

City of Melbourne

Submission to the Essential Services Commission
on the draft report for the Local Government
Performance Monitoring Framework

1. Executive Summary

The City of Melbourne (CoM) is pleased to comment on the draft report for the proposed local government performance monitoring framework.

In addition to this submission, the CoM is party to a separate joint submission prepared with other councils. Refer also to the original CoM submission of November 2009 for further information.

This submission will address the areas about which the ESC has specifically requested responses in addition to making recommendations on a number of other matters.

While the City of Melbourne generally finds more benefit in benchmarking performance against capital city councils, we support a coordinated and robust performance monitoring framework for local government in Victoria. We doubt this can be achieved without first addressing the already substantial reporting requirements on local government and without some modification and extension to the terms of reference.

We also acknowledge and support the LGPro and VLGA submissions and the MAVs public comments on the proposed framework and would be happy to work further with the ESC and the sector to address the long standing issue of performance reporting in local government.

2. General Comments

Some assumptions underpinning the terms of reference have resulted in flaws in the draft framework. These assumptions include;

- That services and the way they are delivered are sufficiently common among councils as to lend themselves to benchmarking
- That local government performance can be measured by service delivery alone

The terms of reference would be strengthened by acknowledgement that what Councils have in common are our responsibilities under the Local Government Act. While service delivery is a vital part of this, the services provided by Councils and the way in which they are provided is so variable that drawing reliable comparisons is virtually impossible with a framework of this type except within very narrow parameters.

The alternative framework that we have supported through a joint submission is a genuine effort to meet the ESC's need for a framework within a specific time horizon. It would be cost efficient to implement and has a high level of support. Amended terms of reference and more time would be required to bring about a more robust and broad based performance measurement framework.

Recommendations:

- ***That the framework and indicators proposed in the joint submission, supported by 16 local government organisations, is adopted to fulfil the requirements of the existing terms of reference and for the purpose of a pilot;***
- ***That the ESC recommend a review of the terms of reference to ensure that the framework addresses local government responsibilities under the local government act***

3. Proposed Performance Indicator Set

Comparability between all Victorian Local Governments is almost impossible to achieve through a set of performance indicators that focus on services due to the large degree of variability in what services we provide and the way we provide them.

The City of Melbourne recommends that the ESC adopt the proposed performance indicators outlined in the joint submission. While issues of comparability and representativeness still exist with the indicator set outlined in the joint submission, the smaller set proposed is more cost effective to implement, can be implemented within the ESCs timeframes and provides a gateway to other existing performance data.

Recommendations:

- *That the ESC engage further with Councils to refine the set of indicators in the joint submission to achieve a final list of no more than 30 indicators*

4. Resources/Costs

We estimate the draft framework will result in the following impost:

Resources	Cost
Increase in annual audit	\$5000-\$10, 000 recurrent
1 EFT Band 5 position (scaling down to half time in year 2). This position will participate in workgroups, pilot excercises and coordinate data requirements around the organisation	\$66,727 year 1 \$35,000 year 2 recurrent
Adjustments to existing corporate reporting system and configuring data	\$5000

5. Potential Savings through rationalising existing reporting obligations

It is not possible to estimate with any reliability the potential savings from streamlining and rationalising existing reporting obligations until the scope of such reductions is known. While substantial costs to meet existing reporting obligations have already been incurred (systems etc), significant productivity savings could be made by reducing the need to maintain such extensive reporting requirements.

6. Implementation

6.1. Information Sources

The ESC has expressed the view that “our performance monitoring framework is not intended to add to the reporting burden on Councils”. The draft framework is a 92 indicator framework in addition to existing reporting obligations. In reality, intended or not, the framework will add to the reporting burden and will divert resources from other activities to reporting.

Some of the information sources being relied upon for the framework, such as Civic Mutual Plus surveys, the DPCD Community Satisfaction Survey and the MAV Step program are not necessarily suitable for use in this context and they should be used with caution and some explanation of their purpose and limitations.

6.2. Data collection and verification

The ESCs efforts to identify existing data for use in the framework is commended. While much of the data might be existing and obtainable through state departments, much of it is not audited and the costs of implementation will be significantly increased because of the requirement to audit. The City of Melbourne is keen to understand how VAGO proposes to integrate the audit process with the current year end cycle and what that might mean in terms of timeframes and cost.

Recommendation:

- *That the ESC seek from VAGO a statement outlining how and when an audit of indicators might occur in the context of the current annual audit cycle and the estimated time and cost, for inclusion in the final report should the joint submission not be adopted.*

6.3. Documentation

Rather than a handbook being ‘available on a website’, we recommend an integrated website that steps users through the reporting process through an intuitive user interface. Data should be easily accessible by Councils and the community.

Recommendation:

- *That the ESC develops an interactive web portal to make data collection, reporting and access to the framework efficient and seamless.*

7. Legislation

We urge the ESC to defer the proposal to introduce legislation over the next 12 months. We believe this would be premature and risks dislocation with legislative amendments that may arise from the wider review of reporting. A logical process for amending legislation would involve:

1. Review of broader local government reporting requirements and customer survey
2. Identify and address information and data gaps
3. Finalise performance framework for local government
4. Draft legislation that supports the new framework and amends other legislation affected by the outcomes of the review of other reporting requirements.

Recommendation:

- ***That the proposed legislative changes are deferred until a wider review of local government reporting is completed.***

8. Inter-government coordination

“Onerous and repetitive data collections may reduce the commitment of councils to ensuring that data is consistent and reliable. State and territory local government departments have an important role to play in reducing the compliance burden on councils by ensuring that annual data collections are adequately coordinated”.

*‘Performance measures for councils- Improving local government performance indicators’
Industry Commission, October 1997*

It has been established through the ESC draft report that local government is subject to over 100 different reporting obligations.

The City of Melbourne commends the ESCs acknowledgement of this wider reporting burden but is concerned that the ESC does not have sufficient authority to address it other than by recommending changes. History suggests that a number of recommendations have been made in this regard before with few gains made in the way local government reporting is coordinated at government level or the quantum of reporting that must be done.

The City of Melbourne is also concerned that a ‘services’ framework has evolved in isolation from other dimensions of local government performance. Councils have a number of responsibilities under the Local Government Act upon which a consolidated performance measurement framework should be based. This would include functions such as policy and planning, governance, financial management and service support to give a wholistic view of Councils’ performance.

In light of the findings of the VAGO report on state departments’ performance reporting, released on 5 May 2010, there is a further case for re-assessing the terms of reference for the local government performance monitoring framework. That is, to ensure that any framework developed for local government is an outcome of a coordinated system of public sector reporting in Victoria.

Recommendations:

- ***That the framework is not progressed beyond pilot stage until the wider review of local government reporting obligations is completed and the state government’s own reporting frameworks are considered, along with the potential impacts of those on local government.***

9. Conclusion

Along with a significant portion of the local government sector, we call on the ESC to strengthen recommendations in its final report regarding a review of wider local government reporting responsibilities. We also urge a review of the terms of reference applying to the establishment of the performance monitoring framework. While these reviews are underway, we believe that the framework contained in the joint submission can provide a useful basis for piloting and testing the attributes, methodology and uses of such a framework.

10. Summary of Recommendations

1. That the framework proposed in the joint submission prepared by 16 Councils, is adopted to fulfil the requirements of the existing terms of reference and for the purpose of a pilot;
2. That the ESC's final report recommend a review of the terms of reference to ensure that the framework addresses local government responsibilities under the local government act;
3. That the ESC engage further with Councils to refine the set of indicators in the joint submission to achieve a final list of no more than 30 indicators;
4. That the ESC seek from VAGO a statement outlining how and when an audit of indicators might occur in the context of the current annual audit cycle and the estimated time and cost, for inclusion in the final report should the joint submission not be adopted;
5. That the ESC develops an interactive web portal to make data collection, reporting and access to the framework efficient and seamless;
6. That the proposed legislative changes are deferred until a wider review of local government reporting is completed;
7. That the framework is not progressed beyond pilot stage until the wider review of local government reporting obligations is completed and the state government's own reporting frameworks are considered, along with the potential impacts of those on local government.