

Moving Forward: One Organisation Options' Paper

1. REROC Stand Alone/JO Folds

This option would see the situation return to the way things were 4 years ago, prior to the proclamation of the JO. The JO would “fold”, with members resigning. This is essentially what has happened with the Orana JO, where it has now been replaced by the Western Alliance.

REROC would again take on all the advocacy and lobbying activities and regional planning along with the operational activities such as procurement, the delivery of conferences and professional development activities and the operation of the technical groups.

The RivJO Charter (based on the Model Charter) says that Members can withdraw on 6 months' notice and any change to the Voting Membership must be done by Proclamation. It is not clear how these two actions work together, as a council needs to withdraw in order to change the Voting Members but Voting Members have to be changed by proclamation.

There is one outstanding contract to be completed by the JO and that is for the Capacity Building Project, funding was \$150,000. The project is due for completion by June 2023. REROC could take over the delivery of the project on a consultancy basis.

Positives:

- One organisation, all collaboration activities are consolidated in the one organisation.
- REROC “brand” has strong recognition among State and Federal agencies and other stakeholders.
- REROC is not a “public sector organisation” and therefore is not answerable to the State for “control and accountability”.
- REROC members have total control over what the organisation does, how it does it and the way that it accounts to its membership.
- REROC is in a strong financial position.
- Compliance activities are minimal and are restricted to an external audit and annual returns to NSW Fair Trading.
- REROC can apply for non-council grant funding as an incorporated NFP and council-only funding through auspicing arrangements with a member council/s.
- REROC can amend its Constitution to allow for County Councils to have a vote.

Negatives:

- For some State Government agencies, JOs are the preferred conduit into regional NSW. (ROCs still operate in metro areas).
- JO ceases, councils could miss out on “JO-only” activities. Currently, there are no JO-only activities with the exception of the JO EO meetings and the JO Joint Chairs' Forum. There are

<p>no JO-only funding streams.</p> <ul style="list-style-type: none"> • Loss of access to participation in Regional Leadership Executive (RLE). Although when Wagga Wagga was not part of the JO, the RLE made arrangements to consult with them separately. • Dept of Regional NSW may choose not to attend REROC Board meetings. Giles Butler currently attends the JO Board meetings. Prior to the creation of JOs the Department had participated in REROC Board meetings for about 15 years. • Statement of Strategic Priorities would need to be incorporated into REROC's activities • Councils can choose to work through the JO to provide services on a regional basis – this will be lost. Councils cannot delegate things like regulatory services to the ROC. • Loss of the ability to transfer staff in and out of the regional organisation because REROC is not party to the LG Award and employment arrangements. 	
REROC	JO
<p>Activities: REROC takes back all the advocacy and lobbying activities and regional planning REROC continues with operational activities as usual.</p>	<p>JO Ceases to Function as per Orana JO</p> <p>Members withdraw from the JO under clause 3.4 of the Charter:</p> <p style="padding-left: 40px;"><i>3.4. Any Voting Member proposing to withdraw from the JO must give six (6) months' written notice.</i></p> <p>Note – Contracts and Grant: Contracts for Capacity Building Funding run until June 2023.</p> <p>Note – Staff:</p> <ul style="list-style-type: none"> • Andrew finishes in early February • CEO contract ends June 2023
<p>Staffing: CEO Project Officer Admin Assistant Employed under contract with REROC, governed by Fair Work and National Awards System</p>	
<p>Office: Office co-located with a like-minded regional organisation or in stand-alone office. Will need to purchase office furniture, equipment and phone system.</p>	

2. JO Stand Alone/REROC goes into hiatus

This arrangement would see the transfer of all REROC's operational activities to the JO. REROC would then go into "hiatus", complying only with its reporting obligations to Fair Trading, which would not require an external audit after the first year because REROC would no longer trigger the external audit threshold under the Incorporations legislation.

REROC's existing contracts would need to be assigned to the JO, with the permission of the funding body. As these are State-funded contracts assigning the contracts should not be an issue. REROC Members would need to determine what they wanted to do with the REROC reserves.

Current staff are all on the JBMS Consulting payroll so REROC has no obligations in relation to those staff, however there is a contract in place with JBMS Consulting until June 2023.

Positives:

- One organisation, all collaboration activities are consolidated in the one organisation.
- For some State Government agencies, the JO is the preferred conduit organisation into regional NSW.
- Able to apply for funding that is restricted to local government only.
- Continued participation in the Regional Leadership Executive (RLE).
- Continued engagement with OLG and Department of NSW as a JO.
- REROC is only in hiatus so it can be "brought back" easily if needed.

Negatives:

- JOs are a public sector organisation and consequently are subject to the same controls and accountabilities.
- Introduction of further controls and accountabilities e.g., ARIC
- Loss of the REROC Brand – confusion with stakeholders. Some projects and activities are very closely aligned to the brand e.g., *Build a Bridge...*, *Recycle Night? Recycle Right!*
- Assignment of current REROC contracts. Although this should not be a big issue because they are with the State.
- Loss of the ability to apply for non-local government grants. Grants that are only open to NFPs and incorporated associations.
- JO will have to increase staff to take on all the operational activities. Staff are all under the LG Award.
- REROC will still need to have an AGM to comply with legislation, but if turnover is virtually nothing then an external audit will no longer be required.
- REROC reserves would need to be dealt with e.g. held and then transferred as required, distributed to REROC Members, passed to the JO.
- No opportunity to provide County Councils with a vote, as the legislation does not permit it.

REROC	JO
REROC goes into hiatus and ceases to actively function but continues to meet reporting requirements to the Department of Fair Trading.	Activities: JO continues advocacy and lobbying activities and regional planning. JO takes over all REROC's operational activities.

<p>Reserves: REROC Members will need to determine what happens with the reserves</p> <p>Note – Contracts and Grants:</p> <ul style="list-style-type: none"> • Contract for Voluntary Regional Waste Funding run for 5 years. • Destination NSW funding for No Time to Waste finishes October 2023. • Disaster Risk Recovery Funding ends June 2024 <p>Note – Staff:</p> <ul style="list-style-type: none"> • All staff currently on JBMS Consulting Payroll 	<p>Staffing: CEO Project Officer Admin Assistant Employed under LG Award, except CEO who is employed under GM Contract</p> <p>Office: Office co-located with a like-minded regional organisation or in stand-alone office. Will need to purchase office furniture, equipment and phone system.</p>
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3. REROC Stand Alone/JO Operated by Wagga Wagga City Operating separately from each other

Under this scenario REROC would more or less revert to the situation that was in place 4 years ago. REROC will undertake lobbying and regional planning activities in response to the operational aspects of its activities e.g., freight transport, waste, housing. REROC would continue to interact with State agencies as it does now. REROC would also continue to undertake operational activities such as procurement, the delivery of conferences and professional development activities and the operation of the technical groups.

Wagga Wagga would run the JO separately. It would only undertake the three core activities: regional planning, advocacy and lobbying and intergovernmental relationships. It would not deliver any operational activities.

Wagga Wagga have advised that for the functioning of the JO, it would introduce a General Managers Advisory Committee (GMAC) which will prepare the business for the Board, with each GM having a single vote. The business paper for the Board is prepared from the outcomes of the GMAC meeting.

The JO must have a Public Officer and the legislation requires that it is the CEO. If there is no formal CEO appointed then the Wagga Wagga GM holds the position, by default. This has occurred in other JOs and the OLG does not appear to have a problem with the arrangement.

Councils make a decision about whether or not they want to stay in REROC and the JO, just REROC or just the JO. Wagga Wagga City has offered to operate the JO free of charge for 2 years. After 2 years the JO members will decide whether to continue the JO and the funding model that will be used.

Positives:

- Members retain access to two organisations.
- Members can remain members of both organisations.
- Wagga Wagga takes on responsibility for the public sector controls and accountabilities for 2 years at no cost to members.
- Some State agencies prefer to use the JO as a conduit into regional NSW.
- Members can remain in the JO framework at no cost for 2 years.
- REROC Brand is retained
- REROC is not a “public sector organisation” with the accompanying controls and accountabilities.
- REROC Members retain total control over the operation of the organisation.
- REROC can amend its Constitution to allow a vote for the County Councils.

Negatives:

- Two organisations are operating on a regional basis which could result in duplication of representation.
- Possibility of a fractured membership – different councils belong to different organisations which reduces the effectiveness of “one voice”.

- The GMAC model removes the councillors from being part of the decision-making with regard to what the Board deals with.
- JO-only member councils will not have access to operational activities: e.g. procurement, Technical Groups (Planning, Engineering, Water and Wastewater, Energy Management, Youth and Community). Members will still have access to Waste Forum's EPA-funded projects providing they remain part of the Voluntary Regional Waste Group arrangement with the EPA and to RivSIG as membership is open.
- After 2 years members will need to decide what happens to the JO. Possibility that there will be a repetition of the discussions that are currently occurring.

REROC	JO
<p>Activities: REROC undertakes advocacy and lobbying activities and regional planning – as required by Members REROC continues with operational activities as usual.</p>	<p>Wagga Wagga City Council operates the JO for 2 years at no cost to the Member Councils. After which councils decide what to do (as per correspondence to councils dated 19 July 2022)</p> <p>Activities: JO undertakes the 3 core activities, but no operational work.</p> <p>Note – Contracts and Grant: Contracts for Capacity Building Funding run until June 2023.</p>
<p>Staffing: CEO Project Officer Admin Assistant Employed under contract with REROC, governed by Fair Work and National Awards System</p>	<p>Staffing: Supplied by Wagga Wagga City Council at Wagga Wagga City Council's cost.</p> <p>Note – Staff:</p> <ul style="list-style-type: none"> • Andrew finishes in early February • CEO contract ends June 2023
<p>Office: Office co-located with a like-minded regional organisation or in stand-alone office.</p> <p>Will need to purchase office furniture, equipment and phone system.</p>	<p>Office: Provided by Wagga Wagga City Council and Wagga Wagga City Council's cost.</p>

4. REROC Stand Alone/JO goes into hiatus

In this model the JO goes into hiatus, and the only activities it undertakes are those that have a statutory obligation e.g., audit, 4 Board meetings per year, GIPA returns. Members maintain a watching brief in relation to State Government intentions re JOs.

The JO would continue to exist and could come out of “hibernation” if needed. Members would pay for the compliance activities as the costs are incurred and these would be shared equally across the JO membership. The 4 mandatory meetings would be held prior to a REROC Board meeting but there would be no business transacted unless it was related to a compliance matter like the audit.

REROC would revert to the situation that was in place 4 years ago, undertaking all the strategic activities as well as the operational activities.

There is one outstanding contract to be completed by the JO and that is for you Capacity Building Project, funding was \$150,000. The project is due for completion by June 2023.

Positives:

- All collaboration activities are consolidated in the one organisation. Efforts are no longer duplicated.
- Councils can be members of REROC and the JO
- JO remains “alive” and can be brought out of hibernation if needed.
- REROC “brand” has strong recognition among State and Federal agencies and other stakeholders.
- REROC is not a “public sector organisation” and therefore is not answerable to the State for “control and accountability”.
- Members totally control what the organisation does, how it does it and when it does it.
- Compliance activities are minimal and are restricted to an external audit to returns to the NSW Fair Trading.
- REROC can apply for non-council grant funding as an incorporated NFP and council-only funding through an auspicing arrangements with a member council/s.
- REROC can amend its Constitution to allow for County Councils to have a vote.

Negatives:

- JO will still need to deliver on compliance issues and hold 4 meetings a year.
- For some State agencies, JOs are the preferred conduit into regional NSW. (ROCs still operate in metro areas).
- JO ceases, councils could miss out on “JO-only” activities. Currently, there are no JO-only activities with the exception of the JO EO meetings and the JO Joint Chairs’ Forum. There are no JO-only funding streams.
- Loss of access to participation in Regional Leadership Executive (RLE). Although when Wagga Wagga was not part of the JO, the RLE made arrangements to consult with them separately.
- Dept of Regional NSW may choose not to attend REROC Board meetings. Giles Butler currently attends the JO Board meetings. Prior to the creation of JOs the Department had participated in REROC Board meetings for about 15 years.
- Statement of Strategic Priorities would need to be incorporated into REROC’s activities

- Councils can choose to work through the JO to provide services on a regional basis – this will be lost. Councils cannot delegate things like regulatory services to the ROC.
- Loss of the ability to transfer staff in and out of the regional organisation because REROc is not party to the LG Award and employment arrangements.

REROc	JO
<p>Activities: REROc takes back all the advocacy and lobbying activities and regional planning.</p> <p>REROc continues with operational activities as usual.</p>	<p>JO stops functioning and goes into hiatus. Maintains a watching brief in relation to State Government intentions re JOs. Continues to meet statutory compliance obligations.</p> <p>Activities: Compliance activities only. Audit, GIPA returns etc. ARIC. Councils share compliance costs equally. <i>JO must meet a minimum of 4 times per year.</i> There would be no business other than compliance.</p> <p>Note – Contracts and Grant: Contracts for Capacity Building Funding run until June 2023.</p>
<p>Staffing: CEO Project Officer Admin Assistant Employed under contract with REROc, governed by Fair Work and National Awards System</p>	<p>Staffing: No staff, REROc staffing monitor compliance.</p> <p>Note – Staff:</p> <ul style="list-style-type: none"> • Andrew finishes in early February • CEO contract ends June 2023
<p>Office: Office co-located with a like-minded regional organisation or in stand-alone office. Will need to purchase office furniture, equipment and phone system.</p>	<p>Office: No office required, however would utilise REROc facilities and equipment when needed.</p>



OFFICE OF THE MAYOR

CITY OF WAGGA WAGGA

19 July 2022

Cr Rick Firman OAM
Temora Shire Council
PO Box 262
TEMORA NSW 2666

Email: temshire@temora.nsw.gov.au

Dear Rick

Re: One Organisation Discussions

I refer to the discussions we have been having in relation to the Riverina Joint Organisation (RivJO) of councils and the REROC.

I confirm the submissions which were made at the meeting by Wagga Wagga City Council (WWCC) to the effect that we do not seek to be part of the REROC but recognise the value that it holds to other Councils in terms of securing funding for operational programs and projects and delivering those projects on behalf of the Councils.

On the basis that REROC is used and funded by other Councils which seek to be involved in the joint delivery of operational programs, WWCC makes the offer of maintaining the RivJO at the sole cost of WWCC.

This proposal is based on the understanding that WWCC would use the resources it currently has available to maintain the function of the RivJO. This would include provision of the following:

- Office space and meeting space
- Vehicle use
- Governance
- Finance and accounting
- Audit requirements both annual audit and internal audit requirements
- IT and communication
- Catering for meetings
- Human Resources

To give a guide as to what WWCC sees as the outputs from the Joint Organisation, the strategic scope of work for the Joint Organisation would include the following:

- Health Services
- Economic Development
- Regional Planning
- Visitor Economy
- Specialist Staffing
- Industry

Civic Centre
Cnr Baylis & Morrow Streets
PO Box 20 Wagga Wagga NSW 2650
Ph: (02) 6926 9111
mayor@wagga.nsw.gov.au

- Air Transport
- Rail
- Housing
- Freight Infrastructure

Each member Council including WWCC would have one vote.

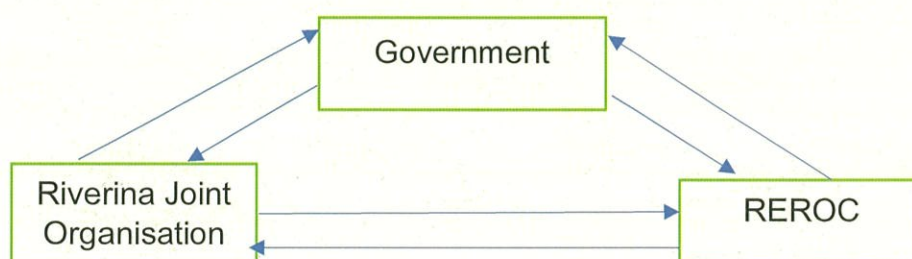
For functioning of the RivJO, WWCC asks that the common model of a General Managers Advisory Committee (GMAC) and a Board be adopted. The preparation of the business for the Board is undertaken by a committee of all General Managers having a single vote.

The business paper for the Board is prepared from the outcomes of the GMAC meeting. Each Mayor or delegate has one vote at the RivJO Board meeting.

WWCC would commit to this model including financing for a period of two years.

In the final year, the Councils can form a view about whether it is effective or not and can determine a way forward from that point.

Hopefully this initiative can be seen as successful for the future of the region. That is the aim of WWCC in putting it forward.



I ask that you pass this correspondence to your General Manager for discussion.

Yours faithfully

Cr Dallas Tout
Mayor



The Council of the
City of Wagga Wagga

Comparison of Benefits of the Two Structures

Based on the Benefits of JOs' document provided by Ally Dench to Cr Sheahan which has been circulated to Members.

Benefits of JOs	ROCS	Comments
Since 2015 the State Government has provided more than \$8.6 million in direct core funding to NSW JOs. No operational funding has been provided to ROCs.	The ROC has continued to attract grant funding over that period. Including approx. \$1.5 million from the EPA.	The OLG funding includes the pilot funding, the establishment funding and the Capacity Building funding. There has been no funding specifically ring-fenced for the JO. All funding to date the ROC could have applied for. Given the proliferation of ROCs in the City there is no reason to expect that this will change.
JOs enhance the way local and state governments work together to plan and deliver important regional infrastructure and investment.	ROCs are in a position to do the same. REROc produced the first Regional Freight Transport Study in the State in 2014.	In the last four years the JO has not had a request from a State agency to pro-actively participate in the planning or delivery of <i>important regional infrastructure or investment</i> . We have sat on some grant decision making in relation to economic development projects.
The Regulation that supports the Act ensures that JOs are subject to a similar operating and governance framework that applies to councils. Each JO develops a Statement of Strategic Regional Priorities. Through the Regional Leadership Executive convened by the State Government, the state considers these priorities when developing regional plans programs.	The ROC is incorporated as an association in NSW. It operates in a similar framework to a small business. It has developed and continues Strategic Plans which contain Strategic Priorities. The ROC always participated in the RLE meetings prior to the JO being established.	The RLE may take into account the JO's or the ROC's Strategic Priorities but I have not seen this occur in practice. We have been asked to reflect State priorities in our regional planning.
JO boards provide annual progress reports against these priorities.	ROC's provide Annual Reports and conduct AGMs	
Councils can choose to work through the JO to provide services on a regional basis. The JO can also run	ROCs were created to take advantage of economies of scale and scope. ROCs provide services on a regional basis.	

tenders and manage projects on behalf of member councils. This provides an opportunity for economies of scale to be explored.	REROC has previously run regional Road Safety Officers, Digital Connectivity Officers, we are currently engaged in joint procurements and have been for over 20 years.	
As an entity under the Local Government Act, 1993, a JO must follow the procurement and tendering processes prescribed for councils, reducing the risk that can be found in other governance models that are not subject to the same robust accountability framework.	ROCs can choose to follow the same procurement and tendering processes prescribed by councils. REROC does that when facilitating the procurements for councils.	We wanted the JOs to become prescribed organisations so that they could purchase on behalf of councils like LGNSW does. This did not happen in the legislation so JO procurements run the same way as the ROC does. The Sydney ROCs facilitate substantial procurement activities and this has not caused any issues. REROC has facilitated millions of dollars in procurements on behalf of the Member Councils and has not had any issues.
This transparent, legislated framework does not exist for ROCs and allows the state government to have confidence in partnering in regional initiatives, setting the foundation for better collaboration on shared priorities.	REROC is an incorporated association which reports to the State Government under the relevant legislation. REROC has had no issues partnering on regional initiatives with State or Federal Governments.	Other ROCs in the State were s355 committees (the OLG may not realise that REROC is quite different in that context). As s355 committees they were reliant on other councils auspicing activities for them. The Government has had no problem partnering with the ROCs that are operating in Sydney nor with REROC.
With the approval of the Board, member councils can delegate functions to their JO, allowing JOs to deliver programs and services on behalf of member councils. Councils cannot delegate functions to a ROC.	The ROC facilitates activities at a Regional level. REROC ran the Road Safety Officer program for councils, while the staff were employed by each council, the ROC provided the oversight.	
All but one ROC in regional NSW resolved to dissolve the ROC as the JOs were established. Largely, this was to avoid duplicate membership and operational costs, and to allow councils to take advantage of the transparency and rigour offered by the	REROC did not dissolve because it was an incorporated organisation and therefore already subject to a legislative framework.	

legislative framework supporting JOs.		
<p>In the Morrison Low report <i>Review of operations of REROC and the Riverina Joint Organisation April 2020</i> commissioned by RIVJO and REROC in 2020, Morrison Low said about the current model:</p> <ul style="list-style-type: none"> • <i>...with RivJO undertaking the role as detailed in the Local Government Act and REROC continuing to undertake the operation aspects, namely services delivery and project management. There are no cost savings, and over time you would expect the costs would increase exponentially due to significant duplication of operational and governance activities.</i> • <i>The benefits are that REROC remains operational, which was a desire from most member councils, however it doesn't resolve or deal with the core themes of duplication of effort and costs, value for money and affordability for member councils. With two entities operating in the same regional space, it may cause confusion and potential conflict for stakeholders. The state government may question member councils' full commitment to the JO arrangements, with the potential downside unknown.</i> 	REROC resolved that the two organisations would co-exist for 18 months.	<p>Members recognise that this is not the optimal operational context.</p> <p>It was agreed that they would see how the JO structure worked and the advantages it generated prior to making a final decision on the a One Organisation structure.</p>
Regional NSW Directors sit on the board of their JO and bring information about regional projects and funding	The Regional NSW Director was an ex-officio members of the REROC Board just as the RDA is. The Regional Director continues	REROC has had the Regional Director sitting on the Board meeting since 2000.

opportunities to the JO and highlight JO achievements to regional agencies.	to receive invitations to the ROC meeting and the minutes of the Board	
JO Executive Officers sit on their Regional Leadership Executive (RLE) and engage with regional agencies, participating in setting regional priorities, advocating for their member councils, and promoting opportunities for JO funding for regional projects and programs.	REROC has sat on RLE meetings and its predecessor organisations since 2005.	The RLEs engage separately with councils that are not part of a JO.
These relationships help the JO to work towards the priorities set by their member councils, in collaboration with the State Government. Some JOs have found it effective to invite agency representatives to present information to the Board or to the collective of general managers.	The REROC has State agency representatives sitting on most of its Technical Committee Working Groups. It is very effective. This has been the case for a number of years.	
Through the JO Chairs Forum JOs and member councils have access to Ministers and heads of agencies	The ROC has access to Ministers and Heads of agencies as well.	Sydney councils only have ROCs and they can access Ministers and Heads of Agencies.
Financial sustainability of JOs <ul style="list-style-type: none"> One of the key issues facing JOs is their financial sustainability. Some JOs (not all) want the Government to pay for their operational costs. OLG does not have funding available to provide to JOs. 		Whatever happens councils are going to pay.
The Government believes that as custodians of public resources, JOs should be subject to the same controls and accountabilities as other public sector organisations	REROC is an independent member-based and driven organisation.	

Joint Organisation Structure		
Employed Staff and Office		NOTES
<u>Income</u>		
Council Contributions	417,900	Flat Rate: \$46,434 per Voting Member (8) and \$23,216 for each County Council (2)
Sundry Income	2,000	Current Total Contributions: REROc 196,367 JO: \$174,846 TOTAL = \$371,213
Interest on Investments	2,000	
Grant Funds: Waste	102,000	
Outside Income: Procurement	20,000	
Outside Income: Conferences	40,000	
Outside Income: Trainee Subsidy	20,000	
TOTAL	603,900	
<u>Expenditure</u>		
Wages		
CEO	180,000	
Project Officer	75,000	
Admin Support	60,000	
Trainee	40,000	
Fringe Benefits	4,000	
On-costs	113,400	At 36%
Compliance Costs (ARIC)	15,000	Chair paid \$1000 per meeting 2 other members at \$750 per meeting. 4 meetings a year plus travel and venue.
Equipment consumables	4,000	
Rent	25,000	
Utilities	6,000	
Advertising	1,500	
Motor Vehicle	16,000	
Insurance (contents & JO)	8,000	Statewide currently providing free insurance for Liability and Directors
Legal/accounting/audit	20,000	Audit and Legals
Meetings & Catering	8,000	
Telephone/internet/mobile	7,000	
Printing/Stationery	6,000	
Representations	8,000	
Sundry/other	2,000	
Website/IT	5,000	Includes Hosting
	603,900	
Operating Profit/(Loss)	-	
<u>Capital Expenditure</u>		
Computers, Photocopier, Printer, Telephone, Furniture, Laptop, Cabling, Internet	50,000	JO owns one computer. REROc owns one car, two desks, two laptops, 2 filing cabinets, three mobile phones. Stacks of merchandise.

ROC Structure		
Employed Staff and Office		NOTES
<u>Income</u>		
Council Contributions	390,900	Flat Rate: \$43,433 per Voting Member (8) and \$21,717 for each County Council (2)
Sundry Income	2,000	Current Total Contributions: REROc 196,367 JO: \$174,846 TOTAL = \$371,213
Interest on Investments	2,000	
Grant Funds: Waste	102,000	
Outside Income: Procurement	20,000	
Outside Income: Conferences	40,000	
Outside Income: Trainee Subsidy	20,000	
TOTAL	576,900	
<u>Expenditure</u>		
<i>Wages</i>		
CEO	180,000	
Project Officer	75,000	
Admin Support	60,000	
Trainee	40,000	
Fringe Benefits	4,000	
On-costs	113,400	At 36%
Equipment consumables	4,000	
Rent	25,000	
Utilities	6,000	
Advertising	1,500	
Motor Vehicle	16,000	
Insurance (contents & REROc)	8,000	
Legal/accounting/audit	8,000	Audit and Legals
Meetings & Catering	8,000	
Telephone/internet/mobile	7,000	
Printing/Stationery	6,000	
Representations	8,000	
Sundry/other	2,000	
Website/IT	5,000	Includes Hosting
	576,900	
Operating Profit/(Loss)	-	
<u>Capital Expenditure</u>		
Computers, Photocopier, Printer, Telephone, Furniture, Laptop, Cabling, Internet	50,000	JO owns one computer. REROc owns one car, two desks, two laptops, 5 filing cabinets, three mobile phones. Stacks of merchandise



The Hon. Wendy Tuckerman MP
Minister for Local Government

Our Ref: A824224

Clr Kevin Beatty
Chair
Central NSW Joint Organisation
PO Box 333
FORBES NSW 2871

By email: jenny.bennett@centraljo.nsw.gov.au

Dear Clr Beatty

Thank you for your correspondence of 19 May 2022 about the requirement to appoint an audit risk and improvement committee (ARIC). I am also responding to your earlier correspondence to the Office of Local Government about this matter.

At the outset, I would like to congratulate your joint organisation's commitment to risk management and process improvement. While the existing legislation does not allow councils and joint organisations to be exempt from the requirement to have an ARIC, the Government recognises that some joint organisations may have faced challenges in establishing an ARIC ahead of the 4 June deadline. The Government is prepared to accommodate some flexibility in implementation timeframes provided joint organisations can demonstrate that they are actively taking steps to appoint an ARIC.

As you would be aware, it is open to joint organisations to share ARICs and an internal audit function with other councils or joint organisations to reduce operating costs. The Office of Local Government's draft *Guidelines on Risk Management and Internal Audit for Local Councils in NSW* which are available on its website, provides detailed guidance for joint organisations on the establishment and operation of a shared ARIC and internal audit function. Some Joint Organisations have embraced the new framework as a business opportunity and will be coordinating these activities on behalf of their member councils. Alternatively, Joint Organisations can also be included in the Audit and Risk Management activities of one of their member councils.

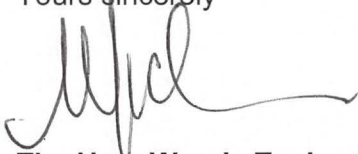
I am also pleased to advise that under the final framework, councils and joint organisations will no longer be required to appoint prequalified ARIC chairs and members from June 2027 and will have the flexibility to appoint ARIC chairs and members that satisfy the eligibility criteria specified in the Office of Local Government's Guidelines. Further guidance on this will be provided shortly.

While I acknowledge your views about whether joint organisations should be required to have an ARIC, the Government believes that as custodians of public resources, joint organisations should be subject to the same controls and accountabilities as other public sector organisations. Not only will an ARIC assist your joint organisation to put in place controls and assurance mechanisms to manage risks to its operations, it will also operate as a business improvement tool to assist it to achieve its objectives more efficiently and effectively.

I hope this information is of assistance. Should your joint organisation require assistance in establishing an ARIC, please do not hesitate to contact the Office of Local Government via its Council Engagement Manager, Karen Purser on 0488 499 736 or by email at karen.purser@olg.nsw.gov.au.

Thank you for bringing this matter to the Government's attention.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Wendy Tuckerman', with a long horizontal flourish extending to the right.

The Hon. Wendy Tuckerman MP
Minister for Local Government

24 JUN 2022

BENEFITS OF JOINT ORGANISATIONS

What are joint organisations?

- The NSW Government established joint organisations under the Local Government Act 1993 (the Act) in 2018. JOs are local government entities with legal powers to support councils to work together for better rural and regional outcomes.
- JOs provide a forum for member councils to work cooperatively for the benefit of their communities.
- They have three key goals:
 - strategic planning and priority setting
 - intergovernmental collaboration
 - shared leadership and advocacy
- JOs add value to their member councils and communities by allowing councils to operate more efficiently, sharing policies, staff and services, by cooperative tendering and other activities to achieve economies of scale.
- JOs add value to their region through combined advocacy. The state and federal governments are shifting their focus to delivering infrastructure and economic development at a regional, rather than LGA level and so JOs are uniquely positioned to tap into these opportunities.

What can a JO do that a ROC can't?

- Since 2015 the State Government has provided more than \$8.6 million in direct core funding to NSW JOs. No operational funding has been provided to ROCs.
- JOs enhance the way local and state governments work together to plan and deliver important regional infrastructure and investment.
- The Regulation that supports the Act ensures that JOs are subject to a similar operating and governance framework that applies to councils. Each JO develops a Statement of Strategic Regional Priorities. Through the Regional Leadership Executive convened by the State Government, the state considers these priorities when developing regional plans programs.
- JO boards provide annual progress reports against these priorities.
- Councils can choose to work through the JO to provide services on a regional basis. The JO can also run tenders and manage projects on behalf of member councils. This provides an opportunity for economies of scale to be explored.
- As an entity under the Local Government Act, 1993, a JO must follow the procurement and tendering processes prescribed for councils, reducing the risk that can be found in other governance models that are not subject to the same robust accountability framework.

- This transparent, legislated framework does not exist for ROCs and allows the state government to have confidence in partnering in regional initiatives, setting the foundation for better collaboration on shared priorities.
- With the approval of the Board, member councils can delegate functions to their JO, allowing JOs to deliver programs and services on behalf of member councils. Councils cannot delegate functions to a ROC.
- All but one ROC in regional NSW resolved to dissolve the ROC as the JOs were established. Largely, this was to avoid duplicate membership and operational costs, and to allow councils to take advantage of the transparency and rigour offered by the legislative framework supporting JOs.
- In the Morrison Low report *Review of operations of REROC and the Riverina Joint Organisation April 2020* commissioned by RIVJO and REROC in 2020, Morrison Low said about the current model:
 - ...with RivJO undertaking the role as detailed in the Local Government Act and REROC continuing to undertake the operation aspects, namely services delivery and project management. There are no cost savings, and over time you would expect the costs would increase exponentially due to significant duplication of operational and governance activities.
 - The benefits are that REROC remains operational, which was a desire from most member councils, however it doesn't resolve or deal with the core themes of duplication of effort and costs, value for money and affordability for member councils. With two entities operating in the same regional space, it may cause confusion and potential conflict for stakeholders. The state government may question member councils' full commitment to the JO arrangements, with the potential downside unknown.

JOs have direct access to Regional NSW Regional Directors

- Regional NSW Directors sit on the board of their JO and bring information about regional projects and funding opportunities to the JO and highlight JO achievements to regional agencies.
- JO Executive Officers sit on their Regional Leadership Executive (RLE) and engage with regional agencies, participating in setting regional priorities, advocating for their member councils, and promoting opportunities for JO funding for regional projects and programs.
- These relationships help the JO to work towards the priorities set by their member councils, in collaboration with the State Government. Some JOs have found it effective to invite agency representatives to present information to the Board or to the collective of general managers.

Through the JO Chairs Forum JOs and member councils have access to Ministers and heads of agencies

- The JO Chairs Forum meets quarterly in Sydney with Ministers, OLG, heads of Agencies, LGNSW and specialist presenters to progress strategic priorities for Regional NSW. Key issues include: ESL, Housing, Water, Transport and to co-design program funding with State Govt.

In forming JOs, the Government gave an undertaking to review the JO framework to ensure it was achieving its intended outcomes

- In 2021, OLG commissioned a review of the JO framework. The review concluded that the JO framework is robust and credible but makes some recommendations for improvement. The previous Minister and Deputy Premier accepted all the review recommendations.
- OLG is leading an interagency working group to implement the recommendations of the review relating to OLG and the State Government
- The group is chaired by Ally Dench, Executive Director, Local Government and includes the Executive Directors of relevant agencies (including Regional NSW, Transport, Planning, Crown Lands, Aboriginal Outcomes, etc). The draft implementation plan is close to completion and should be distributed to JOs for comment shortly.

Financial sustainability of JOs

- One of the key issues facing JOs is their financial sustainability. Some JOs (not all) want the Government to pay for their operational costs. OLG does not have funding available to provide to JOs.
- Through the interagency working group OLG is asking agencies with the potential to fund projects and programs through Joint Organisations to consider how JOs might “clip the ticket” or take a project management fee which would go towards the ongoing costs of running the JO.

Current financial status of JOs

- An analysis of JOs audited financial statements available shows that the financial performance of JOs is variable.
- Average membership fees range from \$21,000 per council (RIVJO and New England) to \$75,000 per council at Central West JO and \$98,000 per council in Illawarra Shoalhaven JO.
- Apart from membership fees JOs generate revenue through attracting grant funding and delivering programs and projects on behalf of their member council and state agencies.

- Hunter JO (\$2,373,000), Illawarra Shoalhaven (\$1,798,000) and Canberra JO (\$1,659,000) generated the most revenue in the 20/21 financial year, while RIVJO and New England JOs generated \$73,000 and \$75,000 respectively.

Many JOs keep operational costs to a minimum by sharing resources.

- A common practice among JOs is for member councils to provide in-kind support – this ranges from provision of administrative support, access to policies etc to provision of free or local cost accommodation and secretariat support.
- It is on record that Wagga Wagga Council has offered a range of options to help reduce costs to the member councils including free or low cost administration and accommodation.