comprising local councils in a geographically contiguous area;
- **A constitution, memorandum of understanding or some other agreement** between member councils which provide a framework for the ROC’s management and operations;
- **Management by a board or similar governing body** comprising representatives nominated by the ROC’s member councils. These are usually elected representatives, often including the Mayor;
- **A set of agreed objectives, strategies and/or priorities** to guide the activities of the ROC;
- **Contributions, either in-kind, financial or both** by member councils to resource the ROC’s activities (Gooding Davies 2012b: p7).

ROCs share some key factors which differentiate them from other forms of collaboration:

- Political leadership, through boards made up wholly or partly of elected representatives;
- Multi-purpose agendas, covering a range of projects and issues;
- Engagement in advocacy and lobbying around policy issues often to do with the wider regional interest, as well as in “traditional” local government service delivery.

ROCs may thus also play a more important role in achieving economies of scope, improving the “strategic capacity” of participating councils to engage in regional planning and policy issues, as well as undertake additional or “non-traditional” functions (Gooding Davies 2012b: p9).

While generally regarded as a service delivery model for local government, ROCs are sometimes seen as more “political” in their focus and less structured than alternative collaborative models, such as formal shared services agreements. As a result they have been criticised as lacking the capacity to produce consistent and significant outcomes in terms of the delivery of shared services. For example, it has been claimed that “… the evidence suggests that relatively few voluntary regional organisations are really active across a substantial and lasting agenda” (Aulich et al. 2011: vol. 1 p20).

However, many ROCs are seeking to increase their capacity in operational shared services areas. The potential to expand this role was implicit in the reference from the Destination 2036 Action Plan, seeking to develop options and models to enhance collaboration on a regional basis through ROCs.

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1 Text drawn from Gooding Davies (2012a)
3. **Shared Services**

Most councils in NSW participate in some form of collaborative process to share in the provision of a range of services, including through ROCs. These arrangements usually comprise councils in the same geographic region but may also involve councils in different locations.

A recent study for the Australian Centre of Excellence for Local Government (ACELG) defined shared services as:

… two or more local government authorities jointly planning, employing staff, undertaking management, business and/or regulatory activities, delivering and/or maintaining infrastructure, or providing services to their communities… (Somerville and Gibbs 2012, p4)

Somerville and Gibbs (2012) describe the range of benefits sought through shared service provision, which can be summarised as follows:

- **Economies of scale**, through the combination of each council’s requirements for resources, products and services;
- **Economies of scope**, through which councils working together achieve a critical mass in order to provide a wide range of services;
- **Improved service quality**, through greater access and specialisation;
- **Organisational development**, through the sharing of staff skills and expertise between councils;
- **Increased strategic capacity**, taking participating councils to a higher level of capability through a combination of the above elements, to plan and act more strategically and effectively.

Collaborative arrangements can take a variety of forms, from a simple exchange of letters between two neighbouring councils to more formal and complex structures such as incorporated associations or companies involving multi-purpose agreements between several participating councils. Similarly the activities involved can range from simple arrangements to share equipment to more complex projects such as regional planning, providing infrastructure or shared service delivery (Somerville and Gibbs, 2012).

A number of government agencies have attempted to evaluate the extent and contribution of shared services, concentrating on the outcomes. These include the NSW Division of Local Government (DLG 2007, 2011). [Evaluations] have been generally supportive of shared services arrangements, though many of them have noted that establishing robust inter-council agreements is a complex and demanding task which should not be seen as a “soft” alternative to other forms of consolidation and in particular amalgamation. As a result, the implementation of shared services has had mixed outcomes (LGASA 2012).

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2 Text drawn from Gooding Davies (2012a)
3.1 County Councils

NSW County Councils have long been a centrepiece of regional collaboration in local government, especially when they were responsible for electricity distribution but also in other areas of service delivery and planning – notably the Cumberland County Council which had responsibility for Sydney metropolitan planning in the 1950s and early 1960s.

However, following the State’s resumption of electricity distribution late last century, now only 14 County Councils remain operational: 5 for water supply (including one that also provides sewerage); 8 for noxious weeds control; and 1 for floodplain management. Three of these overlap in just one region – the Northern Rivers – and are now working through a voluntary merger.

County Councils are established as ‘councils’ under the Local Government Act, although they are exempt from some provisions. Each has a separate proclamation that sets out its functions and various aspects of how it will be governed and managed. Proclamations are made and can be amended by the Governor on the advice of the Minister, but there is nothing to prevent member councils from initiating those processes.

Member councils elect delegates to the County Council but the latter can then make decisions independently and there are no legislative provisions to enable member councils to collectively exercise control over the County’s policies and priorities. This has been a source of tension in some instances.

It would appear that County Councils are no longer seen as a preferred vehicle for regional initiatives, and in its final report the Independent Local Government Review Panel (ILGRP) proposed that they be subsumed by new regional Joint Organisations (see section 6). However, in its response to that report LGNSW urged their retention as separate entities.

4. Inter-state and Overseas Practices

Local government in NSW can also draw lessons from the broad range and diverse practices of models of regional collaboration inter-state and overseas. A few examples are summarised briefly here.

- **SA Regional Subsidiaries** – essentially ROCs but with legislative framework; charter and business plan determined by member councils; Minister approves formation and may wind-up.
- **Victoria Regional Management Forums** – established in 8 non-metro regions; members are State agency heads plus council CEOs, other stakeholders; wide brief to promote collaboration; no legislation or dedicated funding.
- **Queensland Regional Roads and Transport Groups** – established under a State department-LGAQ agreement; undertake technical exchanges and network planning; allocate State funding for regional roads.
- **SEQ Regional Planning Committee (early 2000’s)** – State-local ‘partnership of equals’; Ministers-Mayors; no legislation.
• **NZ Council Controlled Organisations** – used by a number of groups of councils for shared services delivery; voluntary but formal company structure with separate board; annual operating agreements with shareholder councils.

• **Japan ‘Core City’ Alliances** – large (>40,000 population) town/city makes individual agreements with surrounding municipalities to provide services; receives government support; regional strategy framework.

• **UK Local Enterprise Partnerships** – groups of councils and business; economic development focus; some grant funds; ‘City Deals’ for an expanded role and transfer of functions and funding from central government apply in some regions (notably Greater Manchester).

• **Greater Manchester Combined Authority** – a voluntary equivalent of the Greater London Authority; extensive functions delegated from 11 member councils AND central government; elected regional mayor from 2017.

5. **A Cross-Section of Research Findings**

5.1 **‘Consolidation: A Fresh Look’**

In 2011, the Australian Centre of Excellence for Local Government (ACELG) published *Consolidation in Local Government: A Fresh Look* (Aulich et al 2011). This report looked at four types of consolidation: amalgamation, major boundary changes (eg around a regional centre that has expanded into adjoining shires), shared services and looser regional collaboration. It compared their attributes across four potential outcomes: efficiency and economies of scale; strategic capacity (economies of scope); service improvement and innovation; and potential diminution of local democracy.

ACELG concluded as follows (2011, pp.10-11):

… consolidation provides important opportunities to capture economies of scope and enhance the strategic capacity of local government. Economies of scope increase the capacity of councils to undertake new functions and deliver new or improved services that previously were not possible. Significantly, they enable councils to shift their focus towards a more strategic view of their operations … Enhanced strategic capacity appears essential to local government’s long term success as a valued partner in the system of government, and this emerged as probably the most important issue for councils to consider in examining different modes of consolidation….

The findings presented in the table below indicate that shared services arrangements can achieve similar results to amalgamations in terms of building ‘strategic capacity’ **provided** that they operate within a robust organisation and governance structure, and that a significant measure of decision-making autonomy is ceded to the shared services entity.
Summary Attributes of Different Forms of Consolidation (ACELG 2011, p.7)

<table>
<thead>
<tr>
<th></th>
<th>Amalgamation</th>
<th>Boundary Change</th>
<th>Shared Services</th>
<th>Regional Collaboration</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Efficiency and Economies of Scale</strong></td>
<td>Strong link</td>
<td>Potentially strong link subject to size/disposition of re-shaped councils</td>
<td>Strong link</td>
<td>Weak link</td>
</tr>
<tr>
<td><strong>Strategic Capacity</strong></td>
<td>Strong link</td>
<td>As above – benefits will flow to larger ‘new’ council/s</td>
<td>Potential medium-strong link subject to organisation structure and governance</td>
<td>Weak link</td>
</tr>
<tr>
<td><strong>Service Improvement and Innovation</strong></td>
<td>Strong link</td>
<td>As above</td>
<td>Strong link (but limited to those services that are effectively shared)</td>
<td>Potential link subject to nature and scope of collaboration</td>
</tr>
<tr>
<td><strong>Potential Diminution of Local Democracy</strong></td>
<td>Distinct risk, but can be managed</td>
<td>Some risk depending on nature of ‘new’ councils – can be managed</td>
<td>Risk where shared services are extensive and decision-making is ceded to joint authority – may be difficult to manage</td>
<td>Little or no risk</td>
</tr>
</tbody>
</table>

*Key elements of ‘strategic capacity’ are outlined in section 5 below.

5.2 Studies by Dollery et al

A central tenet of the case against amalgamations is that regional collaboration and shared services can achieve much the same benefits. Dollery, Grant and Kortt (2012, p.45) make this point as follows:

*Given that compulsory council consolidation seldom achieves its intended aims, and given that scale and scope economies do exist in some specific local government services… the best way to achieve larger scale economies in these selected functional areas is for councils to enter into collaborative shared services agreements…*

In ‘Councils in Cooperation’, Dollery, Grant and Kortt (2012) have provided a thorough review of various models of regional collaboration and shared services in Australian local government, including several case studies. They argue (ibid, pp.248-249) that the ‘central policy implication’ of their analysis is that: ‘…structural change aimed at enhancing that efficiency and effectiveness of local government should focus on fostering shared services arrangements for specific kinds of local government services and functions rather than on the blunt instrument of forced amalgamation.’

However, the closing paragraph of their book also suggests that there are significant limits to what regional collaboration and shared services can achieve:

*While in this book we … have concluded that shared service arrangements have a vital role to play in Australian local government, it is important not to ‘oversell’ this message by way of
exaggerated claims for what shared services models can realistically achieve ... like all instruments of public policy, shared services models have their limitations which must be recognised. (ibid, p.251)

Also, it is not clear whether their conclusions might be different if shared services arrangements were being contrasted with voluntary mergers or the ‘sustainable amalgamation’ model postulated by Dollery, Goode and Grant (2010), rather than ‘the blunt instrument of forced amalgamation’.

Elsewhere, Dollery, Grant and Crase (2011) have pointed out that the success of regional arrangements depends on a complex range of factors that go well beyond relatively straightforward issues of service delivery:

While... reports advocated shared service models almost entirely on the basis of their economic and technological characteristics, some academic commentators have been more cautious, arguing that intangible political and social elements are equally important... Dollery and Akimov (2009) argued that while shared service arrangements can improve the efficiency of local service provision, the degree of success varied considerably from case to case, and did not seem to depend on the characteristics of the services in question... Moreover, [they] observed that there are often significant barriers to the implementation of shared service arrangements, which are difficult to overcome, including the loss of ‘local identity’, the complexity of the processes involved, conflicting objectives between participating councils and uncertainty surrounding potential benefits. (ibid, pp.161-162)

The history and eventual failure of the New England Strategic Alliance of Councils (NESAC) highlights what can happen when the initial catalyst for cooperation no longer applies (in the case of NESAC, the need to stave off amalgamation); when the alliance charter is non-binding; when operational and governance arrangements are problematic; and when there is a lack of trust between the parties (see Dollery, Grant and Kortt 2012, pp.197-207).

5.3 Somerville and Gibbs

Somerville asnd Gibbs (2012, p16) describe the ‘four critical dimensions’ identified from the literature and interviews conducted for their paper which are essential for successful shared services:

- **Organisational culture** is important in that shared services development requires strategic thinking, a careful approach to risk taking.
- **Leadership** involves building trust amongst the partner organisations, a clear vision and a commitment to communication.
- **Flexibility** is required to move away from the traditional approach whereby councils are both the service *provider* (funder, commissioner) and *producer* (deliverer) to one in which those roles are split between the council and the shared service entity.
- **Existing relationships** are important in building a foundation for the development of shared services, as is a strong change management process to overcome any institutional obstacles.
These elements and in particular the importance of pre-existing relationships are echoed in the LGASA’s [Local Government Association of South Australia] frank assessment of the mixed results of shared services implementation in that state. Other issues which the LGASA assessment identified included the difficulties associated with different sized councils receiving varying levels of benefit as well as the potential for distractions caused by personnel change and other organisational priorities (LGASA 2012, pp4-5).

These findings reinforce the view that the development of successful shared services arrangements requires careful planning and a high level of commitment from all participants. ‘Soft skills’ in leadership, negotiation and relationship building are essential to establish mutual trust and overcome resistance to change, especially perceived loss of local autonomy.

5.4 The ‘Joint Board’ Model

Recognising these potential problems, Dollery and Johnson (2007) strongly endorsed a ‘Joint Board’ (shared administration) model of local governance canvassed by the then NSW Shires Association. They saw this as:

… a compromise measure between the ostensibly unsustainable status quo of numerous small existing councils in NSW and the disappearance of these local authorities into a series of large amalgamated municipalities as envisaged by the NSW Minister for Local Government. (op cit, p.200)

The Joint Board model would have taken a significant step beyond other forms of regional collaboration. It involved:

… the retention of autonomous existing councils and their current spatial boundaries, but with a shared administration and operations overseen by a joint board of elected councillors from each of the member municipalities. In essence, constituent councils would each retain their current political independence, thus preserving extant local democracy, while simultaneously merging their administrative staff and resources into a single enlarged bureau, in an attempt to reap any scale economies, scope economies, or other benefits that may derive from a larger aggregated administration. (ibid)

This approach would seem to fall little short of amalgamation. It amounts in effect to a ‘federated council’. Key differences from full amalgamation are the retention of separate elected councils for existing local government areas, each with significant decision-making autonomy, and (implicit) reliance on voluntary action.

5.5 Gooding Davies Report

Dollery, Grant and Kortt’s (2012) cautionary findings about shared services were echoed by Gooding Davies (2012a) in a report prepared for the NSW Independent Local Government Review Panel (ILGRP). The report explored options and models for enhanced regional collaboration through Regional Organisations of Councils (ROCs). It found that:

… while ROCs have been criticised as lacking the capacity to deliver consistent and significant outcomes in the delivery of shared services, recent research indicates that in NSW at least they are the primary form of multi-purpose shared services provision by local government…
Nevertheless, the delivery of shared services by ROCs remains patchy and uneven. This reflects the disparate size, number and wealth of participating councils, as well as variations in factors such as the level of commitment and institutional leadership involved. These factors apply to all forms of shared services activity. (Gooding Davies 2012a, p.1)

Gooding Davies (ibid, p.2) went on to canvass two models to strengthen regional collaboration amongst councils based on ROCs:

The first of these, the Incremental Model, assumes that the current structure of local government in NSW in terms of the number, size and function of councils is not greatly changed by reform but that there will be a stronger commitment to council collaboration. This approach seeks to build on current networks by establishing a range of options for shared services delivery, including regional subsidiaries and commercial council-controlled entities.

The second option, the Council of Mayors Model, assumes more extensive changes to the structure both of councils and ROCs. In this option ROCs would be replaced by Councils of Mayors based on a streamlined County Council structure and there would be stronger requirements on councils to engage in regional processes.

Neither option is intended to create outcomes that challenge the primacy of councils in local decision-making or to create an additional layer of government… participating councils would ultimately decide the nature and extent of the activities in which they will collaborate, though there will be greater accountability for their decisions in this regard.

The Council of Mayors model appears somewhat similar to Dollery and Johnson’s ‘Joint Board’ as it would presumably involve member councils delegating some functions to the regional entity, plus the staff and resources required. Again, this could create what might be termed a ‘federated council’.

5.6 Victorian Auditor General
The Victorian Auditor General (2012) recently conducted a sample audit of shared services activities, which assessed whether councils’ shared service initiatives:

- are soundly based and include identification of the expected costs and benefits
- have appropriate governance arrangements
- have effective project management practices
- have effective monitoring, evaluation and reporting, which demonstrate the achievement of intended objectives.

Nature and Purpose of Shared Services
Most Victorian councils undertake some form of shared services, although their use is evolving and relatively immature. Ninety-one per cent of the 58 surveyed councils are currently involved in shared service initiatives, and 64 per cent reported they were either considering, or engaging in negotiations towards, a total of 86 future shared service initiatives.

The number of initiatives in which individual councils are currently engaged varies widely. Some councils are participating in more than 20 or 30 initiatives, with the largest reported
number being 42, and an average of seven initiatives across councils.

62% of current initiatives are externally focused services delivered to the community, such as library services, aged care services and waste collection. Over 25% relate to shared procurement, which has been shown to result in significant cost savings for councils, and the rest are related to back office functions.

The survey results show that shared service activity in relation to back office functions [plus procurement] is projected to significantly increase, while the growth of shared services in some external service delivery areas is slowing. However, some further growth is expected in the external service delivery areas of disability, children and families, recreation, and health. There may also be expansion into largely new areas of activity, such as animal management, construction and planning.

While the main reasons councils gave for pursuing shared services were related to reducing costs, other reasons related to improving service quality and achieving better community outcomes, and these were rated as almost as important. Other important factors cited were the sharing of skills, expertise and best practice, and the enhancement of strategic partnerships.

Governance Challenges
It is important that shared service initiatives are soundly based and have appropriate governance arrangements, effective project management and robust methods of measuring outcomes.

There are a number of common challenges and reasons for initiatives stalling that need to be overcome for shared services to be implemented. Councils reported that the most significant challenge of engaging in shared service activity is a perceived loss of autonomy and local control. Other key challenges were a lack of clarity about the benefits resulting from an initiative and concern about the costs of establishing and maintaining an initiative.

Key strategies surveyed councils reported they had used to address challenges included:

- cooperation, trust and accountability between partners
- effective and regular communication between all partners
- persistence, commitment and enthusiasm
- establishing clearly defined and measureable benefits for the initiative.

It is concerning that for around a quarter of initiatives, surveyed councils reported they did not know how benefits were to be measured, and for 5 per cent of initiatives, councils stated that benefits had yet to be measured or quantified.

Even though most councils identified cost savings as an expected benefit for most of their initiatives, they often could not quantify the expected cost saving, or the cost saving actually delivered. They were unable to set a benchmark for delivery, or measure whether this
benchmark had been met.

Councils also found it difficult to demonstrate the achievement of non-financial benefits from shared services, such as improved quality of services. For example, while audited councils surveyed users and found they were satisfied with the quality of services, surveys were not undertaken until after initiatives had started, and therefore there was no baseline data with which to compare the results.

6. ILGRP Proposals for Joint Organisations

The final report of the NSW Independent Local Government Review Panel (ILGRP 2013) advanced the concept of regional Joint Organisations (JOs). Its proposals can be seen to respond to a number of the issues and ideas put forward by Gooding Davies (2012b) and to other research findings. Essentially, they amount to a model of multi-purpose and mandatory, rather than voluntary, regional cooperation. Joint Organisations would involve:

- Establishment of statutory regional bodies under new provisions of the Local Government Act replacing those for County Councils
- Mandatory membership and ongoing active participation by councils in the region concerned, but also establishment of each JO by a separate proclamation which would be negotiated amongst the prospective member councils and with the Minister
- The proclamation setting out the name, area, membership, functions, staffing and governance and financial arrangements (including payment of any ‘dividends’ to member councils)
- A minimum set of ‘core’ regional functions determined by Ministerial guidelines
- The governing body of the JO comprising the mayor of each member council, but the proclamation could provide for additional council representatives and for ‘participating observers’ or advisers from outside local government
- Establishment by JOs (at their discretion) of subsidiary bodies or companies with their own skills-based boards to undertake specific functions (amongst other things, to replace existing County Councils), but directed by the governing body through ‘Statements of Intent’ agreed each year.

The ILGRP sought to assemble a number of strands of current practice in NSW and elsewhere. These included:

- The range of activities of some of the more active ROCs
- The roles of County Councils and regional libraries
- The Armstrong and Gellatly (2009) proposal for regional alliances of water utilities, exemplified by the Lower Macquarie Alliance
- The Queensland system of Regional Roads and Transport Groups
- Aspects of the work of various regional planning and economic development bodies.
Joint Organisations (JO) were thus seen as a flexible vehicle to build ‘strategic capacity’ at the regional level. The ILGRP identified the key components of strategic capacity as follows:

- More robust revenue base and increased discretionary spending
- Scope to undertake new functions and major projects
- Ability to employ wider range of skilled staff
- Knowledge, creativity and innovation
- Advanced skills in strategic planning and policy development
- Effective regional collaboration
- Credibility for more effective advocacy
- Capable partner for State and federal agencies
- Resources to cope with complex and unexpected change
- High quality political and managerial leadership.

For many smaller councils active participation in regional collaboration and shared services through a ‘strong’ JO could offer an alternative to amalgamation. The ILGRP particularly suggested that a number of very small (in population) councils that had limited scope for mergers (due to distances and/or lack of a suitable partner) could become ‘Rural Councils’ within a JO, with other members or major regional centre providing support.

Another critical element of the JO model was that it would facilitate cooperation at a regional level with State and federal agencies and enable councils to play a stronger role in regional agendas. In particular, a link could be established on a regional basis between council Community Strategic Plans and the State Plan, and local government would be given ‘seats at the table’ in the State’s regional coordination arrangements.

Proposed ‘core’ functions for JOs thus included:

- Strategic regional and sub-regional planning (including integration with the State’s regional coordination system)
- Regional advocacy and inter-governmental relations
- Collaboration on key infrastructure (water utilities, road network planning, major projects)
- Regional economic development and environmental management
- Library services
- ‘High level’ corporate services (including procurement)
- Other shared services as agreed (but expected to be substantial)

However, in metropolitan Sydney the ILGRP gave priority to a series of mergers to reduce the number of councils from 41 to around 15-18, plus the creation of a Council of Mayors as a vehicle for cooperation both amongst the new councils and with State agencies. It saw sub-regional JOs being focused largely on strategic planning (together with State agencies), but acknowledged that if mergers did not proceed the ‘strong’ JO model with extensive shared services could be applied instead.

The suggested organizational structure of a JO was as follows (‘RGM’ is Regional General Manager):
7. Where Are We Now?
In September 2014 the NSW Government released its *Fit for the Future* response to the 65 recommendations in the Final Report of the Independent Local Government Review Panel. The Government gave its support in principle to the creation of Joint Organisations and committed to providing more than $5 million in seed funding to establish 15 Joint Organisations outside of Greater Sydney and the Central Coast. To develop and test the model, the Government sought Expressions of Interest from ‘pilot’ regions, made up of “councils with a good track record of collaboration willing to help co-design and pilot Joint Organisations with the State Government and others.”

The Government received 11 applications from regions across NSW and decided to initially support pilot JOs in five regions: Central West, Hunter, Illawarra, Namoi and Riverina. Each have been given $300,000 to support their activities. The intent of the piloting process is to:

- Enable different approaches to be tested
- Help understand the best ways for State and Local Government and other partners to work together and build relationships
- Develop a suite of information, tools and resources that support successful collaboration
- Help build the enabling legislative model and identify changes needed in other legislation

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Inform the implementation of JOs across regional NSW from September 2016.

The functions of JOs will be explored through the Pilot process but at this stage ‘core’ functions appear limited to regional strategic planning and prioritisation, intergovernmental collaboration and regional advocacy. Regional service delivery (ie shared services) has been considered optional and the future relationship of County Councils, water utility alliances and regional roads groups will need to be negotiated with the new Joint Organisations.

Following the conduct of workshops in each of the pilot regions in November and December 2014, all JOs have adopted charters, action plans and submitted draft or adopted Statements of Regional Strategic Priorities. Developing regional approaches to growth, land use planning and transport corridor strategies are the common priorities across all pilots.

A JO State Agency Advisory Group has been established to guide and support State engagement with JOs. Piloting will continue until December 2015, whilst concurrently the Office of Local Government will be preparing a plan to develop the policy and legislative framework to support the wider rollout of JOs in 2016.

Following the evaluation of the pilots, a final JO Legislative Model will be designed and incorporated into the new Local Government Act by the September 2016 elections.

8. Conclusion

Local government faces an uncertain future in difficult times: there is widespread agreement that it will need to strengthen its capacity and position as a sphere of government. There is no single ‘right’ approach to improvement and reform, but clearly enhanced regional collaboration – both amongst councils and between local and State governments – has a key role to play.

Regional collaboration can take a number of different forms and in most cases a combination of mechanisms will be required (eg shared services delivery amongst councils plus new approaches to regional strategic planning plus closer working relationships between councils and State agencies). This means that clear, agreed objectives are an essential starting point: the primary purpose of regional collaboration will differ from place to place and arrangements need to be tailored accordingly. Different approaches may ‘succeed’ or ‘fail’ depending on the circumstances of the case.

Two key messages seem very clear:

- Loose and purely voluntary (opt-in/opt-out) regional collaboration is less likely to deliver solid, long-term gains.
- Developing and maintaining effective arrangements for a substantial package of shared services is a very demanding task that requires high-level skills in leadership and management, coupled with continuing trust and good will amongst the partner organisations. Again, this has proved to be a rare combination.

What is needed now is a willingness to take a hard look at current and past practice in NSW; compare results with those achieved elsewhere; learn from experience; and develop new models that will be ‘fit for the future’.
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