



JOINT ORGANISATIONS REVIEW

VOLUME 1: OVERVIEW REPORT

**OFFICE OF LOCAL GOVERNMENT, NSW
DEPARTMENT OF PLANNING, INDUSTRY
AND ENVIRONMENT**

FINAL REPORT

26 OCTOBER 2021

ACKNOWLEDGMENTS

This work was completed with the assistance of the Office of Local Government (OLG), in the New South Wales (NSW) Department of Planning, Industry and the Environment (DPIE).

We would like to thank the many participants from joint organisations and other stakeholder groups. We thank them for their time and insights and trust that their views are adequately represented in this report.

ARTD consultancy team

Emily Verstege, Paula Shaw, Natalie Martino, Thomas Kubler Shaw and our associate Dr Laurel Johnson.

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EXECUTIVE SUMMARY

In 2017, the NSW Parliament passed the *Local Government Amendment (Regional Joint Organisations) Act 2017*, to establish a network of joint organisations (JOs). The JOs are local government entities with legal powers to enable councils to work together at a regional level and with state agencies and other organisations to achieve better planning, economic development and service delivery outcomes in regional NSW.

The Office of Local Government (OLG), Department of Planning, Industry and Environment (DPIE) contracted ARTD to review the JO framework. The overall objective of this review was to ensure the effectiveness of the JO framework, so that JOs can deliver their core functions.

The **Terms of Reference** for the Review were:

- Analysis of what has worked in the establishment of the JOs, and what barriers exist to good governance.
- How effective the JO model has been in supporting JOs to deliver against the core objectives of advocacy, strategic leadership, and better outcomes for regional communities.
- How the delivery of core objectives can be measured.
- How other NSW and Commonwealth agencies work with the JO network and value the contribution of the JO network.
- Overview of JO achievements and opportunities to share learnings from those achievements.
- How the \$150,000 capacity building funding has been used and the value of that funding program to the ongoing sustainability of JOs.
- Identification of barriers to success of the JO model.
- What a successful JO network looks like and how it can be realised.

This review brings together findings from an examination of background documents, a survey of all general managers of participating Councils, and interviews with a total of 72 stakeholders from across all 13 of the JOs.

KEY FINDINGS

The JO framework is sufficiently robust to be a credible, legitimate and transparent model of regional governance. There is evidence that most JOs are beginning to deliver outcomes in line with the model's three core functions. Stakeholders agree that the potential of JOs to coordinate and simplify state–local government collaboration represents value. However, the performance of JOs in this and other core functions is inconsistent across NSW. To ensure JOs reach their potential and are sustainable, some aspects of the model need refinement.

APPROPRIATENESS

The legislative, regulatory, and strategic collaboration frameworks of the JO model are an appropriately robust foundation for JOs to deliver effective regional governance. Most stakeholders agree that these legislative and regulatory frameworks reinforce the credibility, legitimacy, and transparency of this model of regional governance over other models, including Regional Organisations of Councils (ROCs).

Building on this strong foundation, there are opportunities to refine aspects of the model to ensure individual JOs remain viable, and that the model overall is sustainable.

REVIEWING COMPLIANCE REQUIREMENTS

While holding JOs to the same governance requirements as member councils is an important and necessary accountability, it creates an administrative load for some JOs. The costs associated with annual external audits are reportedly burdensome, particularly for some smaller, less well-resourced JOs. Many stakeholders noted that the cost of auditing JOs is the same as for their member council, even though the number of transactions is orders of magnitude fewer. The cost of audit may discourage some councils from participating in JOs.

COMPOSITION OF JOINT ORGANISATIONS

JO boundaries align with NSW regional planning boundaries. Councils in regional NSW were invited to form JOs of any configuration, provided they replicated or nested within the NSW regional planning boundaries. Most eligible councils (87) voluntarily joined a JO. However, in four JOs, (Orana, Mid North Coast, Central and Far North West), some potential member councils declined to join a JO. In some cases, their absence has had a marked effect on the ability of these JOs to fulfill their core functions and threatens their ongoing viability. The absence of some councils also adds complexity to state–regional consultation and planning, which is contrary to the intent of the JO model.

It is timely to reconsider how non-member councils can be encouraged to join their JO.

ONGOING INVESTMENT TO ENSURE FINANCIAL VIABILITY

JOs were established with seed funding from the NSW Government. It was intended that JOs would become financially sustainable without ongoing state investment, deriving income in three main ways: member contributions, project delivery and delivery of shared services across member councils. The extent to which JOs have been able to unlock alternate revenue streams varies considerably across the state. Currently, one-third (38%) of JOs have inadequate or marginally adequate resources to sustain their ongoing operation.

In all but one JO, member contributions are the sole source of ongoing funding to support baseline operational costs. Reflecting the variable capacity of member councils, the quantum of member contributions available to each JO also varies considerably. Raising member contributions could threaten the willingness of member councils to remain involved if the JO cannot demonstrate value for money to participating councils.

It was intended that JOs would be permitted to retain a portion of NSW Government grant funding for administering projects and initiatives identified by both JOs and the NSW Government as regional priorities, and that this would generate an income source. However, this has only been realised in a small number of cases. Some NSW Government agencies are reluctant to invest in major regional projects via the JO. This is particularly the case where ROCs continue to operate alongside the JO.

Several JOs are sharing staff and services across their member councils. This is a potential future revenue source for JOs. It is best suited to more organisationally mature JOs, and those where the geography of the region and the relative proximity of population centres supports sharing.

Limited financial resources have in some instances hampered the ability of JOs to attract and retain appropriately skilled staff; focus on long term, strategic planning and develop alternative revenue streams, such as shared service delivery. In recognition of this, the NSW Government provided two rounds of capacity building grants (\$150,000 per joint organisation, per round, totalling \$3.9m). These grants were intended to help JOs deliver a new or existing strategic project. However, the capacity building grant funding cannot be used to meet operating costs, such as employing an Executive Officer (EO). Some JOs have been unable to expend this capacity building grant money because they have insufficient organisational capacity to identify and deliver an appropriate and workable project.

There was widespread agreement amongst stakeholders, particularly local government stakeholders, that without further investment from the NSW Government, the JO model will fail. However, a small number of stakeholders do not believe it is appropriate for the State Government to be funding the operational costs of JOs. Most stakeholders observed that any additional funding from the NSW Government should be time-limited and linked to performance against agreed indicators that reflect the core functions of JOs.

EFFECTIVENESS

There is evidence that almost two-thirds (62%) of JOs are delivering their core functions effectively, or highly effectively, including successfully delivering against their strategic plans, and securing funding to deliver regional projects. In most cases, a JO's effectiveness is closely correlated to its financial viability.

STRATEGIC PLANNING AND PRIORITY SETTING

All JOs have developed a formal strategic planning document, in line with legislative and regulatory requirements. These documents vary in terms of how clearly the priorities are specified and linked with actions and associated responsibilities and timeframes for delivery. Stakeholders noted that the extent to which the identified regional priorities reflect all member councils' priorities, or particular state agencies' priorities for the region, is variable. Stakeholders also noted the importance of the EO's skillset in leading member councils to a regionally balanced strategic perspective.

JOs are delivering a range of major projects that directly address some of their identified strategic priorities, with varying degrees of success.

Many stakeholders observed that JOs are at times required to compete with their member councils for grant funding, which limits their opportunity to grow their financial capacity. Some JOs have been precluded by their member councils from applying for NSW Government grant programs, even if they are eligible to apply.

REGIONAL LEADERSHIP AND ADVOCACY

Stakeholders agreed that JOs *should* be a critical entity for regional leadership. The JO's capacity to lead is determined by its maturity, which is determined by working relationships between member councils and the calibre and capacity of its staff, particularly the EO. Less financially viable JOs have been unable to recruit and retain suitably skilled full time EOs, and this is an obvious limit to the ability of those JOs to lead and advocate regionally.

Well resourced, mature JOs have struck a balance between regional and local issues and are actively and successfully pursuing leadership opportunities. This includes participating in the Regional NSW-convened Regional Leadership Executives (RLEs), although stakeholders observed these forums are not always operating to their fullest potential. Where the RLE is not fully functioning as a strategic and collaborative forum, JO stakeholders perceive there is little to be gained from participating.

INTERGOVERNMENTAL COLLABORATION

Member councils are experiencing some economies of scope and scale that flow from collaboration with other councils. All JOs agreed that the collective voice of councils is a key strength of the model, which unlocks regional leadership and advocacy.

JO stakeholders indicated a willingness to partner with state agencies to deliver regional projects that align with their priorities. Some state agencies noted that where JOs lack capacity (financial or human resources) they are not viable delivery partners. Other state agencies have not fully explored the possibility of partnering with JOs. There are opportunities to strengthen the profile of JOs with state agencies. Where regional–state collaboration is effective, the NSW Government experiences important efficiencies, such as streamlined consultation and negotiation with councils, and effective, locally managed project delivery. Councils gain from having their voices heard by key NSW Government decision makers.

Some JOs are effectively collaborating with other state or territory governments, or with the Australian Government. These collaborative relationships are heavily dependent on geography. Cross-jurisdictional collaboration is most evident in JOs that are close to state or territory boundaries.

CRITICAL SUCCESS FACTORS

This review of JOs has identified a number of critical success factors.

- **A commitment to regional vision and clearly defined regional priorities.** Effective JOs have a culture of collaboration that leverages positive historical working relationships and have clear articulation of their shared and individual priorities. Member councils understand they are not in competition with JOs for funding opportunities which relate specifically to their local government interests.
- **A highly capable and experienced EO in a full-time role.** The role is suited to individuals with highly developed relational skills, who can facilitate regional collaboration by focussing on stakeholders' shared issues and priorities. This is important to ensure the JO can negotiate any conflicting or competing interests among member councils. In order for JOs to reach their potential, this role requires a full-time appointment with strategic capability.
- **A larger council that supports the JO's operation** by 'hosting' the EO and project staff, and providing administrative, human resources and information technology support.
- **A functional Regional Leadership Executive** that understands the potential of the JO as an effective model of regional governance, and a strategic partner for achieving key regional priorities.
- **A strong and participatory General Managers Advisory Committee (or equivalent).** The General Managers Advisory Committees (GMACs) and working groups provide advice to JO board members that help them to develop actionable strategic priorities and projects. Much of the work involved in implementing and operationalising joint organisation priorities occurs in these advisory committee meetings. Interviewees identified that these networking opportunities support strategic capacity development.

RECOMMENDATIONS

Recommendation	Responsibility
<p>1 Develop a performance framework for JOs which sets clear, measurable performance targets for each core function. These should be tailored and reflect the maturity of individual JOs. Performance should be regularly reviewed against these targets and should be used to identify priorities for capacity building and opportunities for additional support and resourcing, where agreed with the JO.</p>	OLG
<p>2 Develop a tailored approach to capacity building and ongoing investment, that recognises the different membership structures and socioeconomic contexts in which JOs operate. This may include subsidising the costs of audits conducted by the NSW Audit Office.</p>	OLG
<p>3 Use audit and compliance information to identify joint organisations whose governance processes require strengthening.</p>	OLG in consultation with other NSW

Recommendation	Responsibility
	Government agencies
4 Create a Partnerships Officer role to support NSW Government agencies to showcase JOs as a strong and respected partner for the NSW Government.	OLG to lead discussions with other NSW Government agencies
5 Encourage NSW Government agencies to prioritise investing in the JO network for major regional projects and initiatives, recognising that JOs are entities with robust legislative and regulatory frameworks.	OLG in consultation with other NSW Government agencies
6 Develop guidelines that set out the circumstances in which the Minister may consider a realignment of JO boundaries for a region to ensure JOs are enabled to reach their full potential.	OLG in consultation with other NSW Government agencies
7 Prioritise OLG resources to support JOs to work more effectively within the framework of the Local Government Act and regulations and to encourage JOs to reach their full potential.	OLG
8 Continue to support regular meetings of the forum of JO Chairs as a means of securing strategic collaboration between Chairs, Members of Parliament and NSW Government agency executives on key issues impacting on regional NSW.	OLG
9 Use the existing governance structures and strategic collaboration frameworks, particularly the JO Chairs Forum and General Managers Advisory Committees to profile successful projects and initiatives and showcase best practices. This will assist all JOs on their development to maturity.	OLG and JOs
10 Encourage JOs to work with member councils to ensure a better understanding within councils of their role in supporting regional collaboration and progressing regional priorities.	JOs
11 Consider ways of encouraging all eligible councils to belong to a joint organisation.	OLG

1. INTRODUCTION

1.1 THE JOINT ORGANISATIONS INITIATIVE

In 2017, the NSW Parliament passed the *Local Government Amendment (Regional Joint Organisations) Act 2017*, to establish a network of Joint Organisations (JOs).

JOs are local government entities with legal powers to enable councils to work together at a regional level and with state agencies and other organisations to achieve better planning, economic development and service delivery outcomes in regional NSW.

A JO has three core functions (Table 1). After core functions and strategic priorities are established, JOs can carry out optional functions, such as service sharing and capacity building, either directly or through member councils.

TABLE 1. JOINT ORGANISATIONS’ CORE FUNCTIONS

Core function	Explanation
Strategic planning and priority setting	Identifying regional priorities with key partners, including the NSW Government.
	Setting priorities and delivering important projects across local government boundaries that respond to the needs of the region. These may include workforce development, youth engagement and retention, major health and community facilities, transport, secure water supply, tourism, waste management, resource recovery, energy efficiency, and digital connectivity.
Intergovernmental collaboration	Functioning as a forum for local councils, NSW state agencies and other organisations (e.g., Australian Government, other state or territory’s agencies, business development organisations) to work together on issues of regional, strategic priority and deliver infrastructure and services that matter to local communities.
Regional leadership and advocacy	Providing a forum for shared leadership and advocacy at a regional level and on behalf of member councils. Their advocacy is informed by their understanding of current and future regional and operational environments.
	Identifying emerging opportunities and challenges and influencing others to support priorities that align with the regional priorities of the JO and needs of the member councils.

1.2 THE JOINT ORGANISATIONS REVIEW

The **overall objective** of the review was to ensure that the JO framework is effective and that JOs can deliver their core functions of strategic planning and priorities, regional advocacy and leadership, and intergovernmental collaboration to achieve better outcomes for regional communities:

Specifically, the objectives of the review are to:

- assess the effectiveness of the JO operational model in facilitating the delivery of core functions and statutory obligations and increasing collaboration with external partners, and;
- assess the outcomes of the JOs in delivering their core functions —advocacy and leadership, strategic planning and priority setting, and intergovernmental collaboration.

The **Terms of Reference** were:

- Analysis of what has worked in the establishment of the JOs, and what barriers exist to good governance.
- How effective the JO model has been in supporting JOs to deliver against the core objectives of advocacy, strategic leadership and better outcomes for regional communities.
- How the delivery of core objectives can be measured.
- How other NSW and Commonwealth agencies work with the JO network and value the contribution of the JO network.
- Overview of JO achievements and opportunities to share learnings from those achievements.
- How the \$150,000 capacity building funding has been used and the value of that funding program to the ongoing sustainability of JOs.
- Identification of barriers to success of the JO model.
- What a successful JO network looks like and how it can be realised.

1.3 METHODS

This was a mixed methods review, including collection and analysis of both qualitative and quantitative data sources (Table 2). These methods were done concurrently. All data sources were synthesised in the final stage of the review to provide responses to each of the Terms of Reference.

TABLE 2. SUMMARY OF METHODS AND DATA SOURCES FOR THE REVIEW

Method	Sample size	Details
Document review	23 documents	<ul style="list-style-type: none"> Peer-reviewed publications describing good practice in regional governance to understand how the JO model compares with other approaches to regional governance. Policy documents, including regulatory and compliance documents and NSW Audit Office reviews. Demographic and financial data from the Australian Bureau of Statistics and Office of Local Government about JOs and their member councils
General manager survey	51 responses (59% response rate)	<ul style="list-style-type: none"> Online survey distributed by email to general managers of all JO member councils (n=87).
Key stakeholder interviews	72 interviews	<p>Semi-structured interviews with:</p> <ul style="list-style-type: none"> Office of Local Government staff, including Council Engagement Managers and senior strategic policy staff (n=5) JO chairs (n=13) JO executive officers (n=13) Member council mayors (n=5) Member council general managers (n=13) Other JO project staff (n=2) Regional Directors (Regional NSW) (n=4) NSW state agency representatives, including the Department of Planning, Industry and Environment (DPIE), Destination NSW, Western Catchment Management Authority (n=6) JO associate members, including peak bodies (n=7) Regional Development Australia (n=4)

2. APPROPRIATENESS OF THE JOINT ORGANISATIONS MODEL

This Chapter addresses the following terms of reference:

- **Analysis of what has worked in the establishment of the JOs, and what barriers exist to good governance.**
- **How the \$150,000 capacity building funding has been used and the value of that funding program to the ongoing sustainability of JOs.**
- **Identification of barriers to success of the JO model.**

2.1 APPROPRIATE GOVERNANCE MECHANISMS ARE IN PLACE

An underpinning assumption of the JOs model is that there is an appropriate governance framework in place. These are the legislative and associated regulatory and collaborative frameworks.

2.1.1 LEGISLATIVE FRAMEWORK

Enactment of the *Local Government Amendment (Regional Joint Organisations) Act 2017, No 65* was necessary to establish the roles and responsibilities of JOs (see Box 1). Consistent with the good practice principles for local governance, this legislative framework for JOs ensures legitimacy, transparency and accountability (see Appendix 1).¹

During interviews and in surveys, stakeholders noted that the underpinning legislative framework for JOs affords the model clarity of purpose, credibility and status compared to other models of local governance, including Regional Organisation of Councils (ROCs).

Stakeholders, including surveyed general managers, agreed that JO members' roles and responsibilities are clearly defined in the legislative framework, and that the scope of the Terms of Reference for JO boards is also clearly defined.²

¹ Dollery and Piper, 2020

² Most (83%) of the surveyed general managers agreed that the roles and responsibilities of JO members are clearly defined, and 92% agreed that the scope of the Terms of Reference for the Board are clearly defined.

BOX 1: KEY GOVERNANCE REQUIREMENTS FOR JOINT ORGANISATIONS

As legislated in the *Local Government Amendment (Regional Joint Organisations) Act 2017, No 65*, JOs are governed by a board, directed by and accountable to their member councils.

Board members are appointed every two years and comprise of the mayors of member councils, who have equal voting rights, and a Regional NSW Director who is a non-voting member.

Non-voting or associate members are members of JOs' boards that do not have voting rights. The NSW State agency representative is an associate (non-voting) member. Other organisations, for example county councils and cross-border partners and other governments, can also be associate (non-voting) members.

JO boards elect their own chair and voting is by a simple majority of the quorum with no casting vote for the chair. General managers of member councils may provide advice to the board. Boards must appoint an executive officer to manage day to day operations.

Each JO must develop their own charter, code of conduct, policy for payment of expenses and facilities, and statement of strategic regional priorities and other policies and documents.

The Office of Local Government (OLG) oversees governance and administration of the JOs initiative. OLG requires from JOs accountability documentation (e.g., financial and annual reporting statements and evaluation).

The OLG funds Council Engagement Managers, who support each of the JOs to establish and maintain its governance processes.

2.1.2 REGULATORY FRAMEWORK

The regulatory framework associated with the legislation is the same as the framework used to regulate local governments in New South Wales. By regulation, JOs must have a Code of Conduct, a Charter, policies including an Annual Statement of Revenue Policy (and budget) and a Statement of Regional Priorities. Like councils, JOs must have a website, and a social media presence. They are required to observe formal processes including procedures for meetings, minuting these, and the formal mechanisms required for presenting new material to the board, such as developing business papers. The OLG developed guidance material to assist establishment activities for new JOs.

These regulations reinforce the legitimacy, transparency, accountability and comparative standing of JOs. Stakeholders from NSW Government agencies noted that the regulatory framework allows their agencies to be more confident that grants or other funding will be administered appropriately. (See Section 3.3.2 for a discussion of the extent of collaboration between state agencies and JOs.)

However, holding JOs accountable to the same regulations as member councils introduces the potential for duplication. While three-quarters (72%) of general managers agreed that administrative, communication and decision-making processes are as simple as possible, more than one-third (36%) believe that JOs duplicate existing council processes.

Whilst there was broad appreciation of the need for transparency and accountability, some general managers and mayors observed that it can be difficult to balance the time required to meet the responsibilities of the JO, with those of their council.

For mature JOs, the value of compliance is easier to articulate and manage within their operating budget. However, for less mature and/or less financially viable JOs, the benefits of robust governance structures are not yet evident. The balance between accountability and regulatory burden will need to continue to be carefully managed to ensure councils are not discouraged from participating in JOs.

Stakeholders often cited auditing and compliance requirements as the most burdensome elements of the JO framework. By regulation, JOs are subject to annual audits. Many council stakeholders noted that the cost of auditing JOs is the same as for their member council, even though the volume of transactions is orders of magnitude less for JOs. Further, many council stakeholders reported that the high cost of audits is testing their commitment to their JO as they see a large proportion of their membership fee being directed to audit fees.

Consistent with the 2020 NSW Auditor-General's report on local government,³ this review has identified the need for more resources to be made available to support their audit and compliance requirements.

EXECUTIVE OFFICER

By legislative requirement, JO boards must appoint an Executive Officer (EO) to manage the JO's day-to-day operations. This role is as fundamental for good governance as it is for the JO's effectiveness. There is a strong relationship between the capacity of the EO, and the maturity and effectiveness of the JO itself.

The EO role is best suited to individuals with highly developed relational skills, who can facilitate regional collaboration by focussing on stakeholders' shared issues and priorities. This skillset is important to ensure the JO can negotiate any conflicting or competing interests among member councils. In particular, stakeholders noted the importance of the EO's skillset in leading member councils to a regionally balanced strategic perspective.

Some JOs have appointed a part time EO. In other JOs, the general manager of a member council is acting in the EO role. Both arrangements allow the JOs to reduce their operational costs.

³ Audit Office of NSW (2021) Report on Local Government 2020: Financial Audit. NSW Auditor's General's Report, Sydney, NSW.

<https://www.audit.nsw.gov.au/sites/default/files/documents/Report%20on%20Local%20Government%202020.pdf>

2.1.3 STRATEGIC COLLABORATION FRAMEWORK

Acting as a forum for local councils is one of the JOs' core functions, intended to ensure collaboration, alignment between councils across regions and advocacy for regional priorities.

Stakeholders reported that the formalised collaborative relationship within each JO supports strong relationships and good information sharing. Our interview data shows that collaboration at this level has been one of the most highly valued elements of the JO model.

There are three important roles and forms which support strategic collaboration.

COUNCIL ENGAGEMENT MANAGERS

The OLG funds the Council Engagement Manager role, which is available to support JOs' functionality and compliance with their regulatory requirements. In most cases, the officers regularly attend the JO board meetings and may be able to facilitate the JOs' introduction to and engagement with state agencies. JO stakeholders were largely appreciative of the support of these officers but suggested that they were not sufficiently powerfully positioned within the NSW Government to effectively facilitate strategic collaboration with other agencies.

REGIONAL NSW DIRECTORS

The relevant Regional NSW Director is a non-voting member of each JO board. Some JO stakeholders report that their Regional Director regularly attends meetings and provides useful guidance around opportunities for strategic collaboration with State agencies. In other JOs their experience had been less positive, due in some part to the changeover of personnel in the role.

GENERAL MANAGERS ADVISORY COMMITTEE

The General Managers Advisory Committees (GMACs) and working groups are critical to the effective functioning of JOs. These forums provide advice to JO board members that help them to develop actionable strategic priorities. Much of the work involved in implementing and operationalising JO priorities occurs in these advisory committee meetings. Interviewees identified that these networking opportunities support strategic capacity development.

2.2 OPPORTUNITIES TO STRENGTHEN THE OPERATING MODEL

As noted above, stakeholders broadly agree that JOs are an effective model of regional governance. However, there are opportunities to strengthen some aspects of the JO operating model, including the boundaries and membership rules, the way in which JOs are funded, and the extent to which other models of regional governance may inhibit the success of the JO model.

2.2.1 BOUNDARIES AND MEMBERSHIP RULES

The JOs were formed to align with NSW regional planning boundaries. Councils in regional NSW were invited to form JOs of any configuration, provided they replicated or nested within the NSW regional planning boundaries. Most eligible councils (87) voluntarily joined a JO. However, in four JOs, (Orana, Mid North Coast, Central and Far North West), some potential member councils declined to join a JO (Table 3).

TABLE 3. MEMBER COUNCILS, BY JOINT ORGANISATION

Joint Organisation	Member councils
Canberra Region	Bega Valley, Eurobodalla, Goulburn-Mulwaree, Hilltops, Queanbeyan-Palerang, Snowy Monaro, Snowy Valleys, Upper Lachlan, Wingecarribee, Yass Valley
Central NSW	Bathurst, Blayney, Cabonne, Cowra, Forbes, Lachlan, Oberon, Orange, Parkes, Weddin
Hunter	Cessnock, Dungog, Lake Macquarie, Maitland, Mid-Coast, Muswellbrook, Newcastle, Port Stephens, Singleton, Upper Hunter
Illawarra Shoalhaven	Kiama, Shellharbour, Shoalhaven, Wollongong
Namoi	Gunnedah, Gwydir, Liverpool Plains, Tamworth, Walcha
New England	Armidale, Glen Innes Severn, Inverell, Uralla, Moree Plains, Narrabri, Tenterfield
Northern Rivers	Ballina, Byron, Kyogle, Lismore, Richmond Valley, Tweed
Orana	Bogan, Gilgandra, Mid-Western, Narromine, Warren, Warrumbungle
Riverina and Murray	Albury, Berrigan, Carrathool, Edward River, Federation, Griffith, Hay, Leeton, Murray River, Murrumbidgee, Narrandera
Riverina	Bland, Coolamon, Cootamundra-Gundagai, Greater Hume, Junee, Lockhart, Temora, Wagga
Mid North Coast	Port Macquarie-Hastings, Kempsey, Bellingen
Far North West	Bourke, Cobar, Walgett
Far South West	Balranald, Broken Hill, Central Darling, Wentworth

The areas of incomplete membership are somewhat aligned with regions of the state where member councils have a long history of working together as ROCs. In some areas (notably, Orana), the JO membership is substantially different from the long-established and functional ROC that preceded it. Many stakeholders in these areas do not see the value in JOs as a model of local governance.

The absence of these missing councils has had a marked effect on the ability of these JOs to fulfill their core functions and threatens their financial viability. It also adds complexity to state–regional consultation and planning, which is contrary to the intent of the JO model.

This is particularly apparent when the missing member council is geographically central to the JO or is the major population centre that holds a substantial proportion of the services and amenities of the region. In Orana and the Mid North Coast, the missing member councils are both geographically central and include major regional hub towns.

Some stakeholders noted that the 'missing' councils benefit from the efforts of the participating councils. For example, the Mid North Coast JO has delivered several projects that generate region-wide benefits, including for the three 'missing' member councils. Stakeholders commended the Mid North Coast JOs' commitment to regional vision but pointed to the inequitable financial burden and workload being carried by participating councils, while the results of that effort are enjoyed by non-member councils.

There are a small number of member councils who believe their membership of the JO is misplaced. These councils may have concerns that their interests are not properly served because their networks, issues and relationships align more closely with another JO and/or region. In one case, a major council is associated with another JO they believe better represents their interests and is more effective than the JO where they have membership.

Other councils expressed concern that their JO does not align with the 'natural regional identity'. Member councils said these so-called identities are determined both by historical working relationships between councils, geographical bounds (e.g., valleys or mountain ranges) or the boundaries of other state agencies. These stakeholders suggested that the JO framework needs to be sufficiently flexible to respond to the 'misplaced' memberships.

The NSW Government will consider submissions from JOs who wish to resign their membership of one JO and join another. Given the importance of stability to the integrity of the operating model, these decisions are made on a case-by-case basis and to date have been taken in a limited number of cases. Councils have the option to take up associate membership of other JOs; and there are some examples of this such as the associate membership of Wagga Wagga in the Canberra JO.

It is timely to consider reviewing the composition of JOs. Such a review would enable member councils to put forward a case for the JO membership that would allow them to contribute best to the core functions of the JO model.

2.2.2 FINANCIAL VIABILITY

JOs are designed to be run and owned by member councils based on minimal red tape, cost and risk. Their establishment was supported through seed funding (\$300,000 each) from the NSW Government.⁴ It was intended that JOs would become financially sustainable without ongoing NSW Government investment, deriving income in three main ways: member contributions, project delivery and delivery of shared services across member councils.

The extent to which JOs have been able to unlock alternate revenue streams available to them varies considerably across the state. Currently, one-third (38%) of JOs have inadequate or marginally adequate resources to sustain their ongoing operation. When surveyed, only one in five (20%) of general managers agreed there are sufficient resources for JOs to be viable. One in three (32%) general managers agreed that the right model is in place to sustain the JO.

⁴ The two far western JOs were allocated a total funding package of twenty-million-dollars which included seed funding, and major projects including the airline service for the North West and tourism projects for both JOs.

There was widespread agreement amongst stakeholders, particularly local government stakeholders, that without further investment from the NSW Government, the JO model will fail. Failure of any individual JO is a threat to the JO model overall.

Stakeholders nominated the NSW Government as the source of ongoing funding. Most stakeholders observed that any additional funding from the NSW Government should be time-limited and linked to performance against agreed indicators that reflect the core functions of JOs. However, a small number of stakeholders do not believe it is appropriate for the NSW Government to be funding the operational costs of JOs.

Stakeholders from more organisationally mature and better resourced JOs argued that it takes time (and resources) for JOs to reach their full potential and capacity to self-fund and generate income. These stakeholders argued that the NSW Government's ongoing contribution would strengthen the capacity of these JOs to:

- **Attract and retain appropriately skilled staff**, including executive officers and project staff. During the course of this review, one highly effective executive officer resigned citing lack of job certainty, related to the JO's lack of ongoing funding.
- **Focus on strategic, long-term planning**, rather than reactive survival-focussed decision making.
- **Develop alternative revenue streams**. JOs and their member councils need time and the knowledge that their future is assured in order to activate alternative revenue streams. One stakeholder noted that these revenue streams have a long lead time and can't be 'turned on like a tap.'

The threats to JOs' financial viability are driven by the capacity of member councils to generate a sufficient base operating budget through member contributions, as well as difficulty accessing and managing substantive grant funding.

MEMBER CONTRIBUTIONS

It is a legislated requirement that member councils contribute (either financially, or in kind) to the JOs' operating costs. In all but one JO, member contributions are the sole source of ongoing funding to support baseline operational costs.

These contributions are set by the board of each JO, with a range of approaches to structuring contributions. In some JOs, member councils contribute an equal amount, reflecting that each member has an equal (single) vote. Other JOs levy each member council the same base contribution, with an additional contribution component in proportion to the population (and hence, operating budget) of the council.

This latter approach means smaller councils pay smaller fees and goes some way to accommodating the diversity of member councils. As shown in Table 4, the member councils represent enormously divergent populations, ranging from major coastal population centres with strong growth and diversified economies (e.g., Wollongong, Newcastle), through to very sparsely populated areas with extremely limited resources (e.g., Central Darling, Bourke).

TABLE 4. SOCIOECONOMIC CONTEXT IN WHICH THE JOINT ORGANISATIONS OPERATE

JO	Most common member classification	Most common Main industry employer	Sum of Population	Average median age (2016 census-quick stats)	Sum of JO Area (km ²)	Average Population Density per capita/km ²	Sum of Total Rate Revenue (\$'000)	Average Socio-Economic Index Ranking 2016	Average Aboriginal & Torres Strait Islanders Population (%)
Hunter	Regional town/City	Health care and social assistance	740,676	40 years	32,748.1	154.7	546,281.0	61.9	5.5
Central	Large rural	Agriculture	159,050	42 years	47,129.7	17.9	117,430.5	55.8	7.2
Orana	Rural	Agriculture	50,644	43 years	56,571.1	1.0	44,591.0	33.8	13.4
Far North West	Large rural	Mining, agriculture	13,403	38 years	109,487.2	0.1	12,670.0	31.3	24.9
Far South West	Rural	Agriculture	28,953	42 years	101,609.2	26.2	23,565.0	22.0	16.6
Canberra	Regional town/City	Healthcare and social assistance	292,901	45 years	63,321.5	6.7	210,511.0	71.3	3.4

Notes: Classification and Industry based on the median classification across all member councils. Total rate revenue was calculated using publicly available data from NSW Local Government for 2018–19. Socioeconomic Index for Areas (SEIFA) provided by the Australian Bureau of Statistics.

JO	Most common member classification	Most common Main industry employer	Sum of Population	Average median age (2016 census-quick stats)	Sum of JO Area (km2)	Average Population Density per capita/km2	Sum of Total Rate Revenue (\$'000)	Average Socio-Economic Index Ranking 2016	Average Aboriginal & Torres Strait Islanders Population (%)
Illawarra Shoalhaven	Regional town/City	Health care and social assistance	415,688	43 years	5,655.8	229.5	302,101.0	79.0	3.4
Riverina	Large rural	Agriculture,	113,319	43 years	33,461.3	3.4	79,464.0	60.5	4.3
Riverina and Murray	Large rural	Agriculture,	150,042	43 years	72,867.5	19.3	109,737.0	47.0	5.1
Northern Rivers	Regional town/City	Health care and social assistance	251,002	46 years	10,277.7	45.0	155,091.0	53.2	4.3
New England	Large rural	Agriculture	95,740	43 years	64,168.7	1.7	89,702.0	38.1	9.8
Namoi	Large rural	Agriculture	91,191	44 years	35,474.3	2.3	66,009.0	46.4	9.4
Mid-North Coast	Regional town/City	Health care and social Assistance	125,759	48 years	8,658.5	13.2	77,294.0	45.0	6.4

Notes: Classification and Industry based on the median classification across all member councils. Total rate revenue was calculated using publicly available data from NSW Local Government for 2018–19. Socioeconomic Index for Areas (SEIFA) provided by the Australian Bureau of Statistics.

Our assessment of the revenue available to each JO indicates that some can remain solvent solely by collecting member contributions. However, for JOs where the number of members is low, and/or where those members' contributions are reasonably small to reflect the size of the member council's budget, it is unlikely that member contributions alone will be sufficient to meet the JOs' operating costs.

As shown in Table 5, five of the 13 JOs (38%) have inadequate or marginal resources available to support their ongoing operation. (Our assessment includes the revenue available to support the JO, that is whether the member councils are of sufficient size and capacity to support the JO through financial or in-kind member contributions.)

TABLE 5. INDICATIVE LEVEL OF AVAILABLE RESOURCING AND LIKELY SUSTAINABILITY, BY JOINT ORGANISATION

Joint Organisation	Internal resourcing/capacity for ongoing operation
Canberra	Very good
Central	Good
Far North West	Not adequate
Far West	Not adequate
Hunter	Good
Illawarra	Very good
Mid- North Coast	Not adequate
Namoi	Good
New England	Good
Northern Rivers	Good
Orana	Marginal
Riverina	Good
Riverina and Murray	Marginal

It is not simply the case of the affected JOs' board raising member council contributions (although this has been canvassed and actioned in some JOs). The JOs' sustainability depends on the viability of its member councils. Requiring smaller councils to increase the contributions they make could feasibly jeopardise the member council's financial viability,⁵ and therefore the sustainability of the JO. Equally, it could force a member council to withdraw from the JO, which impacts on the quantum of member contributions and the JO's ability to serve its core functions. (The issue of the completeness of councils' membership in JOs is discussed in Section 2.21.)

⁵ We note that in 2020–21, the NSW Audit Office intends to focus its audit of local governments on areas including councils' budget management and financial sustainability.

In some JOs—particularly those which include a large regional centre—one of the larger councils acts as host to the JO staff. Typically, these arrangements offer the executive officer (and other staff, as relevant) access to discounted office space, and general administrative, human resources and information technology support.

ADMINISTRATIVE PORTION OF GRANT FUNDING

Beyond member contributions, JOs seek relevant grant funding for projects aligned with their strategic priorities. It was intended that JOs would be permitted to retain a portion (approximately 5%) of NSW Government grant funding for administering projects and initiatives identified by both JOs and the NSW Government as regional priorities, and that this would generate an income source. However, this has only been realised in a small number of cases.

Most JOs are yet to 'get a project'. There appear to be three factors contributing to JOs' inability to secure project funding: state agencies' confidence to invest and partner with JOs, alignment of available state funding with the identified regional priorities of the JO and, in some less organisationally mature JOs, member councils' expressed desire to seek grant funding as an individual council.

Reluctance of government agencies to invest via the JOs

Despite stakeholders from NSW Government agencies agreeing that the regulatory framework for JOs allows their agencies to be confident that grants and other funding will be administered appropriately, some JO stakeholders report a reluctance on the behalf of some state government agencies to invest in major regional projects via the JO.

This is particularly the case where ROCs continue to operate alongside the JO. This has been experienced as highly confusing for state agency stakeholders, especially where membership and leadership of the two entities is similar. To improve clarity and reflecting the robust governance structures of JOs, where there is substantive government funding for available for projects, this should be invested via JOs.

Lack of coordination in regional priority setting between JOs and State agencies

Stakeholders noted that there are a range of grants available for them to apply for, but that it may not be strategic for them to do so. There appears to be some lack of consistency between the state-identified priorities for the region (and hence, the funding available for projects) and the regional priorities identified by the JO. Some JOs reported a need to be very discerning about the kinds of projects that they take on and noted the importance of remaining focussed on the agreed strategic priorities, to maintain the faith of constituent members and to manage their organisational capacity accordingly.

JOs' need for funding not always prioritised over member councils' needs

While the member councils have engaged with each other collaboratively and in pursuit of agreed regional priorities, this spirit of collaboration does not necessarily extend to seeking grant funding.

There is evidence—particularly amongst less mature JOs—that member councils compete against each other for available grants, rather than cooperating as a JO. In some cases, this sense of 'co-opetition' means member councils have not supported JOs applying for available funding, in order that a member council can apply for it. This is in direct conflict with the intent of the JOs model.

By contrast, more mature JOs, have clearly articulated their shared and individual priorities. This means that member councils understand they are not in competition with JOs for funding opportunities which relate specifically to their local government interests. Stakeholders from these JOs shared the view that project funding for the JO would deliver regional benefits, and in so doing, benefit their member councils.

There is an opportunity to use the existing governance structures and strategic collaboration frameworks, particularly the JO Chairs Forum and General Managers Advisory Committee, to showcase these decisions, to assist all JOs on their development towards maturity.

CAPACITY BUILDING GRANTS

In recognition of the difficulties JOs have experienced in securing project funding, the NSW Government provided two rounds of capacity building grants (\$150,000 per joint organisation, per round, totalling \$3.9m). These grants were intended to help JOs deliver a new or existing strategic project.

While there is some flexibility in how these funds can be used, the grant rules do not permit use of the funds to meet operating costs, such as employing an EO. (They may be used on project-specific staff or contractor costs.) In some instances, JOs have been able to utilise grant monies to employ staff on specific projects or to have a component element of a broader project completed. For example, the Namoi Industry and Economic Super Cluster Project utilised capacity building funds, in association with partner funding sources.

Some JOs have been unable to expend the capacity building grant money because they have insufficient organisational capacity to identify an appropriate and workable project and manage the grant.

Stakeholders noted that the grants were offered to all JOs uniformly. As described earlier, each JO operates within a unique regional context: the challenges and opportunities available to each JO are very different. Further, the organisations are at different stages of maturity, and therefore have different capacity building needs.

To effectively support JOs, a more strategic, tailored approach to investment in capacity building is required.

2.3 SUMMARY

The underpinning legislative, regulatory and strategic collaboration frameworks provide a robust foundation for JOs to deliver effective regional governance. Reflecting the strength of these frameworks, where substantive government grant funding is available for regional projects, this should be invested via the JOs.

The financial viability of individual JOs has the potential to threaten the JO model overall. This is partly due to the absence of key member councils. The absence of some councils also adds complexity to state–regional consultation and planning, which is contrary to the intent of the JO model.

It is timely to reconsider how non-member councils can be encouraged to join their JO.

3. EFFECTIVENESS OF THE JOINT ORGANISATIONS MODEL

This Chapter addresses the following terms of reference:

- **How effective the JO model has been in supporting JOs to deliver against the core objectives of advocacy, strategic leadership and better outcomes for regional communities.**
- **How the delivery of core objectives can be measured.**
- **How other NSW and Commonwealth agencies work with the JO network and value the contribution of the JO network.**
- **Overview of JO achievements and opportunities to share learnings from those achievements.**

We made assessments of each JO's effectiveness by synthesising stakeholder interview data and reviewing the six-monthly progress reports, work plans and annual reports that JOs provide to the Office of Local Government noting that the quality and extent of JO reporting is variable. There is evidence that almost two-thirds (62%) of JOs are delivering their core functions effectively, or highly effectively, including successfully delivering against their strategic plans, and securing funding to deliver regional projects.

There are no clear key performance indicators for JOs beyond the requirement to submit these reports. It would be appropriate to set performance targets to ensure all JOs are delivering outcomes in line with the three core functions. Performance targets and associated performance monitoring will enable the NSW Government to tailor its capacity building investment for each JO to maximise the effectiveness of the model.

A JO's effectiveness is typically related to its financial viability. For example, the Canberra JO is both well-resourced and effective, in comparison to Orana, which is neither well-resourced nor effective. There are some exceptions to this, however, including the Mid North Coast JO, which despite several missing member councils and limited financial resources, has been highly effective. Similarly, the Far North West and Riverina and Murray JOs are performing effectively, with limited internal funding and whilst negotiating a range of issues including remoteness (Far North West) and divergent member views (Riverina and Murray). We note also that the effectiveness of the Far North West JO is greatly assisted by the major project it administers and is able to draw a portion from to support operational costs.

3.1 STRATEGIC PLANNING AND PRIORITY SETTING

In line with legislative and regulatory requirements, all JOs have a formal strategic planning document that identifies key regional priorities and their alignment with other regional level plans developed by NSW Government agencies.

In keeping with the evidence on the purpose of regional governance, the priorities reflect enduring and shared local government concerns, such as water supply, waste and resource recovery, natural resource management, disaster recovery, transport and tourism.⁶ Some JOs have identified and prioritised issues that are the responsibility of the NSW or Australian Governments, such as housing, workforce training, industry development and health. (We have provided examples of projects addressing these issues in Section 3.1.1.)

These strategic planning documents vary in terms of how clearly the priorities are specified and linked with actions and associated responsibilities and timeframes for delivery. These plans must be reviewed within a year of the upcoming (December 2021) local government elections.

3.1.1 MAJOR PROJECTS

Members recognise the benefits of the JO model in identifying and achieving regional priorities. Most (79%) of the surveyed general managers agreed that working together has contributed to improved planning and implementation of regional strategic priorities. Three-quarters (73%) also agreed that working together has enhanced the council's capacity to creatively develop and deliver key regional strategic priorities. Most (81%) also agreed that working together improves how strategic priorities for the region are funded and delivered.

JOs are delivering a range of major projects that directly address some of the strategic priorities, with varying degrees of success. Table 6 shows some examples of the kinds of work being done by JOs against their key strategic priorities. Access to project funding has been a considerable constraint to effective project implementation (see Section 2.2.2).

Some of the JOs have identified issues (such as health or housing), which are the remit of the NSW or Australian Governments. JOs' responses to these issues tend to be advocacy priorities, rather than project ones, which is appropriate.

⁶ Bellamy, J., & Brown, A.J. (2009). *Regional governance in rural Australia: An emergent phenomenon of the quest for liveability and sustainability?*

TABLE 6. EXAMPLES OF MAJOR PROJECTS, BY JOINT ORGANISATION

Joint organisation	Project	Description	Outcome
Multiple	Southern Lights	Working across 41 LGAs. Essential energy is working with the JO to ensure better, safer and cheaper lighting for regional communities. ⁷	A proposal to deliver the project has been delivered
Canberra JO	Waste and resource recovery	The aim is to improve resource recovery and waste management in the region.	A strategy and action plan have been delivered and are being implemented
Central JO	Best practice in aggregated procurement	Collaborative procurement for the region to achieve a substantial cost saving in procurement.	Central JO reports this project delivers approximately \$1.8 million per year savings compared with each council doing it separately.
Hunter JO	Disaster Resilience Program	Exploring the challenges in the region in communicating about disasters.	A range of disaster preparation toolkits and resources have been developed and distributed.
Far North West JO	AirLink flights Service	Reinstating air services to the region	Regular passenger services available from Dubbo to Bourke, Walgett and Lightning Ridge
Far West JO	Destination management plan	In collaboration with Destination NSW to develop a website for Tourist information.	The project was inactive for some time but has recently restarted.
Illawarra Shoalhaven JO	Youth Employment Strategy	With DPCC and the University of Technology to develop a Youth Employment Strategy (YES)	Strategy developed.
Mid-North Coast JO	Fixing Country Bridges	In collaboration with federal and state government roads authorities the JO aimed to improve bridges in the region.	100 timber bridges were improved across the region.
Namoi JO	Water for the Future	Managing local water risks and identifying water needs for the region into the future.	Water management strategy developed
New England JO	New England Road Network Strategy	Identifying New England road network objectives and their alignment with NSW state government plans	Developed the road network strategy 2020
Northern Rivers JO	From Roots to Routes: An innovative	The JO co-sponsored the development of a strategy, undertaken by Southern Cross	Strategy delivered

⁷ The Southern Lights Group of Councils represented by Riverina Eastern Regional Organisation of Councils (REROC), the Riverina and Murray JO (RAMJO), Central NSW JO (Central NSW JO), Canberra Region JO (CBRJO), Broken Hill City

Joint organisation	Project	Description	Outcome
	vision of freight for the Northern Rivers NSW	University, to outline suitable regional development to improve access to Brisbane, southern Queensland and northern NSW.	
Riverina JO	Workforce Development Program	Aims to develop local capacity in current professional gaps in member Councils such as engineering, town planning and others.	Program facilitates 'come and try' activities for local school students
Riverina and Murray JO	Contaminated Land	To deliver the NSW Environment Protection Authority (EPA) Regional Capacity Building Program on Contaminated Land Management.	Program being delivered

3.2 REGIONAL LEADERSHIP AND ADVOCACY

Three-quarters (78%) of all surveyed general managers agreed that JOs are an effective vehicle for advocating regional priorities.

Member councils are involved in a range of other regional governance networks, including the Country Mayors Association, Regional Cities Australia, ROCs and others. Like JOs, these groups are opportunities for peer support and knowledge sharing. Stakeholders observed that JOs deliver to the broader purpose of regional leadership and advocacy. (Some stakeholders also believe that ROCs achieve this function.) Distinct from these other networks, the JO model brings JO Chairs a level of credibility, legitimacy and status, which enables them to directly interact with NSW Government ministers.

Members of less organisationally mature JOs are still figuring out how to balance advocacy for local (council) issues and regional issues. This is borne out most clearly when councils compete against each other for funding, instead of putting local interests aside in pursuit of shared regional outcomes. It is further evident in JOs' ability to identify strategic regional priorities and translate these to viable projects.

Two-thirds (64%) of surveyed general managers agreed that JOs provide regional leadership. While there was a strong sense amongst stakeholders interviewed that the JO *should* be a critical entity for regional leadership, there was less conviction that it is.

There are two aspects to this observation, both related to organisational maturity. The first is that regional leadership is difficult to display when the balance between regional and local issues is not yet firmly struck between member councils. The second is that some stakeholders observed that NSW Government agencies and other regionally based organisations, such as Regional Development Australia committees, had no clear relationship with JOs. In spite of this, more organisationally mature JOs have actively and successfully

sought to partner with these and other regionally significant organisations such as research and industry organisations.

3.2.1 COMMERCIAL OR INDUSTRY PARTNERSHIPS

Some JOs have leveraged the associate membership provisions to developing partnerships with businesses, non-government organisations and research institutions.

These associations strengthen advocacy for priority regional infrastructure (see Box 2).

BOX 2: EXAMPLES OF COLLABORATION BETWEEN JOINT ORGANISATIONS AND COMMERCIAL OR INDUSTRY ASSOCIATES

The Picton Road extension (Illawarra region) was strongly supported by the JO and Illawarra First, the region's peak business leadership forum.

In the Namoi region, the Namoi Industry and Economic Super Cluster Project is a partnership between the JO, Future Food Systems Collaborative Research Centre (CRC) and the NSW Government.

To drive its water security agenda for collaboration on agricultural investment and research, Riverina and Murray JO joined the One Basin CRC as a Tier 3 (non-financial) partner, linking One Basin CRC to researchers, farmers and community groups through the JO member councils.

The NRMA has recently partnered with both the Illawarra Shoalhaven JO and Canberra JO to advocate for electric vehicle charging stations on the Princes Highway to encourage visitors to take driving holidays in the region.

3.3 INTERGOVERNMENTAL COLLABORATION

Intergovernmental collaboration is occurring through JOs in multiple ways. First, the member councils must work together. Across all the JOs, there was a very high degree of mutual respect expressed for fellow member councils, their elected officials and their staff. Almost all (92%) general managers agreed that JO members actively work together to assure the partnership achieves its goals.

Collaboration is facilitated by the strength of relationships between member councils. Despite the tensions that exist across the JO network, all member council staff, and elected officials spoke with obvious respect for each other. In some locations, these relationships were established between councils as part of the ROC and have been foundational during the JOs' establishment phase.

3.3.1 COUNCILS COLLABORATING WITH COUNCILS

Member councils are experiencing benefits associated with the economies of scope and scale that flow from collaboration with other councils (See Box 3). Not all member councils have experienced these benefits equally: benefits are more apparent to members of highly effective and/or organisationally mature JOs.

- **Economies of scope.** All JOs agreed that the collective voice of councils is a key strength of the model, which unlocks regional leadership and advocacy. JO member councils are involved in planning for the future of their region, and some at a level that is far beyond the typical scope of individual councils. Examples of matters that are promoted in some JOs and that are not typically within the scope of local government are alternative energy, industry development, digital connectivity, regional workforce capacity, health, housing, and water security. Amplification of regional voices through the JO Chairs Forum and direct access through that forum to NSW ministers is a celebrated feature of the model.
- **Economies of scale.** Several JOs are sharing staff and services. As legislated entities, JOs can employ staff (for example, project officers) to work across the member councils. This benefits all councils, but particularly smaller member councils, allowing them to 'buy in' expertise that would otherwise be beyond their budget. Other councils are sharing services, such as plant and equipment. This is somewhat limited by geography: where population centres are several hours drive from each other, the sharing of some service types that require field work may be less feasible.

BOX 3: EXAMPLES OF HOW COLLABORATION BETWEEN JOINT ORGANISATION MEMBER COUNCILS BENEFITS INDIVIDUAL COUNCILS AND THE REGION

The Riverina and Murray JO (RAMJO) has been a vehicle for reaching agreement on the highly vexed and long-standing issue of water security, with development of the RAMJO Water Agreement. With its regional vision and facilitated by the RAMJO Executive Officer and Chair, councils worked together to develop a regional response to this shared issue.

In the Central JO, councils are collaborating to secure the region's energy future. They are progressing projects to move councils towards more sustainable energy sources, and projects to plan for the arrival of electric vehicles. This work includes mapping sites across the region for charging stations.

3.3.2 COUNCILS COLLABORATING WITH STATE GOVERNMENT

JO stakeholders indicate a strong appetite for partnering with state agencies to deliver regional projects that align with their priorities. Where collaboration is effective, the NSW Government experiences important efficiencies. Some examples of these efficiencies are included in Box 4.

- **Efficiency of streamlined consultation.** It is far more efficient for the state to consult with 13 JOs, than with 87 individual councils.
- **Efficiency of locally managed project delivery.** Projects that are identified and delivered locally can be managed more closely and effectively.

BOX 4: EXAMPLES OF HOW COLLABORATING WITH JOINT ORGANISATIONS BENEFITS THE NSW GOVERNMENT

The Department of Planning, Industry and Environment is rolling out the Sustainable Councils project. The project aims to reduce energy consumption and associated costs in small and disadvantaged councils. Working with three JOs, the project has proceeded far faster and more effectively than anticipated (it is 25% ahead of its project key performance indicators.)

The Fixing Country Bridges program is being delivered across several JOs. An initial program phase is identifying and assessing the condition of bridges in the regions. The Central JOs reports that the work being done through the JO rather than through individual council amounts to a cost saving to the Department of 30%.

However, the extent to which JOs are effectively collaborating with state government agencies varies. Almost two-thirds (61%) of general managers felt that support from the NSW Government is lacking.

Interviews with both member councils and NSW Government representatives indicated that some agencies are unaware of JOs' functions or their potential as regional partners. This is in conflict with the JOs model, which sets out that 'NSW Government agencies understand the role and limits and opportunities of the JOs and expectation about inter-governmental collaboration.' Some agencies are reluctant to partner with JOs because they observe the JO has insufficient organisational capacity to deliver.

As noted above, some JOs see an opportunity to strengthen the OLG Council Engagement Managers' role in communicating the strategic purpose of the JOs to state agencies. However, OLG is perceived by many JO stakeholders as under resourced and perhaps not well positioned to effectively advocate for the JOs' purpose to the NSW Government. Other stakeholders suggested that advocating for and promoting partnership with the JOs will be more effectively managed by Regional NSW.

Mayors' access to NSW Government ministers is a celebrated feature of the model, however some stakeholders have been frustrated that this access does not necessarily lead to project funding or other outcomes for their regions. This expectation may indicate some lack of clarity on *how* to effectively engage with the state: fewer than half (43%) of the surveyed

general managers agreed that the processes for engaging with state agencies on joint regional priorities is clear. This lack of certainty is likely to be a factor of the JO's maturity and is an argument for recruiting and executive officers skilled in collaboration and strategic partnering.

The degree of collaboration between JOs and NSW Government agencies is also related to the functionality of the intended key engagement forum, the Regional Leadership Executive (RLE). Convened by Regional NSW, RLEs are regular strategic meetings for the of state agencies. The JO Chairs are invited to these forums, which provide an opportunity for JOs to understand the states' priorities for and projects in the region, and for JOs to elevate their strategic priorities to the state. The functionality of these meetings varies across regions. In some regions, JOs stakeholders observed that the focus of the meeting was on information sharing rather than making strategic collaborative decisions. Where the RLE is not fully functioning as a strategic and collaborative forum, JO stakeholders perceive there is little to be gained from participating.

Notwithstanding these concerns, the Regional Leadership Executives and Regional NSW are seen by JOs as important to the effectiveness of the regional collaboration. There is a strong association between JOs that are successfully delivering on their core functions and the extent to which their local RLE operates effectively and collaboratively.

Participation of Regional NSW Directors on the JO board was generally perceived by JOs as a very positive feature of the model. However, not all Regional Directors attended the meetings regularly. While supportive of the JO model, the Regional Directors we interviewed noted that the degree to which JOs can deliver on their core functions depends on member councils' capacity, and the strategic leadership of the executive officer and board.

3.3.3 COUNCILS COLLABORATING WITH OTHER JURISDICTIONS

Some JOs are effectively collaborating with other state and territory governments, or with the Australian Government. These collaborative relationships are heavily dependent on geography. In particular, JOs in proximity to state borders (including the border between NSW and the Australian Capital Territory) have an imperative for collaborating with other jurisdictions as they have shared interests that straddle boundaries.

In some cases, these geographical alignments are realised through associate memberships. For example, the ACT Government is an active associate member of the Canberra JO. The Canberra JO's infrastructure planning and delivery benefits from collaborating with the major centre in its region. The East Gippsland Shire Council (Victoria) is also an associate member of the Canberra JO.

Before investing in the JO model, the NSW Government co-funded 14 Regional Development Australia (RDA) Committees with the Australian Government. In some regions, there may be tension between the JOs model and the Australian Government co-funded RDA model. However, there are also examples of JOs working closely with their RDAs. In particular, the Central NSW JO has a memorandum of understanding with their RDA, which ensures that the two entities work in ways that are mutually beneficial and cooperative, rather than

competitive. Leveraging this relationship, the JO engages with Australian Government agencies and grant programs to support regional priorities and projects.

3.4 SUMMARY

JOs have identified strategic regional priorities and developed plans to implement projects that align with these priorities. Most JOs are delivering a range of projects that directly address some of the strategic priorities, with varying degrees of success. Access to project funding constrains effective project implementation for some JOs.

Regional leadership is displayed by more mature JOs, which have skilfully balanced advocacy for local (council) issues with regional issues, and which have actively and successfully sought to work with NSW Government agencies, Regional Leadership Executives, industry and research associations, other Governments and other regional entities and networks.

The JO's capacity to be prominently positioned is a factor of the capability and experience of the EO. JO stakeholders, particularly those in less mature JOs, feel there are unrealised opportunities for them to co-design regional programs and projects with the NSW Government agencies. Mayors' access to NSW Government ministers is a celebrated feature of the model, as is the JO Chairs forums

The legislative framework on which JOs are based mean the model is a sufficiently robust platform for cooperation between member councils. Member councils experience the benefit of both economies of scope, and of scale. Where collaboration between the JO and the state is effective, the NSW Government experiences the efficiencies of streamlined consultation and locally managed project delivery.

4. CONCLUSIONS AND RECOMMENDATIONS

This Chapter addresses the following terms of reference:

- **What a successful JO network looks like and how it can be realised.**

4.1 CONCLUSIONS

The underpinning legislative, regulatory and strategic collaboration frameworks provide an appropriately robust foundation for JOs to deliver effective regional governance.

However, JOs' ability to achieve their core functions is constrained by their financial viability. The current membership structures reinforce the unequal income-generating capacity of some JOs, and the available capacity-building funding does not recognise this variability.

A strategic, tailored response to capacity building is required, in addition to ongoing investment from the NSW Government. Without this, it is likely that some JOs will be unable to operate, which jeopardises the JOs model overall. An assured financial future allows JOs to attract and retain appropriately skilled staff, focus on long-term, strategic planning and develop alternative revenue streams.

We have identified key success factors that JOs can exercise a degree of control over but note that some of these do depend on financial viability and organisational maturity.

- **A commitment to a regional vision and clearly defined regional priorities.** Effective JOs have a culture of collaboration that leverages positive historical working relationships, and clearly articulate their shared and individual priorities. Member councils understand they are not in competition with JOs for funding opportunities which relate specifically to their local government interests.
- **A highly capable and experienced executive officer in a full-time role.** The role is suited to individuals with highly developed relational skills, who can facilitate regional collaboration by focussing on stakeholders' shared issues and priorities. This is important to ensure the JO can negotiate any conflicting or competing interests among member councils. To allow JOs to reach their potential, this role requires a full-time appointment.
- **A larger council that supports the JO's operation** by 'hosting' the executive officer and project staff, and providing administrative, human resources and information technology support.
- **A functional Regional Leadership Executive** that understands the potential of the JO as an effective model of regional governance, and a strategic partner for achieving key regional priorities.
- **A strong and participatory General Managers Advisory Committee.** The General Managers Advisory Committees (GMACs) and working groups provide advice to JO board members that help them to develop actionable strategic priorities. Much of the

work involved in implementing and operationalising JO priorities occurs in these advisory committee meetings. Interviewees identified that these networking opportunities support strategic capacity development.

4.2 RECOMMENDATIONS

Recommendation	Responsibility
<p>1 Develop a performance framework for JOs which sets clear, measurable performance targets for each core function. These should be tailored and reflect the maturity of individual JOs. Performance should be regularly reviewed against these targets and should be used to identify priorities for capacity building and opportunities for additional support and resourcing, where agreed with the JO.</p>	OLG
<p>2 Develop a tailored approach to capacity building and ongoing investment, that recognises the different membership structures and socioeconomic contexts in which JOs operate. This may include subsidising the costs of audits conducted by the NSW Audit Office.</p>	OLG
<p>3 Use audit and compliance information to identify joint organisations whose governance processes require strengthening.</p>	OLG in consultation with other NSW Government agencies
<p>4 Create a Partnerships Officer role to support NSW Government agencies to showcase JOs as a strong and respected partner for the NSW Government.</p>	OLG to lead discussions with other NSW Government agencies
<p>5 Encourage NSW Government agencies to prioritise investing in the JO network for major regional projects and initiatives, recognising that JOs are entities with robust legislative and regulatory frameworks.</p>	OLG in consultation with other NSW Government agencies
<p>6 Develop guidelines that set out the circumstances in which the Minister may consider a realignment of JO boundaries for a region to ensure JOs are enabled to reach their full potential.</p>	OLG in consultation with other NSW Government agencies
<p>7 Prioritise OLG resources to support JOs to work more effectively within the framework of the Local Government Act and regulations and to encourage JOs to reach their full potential.</p>	OLG
<p>8 Continue to support regular meetings of the forum of JO Chairs as a means of securing strategic collaboration between Chairs, Members of Parliament and NSW Government agency executives on key issues impacting on regional NSW.</p>	OLG
<p>9 Use the existing governance structures and strategic collaboration frameworks, particularly the JO Chairs Forum and General Managers</p>	OLG and JOs

Recommendation	Responsibility
Advisory Committees to profile successful projects and initiatives and showcase best practices. This will assist all JOs on their development to maturity.	
10 Encourage JOs to work with member councils to ensure a better understanding within councils of their role in supporting regional collaboration and progressing regional priorities.	JOs
11 Consider ways of encouraging all eligible councils to belong to a joint organisation.	OLG

APPENDIX 1 LITERATURE REVIEW

A1.1 OVERVIEW

This section of the report is a short overview of select academic and policy literature to better understand the purpose and potential of the JO model. It provides contextual history to explain how the JO model was arrived at as a solution for regional governance outside of metropolitan NSW.

The examination of principles for good regional governance and approaches to Local Government consolidation supports the JO model as generally fit for purpose as a platform for cooperation between councils and the provision of shared services at the regional scale.⁸

A1.2 GOOD REGIONAL GOVERNANCE PRINCIPLES

There has been a rapid increase in the development of regional governance arrangements in Australia since the mid-1990s, particularly for non-metropolitan areas.⁵ The advantage of regional governance is that it improves the implementation of state, regional and local policies by providing a platform for dynamic and responsive partnerships, collaborations and networks throughout public, private and volunteer sectors.⁶ This has proven to be particularly beneficial for regional economic development, tourism, natural resource management (such as water planning) and transport planning and provision.⁷ Regional governance makes sense where the scale of an issue is beyond the responsibility or capability of a single Local Government entity. Though the potential of regional governance is widely accepted and agreed for advancing specific issues such as natural resource management and growth management, the models of implementation in Australia are diverse and contextualised. While the models differ from state-centred through to networked regional governance, there have been attempts to identify shared principles for good regional governance.

The Table below presents principles for good regional governance as they relate to natural resource management in Australia, though these principles apply to good regional governance in other contexts.⁹ These generally shared principles are helpful as they provide a framework for assessing the performance of different regional governance models. More detail on the principles is given in Lockwood et al.¹⁰ While these principles apply best to a mature networked regional governance model, they are also relevant to the JO model.

⁸ Dollery, B. & Piper, D. (2020). *Council Cooperation in New South Wales: Why have some councils not joined JOs?* Economic Analysis and Policy. 66, pp.125-136.

⁹ Lockwood, M & Davidson, Julie & Griffith, R & Curtis, Allan & Stratford, Elaine. (2008). *Pathways to good practice in regional NRM governance: Project summary and achievements*. Report No.6.

¹⁰ Lockwood, M & Davidson, Julie & Griffith, R & Curtis, Allan & Stratford, Elaine. (2008). *Pathways to good practice in regional NRM governance: Project summary and achievements*. Report No.6.

TABLE A1. GOOD GOVERNANCE PRINCIPLES AND ELEMENTS

Principle	Elements
Legitimacy	<ul style="list-style-type: none"> ○ Authority, for example through legislation ○ Integrity and commitment in exercising authority
Transparency	<ul style="list-style-type: none"> ○ Visible decision-making ○ Clear reasons for decisions (communicated) ○ Governance and performance information readily available
Accountability	<ul style="list-style-type: none"> ○ Accept responsibility for actions ○ Demonstrate how responsibilities are met
Inclusiveness	<ul style="list-style-type: none"> ○ Stakeholders can influence decision-making
Fairness	<ul style="list-style-type: none"> ○ Respect for stakeholder views ○ Absence of personal bias ○ Consideration of distribution of the costs and benefits of decisions
Integration	<ul style="list-style-type: none"> ○ Connection between and coordination across levels of governance ○ Connection between and coordination across same levels of governance ○ Alignment of vision and priorities across participating organisations
Capability	<ul style="list-style-type: none"> ○ Systems, resources, skills, leadership, knowledge and experience that enable the delivery of responsibilities
Adaptability	<ul style="list-style-type: none"> ○ Incorporate new knowledge into decision-making ○ Anticipation and management of threats ○ Systemic reflection on performance

Source: adapted from Lockwood, et al, 2008

A1.3 BARRIERS TO EFFECTIVE REGIONAL GOVERNANCE

There are barriers to effective regional governance. For remote communities there are logistical and organisational issues caused by geographic impracticality, or the ‘the tyranny of distance.’⁸ Misaligned agendas between local communities, continuous changing of roles as well as insufficient resourcing and autonomy of local government further hinder effective regional governance.⁹ The inability of local governments to be effective participants in regional governance has been suggested to be a result of Australian federalism itself.¹⁰ Financial and legislative powers are largely divided between the federal and state/territory governments leaving very few means for local government to engage in effective regional development, beyond advocacy.¹¹ The reluctance of some local governments to join JOs due to suspicion of the State’s motive (amalgamation by stealth) and an unclear value proposition are further barriers to effective regional governance

through that model.¹¹ 'Making regions' does not itself engender intra-regional collaboration and the benefits of regional governance are not always clear at the local scale.¹²

A1.3.1 EFFECTIVE LOCAL GOVERNMENT

Local governments operate in a dynamic and complex context. Challenges to local governments include the availability of financial resources and skilled staff, changing community expectations of their roles, growth management and infrastructure coordination, and natural disasters. In addition, local governments must navigate shifting relationships with other spheres of government and other sectors.

To be effective in this context, local governments require several capabilities such as financial sustainability, strategic capacity, service improvement and innovation, and advocacy and representation.¹³

Financial sustainability is the most significant challenge for local government in Australia and Europe in that the literature commonly identifies financial sustainability as critical to success.¹⁴ Financial sustainability is a key characteristic of effective local government as it underpins all other capabilities.

Strategic Capacity relates to the ability of the local government to maximise opportunities.

The concept of strategic capacity highlights...*the need for councils to shift their focus towards a more strategic view of their operations; to have the ability to respond to the diverse and changing needs of different communities; and to take on new functions or deliver improved services to meet those needs.*¹⁵

Service Improvement and Innovation

Capacity for continual improvement in service provision and maximising opportunities for innovation are key local government capabilities. These aspirations are linked in that service innovations include shared services and the creation of arms-length entities, where legal frameworks allow.

Advocacy and Representation

As the active sphere for local democracy in Australia, local government is well positioned to undertake advocacy to advance local interests to other government and non-government

¹¹ Dollery, B. & Piper, D. (2020). *Council Cooperation in New South Wales: Why have some councils not joined JOs?* Economic Analysis and Policy. 66, pp.125-136.

¹² Choice, G. & Butt, A. (2020). *Making regions: localisation and the new periphery in emerging regional governance.* Australian Planner. 56 (2), pp.114-124.

¹³ Aulich, C., Gibbs, M., Gooding, A., McKinlay, P., Pillora, S., and Sansom, G. (2011) *Consolidation in Local Government: A Fresh Look. Volume 1: Report.* Australia Centre for Excellence in Local Government.

¹⁴ Dollery, B. & Piper, D. (2020). *Council Cooperation in New South Wales: Why have some councils not joined JOs?* Economic Analysis and Policy. 66, pp.125-136.

¹⁵ NSW Independent Local Government Review Panel. (2013). *Revitalising Local Government.* NSW Independent Local Government Review Panel, p. 32.

stakeholders. This is a core capability that can be compromised in larger and consolidated local governments.¹⁶

A1.4 CONSOLIDATING LOCAL GOVERNMENTS FOR CORE CAPABILITIES

Achieving core capabilities is a key motivation for local government reform programs and they are capacities for local government to effectively undertake its roles.¹⁷

Local government consolidation is a state government strategy to support local governments to achieve financial sustainability, strategic capacity, improved service delivery and innovation, economies of scale, and advocacy and representation¹⁸. Consolidation is seen as one way for local government to meet the challenges of complex modern governance. A common theme in local government reform in Australia is achieving core capabilities through consolidation.

While consolidation is viewed as essential for local government in Australia (particularly in metropolitan areas) there are sometimes significant costs in terms of disruption and a loss of local democracy, identity and employment. To minimise these negative impacts, consolidation can be supported with a range of complementary improvements such as enhanced political governance, better financial and asset management and organisational development.¹⁹

A key driver for local government consolidation is improving the financial viability and sustainability of local governments, based on the logic that a greater population and land area will reap more rates and charges, allowing more forward investment, service delivery and innovation. Nevertheless, there is limited empirical evidence in Australia to support this assumption.²⁰

Consolidated local governments may have increased strategic capacity, compared to individual entities. The argument is that ‘economies of scope’ can deliver new outputs that are not possible for a single local government. For example, joined up local governments can combine resources to deploy a shared, innovative program and engage highly skilled officers as they have more resources than if they act alone.

Economies of scale are achieved when long-term costs fall as the scale of production increases. In local government, services such as water, wastewater, energy and solid waste

¹⁶ Aulich, C., Gibbs, M., Gooding, A., McKinlay, P., Pillora, S., and Sansom, G. (2011) *Consolidation in Local Government: A Fresh Look. Volume 1: Report*. Australia Centre for Excellence in Local Government.

¹⁷ Dollery, B. & Piper, D. (2020). *Council Cooperation in New South Wales: Why have some councils not joined JOs?* Economic Analysis and Policy. 66, pp.125-136.

¹⁸ Aulich, C., Gibbs, M., Gooding, A., McKinlay, P., Pillora, S., and Sansom, G. (2011) *Consolidation in Local Government: A Fresh Look. Volume 1: Report*. Australia Centre for Excellence in Local Government.

¹⁹ Aulich, C., Gibbs, M., Gooding, A., McKinlay, P., Pillora, S., and Sansom, G. (2011) *Consolidation in Local Government: A Fresh Look. Volume 1: Report*. Australia Centre for Excellence in Local Government, p. 8.

²⁰ Dollery, B. & Piper, D. (2020). *Council Cooperation in New South Wales: Why have some councils not joined JOs?* Economic Analysis and Policy. 66, pp.125-136.

management can be managed at lower costs when local governments work together and share the costs to provide these services. The idea is that by scaling up and combining resources, the cost to an individual local government will fall, though the quality of the service in the local government areas is the same or improved.²¹

*Achieving strategic capacity...implies a move to larger, more robust organisations that can generate increased resources through economies of scale and scope, and then 'plough back' efficiency gains into infrastructure, services and other benefits for their communities.*²²

Regional scale thinking and collaborative relationships are additional capacities for consolidated local governments that are relevant to the current JO review.²³

A1.4.1 INTER-MUNICIPAL COOPERATION

Dollery and Piper identify a typology of three Australian models for inter-municipal cooperation that can underpin regional scale shared services.²⁴ The first is a horizontal shared service model with a straightforward partnership between local governments. The second is a vertical state-local government shared service model whereby some or all local governments in association with their local government peak body share services. Thirdly, an intergovernmental contracting model is where local governments provide services on behalf of state or national public agencies. It can be argued that these three types represent a sliding scale in regional governance maturity. Considering the newness of the JO model, it currently approximates the first of these types.

A1.4.2 APPROACHES TO CONSOLIDATION

Local government consolidation takes many forms including:

- Amalgamation
- Boundary Change
- Shared Services
- Regional Collaboration.²⁵

The most definitive form of consolidation is amalgamations, where two or more local governments are brought together to form a new, single entity. In 2015 in NSW, amalgamations were recommended, but later abandoned for regional areas due to resistance expressed in political and legal actions. While some amalgamations occurred in Greater Sydney, the regional collaboration model of consolidation was proffered for regional NSW. Regional JOs were formalised as a model of local government consolidation

²¹ Aulich, C., Gibbs, M., Gooding, A., McKinlay, P., Pillora, S., and Sansom, G. (2011) *Consolidation in Local Government: A Fresh Look. Volume 1: Report*. Australia Centre for Excellence in Local Government.

²² NSW Independent Local Government Review Panel. (2013). *Revitalising Local Government*. NSW Independent Local Government Review Panel, p. 32.

²³ Wear, A. (2012). Collaborative approaches to regional governance—lessons from Victoria. *Australian Journal of Public Administration*, 71(4), 469-474.

²⁴ Dollery, B. & Piper, D. (2020). *Council Cooperation in New South Wales: Why have some councils not joined JOs?* Economic Analysis and Policy. 66, pp.125-136.

²⁵ Aulich, C., Gibbs, M., Gooding, A., McKinlay, P., Pillora, S., and Sansom, G. (2011) *Consolidation in Local Government: A Fresh Look. Volume 1: Report*. Australia Centre for Excellence in Local Government.

and regional collaboration in a 2017 amendment to the *Local Government Act 1993*. Dollery and Piper point to the relationship between forced amalgamations and the reluctance of some local governments to join a JO as they feared that the JO platform was amalgamation by stealth.²⁶ Despite that finding, the authors support the JO model as an evidence-based model to foster regional cooperation.

²⁶ Dollery, B. & Piper, D. (2020). *Council Cooperation in New South Wales: Why have some councils not joined JOs?* *Economic Analysis and Policy*. 66, pp.125-136.

APPENDIX 2 SOCIOECONOMIC CONTEXT FOR JOINT ORGANISATIONS

CLASSIFICATION AND INDUSTRY

Each JO has been classified based on the median classification across all of its member councils. Eight of the JOs are classified overall as rural areas and the remaining five are classified as regional towns. While of course, the overall classification does not capture the diversity within each JO, it does provide a broad sense of the potential challenges for JOs that are overwhelmingly rural. Of the eight JOs that are classified as rural, all list agriculture as their primary industry, with only Far North West listing also mining. JOs where regional towns predominate have their primary industries listed as healthcare and social support, indicating that these JOs have at least one significant regional hub for services.

POPULATION

The total populations for each JO range from just 13,403 in the Far North West JO, to as large as 740,676 in the Hunter JO which includes the major population hubs of Lake Macquarie and Newcastle. This has major implications for the revenue available to the JO as well as issues like having a strong local skills base from which to draw.

LAND SIZE, POPULATION DENSITY

The largest JO in geographic terms is the smallest in population. Across an area of over 109,000 square kilometres, the Far North West JO has a population density of 01. people per square kilometre. While Far South West appears to have a substantially higher population density, the inclusion of Broken Hill which accounts for 61% of the population, masks the otherwise very low population density for the JO. JOs with very low population density are likely to face significant challenges in providing services equitably across vast geographic areas. The Illawarra Shoalhaven JO has by far the highest population density having the smallest land mass of any JO and the second highest population overall, giving them a population density of 229.5 people per square kilometre.

AGE AND ETHNICITY

Notably, the average median age in every JO is higher than that of NSW overall which has a median age of 38, indicating that issues of a declining and aging population are likely to be felt more strongly in the regions.

Similarly, the average percentage of Aboriginal and Torres Strait Islander Australians across every JO is higher than that of NSW overall. Far West, Far North West and Orana JOs have substantial proportions of their population who are Aboriginal and Torres Strait Islander people (between 13 and 24%) with implications for specific needs that are different.

TOTAL RATE REVENUE

The total rate revenue for each JO was calculated using data from the NSW Local Government publicly available data set for 2018/19²⁷²⁸.

This measure is intended to provide a proxy for understanding the extent to which member councils of JOs are financially able to support the costs of running a JO. The data presented in Table 2 shows that there are enormous discrepancies between JOs that are financially relatively robust and those which appear very vulnerable. The Far North West, Far South West and Orana JOs have the lowest available rate revenues of all the JOs. Conversely, Hunter, Illawarra Shoalhaven and Canberra JOs have the highest rate revenues.

SOCIO-ECONOMIC INDEX RANKING (FOR NSW).

Based on the Socio-Economic Index for Areas (SEIFA), the rankings provided in Table 2 are the rank for each JO (calculated as an average of member councils' rankings) for all LGAs in NSW. The ranks were given from 1 being the most disadvantaged LGA (Brewarrina), to 128, being the least disadvantaged LGA (Kuringai) in NSW. The JOs with the lowest rankings (Far North West, Far South West and Orana) are also those with the lowest rate revenues, low population density and highest Aboriginal and Torres Strait Islander populations.

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