

The purpose of this briefing paper is to provide a detailed explanation of why inclusion of a joint organisation (JO) is important to Council's overall strategy in responding to the State Government's Fit for the Future (FFTF) initiative and how the proposed JO will be structured, its governance framework and its functions.

Why inclusion of a JO in Council's submission is important:

The State Government's position of reducing number of Councils in metropolitan Sydney to improve local government's strategic capacity and fitness for future is encapsulated in IPART's Submission assessment methodology.

The FFTF guidelines and the IPART methodology make it clear that where a Council was nominated for amalgamation, simply submitting a Template 2 (Improvement Plan) will fail the test of fitness for the future. Councils are compelled to submit a business case outlining arguments for rejecting the Panel's recommendation and to prove why their option is "superior" to the Panel's recommendation.

For City of Ryde and our partners Lane Cove and Hunters Hill the proposed JO is our superior alternative to the merger recommendation. Our position is that the City of Ryde proposes to commit with its neighbouring Councils to implement a joint regional model that replaces the voluntary nature of Regional Organisation of Councils (ROCs) with a mandated collective authority to manage regional matters.

We intend to argue that:

1. Together, the three Councils have developed a low cost, scalable and collaborative model which strengthens our existing scale and strategic capacity whilst recognising and preserving each Council's community of interest, history and local identity.
2. This alternate proposal will fulfil the government's key drivers in optimising regional infrastructure and strategic planning outcomes.
3. It is a model that is based on the State Government's own approach for rural councils
4. The Review Panel nominated JOs for potential introduction in Metropolitan Sydney.
5. It is a model which provides all the benefits of regional cooperation and avoids the expensive and disruptive impacts of large scale council mergers.

The proposed JO gives our submission a point of difference from other metropolitan Template 2 Submissions and also showcases Council's strategic capacity.

Without submitting this proposal Council is vulnerable and provides unfettered opportunity to the State Government to conclude City of Ryde, not fit for the future.

Inclusion of the proposed JO in Council's submission increases the likelihood of Council obtaining its preferred outcomes of 1 and 2 and decreased the likelihood of outcomes 3 and four:

1. CoR stands alone and is not split
2. CoR remains and collaborates with others on a regional basis (regional organisation)
3. CoR is amalgamated with other Councils with similar communities of interest
4. Worst Case Scenario (to be avoided): CoR is split and amalgamated as per the Review Panel's recommendation

How will the JO work?

In developing a governance framework for the proposed JO, several models were reviewed; Sansom report's preferred model, the Government's Pilot JOs in the regional and rural areas as well as the NSROC/SHOROC Northern Sydney Councils Collaboration Model, which is based on the Hunter Councils model and was endorsed by the City of Ryde on 25 March 2014. Percy Allan and Brian Dollery's research both considered the NSROC/SHOROC model and have endorsed its principles.

The common themes in all 3 governance frameworks and structures are that the joint organisation:

- Is owned by and is accountable to its member Councils
- Sets its priorities from relationship with member Councils
- Membership is mandatory (no Opt out)
- Must be enabled to make binding decisions on behalf of the member councils
- Needs legislative support to make binding decisions
- Must have as its core functions, Regional Strategic Planning, Intergovernmental collaboration, Regional advocacy and with the exception of the Government's Pilot JOs the other two models include shared service delivery and regional procurement.

The JO governance and structure will be **an evolution of NSROC**, similar to current levels of representation, relationship to member Councils and delivery of agreed shared services.

Essentially the JO is seen as a place where member councils, through their representatives, are obligated to negotiate with each other and make binding decisions on issues of regional significance.

This power to make binding decisions on behalf of its member Councils, for regional matters is the key difference in the operation of the JO and the current way the ROCs operate.

In NSROC for example, a member Council can choose to not participate in a particular project or contract and may disagree with the majority view on a particular issue (opt out option exists).

For joint organisations to be formed, changes to the Local Government Act are required. State Government is running a pilot in rural NSW to find the best governance framework and address issues such as representation, accountability and decision making powers.

If Council's JO proposal is accepted by the State Government, the organisation will have a similar structure, accountability and powers to those developed and legislated for the Rural/Regional Joint Organisations.

Sansom Report page 83

"...Local councils would remain the core of the system: they would 'own' and resource the JOs in a similar way to ROCs. Selected regional functions would be referred to the JOs which would then work alongside their member councils in performing those tasks"

How the Independent Local Government Review Panel saw Joint Organisations working:

In its final report, the Panel said the following, about the functions of JOs (page 82);

Proposed core functions of JOs are listed in Box 31. These should be set by Ministerial Guidelines. Water supply, sewerage, roads and other infrastructure assets would remain in the ownership of individual councils, unless already owned by a County Council or transferred voluntarily.

Staffing of JOs would normally be limited to a Regional General Manager and administrative team. There would also be a small group of professional staff engaged in regional strategic planning, inter-government relations, technical support to member councils and management of regional projects. This may involve seconding a few senior management and technical staff from member councils to the JO, although in many cases they could remain based in their current workplace.

Funding arrangements

As indicated above, the Panel does not see JOs as large and costly bureaucracies. Moreover, the bulk of their activities will replace those already being undertaken by existing ROCs, County Councils and member councils.

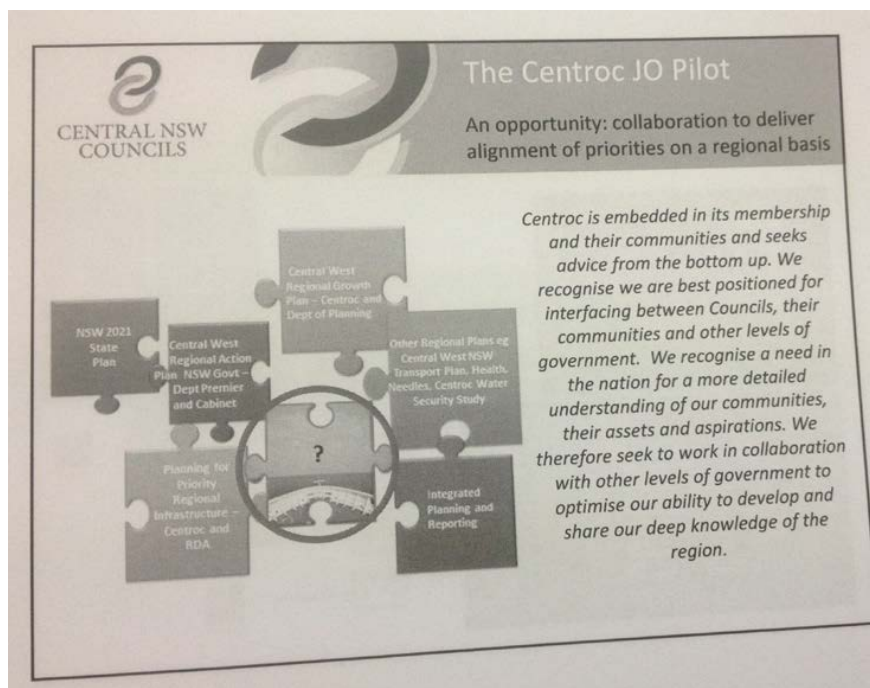
Box 31: Proposed Core Functions of Joint Organisations

- Strategic regional and sub-regional planning
- Inter-government relations and regional advocacy
- Information and technical exchanges between member councils
- Activities of existing County Councils
- Regional alliances of local government water utilities
- Road network planning and major projects (through Regional Roads Groups as discussed in section 7.4)
- Collaboration with State and federal agencies in infrastructure and service provision
- Strategic procurement (which could also include accessing state-wide contracts and arrangements)
- Other joint activities specified in the proclamation, such as major infrastructure projects, regional waste and environmental management (including weeds and floodplain management), regional economic development, regional library services and 'high level' corporate services or 'back office' functions
- Administrative and technical support for any 'Rural Councils' established within the JO's area (see section 12.1).

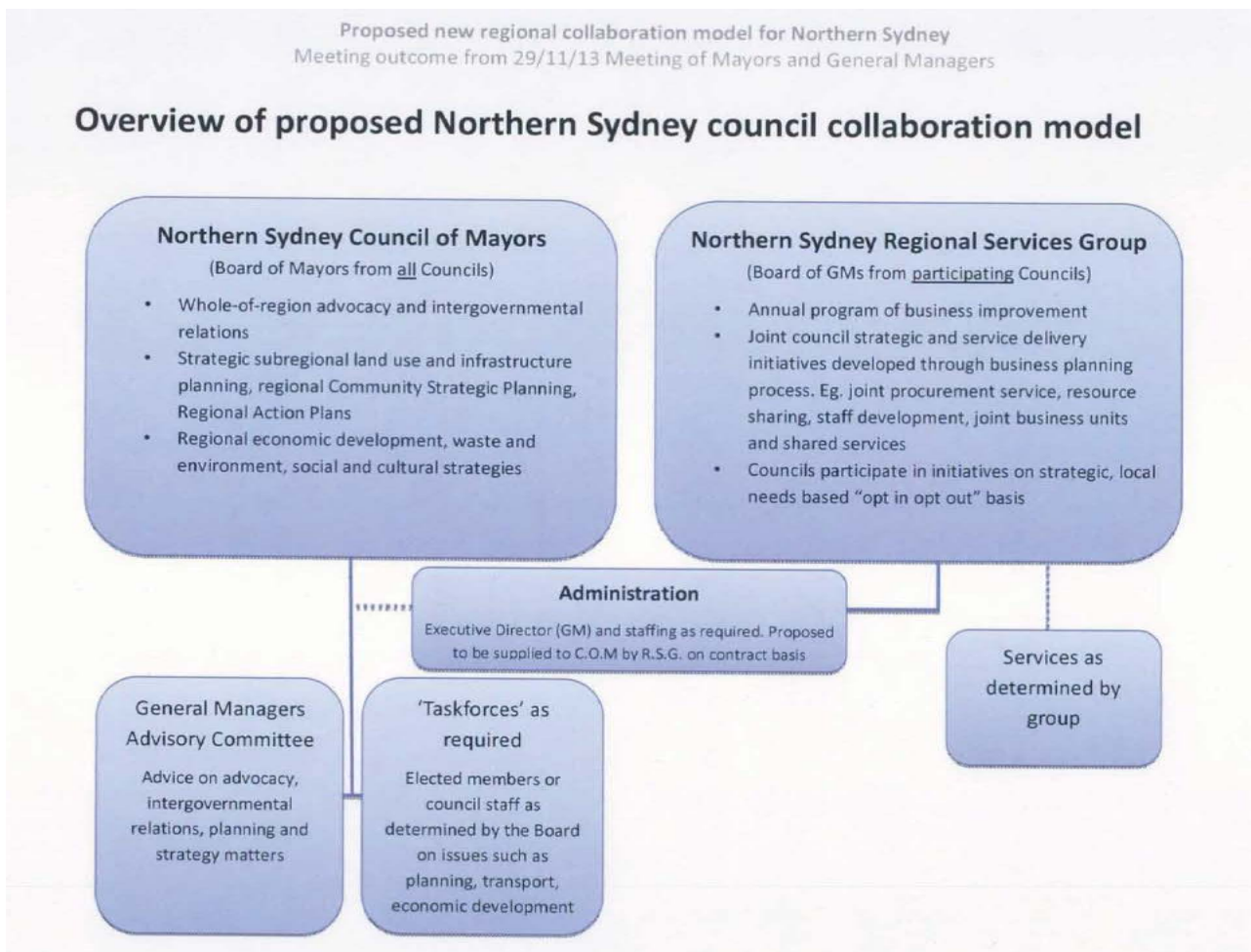
What is emerging from the State Government’s Pilot projects in regional and rural NSW?

The Government in its interim report released in December 2014 included the following as the consensus for the structure of JOs:

- The entity will be enabled through the Local Government Act.
- Minimum governance standards will be maintained, including regular meetings.
- At a minimum, one elected member will represent each council with one vote each (usually the Mayor).
- Representatives will be authorised to make binding decisions.
- Each JO will determine its membership beyond the minimum.
- Each JO will elect its own Chair.
- Each JO will determine its approach to alternates in specific circumstances.
- Each JO will appoint a suitably skilled Executive Officer.



JO Governance as outlined in the NSROC/SHOROC Collaboration Model - Endorsed by Council on 25 March 2014.



Proposed organisational overviews (updated as per 29/11/13 meeting)

Group	Council of Mayors	Regional Services Group
Objectives	<ul style="list-style-type: none"> ➢ Provide a collective voice for the councils and communities of Northern Sydney on whole-of-region issues including infrastructure, land-use planning, economic, social and environmental issues, and regulation and reform of the local government sector. ➢ Facilitate effective and efficient intergovernmental relations and partnerships between all levels of government on regional strategic planning, projects and programs for the benefit of Northern Sydney. ➢ Support enhanced financial sustainability and capacity of councils and assist councils to adapt or respond to NSW Government policy and legislative change. 	<ul style="list-style-type: none"> ➢ To support enhanced financial sustainability and capacity of councils through a program of business improvement and implementation of joint council strategic and service delivery initiatives.
Structure	<ul style="list-style-type: none"> ➢ Membership open to councils from across the Northern Sydney area ➢ Board (Council of Mayors) consisting of all member Mayors ➢ Elected Executive ➢ General Managers Advisory Committee ➢ Administration including an Executive Director and associated staffing as required (proposed to be supplied by Regional Services group on contract basis to minimise duplication) 	<ul style="list-style-type: none"> ➢ Membership of participating councils ➢ Board (Regional Services Group) consisting of all member General Managers ➢ Elected Executive ➢ Administration including staffing and business units as required ➢ Joint services as determined by the Board of the Regional Services Group
Major role	<ul style="list-style-type: none"> ➢ Leadership, advocacy and intergovernmental relations on whole-of-region issues. ➢ Coordinating strategic regional planning in partnership with the NSW and Commonwealth governments. ➢ Leading and coordinating regional and subregional strategies and programs. 	<ul style="list-style-type: none"> ➢ Develop an annual program of business improvement initiatives consistent with the strategic needs of member councils for joint activities to support enhanced council financial sustainability and capacity ➢ Deliver joint council strategic and service delivery initiatives such as joint procurement services, resource sharing, staff development, joint business units and shared services for consideration of the councils based on a strategic, local needs "opt in opt out" basis.
Funding	<ul style="list-style-type: none"> ➢ Equal 'Membership fee' for advocacy and regional planning ➢ Contributions for any specific programs or services on a case by case basis as agreed by the Board. 	<ul style="list-style-type: none"> ➢ 'Regional Services Group membership' contribution by participating councils to the development of business improvement proposals, which is equal or as otherwise agreed. ➢ Contributions for any specific programs, business activities and services on a case by case basis.

Governance Framework Proposed for JO by City of Ryde, Hunters Hill and Lane Cove Councils

The Governance model proposed by the City of Ryde is shown below:

Structure:



Functions

Regional Strategic Planning	Intergovernmental collaboration	Regional advocacy	Shared Services and Regional Procurement
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Planning for: Infrastructure section 94 Land Use- (harmonised LEPs)

Single point of contact and plan collaboratively with government agencies for the region

Proactively engage with State/Federal Government agencies to negotiate and advocate for Regional priorities

Deliver joint services on behalf of each Council to be more efficient and conducts Regional Procurement

Functions and Powers

Proposed Joint Organisation (based on State Government’s Rural JO Pilots)

Structure	<ul style="list-style-type: none"> • The entity will be legally recognised through Local Government Act. • Representatives will be authorised to make decisions that are final • Board consisting of 2 elected representatives from each Council –one Vote per representative • General Managers Advisory Committee
Funding and Resourcing	<ul style="list-style-type: none"> • Equal Membership fee • Administration including an Executive Director and associated staffing (to be transferred from member Councils as required)
Accountability	<ul style="list-style-type: none"> • Accountable to Member Councils • Council Representatives to the Board will be nominated after each Local Government Election

Core and Non-Negotiable Functions and Powers of the JO

JO specifically constituted to make joint decisions on strategic planning and infrastructure priorities for the region (no-opt out).

The JO will need the following powers:

- To plan for subregional land use and infrastructure
- To develop a single subregional Section 94 plan
- To represent all councils in negotiations for subregional planning and infrastructure matters
- To undertake subregional advocacy
- To procure subregional services and enter into subregional contracts
- To apply for subregional grants

How does transferring these functions and powers impact on each Council?

	What Happens Now	What is Proposed			
Function and Responsibilities	Council	JO	Examples	Local	Example
Metropolitan and subregional planning	Run by DoP in consultation with councils within the sub region	JO will be the single point of contact and manage the subregional planning process	Feedback into the Metro Strategy	Council will provide its priorities and feedback to the JO	
Section 94 Planning	Council develops a plan locally, exhibits for community feedback and seeks Ministerial approval	JO will develop a plan for regional infrastructure with local Councils' input, each Council exhibits for community feedback . JO seeks Ministerial approval	Football Centre of Excellence Regional art gallery/cultural centre	Councils will continue to plan for local infrastructure, exhibit for community feedback and seek Ministerial Approval	Local parks, drainage
Regional Infrastructure Planning	Councils opportunistically discuss with neighbours and reactively provide feedback to State Government	JO develops a plan with priorities for regional infrastructure and facilities	schools, hospitals, TAFE, transport corridors	Councils will provide local input to Jo for regional priorities and continue to plan and develop priorities for local infrastructure	Local intersections, parks
Regional Advocacy and intergovernmental relationships	Councils advocate individually and on a reactive basis to State Government initiatives and pursues grant funding separately	Proactively engage with State/Federal Government agencies to negotiate and advocate for Regional priorities, submit regional grant applications	Light Rail, WestConnex, additional schools, public transport services	Councils will continue to make representations and advocate for local priorities	Community safety

How does transferring these functions and powers impact on each Council?

	What Happens Now	What is Proposed			
Function and Responsibilities	Council	JO	Examples	Local	Example
Determination of DAs Under \$20 million	Council staff assess applications and Council makes determination	No Change	NA	No Change	
Determination of DAs Over \$20 million	Council staff assess applications and forward to JRRP for determination	No Change	NA	No Change	NA
Determination of DAs over \$5 million when Council is the Applicant	Council staff or an independent planner engaged to assess applications and forward to JRRP for determination	No Change	NA	No Change	NA
Regional Procurement	Councils currently undertake regional procurement through NSROC; however each Council is required to enter into separate contracts with providers.	Under the Shared Service Delivery function of the JO, it will undertake regional procurement on behalf of Councils and will enter into one single regional contract.	Waste Disposal Tender, Street lighting and asphalt tender	Councils would continue to procure on their own for goods/services that are customised or are more efficiently procured locally	Procurement related to DA assessments

How does transferring these functions and powers impact on each Council?

	What Happens Now	What is Proposed			
Function and Responsibilities	Council	JO	Examples	Local	Example
Planning Proposals	Proposals are assessed by Council staff Council refers to the Minister for final decision.	Planning proposals that are of regional significance (cross boundary) could be the responsibility of the Joint Organisation. Proposals are assessed by Council staff and reported to the JO JO refers to the Minister for final decision.	Herring Road UAP North Ryde Station UAP Gladesville Shopping Centre	Planning proposals that were of local significance would be the responsibility of Council Proposals are assessed by Council staff Council refers to the Minister for final decision.	First Ave residential PP Cudal Reserve
Planning Instruments LEP	Developed by Council on a State Government template, exhibited for community feedback and gazetted by the Minister	Short term Harmonise the 3 Councils' LEP Long term develop single LEP for subregion Exhibit for community feedback and gazetted by the Minister	NA	NA	NA
DCP	Council	Short Term: No change Long term: Harmonise 3 Councils' DCPs	Heritage controls Common definitions and approach but each Council may nominate its own heritage items and their treatment	Councils develop location specific controls	Heritage controls Common definitions and approach but each Council may nominate its own heritage items and their treatment

FFTF State Government, IPART and Council Deadlines

5 May 2015 - Governance framework for the proposed Joint Regional Organisation

12 May 2015 - Progress Report to Council confirming project direction to date

25 May 2015 - submission to IPART's Assessment Methodology consultation paper

28 May 2015 - Joint Councillor Briefing with HHC and LC

1 June 2015 - IPART's Assessment Methodology released

2 June 2015 - Reserved for Extraordinary Council meeting

9 June 2015 - scheduled Council meeting

16 June 2015 – Reserved for Extraordinary Council meeting

23 June 2015 – Scheduled Council meeting

30 June 2015 – FFTF Submission Deadline