

**Item:** FIN072-19 Membership of Southern Sydney Region Organisation of Councils (SSROC)

**Author:** Director

**Directorate:** City Strategy and Innovation

**Matter Type:** Committee Reports

### Recommendation

- a) That Council advise the President and General Manager of the Southern Sydney Regional Organisation of Councils that Council will not be renewing its membership for the 2020-2021 financial year.
- b) That the Southern Sydney Regional Organisation of Councils be notified that this advice constitutes Council's requirement to provide 6 months' notice prior to cessation of membership of the organisation.

### Executive Summary

1. Council currently holds membership with the Southern Sydney Regional Organisation of Councils (SSROC), the cost of which is \$79,079 for the 2019/2020 financial year.
2. In addition to this membership, Council is also a member of Local Government New South Wales (LGNSW) which has a procurement function through Local Government Procurement (LGP) and provides a duplication of benefits to those provided by SSROC. Membership to LGNSW has cost \$68,393 for the financial year.
3. SSROC was formed in 1986 and currently consists of eleven member Councils being Bayside, Burwood, Canterbury Bankstown, City of Canada Bay, City of Sydney, Georges River, Inner West, Randwick City, Sutherland Shire, Waverley and Woollahra.
4. At its meeting held 17 December 2018 Council considered a report on the future of membership with SSROC. The Council resolved:
  - a. *That Council investigate the costs and benefits of not renewing membership of the Southern Sydney Regional Organisation of Councils and the Local Government NSW and that a further report be provided to Council at the earliest opportunity regarding the outcome of these investigations.*
  - b. *That Council continues with its SSROC membership until the further report is received.*
5. This report advises of the outcome of that additional investigation, considers options for Council's future relationship with SSROC and recommends that Council not renew its membership of SSROC for 2020-2021 financial year.

### Background

6. Following the December 2018 resolution, an external procurement adviser SimPLY was engaged to investigate the procurement and advocacy benefits of membership with SSROC compared to other services and membership (Attachment 1).

7. The outcomes of the investigations were presented at a Councillor workshop on 19 August 2019. The following table summarises the conclusion of the work of SimPPLY:

2019 Summary	SSROC	LGNSW via LGP	Procurement Australia	NSW Procurement
Type of Services	Advocacy and Procurement	Advocacy and Procurement NSW Local Govt 'Prescribed'	Procurement NSW Local Govt 'Prescribed'	Procurement NSW Local Govt 'Prescribed'
Type of engagement	Subscription Membership	Subscription Membership	Membership	Use by any NSW Prescribed organisation
Geographical scope (max aggregation)	Regional 11 Local Councils	Whole of NSW Local Government	Whole of Australia	Whole of NSW Government
Annual Cost	\$77,000	\$66,408* LGNSW \$0* LGP	\$0	\$0
Ongoing Cost	No Cost Commissions from Supplier go to SSROC (0.05% to 2%)	1% on value of contracts, offset by an annual rebate (Ref: Appendix 5)	No cost	No cost
Benefits	Aggregated Volume Discounts only	Aggregated Volume Discounts plus Rebates Shared	Aggregated Volume Discounts only	Aggregated Volume Discounts only

8. SimPPLY advised that if GRC ceased membership of SSROC, the benefits would include:
- A financial benefit of \$77,000 p.a. (the annual 2019 SSROC membership fee).
  - The removal of the duplication of procurement services.
  - An increase in the overall engagement and service offering of the remaining Groups and Councils.
  - Remaining engaged with other Councils through the community that utilise the products and services of LGP and or Procurement Australia and or NSW Government Procurement.
9. Based on its review SimPPLY recommended that:
- Council advises SSROC of the decision to cease membership.
  - Council issue a 'notice to cease membership' of SSROC including the 6-month notice period required.
  - Council develop and implement a Communication and Change Plan, covering all internal and external stakeholders.
  - Council to determine and implement a plan for GRC Environmental, Sustainability and Waste activities.
  - During this notice period that Council increase its engagement with other local area Councils, LPG and Procurement Australia and establish internal processes to make this an effective continuing activity for advocacy and procurement.
10. It is acknowledged that the SSROC membership affords the following advantages and benefits:

- (a) SSROC provides a forum through which members can interact, exchange ideas and work collaboratively to solve regional issues and contribute to the future sustainability of the region.
  - (b) The organisation advocates on behalf of the region to ensure that the major issues are addressed by all levels of government, including responsive planning mechanisms, waste and resource recovery, and procurement. A comprehensive overview of advocacy issues and other SSROC programs are contained in their Member Value Statement available at: <http://ssroc.nsw.gov.au/ssroc-member-value-statement/>
  - (c) Participation by Council staff in specialist interest groups established by SSROC. The benefits include combined purchasing power, information on the latest innovation and technology trends and regional initiatives.
11. The challenges associated with continuing membership of SSROC include:
    - (a) Cost and value of ongoing membership, advocacy being undertaken by SSROC which may not be relevant to our community or identity.
    - (b) Procurement services offered by SSROC are available through other procurement bodies that Council is already accessing including which can be accessed without additional cost.
  12. Council is also a member of LGNSW. This organisation provides a range of services similar to SSROC such as procurement services, strong advocacy on local and regional issues across all levels of government, strong media presence, industry research, training (staff and councillors), special interest groups for staff and major projects which benefit local government as a whole.
  13. In regards to LGNSW, the 2019/2020 membership fee is \$68,393. In addition to this, management fees for the utilisation of LGP are charged at a minimum of 1% calculated on the total expenditure involved in utilising its vendor panel. A rebate is then paid annually calculated on total contract value awarded. As evidenced above, Council is essentially paying membership of two organisations to attract the same benefit in terms of advocacy and procurement services.
  14. Council is currently able to access the procurement services of LGNSW - LGP and utilise State Government Contracts and Procurement Australia endorsed suppliers. Increased use of this service could allow Council to achieve the same purchasing outcomes without the additional outlay of \$79,000 per year.
  15. If Council ceases membership of SSROC it should investigate the economic viability of establishing a cooperative arrangement with other neighbouring Councils via the pooling of resources in regard to larger group procurement on identified contracts and district issues.
  16. The current operation of SSROC presents some challenges for member councils. While advocacy should be a strong reason for continuing membership there is no evidence of a structured and planned approach to advocacy by SSROC that has any particular benefit to Georges River Council or any other council area.
  17. Further it may very well be argued that Georges River Council would be better served by issue-based strategic alliances with adjoining councils and other non-council entities.
  18. An example of this might be a strategic alliance with Sutherland and Canterbury Bankstown Councils. Council has begun working with Canterbury Bankstown in a collaborative approach to support advocacy for the Central River City. This has particular relevance for Georges River due to the future rail connections between Kogarah and Parramatta. Council has also previously resolved to establish an advocacy program.

19. While this report recommends that Council not renew its membership of SSROC, other options that the Council could consider include:
- a. Put SSROC on notice that Council is reviewing its ongoing membership and will require significant investment in improved Georges River specific advocacy and policy development work, and improved governance and management structures to continue with its membership. Any changes to SSROC should include an “opt in/out provision” for the procurement services with a corresponding reduction in fees.
  - b. Take no action and continue with membership.

### **Financial Implications**

20. Should Council resolve to discontinue its membership, there will be a reduction in expenditure of \$79,000 from the Operating Budget 2020/2021 and onwards.

### **Risk Implications**

21. Operational risk/s identified and management process applied.

### **Community Engagement**

22. Community engagement will not be required, however a clear communication plan will be necessary to ensure that internal and external stakeholders are aware of the reasons for the decision if Council resolves to leave SSROC and the actions to be undertaken to maximise opportunities for advocacy and achieving benefits of aggregated procurement.

### **File Reference**

D19/236155

### **ATTACHMENTS**

Attachment 1 SimPPLY Recommendation Report