

Future Directions for NSW Local Government

Twenty Essential Steps

SUBMISSION

June 2013



CENTRAL NSW
COUNCILS



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Centroc's Mission is to be recognised as the lead organisation advocating on agreed regional positions and priorities for Central NSW whilst providing a forum for facilitating regional co-operation and sharing of knowledge, expertise and resources; effectively nurturing sustainable investment and infrastructure development.

www.centroc.com.au

Chairman: Cr Ken Keith, Mayor, Parkes Shire Council

27 June 2013

Reference: kk:vp 061327
Enquiries: Ms J Bennett: 0428 690 935

Independent Local Government Review Panel
Locked Bag 3015
Nowra NSW 2541

Dear Professor Sansom, Ms Munro and Mr Inglis,

Re: Future Directions for NSW Local Government, Twenty Essential Steps.

Centroc is a large and long standing voluntary association of councils of varying sizes ranging from populations of around 2500 to populations of close to 40,000. It has received national recognition for its work in delivering measurable benefits to the members it serves. This recognition includes commentary and awards at the state and national levels for its services most particularly its innovation in collaboration on local water utilities. Most importantly, it is valued by its members.



Central NSW Councils (Centroc) comprises the Local Government Areas of Bathurst, Blayney, Boorowa, Cabonne, Cowra, Forbes, Harden, Lachlan, Lithgow, Oberon, Orange, Parkes, Upper Lachlan, Weddin, Wellington, Young and Central Tablelands Water.



It has two objectives, one around advocacy and the other around supporting members operations.

For more detailed advice on Centroc activities please find attached the recent Annual Report 2011/2012.

The Centroc Board is made up of the 34 Mayors, elected representatives and General Managers of its member Councils who determine priority for the region. These priorities are then progressed via sponsoring Councils.

For more advice on Centroc programming and priorities, please go to our website at www.centroc.com.au/publications

At the Board meeting of 23 May (please see a photograph to the right), held in Parliament House Macquarie Street, the Board met with the Hon Don Page, Minister for Local Government and discussed the Local Government reforms. The Board subsequently resolved inter alia to:



1. receive a report regarding the recommendations made to the Local Government Reform process by Mr A McCormack;
2. this report to include scenarios for regional activity and advice on enabling structures;
3. these scenarios to include in depth advice with regard to collaboration on water utilities with funding for this advice to be capped at \$12,000;
4. lodge a submission to the New Directions for Local Government Paper, in line with the draft submission as tabled at the meeting:
 - a. noting that there a divergence of opinions within the group and that members will be providing other advice;
 - b. noting in particular there is a diversity of advice regarding County Councils where clarity regarding the Independent Panel recommendations is sought with another round of consultation before advice is provided to Minister for Local Government;
 - c. noting that the region is against Local Boards in principle where again clarity is sought in a further round of consultation;
 - d. circulating the final submission to members for feedback including advice regarding models for collaboration where regional solutions without losing local autonomy are to be included :
 - i. noting that Centroc is undertaking work on scenario development for regional programming and the preferred structural arrangements for their delivery;
 - ii. noting that the preference from this region is for legislation for regional collaboration be purpose built or if existing County Council provisions are to be amended, these be amended to include heads of consideration as follows:
 1. Enabling regional procurement and other collaborative programming where regional procurement has been an area of particular deficiency;
 2. Self-determining constitutions including provisions for Board membership based on principles of representation and offering both operational and advocacy advice and skills to the entity;
 3. Optional binding/mandatory arrangements with guidelines for when these are to be used;
 4. Answerability to constituent councils and
 5. Employment of staff under similar arrangement as General Purpose Councils.

The balance of this submission responds to the direction of the Board.

The Board will be receiving a report regarding the recommendations made to the Local Government Reform process by Mr A McCormack including scenarios for regional activity and advice on enabling structures where these scenarios to include in depth advice on water utilities.

As the Panel may recall, Centroc used the services of Mr A McCormack to provide advice to the last round of consultations. Mr McCormack recommended that Centroc receive more in depth advice around possible future programming where enabling might include structural reform. The region also sees its in regional collaboration in the area of water utilities as having state and national value and so have resolved to commission in depth advice on how this sector in particular can be developed building on the award winning and innovative work already undertaken by Centroc members. It is anticipated that this advice will not be completed until after the closing date for this submission period, though will be provided to the Independent Local Government Review Panel (the Panel) upon its review by the Board.

The Board resolve with reference to this submission is firstly to note that there is a divergence of opinion in the region around most particularly the suggestions for structural reform. The Board therefore directs the Panel to refer to individual submissions where the balance of the advice herein will be where there is general agreement from members.

In the first instance, Centroc members have concerns that the level of advice in the Future Directions for NSW Local Government Twenty Essential Steps paper (the Paper) is insufficient in some areas for the region to make adequate comment. Two areas cited are the use of community “boards,” where these are not adequately described; and the use of amended County Council legislation to enable regional collaboration where the extent of amendment is not described. It is understood that there will be further opportunity to review advice on Boards though ideally this needs to be contextualised in the balance of advice on structural reform.

More detailed advice regarding County Councils is below where the Board has resolved that it is in principle against the use of community boards as a solution to strengthen Local Government in this region. Indeed, it is recommended that further work be undertaken so that the use of community boards can be better understood where the discussion in this region is that if they were similar to schools and hospitals they would be of questionable cost benefit. Centroc members commend to the Panel that once this advice on community boards and other advice has been better developed, there be another round of consultation.

Regarding structural arrangements for collaborative program delivery, the Board notes the inclusion by the Panel of usage of existing County Council provisions which would then be “tailored” to the particular needs of the region concerned.

The Board’s response is that legislation for regional collaboration should be purpose built. If the existing County Council provisions are to be amended, these should be amended to include heads of consideration as follows:

1. Enabling regional procurement and other collaborative programming where regional procurement has been an area of particular deficiency;
2. Self-determining constitutions including provisions for Board membership based on principles of representation and offering both operational and advocacy advice and skills to the entity;
3. Optional binding/mandatory arrangements with guidelines for when these are to be used;
4. Answerability to constituent councils and
5. Employment of staff under similar arrangement as General Purpose Councils

Unfortunately, the analysis undertaken in this region suggests the current County Council provisions are a long way from delivering on the heads of consideration as listed above with the exception of the fifth. Indeed, members are very concerned that commentary like “minor amendments” and “tinkering” will not deliver a suitable vehicle for robust operational activities. **Further, the Panel should be clear in their understanding of the County Council provisions as they stand, constituent Councils do not own or administer the County Council. It is a separately constituted entity under the Local Government Act and responsible to the State.** It would appear from the commentary at the recent regional consultations that there is some confusion here. Therefore advice regarding the County Councils provisions under the Act is provided.

Relevant sections regarding County Councils from the current Act are summarized as follows:

1. The Minister establishes, dissolves and amends the constitution of a County Council.
2. The Governor proclaims the County Council as formed where this proclamation includes:
 - a. A description of County Council functions;
 - b. A description of County Council geographical area of responsibility;
 - c. The names of constituent councils; and
 - d. The number of Councillors from constituent Councils to be elected to the County Council.
3. The legal status of the County Council is that:
 - a. it is a body politic;
 - b. it is specifically not a body corporate;
 - c. nor does it have the status, immunities and privileges of the Crown (including the State and the Government of the State); and
 - d. having said that, the law applies to a County Council in the same way to and in respect of a body corporate (including incorporation).
4. Constituent Councils elect the County Council Board and are made as part of the proclamation from their elected representatives. The Councillors are responsible for managing the affairs of the County Council.
5. The County Council determines the role of the Chair.
6. The County Council may take on one or more Council functions.
7. A constituent Council may not take on a function proclaimed by the County Council.
8. A County Council must employ a General Manager similar to the General Purpose Council.
9. A County Council must meet at least 4 times per year.
10. The Governor may by proclamation amend the above.

11. Funding of the County Council is determined by regulation and includes;

- a. Contribution purpose;
- b. The circumstances when funding applies;
- c. How contributions are assessed;
- d. Payment of contributions; and
- e. Recovery of contributions.

12. The balance of General Purpose Council provisions apply.

The Legislation as it stands:

- provides the opportunity for some mandatory regional programming, for example water and sewer, fleet where this can be defined and separated from Council activities;
- has the organisation answering to the State, not to constituent members;
- limits regional programming to what can be described as a function that is not duplicated by the constituent Council, so for example 'advocacy,' 'high level corporate services,' 'procurement' and 'training' as Centroc currently delivers could not be included as they would need to be undertaken by member Councils in some capacity for efficiency purposes. There may be some scope here for limiting the scope of activities to "regional" advocacy, strategy and procurement etc. As it stands, the current provisions run the risk of ruling out a significant proportion of regional programming as is delivered by ROCs, Alliances and other collaborations of Councils such as Netwaste;
- provides no opportunity for General Managers to operate at Board level, a model that arguably works very well in this region;
- does not lend itself to being adaptive in its funding streams from constituent Councils and
- insists on a separate General Manager and stand-alone operations though it is noted that these can be devolved to member Councils.

The legislation as it stands has been developed to enable cross Council operations for definable and typically one off functions such as "water supply services" or "weeds management services." Nimble, evolving regional operational collaboration with variable funding streams would not be possible under the County Council current provisions as they stand.

A County Council developed under the existing legislation would have to be either very well designed or very vaguely defined to manage the function provisions as it should mean the end of proclaimed services being delivered by constituent Councils. There may be some opportunity for devolvement of functions back to the constituent Council, though this is arguably too complex. If the provisions were vague enough to enable interpretation this would also open the door to future debate over services between constituent Councils and the County Council and possible destabilisation.

Further, the County Council is answerable to the State, not to its constituent members, which is why it can never be any less than a fourth tier of government. It is not embedded in or answerable to its constituent Council membership, its plans and constitution are proclaimed, owned and administered by the State. Centroc members have also expressed concern that there is a corollary devolution of democratic principles when community assets and programming are effectively administered by the State through a governing body that is not elected by the polity but rather elected from Councils where there may not be a formula based on capitation.

It is clear that the County Council legislation as it stands is not workable for regional collaboration as currently being delivered in Central NSW, or for that matter as envisaged by those supporting the County Council model including the Independent Panel.

Further, the re-work of legislation to enable much of what has worked successfully for ROCs like Centroc is so extensive that it begs the question of why bother? Why not develop purpose built legislation to enable regional collaboration? The region suggests that the risks of using the current County Council provisions for operational support and asset management at the regional level is too risky.

Where assets and operations of Councils may not lend themselves to County Council provisions as they stand there may be scope for an advocacy based entity that could work within existing amended provisions and deliver advocacy and strategy in regional development and infrastructure priority. Such an entity would had a relationship with the State as envisaged by Mr Graham Sansom in his advice 1 May in the Sydney Morning Herald where Councils need to be “working at a more strategic level to advance community interests and deliver on the agenda of the state-local agreement.” Further, the presentations in Parkes and Bathurst 4 and 5 June by Mr G Inglis suggest that a strategic regional grouping of Councils that has a robust relationship with the State and Federal Governments is the priority of the Panel.

In agreement, the Centroc region suggests that the real game in innovation in local government in NSW going into the future is around enabling a more authentic and robust and meaningful relationships between State, Federal and Local government levels. Building structures that have integrated planning and reporting at their heart, where State and Federal agencies truly capitalize on the work being undertaken on the ground with local government, and authentically respond to these, where there is some type of Local Government structure spread across NSW to respond to this could be of real benefit.

It must be noted that this region has pushed hard to get a seat at the table and that gradually this recognition is coming, but it is a slow process. Mr Inglis’ suggestion of legislating the State’s engagement is certainly refreshing.

Once again the region suggests caution when mooting the use of County Council provisions for this regional strategic entity. Besides the concerns as expressed above, if the main game is building better relationships across all levels of government why saddle the entity with the regulatory and reporting burdens of general purpose Councils? Further, if the main game requires legislative change to encourage the State to the table, it is difficult to see how tinkering with County Council provisions will enable this.

Regarding operational efficiencies, these can be delivered through other vehicles where there does need to be change, particularly around procurement, to enable them. These vehicles include incorporated entities and the region suggests that the Panel make recommendations along this line where it is also noted that there may be some scope for application to the Department of Fair Trading for exemptions to allow for employment under the Local Government Act, which seems to have been a stumbling block in the past.

Alternatively, special purpose built legislation enabling ROC operational support activities is welcomed.

At its meeting 23 May, the Minister asked Centroc delegates about their thoughts regarding dividing the ROC into two. No-one spoke in favor of this proposal and a number of attendees were particularly vocal about their unhappiness where there is a great deal of concern to ensure that the current level of service enjoyed by Centroc members would be lost or diluted in the current proposals as suggested by the Panel.

Specific feedback regarding the recommendations of the Panel follows.

1. Sustainability and Finance

The region has qualified support for the CFO. While a good idea in principle there are some concerns to ensure that this position is based on existing resources in Council being rebadged and not taking on significant new roles.

Regarding the Auditor General auditing Councils, while there is merit in having information on an apples-with-apples basis to inform the State and Local Government, there are concerns in this region around increasing costs even when borne by the State. Audits should be on a process improvement where the data collected is useful and used, not collected because it can be.

Unsurprisingly, there is unanimous support for grants redistribution with a regional bias.

Regarding IP and R delivery programs, these have been completed in this region and members are starting to consider methods to continuously improve processes in collaboration with the State with ROC support.

The proposal for streamlining rate pegging is supported with the qualification that rate pegging should be abolished.

There is support in Central NSW for the development of a local government financing agency and the region supports the supplementary revenue options in the Paper in the context of competitive neutrality and noting that some ROCs are well into this, for example Hunter Councils.

It needs to be made clear that in rural areas Councils are the supplier of services of last resort, so swimming pools, leisure centres etc are provided as community service operations and in smaller communities will never be profit centres. Any profit centre will and should be taken up by the private sector.

2. Infrastructure

The recent TCorp reports are a good start with regard to providing advice on the infrastructure backlog, and it is appropriate that this type of work is funded by State. There needs to be a more rigorous process where there is surety that the advice is apples with apples.

The region supports LIRS. Further, augmented State funding but not a reduction in FAGS to create the strategic reserve for infrastructure is supported. That is, pooling without siphoning.

There is qualified support for a regional roads group along the lines of the Queensland model where further investigation would need to be undertaken as this region is currently incrementally

growing its collaboration around asset management. There is some support for the idea of a State funded team of State asset management advisors noting this will come at a cost.

3. Productivity Improvement

The region provides qualified support for best practice reviews noting the resourcing burden and making reference to water and sewer as examples of how this could best be managed from a regional perspective where Centroc is currently negotiating with the Office of Water to rationalise the compliance burden.

There is support in the region for consistency in data gathering. Again members cite issues with water and sewer data, where at times the data is almost impossible to gain, has no apparent meaning and the quality of the data may be questionable (e.g. storm water roof capture, what possible use could this be and realistically, how could the data be meaningfully collected?). Also to avoid duplication, it is recommended that just one report be provided from Councils to the State and then all the various agencies that want information extract it accordingly, where only information that can and will be used to benefit is provided. Further, Councils should be able to access the State use of this data and any other State generated data on their lga.

There is in principle support for a NSW Local Government Workforce Plan in principle noting the resourcing challenges in co-ordination and data gathering in a sector where the data changes on a daily basis. It is suggested that this would be better managed at the regional level akin to the Centroc Water Utility Alliance work and more recent Centroc HR team workforce planning. It should also be noted that our members all have workforce plans.

The region notes the commentary that by using County Council provisions that employees therein would be subject to the award. Our members suggest that there are other models that keep regional staff in the award including seeking exemptions from the Department of Fair trading using incorporated entities to ensure that staff can have similar conditions to the Local Government Award.

There is support in the reduction of red tape.

The region is against legislating for popularly elected Mayors and suggests that the community/Council can choose this option if they want to. Member Councils have varying views on strengthening the Mayor role.

The region notes and is supportive of internal audit where it is about process improvement and adding value to member operations. Internal audit is currently rolled out regionally in Centroc with all members.

Regarding all Councils having an 'audit, risk and improvement' committee and associated internal audit function this region is well into this as advised above. The requirement of a majority of independent members and an independent chair, and precluding General Managers from membership of audit committees (but not attendance at meetings) already is the case in this region.

Regarding reporting frequency, the Board received 4 reports updating the regional internal audit program and members receive reports up to 4x a year. Members are well into the work of joint audit committees and internal audit processes for smaller Councils, where internal audit is procured regionally where some members share committees.

Regarding the engagement of the Auditor General to conduct issue-based performance audits in key areas of local government activity, this is not supported as it is not deemed necessary.

The region notes the idea of an Annual General Meeting but questions its necessity. Local Government is already consultative, transparent and accountable. It is assumed that as the IP and R process beds down over the years that the reporting comment will mean that an AGM would be of even less necessity.

The region welcomes **consultation** on:

- Amendment of the Local Government Act to clarify the different elements of the role of councillors;
- Amendment of the Local Government Act to provide additional governance options
- for larger councils, including a mix of ward and 'at large' councillors and a 'civic cabinet' model;
- Mandatory, ongoing professional development for councillors, linked to a requirement for each council to adopt and fund a councillor development program, noting that there should be no disincentives to becoming a councillor so that any training needs to be carefully considered;
- A requirement for Mayors and General Managers to ensure that all councillors have access to adequate administrative and policy support where care should be undertaken to manage the resource burden; and
- Establishment of a joint working party on council governance with the Division of Local Government, Local Government NSW, Local Government Managers Australia and the Local Government Acts Task Force to consider other matters raised regarding improving political leadership, again noting the resource burden.

The region welcomes **consultation** on the evolution of Mayors including:

- Principal member of the council – guide council business; speak on the council's behalf;
- Community leadership – promote a vision for the area; ensure engagement with the community; exercise civic leadership;
- Political governance – propose the committee structure; oversee the Councillors in the exercise of their functions and powers;
- Strategic planning – lead the development and implementation of council plans, policies, and budgets; oversee and present the budget;

- Guiding the General Manager – lead, manage and provide advice and strategic direction to the General Manager in accordance with council policies; collaborate with the General Manager in areas of shared responsibility; and
- External relations – lead the development and maintenance of working partnerships with government agencies and other key stakeholders; represent the council on regional bodies and in inter-government forums.

The region welcomes consultation on possible amendments to the Act to facilitate change in the relationship between the General Manager and the Council noting that this should look for outcomes that facilitate the engagement of quality General Managers. The advice should also recognise and respect the role of General Managers as having responsibility for significant businesses in communities where Councils have a large proportion of the workforce in regional communities.

4. Structural reforms

The region would like to direct attention on the reform process back to the shared vision of the Minister, Mayors and General Managers from across the region at the Destination 2036 conference:

1. No forced amalgamations – please note in this region that there is strong support for strengthened collaborative arrangements and some interest in incentives for Councils wishing to voluntarily amalgamate.
2. Support for the ROC model where members note in regard to Centroc that it has delivered both advocacy and operational support.

Regarding County Councils as a model to enable regional collaborations and in addition to the advice above:

- Despite commentary to the contrary, this region suggests mandatory County Council models of the type anticipated in the Paper **will** create a 4th tier of government, which will need to be resourced. This will lead to duplication of resources and potentially costly administration. It should be noted that the presentation by Mr G Inglis described a different entity to that described in the Paper and this region can see a pathway to achieving a regional strategic entity that would require little more resourcing than is currently provided by Centroc members. Further development of models including this regional strategic entity is being prepared for the Board.
- The ROC agrees that State and Federal agencies find working with Local Government on a regional scale is of benefit. This has been facilitated by both the ROC in this region along with collaboration with, for example, Regional Development Australia and CMAs. MoUs have been developed with these entities and good work is commencing with the Department of Premier and Cabinet on State and Local Government working through the ROC on collaboration on varying strategies using Community Strategic Plans as a starting point. It needs to be noted that the State agencies have been **reduced** such that they may not have the capacity to interact effectively with local government. Further, there needs to be consistency of approach both within State agencies and across State agencies when engaging with Local Government. Some guidance to State agencies would be welcomed where this region has consistently offered to provide support in this regard. **Our members believe that there may be scope for an entity under modified County Council legislation in this region where a Board of some type representing constituent Councils has responsibility for developing regional strategy, infrastructure priority and regional development. If the work undertaken by the such a Board ‘had teeth’ and had to be listened to by the State, then it would be adding much more value than just informing advocacy as is currently the case.**

The region understands that the panel is looking cover 100% of the State with such entities and so is looking for advice on regional boundaries. In the first instance, do not divide Centroc into two.

- The ROC suggests that the existing voluntary and incremental approach to regional collaboration is preferable for supporting shared services though change should allow for collaboration to be of a variety of forms, including business units and County Councils enabled by changes in the legislation. Having said this there needs to be a review of the Act to enable regional collaboration, for example procurement.
- It is true that ROCs are patchy and offer differing levels of service, though generally are serving regional NSW very well. Where one size does not fit all and ROCs are working well they should be allowed to continue and where they need support this should be provided. Other models including the County Council model can be suggested/offered but should not be compulsory. If this new regional strategic “Board” is being considered, careful thought should go into its creation:
 - There should be no transfer of Council owned assets into the ROC or the County Council. Looking at the de-amalgamation of entities in Queensland, keeping the ownership of assets simple is essential. Regional collaboration should be around support services, strategic development and facilitating State and Federal relationships only.
 - There is concern in this region regarding the mandatory Chair and GM role being from the regional Centre- how will the conflict of interest be maintained? For example when only the electorate of Orange or Bathurst determine the Mayor and only the Mayor and Council of Orange or Bathurst employs the GM – what is the likelihood of sharing employment opportunities for say fleet or payroll around the region? Further, the added burden onto the regional centre Councils will come at a cost that will only generate conflict akin to those members already report regarding County Councils. It is also very questionable from a democratic perspective.
 - There is concern in this region regarding the disproportionality of delegate representation on the County Council if this comes with mandatory areas of expense and more troubling – assets.
- The region questions how to ensure the most effective services are delivered where voluntary participation, while slow to grow, ultimately delivers the most responsive, efficient and effective outcomes. At the end of the day ‘user pays’ is a sure fire way to ensure the delivery of services the user wants.
- There has been the suggestion in this region that environmental services such as weeds services could be delivered by the Local Land Services and where such sweeping changes are being mooted, the transfer of services to more appropriate agencies should be considered.

With specific regard to the Paper and its impacts on the collaborative arrangements in this area, the region raises five concerns:

1. Firstly, the region notes that a significant amount of the County Council programs suggested in the Paper are already being delivered regionally in Central NSW either by Centroc or some other agency (for example Central West Libraries and Netwaste) where these are working well. Specifically:

Regional advocacy, inter-government relations and promoting collaboration with State and Federal agencies in infrastructure and service provision

Current Centroc Status:

- MoUs with State and Federal agencies and Centroc, commencing work with Department of Premier and Cabinet on progressing a regional approach to State support and alignment with Community Strategic Plans;
- Representation on a variety of State committees eg Bells Line Long Term Strategic Corridor Plan;
- Regional submission writing and attendance at parliamentary committees; and
- Regional Infrastructure Group working with State, Federal and other agencies on infrastructure eg. rail interface agreements.

Strategic regional and sub-regional planning

Current Centroc Status:

- Structures in place awaiting rollout of State Plans for example the Regional Transport Master plan, the next iteration of Regional Action plans and the outcomes of the planning reforms;
- Regional Economic Development Strategy undertaken in partnership with RDA Central West;
- Other regional plans developed either by Centroc or in consultation/partnership with Centroc include:
 - The Centroc Water Security Study;
 - Carbon+ identifying the carbon cost and its management of water security for the region;
 - The Central West NSW Transport Needs Study;
 - The Centroc Distributed Energy Plan;
 - The Centroc Regional Drought Management Plan; and
 - The Centroc Water Utilities' Alliance Workforce, Training, Mentoring and Resource Sharing Plan.

Management of, or technical support for, water utilities (except for the Lower Hunter and Illawarra which are served by State-owned corporations)

Current Centroc Status:

The national award winning Centroc water Utilities Alliance is well into this work where examples include:

- 100% best practice according to NOW Guidelines;
- On track for completion of Drinking Water Quality Management Plans where a vast majority of members are well into this work;
- Rollout of regional 5 year rolling procurement plan;
- In-house training developed on an as needs basis for example in water quality sampling;
- Rollout of regional mentoring plan; and
- Regional Drought and Demand Management Plans completed with IWCM scheduled for completion in the near future.

Road network planning and major projects

Current Centroc Status:

- Centroc Infrastructure Group meets regularly;
- Priority regional Infrastructure Plan near completion;
- About to commence work supported regionally on State 2 of the Western Roads Priority Plan with the Hon Kevin Humphries Office;
- Road assets revaluation programming being undertaken regionally.

Waste and environmental management

Current Centroc Status:

- Netwaste has a footprint bigger than the Centroc region providing waste management services saving members \$8m over 10 years –operated by a Board of member Councils;
- Award winning environmental programming delivered across region where the current focus is in electricity with services supported regionally in:
 - Electricity procurement (saving over \$700K in two years in an existing programme where the region is growing in its capacity in this sector);
 - Electricity Management services monitoring electricity usage;
 - Regional energy efficiency retrofitting programming, currently rolling out a \$2m program; and
 - Distributed energy planning and programming.

Regional economic development

Current Centroc Status:

- The Economic Development Officer's Forum – EDOs of the Centroc region meet, information share and collaborate including in the development of Centroc Population Project;
- Centroc and RDA Central West:
 - Have a strong and sound relationship supported by a MoU;
 - Developed the Regional Economic Development Strategy (REDS); and
 - Are collaborating on the next steps on REDS.

Library services

Current Centroc Status:

- Centred in Orange, Central West Libraries services 5 lgas with staffing, procurement, administrative systems and distribution services;
- Boorowa, Harden and Young share library services.

'High level' corporate services.

Current Centroc Status:

- Regional General Managers (GMAC) meet 4x per year including a strategic planning session;

- Significant suite of regional procurement;
 - Regional internal audit program;
 - Regional Code of Conduct panel;
 - Regional asset valuations;
 - Regional Training Service including a growing suite of online training;
 - Regional Workforce Plan under development in collaboration with Skill Set;
 - Regional Screen Services;
 - Regional WHS and Risk including regional induction program for contractors to the region and a regional risk register;
 - Regional Directors of Corporate Services group growing a suite of high level programming; and
 - Regional energy management support including procurement and distributed energy management planning and implementation.
2. Secondly, there are concerns in the region regarding destruction of existing regional structures for example Netwaste (providing regional waste services to the Centroc footprint and well beyond) and the Centroc Water Utilities' Alliance (providing support services to water utilities in the Centroc footprint)
 3. Next, there is concern regarding removing the fit with the Regional Development Australia Central West footprint which generally fits across most of this region. Dividing the region in two will weaken this regional fit.
 4. There is also concern regarding the dilution of advocacy where this region will be divided into two and currently speaks with one voice.
 5. Finally, there is concern regarding the pattern of County Councils being so disparate and not in line with the way this region or its individual members have seen their existing relationships to regionality for example:
 - a. Bathurst with the suggested amalgamation of Oberon would be the lead Council in a County Council for three. Its "smaller siblings" are actually substantial stand-alone Councils where Mid-Western has an existing ROC relationship into the Hunter. The communities of Bathurst, Lithgow and Oberon would need to replace their ROC advocacy relationships as well as duplicate the services provided by the County Council to the west where these services are mostly already in existence or under development.
 - b. Young, Harden and Boorowa have a community of interest as the Hilltops and would struggle to find a County Council with whom they have a natural relationship. It is arguable that they could be a County Council of their own though again would find themselves in the situation of duplicating existing ROC services.
 - c. The proposed Central West County Council being of a such a comparatively large geographical size and population base attempting to manage the region from Orange. Does this offer equity with other County Councils not the least of which is its immediate neighbour being managed by Bathurst? No member in the region has provided advice supporting the current footprint of the proposed County Council models with a specific concern around dividing the existing region in two.

Conclusion

In conclusion, where a significant amount of the advice provided in the Paper is welcomed, this region is keen to impress the following upon the Panel:

1. Central NSW is undertaking a depth and breadth of work regarding regional collaboration on Local Water Utilities based on its extensive experience in this area and hopes to share this with the Panel.
2. More detailed discussion needs to be undertaken with regard to community boards and the tailoring envisaged for the County Council provisions before finalised advice can be provided with regard to the Paper. It is therefore recommended that another round of consultation be undertaken once the Panel has refined its views with regards to these structures.
3. On a back ground of 'incremental growth' of the Centroc organisation (the budget for 2005/6 was \$400K, the budget for next financial year has a recently revised estimate of close to \$8m), the Board is currently developing a suite of scenarios giving consideration to increasing regional activity where there is a demonstrable benefit to member Councils. Each step along the way has been carefully researched, involved innovation, trial and error and most importantly responsiveness to members. The work has saved millions of dollars for members while bringing millions of dollars of grant funding. It is therefore understandable that Centroc members is keen to ensure that the work undertaken to date is not "thrown out" in a restructuring of regional collaboration.
4. The County Council provisions offer little to regional collaboration except for the purpose they were created for. Special purpose legislation should be developed for regional collaboration enabling both the strategic vision of the Panel and the operational efficiencies already being delivered by ROCs across NSW. Support entities for operational efficiencies do not need the boundary provisions of the strategic entities and in fact will be hampered by them and so should be treated differently. The operational support entities need to be nimble, responsive, competitive and business like; unencumbered by bureaucracy and able to offer services beyond their boundaries on an as needs basis. Further, the County Council provisions proffer too much of a legislative burden on the envisaged strategic regional local government entities. There may be some scope for putting square pegs into round holes for the sake of expediency, but this region would caution strongly against this especially if it comes at the expense of enabling legislation that will truly help local government fly. A review of the County Council provisions is provided above and the Panel is urged to seek specialist advice and undertake due diligence in this regard before proceeding down this track.
5. Predicated on the State coming to the table with a view to a mutually respectful partnership, there is support for regional strategic entities in Central NSW as suggested by the Panel. These entities must not own assets or undertake operations of Councils.

Their role should be high level and strategic. In this region, the current Board structure of Mayors and General Managers works very well.

6. Procurement regionally needs to be enabled. This is critical to improving the effectiveness of local government working collaboratively.

Where one size does not fit all, this means the following evolution of regional collaboration in Central NSW:

- One Central NSW Regional Strategic Board which generally fits the current boundaries of Centroc where further work around boundaries would need to be negotiated on a member by member basis where members to the south and Wellington may have other preferences. This Board would be made up similarly to the current Centroc Board and be responsible for high level regional strategy and advocacy. Given the current Centroc Board works very well both from an advocacy and strategy perspective, a rebadged entity be formed **only on the basis that the State has a legislated role to work with it**. It would require significant legislative amendments to bring the State to the table as well as some enablement of State wide coverage to “lock in” the lga member boundary to better deliver long term planning outcomes. This entity would own no assets and undertake no activities that proffer operational risk to members.
- As well as the strategic entity, there would be a regional operational entity similar to the current Centroc General Managers Advisory Committee that provides support to efficiencies and effectiveness of member Councils. This could be facilitated either through special purpose legislation or a combination of allowing incorporation and enabling collaborative procurement provisions. This entity would be owned 100% by its members, mimicking if not using incorporations’ provisions and managing operational risk accordingly.

As there would not be a great deal of change on the ground to support the above two entities given they are in a way a rebadging but strengthening of the current regional structure, it is envisaged that the above could be delivered within the current funding framework.

For further advice please contact the Centroc Executive Officer, Ms Jennifer Bennett on 0428 690 935.

Yours sincerely,



Cr Ken Keith
Chair
Central NSW Councils (Centroc)