

JERILDERIE SHIRE COUNCIL

All communications to be
addressed to
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Home of Ned Kelly's Jerilderie Letter

Our Ref:

03.13

31 January 2013

Mr Vaughan MacDonald
Project Manager
Independent Local Government Review Panel
c/- Locked Bag 3015
NOWRA NSW 2541

Dear Sir,

**LOCAL GOVERNMENT INDEPENDENT REVIEW PANEL SUBMISSION
-RELATIONSHIP – STATE AND LOCAL GOVERNMENT ASSET MAINTENANCE**

Maintenance of Roads and associated infrastructure occurs within a Council area under a number of different programs:

1. **Roads to Recovery**
Federally funded, managed under a set of rules requiring Council funding proportion, governed by cash flow requirements and location accountability. No external engineering supervision.
2. **Regional Roads Block Grants**
Annual allocation with minimums required on specific activity (eg. traffic facilities). Financial reporting required with no external detailed engineering supervision.
3. **Regional Roads Repair Program**
Project within a Council area, agreed on a regional Council basis with Roads & Maritime Services regional staff. 4 year cycle with network requirements considered.
4. **Main and National Roads RMCC Contract Works**
Detailed consideration and negotiations on requirements within a Council area, the relationship is covered by extensive contract documents and reporting requirements which change weekly. Process is over managed by Roads & Maritime Services, often by staff with limited experience. No apparent consideration of network requirements partly because of ongoing reliance by individual Councils having "geared up" for the work.

5. Main and National Roads Additional Contract Works (through RMCC)

Work offered by Roads & Maritime Services, either during the year, but predominantly very late in the year, with no lead time or consideration of project preparation requirements. Usually to satisfy cash flow issues and limitations placed on Roads & Maritime Services by Treasury. Little, if any, connection to asset management on a network basis, work limited to the specific funding bucket the funds are sourced.

6. Road and Fleet Services Main Roads Work

Work carried out by Road and Fleet Services section of Roads & Maritime Services within the Council area, with no reference to Council, maintaining or improving the Main Road asset.

7. PAMPS Program

Specific program offered to Council on an approved project basis to satisfy a strategic program agreed to by Roads & Maritime Services.

8. Footpath and Cycleway Program

Specific program offered to Council on an approved project basis to satisfy a strategic program agreed to by Roads & Maritime Services.

9. Other Work Funded by State Government

Programs such as fencing, bus bays, roadside vegetation, traffic facilities and black spots program. Offered within these programs to set criteria, projects require expenditure accountability and final product oversight by RMS.

10. Disaster Recovery Work

Broad program agreed on the basis of inspection of elements. Projects managed by final expenditure and product quality inspection. No engineering detailed oversight by Roads & Maritime Services unless sourced by Councils.

This list demonstrates the breadth of the “contractual relationship” between State and Local Government illustrating the different levels of detail employed by the principal (State Government Department) in controlling the expenditure and outcomes. In most cases the level of contract capability demonstrated by Councils is very mature, although it is appreciated that in some cases the level has been demonstrated by Councils as immature, indicating a different level of support is required.

The attitude employed by Roads & Maritime Services in respect to the RMCC has been shifting in recent times to over management, as the preferred contract “rules” (the contract and its management techniques and documentation) has been refined using a typical ‘one size fits all’, covering every contingency, with a management tool which has the effect of absorbing significant cost and effort by both parties.

Roads & Maritime Services have indicated at recent consultative meetings a desire to identify how we can all align programs to maximise efficiency. Roads & Maritime Services has reported that the Minister understands and supports local employment issues; both parties need to embrace efficient practice.

Extract from the ICAC newsletter November 2012

Almost exactly 20 years ago, David Osborne and Ted Gaebler described the importance of uncoupling policy and regulation from service delivery when it comes to driving transformational change in government; that the act of "steering" the boat, if you like, works best when separated from the act of "rowing". The idea that those who steer should be separated from those who row has been taken up with gusto throughout the public sector; although not necessarily in the way envisaged by Osborne and Gaebler.

Theirs was a call to action for a decentralisation of authority by separating the macro-level function of government from the micro-level creation and administration of public programming. In other words, have government influence direction in a broad sense in order to empower frontline agencies and communities to solve their own problems by creating and delivering services that resonate with the needs of their specific audiences.

The reality, unfortunately, is that in some cases agencies and communities are stripped of this power almost completely. Frequently, almost all aspects of policy, procedures and program design are centralised within distinct policy groups (those under the guise of steering), with little discretion devolved to staff in the operational units (those rowing). A cursory examination of almost any agency's organisational chart will show a policy group in head office that is separated from the operational group.

These comments highlight the arrangements which exist largely between Councils in our region and State Government, in some elements of the engineering work carried out.

Any consideration of the future of Local Government should focus on the contractual relationship with State Government. Micromanagement of this relationship causes additional expense for both parties, reducing the funds allocated to practical results. Maturing this relationship will allow for more funds on the ground and provide for assistance to be targeted where improved outcomes is needed.

As Roads & Maritime Services withdraws its regional involvement, looking to source contractors for replacements, Councils are willing and well placed to take on more and more of the maintenance of asset task. This should be encouraged, allowing for the strengthening of Local Government activity and the reduction in costs for State Government on these tasks.

This will only occur where there is a concerted effort by State Government agencies to manage the task being carried out by Councils at an appropriate level and divert the micromanagement effort into support where it is needed.

It is submitted that independent review is an excellent opportunity to consider and recommend this maturing of relationship between Local Government and State Government in the area of asset maintenance.

Yours faithfully



Craig Moffitt
GENERAL MANAGER

With support from:

*Des Bilske
General Manager
Deniliquin Council*

*Allen Dwyer
General Manager
Hay Shire Council*

*Bruce Graham
General Manager
Wakool Shire Council*

*Peter Kozlowski
General Manager
Wentworth Shire Council*

*Leigh Ashford
Acting General Manager
Urana Shire Council*

*Bruce Corcoran
General Manager
Corowa Shire Council*

*Brett Stonestreet
General Manager
Griffith City Council*

*Michael Keys
Acting General Manager
Albury City*

Attachment - Collated replies

Collated replies to the email sent from Craig Moffitt, General Manager, Jerilderie Shire Council to General Managers of RAMROC regarding the submission to the Independent Local Government Review Panel on the subject of the contracting relationship between Councils and State Government Departments.

General Manager	Message of Support
Des Bilske General Manager Deniliquin Council	<p><i>Deniliquin Council supports Jerilderie submission to the Independent Local Government Review Panel on the matter of contractual arrangements with NSW State Government Departments and Authorities.</i></p> <p><i>We agree that currently there are onerous conditions on road maintenance contracts which we believe has, in part, been a result of the management structure that the RMCC has evolved into.</i></p> <p><i>We fully support the submission calling for a focus on the relationship between State Government and Councils in terms of maintenance agreements and the need for these agreements to be a proper partnership between the two bodies rather than the contractual, and sometimes adversarial, arrangement that is currently the case.</i></p>
Allen Dwyer General Manager Hay Shire Council	<i>We fully support the submission for all reasons already mentioned.</i>
Bruce Graham General Manager Wakool Shire Council	<i>Wakool Shire Council supports Jerilderie's submission to the Independent Panel about the relationship between the NSW State Government and Local Government, with particular reference to asset maintenance.</i>
Peter Kozlowski General Manager Wentworth Shire Council	<i>We support your general thrust with this submission.</i>
Michael Keys Acting General Manager AlburyCity	<i>AlburyCity, whilst not a party to RMCC contracts, would certainly support your submission and seek strong consideration and action from Government to provide greater efficiencies for ever decreasing funds for all works.</i>
Brett Stonestreet General Manager Griffith City Council	<p><i>Griffith City Council endorses this submission. The management of State Government funding urgently needs review.</i></p> <p><i>Administrative micro-management by RMS is standing in the way of good service outcomes.</i></p>
Bruce Corcoran General Manager Corowa Shire Council	<i>Corowa Shire supports the position provided in your submission to the Independent Local Government Review Panel in regard to Council contracts with the State Government, in particular Roads Maintenance Contracts.</i>
Leigh Ashford Acting General Manager Urana Shire Council	<i>Urana Shire fully supports all the points raised in your submission dated 22 January 2013 to the Independent Local Government Review panel.</i>