

ILLAWARRA REGION OF COUNCILS

Address: Upstairs 7 Railway Parade, Kiama. P.O. Box 148, Kiama 2533. Phone: (02) 4232 3200
Email: iroc@iroc.nsw.gov.au • Phone/Fax: (02) 4232 3665

23 May 2003

The Secretary
House of Representatives
Standing Committee on Economics, Finance and Public Administration
Parliament House
CANBERRA, ACT 2600t

The Illawarra Region of Councils (IROC) is the peak organization representing the Councils of Eurobodalla Shire, Kiama, Shellharbour City, Shoalhaven City, Wingecarribee Shire and Wollongong City.

At its meeting held March 2003 IROC resolved to prepare a submission in response to the "At the Crossroads" Discussion Paper. IROC is aware that some other Regional Organisations of Councils (ROCs) prepared comprehensive earlier submissions to the Inquiry and will no doubt now be making supplementary submissions to the Paper.

Some Member Councils of IROC have also made individual submissions to the Discussion Paper and collective responses through the LGMA, LGov NSW and the ALGA have also suggested the varied views of Councils, elected representatives and LG practitioners within the IROC region.

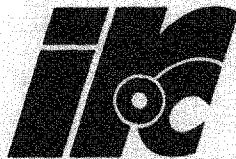
The focus of this response is therefore specifically to Option 6 and questions 16 & 17 of the Questionnaire relating to regional cooperation. It is based on the experience of one of the longest established, strongest and largest employers of the ROCs in Australia.

Your consideration of these matters in the further work of the Inquiry would be most appreciated.

Yours faithfully,

Lesley Scarlett
Executive Officer
IROC

House of representatives Standing Committee on Economics, Finance and Public Administration	
Submission No:	390
Date Received:	29/5/03
Secretary:	



ILLAWARRA REGION OF COUNCILS

Address: Upstairs 7 Railway Parade, Kiama. P.O. Box 148, Kiama 2533. Phone: (02) 4232 3200

Email: iroc@iroc.nsw.gov.au • Phone/Fax: (02) 4232 3665

IROC's Submission

to the

House of Representatives

**Standing Committee on Economics, Finance and Public
Administration**

on

Cost Shifting

Illawarra Position Paper

Illawarra Region of Councils

Costshifting Inquiry Position Paper

Existing Capacity

There are numerous studies available on ROCs and their successes and failures – IROC has responded to many recent University research projects on this subject and no doubt the Committee has access to these studies. They highlight the variety and diversity of ROCs and illustrate their varied capacity. They also almost unanimously support direct Commonwealth assistance to create a more uniform and enhanced capacity across Australia. They recognize that where ROCs are struggling to deliver it is usually because their affiliated Councils are struggling also.

The Discussion Paper recognizes some of this potential but uses conditional language such as “agrees that ROCs **could** offer” and “submissions suggest that ROCs ... **should** be used”. There is a suggestion that there is no hard evidence of existing capacity. However, IROC provides many years of evidence of the proven capacity of ROCs to deliver Commonwealth programs effectively and to the satisfaction of both members and the Commonwealth.

IROC currently delivers 3 Commonwealth regional programs and a further 3 State programs employing a total of 14 staff. Numerous additional projects and brokerage funds are managed by these programs or by IROC core staff for the Commonwealth and State. Of greater significance is the key role of many of these staff in the region’s strategic priorities. The services provided include community care programs, environmental planning and management, cultural planning and management, and integrated regional urban design and transport planning.

Interestingly, delivery of all of these programs has been increasingly constrained by cost-shifting also. Examples of such would include:

- Failure of funded programs to include annual performance-based or even award-based salary increases for staff in contracted budget allocations.
- Lack of recognition of the costs involved in retaining (or more often losing) trained staff, vehicle & infrastructure leases, and accommodation rentals, for programs constantly under review or subject to last-minute contract renewals. This lack of certainty can be very expensive and must aggregate at the national level.
- Lack of recognition of travel times & costs associated with rural/regional consultation and or program management. These times impose constraints on performance levels rarely considered in assigning performance criteria for programs outside metropolitan areas. Similarly, vehicle costs are significantly higher than for city-based programs.

- No allowances in grant funding for redundancy payments payable to "contract" staff when a long-term program is terminated.

On the other hand, experience suggests these considerations are sometimes poorly understood by member Councils themselves and this is oft reflected in the inability of individual Councils to effectively manage regional programs under constraining local employment practices. *ROCs now have valuable experience in negotiating equitable and accessible regional arrangements.*

In addition to effective regional project management, other advantages that ROCs **already** offer in terms of enhanced local government capacity are:

- *established protocols for regional consultation*
- *strong networks within the region and informed representation outside the region*
- *a viewpoint which complements and provides a nexus between both State and Commonwealth delivery points.* Most State agencies have regional offices and many Commonwealth ones also. While the ongoing "regional boundary" debate continues to cloud some of the issues, essentially ROCs are a strategic point of contact between these regional agencies and local government.
- *A mechanism for cultivating and nurturing regional thinking and decision making in Local Government.* Local Government is essentially just that. Elected representatives are often elected on very local agendas, while staff are working at a local and even often a sub-local level. Assisting the adoption of "regional mindsets" is a large and valuable part of a ROC's work with largely unrecognized benefits to State and Commonwealth agendas.

Q16 Strategic Priorities for Commonwealth Involvement in Regional Planning & Development?

Member Councils of IROC would point to its current success as, in part, a reflection of its assisted establishment phase. IROC evolved from strong Commonwealth programs in the 1970's and again in the 1980's. Not only was its establishment as an organization assisted, access was provided to significant regional program and project funding under the Local Government Development Program.

The advantages of this assistance were manifold. It provided tangible benefits in the form of studies, and data collection or seed funding for projects identified by local stakeholders. It also provided a 'carrot' to initiate regional co-operation that a "big-stick" approach may not emulate.

Commonwealth assistance to ROCs also gave formal recognition of their status, assisted in the training and development of "regional development

practioners " and allowed ROCs to come together on a national basis to share information and best-practice approaches. National coordination is not possible within the limited resources of the surviving ROCs or the peak national Local Government body.

Q17. On what basis would Local Government be willing to resource ROCs?

IROC's experience suggests that it is possible to achieve very good support from member Councils once established and given time to demonstrate success. However, IROC member Councils are also all successful and efficient planning and service delivery agencies in their own right and can afford the luxury of regional co-operation for the greater good. The proposition that struggling Local Government could also achieve efficiencies and successes through regional co-operation may well be erroneous in the current climate of no direct Commonwealth support.

In fact, IROC supplements the member Council contributions to its core costs with administration fees for identified and agreed State and Commonwealth programs. Member Councils benefit in access for their communities to the program and reduced contributions. However regions using this fee-for-service approach as their sole funding mechanism could lead to programs being undertaken inappropriately.

While the experience of metropolitan based ROCs suggests that joint purchasing can be a source of revenue to the ROC as well as providing member savings, this much-vaunted role for regional co-operation is not always successful outside metropolitan areas and this should be recognized. Delivery costs across vast areas and distance from depots, lack of competition for some products, inability of many contractors to meet aggregated demand, and "buy-local" policies can all preclude any significant advantage from joint purchasing.

Member Councils would also argue that they substantially resource ROCs already in addition to their \$ contributions. The time that elected representatives commit to regional meetings and the allocation of member Council senior staff time to successful regional activities is significant.

As IROC member Councils are involved in diverse local activities, they are also prepared to enter into diverse regional activities. IROC will therefore be responding to the current Commonwealth Discussion Paper on Community Care options because local government in this region sees delivery of these services as a valuable component of local government work. Similarly IROC made many representations to Commonwealth discussion documents on the future of Natural Heritage Trust arrangements because it believed this was a role for Local Government also and that this ROC had delivered creditably. IROC was also able to respond positively to the Auslink Discussion Paper suggesting that this and neighbouring regions are already implementing much of the regional analysis and priority setting processes that Auslink proposes.

Notwithstanding these representations it appears that the Commonwealth is often turning to private enterprise to deliver in regions where ROCs do not exist. The increased accountability and reporting required because of the poor track record of many of these non-government or single interest group bodies reflects the fact that this approach may ultimately be far more expensive than using accountable broad-based local government and assisting to resource ROCs.

Conclusions

IROC is a successful model of regional co-operation, partly because it was resourced and supported in its infancy by Commonwealth processes and partly because it has successful and committed members who undertake a diverse portfolio of local government activity. It achieves efficiencies for its members and delivers results for State and Commonwealth governments.

Member Councils already provide both core and in-kind support supplemented by fee-for-service charges. IROC would benefit from national co-ordination of regional initiatives, increased recognition, and easier access to Commonwealth processes. The Commonwealth would benefit from more frequent use of the diverse and accountable frameworks that only local government can offer, both locally and regionally. It would also benefit from working with regions because the scale of such is more in keeping with its and the States' own delivery models.